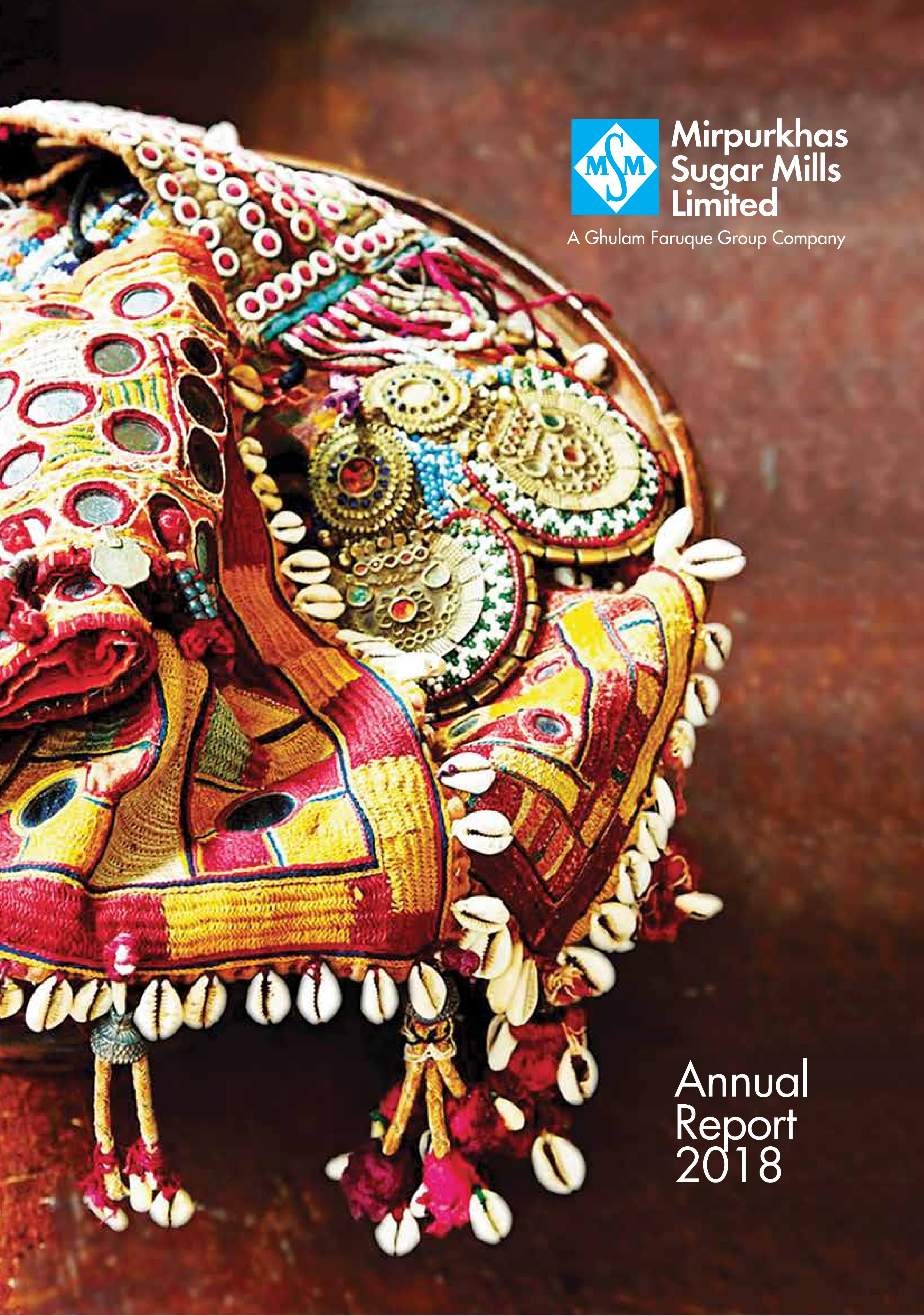


Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

Annual Report 2018

Contents

Princely State

Mirpurkhas District derives its name from the town of Mirpurkhas, founded by Mir Ali Murad Talpur in 1806.

In 1806, the Mankani Talpurs, who founded their own princely state in the region in 1801, shifted their capital from Keti Mir Tharo and laid foundations for Mirpurkhas under the founding leadership of Tharo Khan Ibn Morad Ali, alias Mir Ali Murad Talpur (1801 - 1829). His dynasty ruled from the now eponymous capital Mirpur, styled Mir.

Mirpurkhas remained the capital of the Talpur Mirs of Mirpurkhas until 1843, when Sindh was annexed to British India under the East India Company. When Charles James Napier attacked Sindh, Mir Sher Muhammad Talpur was the last Talpur ruler to face the British. His battle for the liberation of Sindh has rendered him the title of 'The Lion of Sindh'.

Gateway of Sindh

Lying on the Let Wah Canal at Latitude: 25° 31' 30.36" N Longitude: 69° 00' 57.24" E, Mirpurkhas is the gateway to the South-Eastern edge of the Sindh province. It connects to Hyderabad at 65 kilometres by both road and rail while with Umerkot it connects only by road. Karachi is 230 kilometres south-west of the town. On the extreme east lies the Indian border at 130 km.

After independence of Pakistan in 1947, due to its proximity to the Indian border, Mirpurkhas became the first city to welcome refugees to Pakistan. It acted as a primary railway junction for the first trains to rail across Rajasthan to Sindh province.


T-0979

Capital of Cash Crops

Mirpurkhas is positioned atop fertile land making conditions apt for farming and irrigation which were revitalised in the 1900s when the Jamrao Canal and the Let Wah Canal were built linking Mirpurkhas to the Indus River.

The city was able to produce and cycle crops to supply mainly grain, cotton products like fabrics, and sugar from the sugarcane cultivations. For a certain period in history, Mirpurkhas enjoyed being the best cotton producer in the country and much of the income of the town came from cotton farming in its heyday.

There are four sugar mills in this District with Mirpurkhas Sugar Mills (MSM) being the first established in 1964, and hence, the oldest.

Adoption and Statement of Adherence with the International Integrated Reporting Framework (IIRF)

Mirpurkhas Sugar Mills Ltd. was founded more than 50 years ago. Since then the Company has adapted its structure in response to global changes and development. It is part of our strategies, development and execution of our projects to generate value creation for the organization and its stakeholders. In the extreme complex social and environmental circumstances, integration of financial, social and environmental information, is one of the most effective ways for an organization to report its performance and activities and to demonstrate, to the market and society, the importance of linking sustainability issues to business strategies.

The Company is working with a strategy for generating value creation for the organization and its stakeholders. Achieving sustainable corporate value by focusing economic, societal, technological and environmental factors and their impacts is Company's core strengths. For users of this information, it is imperative to ensure, that the material is presented in such a way that it enables the stakeholders to better understand these activities. It also assures that the Company concisely reports material information depicting how well it is performing in non-financial dimensions that affect the quality of the Company's formulated strategy and its execution. The Company has adopted the Integrated Reporting Framework to give an overview of Company's philosophy to explain connection between its financial and non-financial information, which would enhance the user's understanding as to how the Company is working to improve its performance keeping in view the stakeholder's interests. The business strategy information is linked directly to business activities and non-financial information, and provides explanations accordingly.

The framework requires a strong commitment by the Company management which is ultimately responsible for the message the Company is delivering to all of its stakeholders. The Board of Directors has a crucial role to play, since directors are elected by shareholders, and integrated reporting is a mechanism of ensuring long-term value creation and increasing transparency for these shareholders. Therefore, the adoption of integrated reporting requires involvement and support of the board of directors and the CEO. Henceforth, Management of the Company provides guidance to achieve Company objectives by advising, assessing, and monitoring business strategies; ensuring the execution and modification of strategies; and evaluating their own effectiveness in these activities.

The Management has laid the business foundation built on the principles of ethics and corporate professionalism. The same is being developed by devising and disseminating procedural steps and policies thereby highlighting need of good governance and resource allocation in achieving the desired objectives. Its reporting is being monitored and it is ensured that the relevant information is shared in the most suited way for the stakeholders of the Company. Connectivity of the information is another aspect which needs to be addressed properly. Thus, the stakeholders are made aware of the Company's philosophy and attitude towards achieving the enhanced stakeholders' value and customer satisfaction. The stakeholders' value is maximized through returns on investment, which management believes can be achieved through revenue maximization and cost control measures.

Adoption of International Integrated Reporting Framework depends on the individual circumstances of an entity and is still considered to be a practice in its early stages. We will continue to improve the information produced to make it even easier to understand, while taking into account the opinion of stakeholders reading this report. Initially, the Company has included following content elements for the users of this report:

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Stakeholder's relationship and engagement
- Performance and position
- Outlook
- Sustainability and corporate social responsibility
- Excellence in corporate reporting

Shehryar Faruque
Chairman

Karachi: December 14, 2018

Vision

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

Mission

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

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

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

Our Values

RESPECT
is our way of life

OWNERSHIP
is our way to success

QUALITY
is our legacy

FAIRNESS
is our way of work

Culture

Organizational culture in Mirpurkhas Sugar Mills Limited is a manifestation of shared values and beliefs, which we practice every day to move towards a better and more successful organization. These shared values have a strong influence on the respective teams and help them in a win-win outcome for both employees and the organization. Our values provide the foundation of our culture and bind us into a world class team yearning to outperform the competition.

Ethics

Our Code of Conduct reflects our commitment to meet the expectations of our stakeholders and contains the fundamental principles and rules concerning ethical business conduct.

Mirpurkhas Sugar Mills Limited is committed to conducting its business with honesty and integrity, and we expect all our employees to maintain high standards in accordance with this Code.

MSM's Code of Conduct forms an integral part of the terms of employment of all employees. The Company insists on full compliance and does not tolerate any misconduct. Unlawful behavior will not be tolerated under any circumstances. Breach of the MSM's Code of Conduct can lead to disciplinary action up to and including termination of employment.

It is the obligation of every employee to be responsible, honest, trustworthy, conscientious, and dedicated to the highest standards of ethical business practices. The employees have a legal, moral and ethical responsibility to report to their Line Managers or Compliance Committee, any known or suspected violations of law, regulations and / or corporate policies.

Code of Conduct

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

Scope

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

Compliance Committee and Reporting of Violations

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

Compliance with the Law

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

Competition and Anti-trust Law

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

Bribery and Corruption

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

Money Laundering

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

Product Quality

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

Books, Records and Financial Reporting

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

Confidentiality

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

Protection and Information Security

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

Handling and Safeguarding of MSM's Property

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

Equal Treatment and Fair Working Conditions

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

Health, Safety and Environmental Protection

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

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

Conflict of Interest

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

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

Nature of Business

The Company has a sugar cane crushing capacity of 12,500 M.Tons per day.

Established in 1964, its principal activity is manufacturing and selling of sugar. It is located about 230 km from the port city of Karachi, in Mirpurkhas and is listed on the Pakistan Stock Exchange. It is one of the most efficient sugar mills in Pakistan. Moreover, it is involved in development of higher yield sugar cane varieties on its 1,400 acre experimental farms and in adjoining areas of mills.

Group Structure

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

Faruque (Pvt.) Ltd
Parent Company

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

Cherat Cement Company Ltd
Manufacturer of Ordinary Portland Cement

Cherat Cement Company Limited was incorporated in 1981. Its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement. The Company is amongst the pioneers of cement industry in Pakistan and is the number 1 cement in its region. The Company's annual installed capacity is around 2.4 million tons. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) province. Due to plant's geographical position, it is ideally located to export cement to Afghanistan as well as cater the local market needs in the KPK, FATA, Punjab and Azad Kashmir. The Company is registered on Pakistan Stock Exchange Limited and is also an ISO 9001 and 14001 certified. CCCL is in the process of installing 3rd Cement line at its current location with annual clinker capacity of 2.1 million tons.

Cherat Packaging Ltd
Manufacturer of Kraft Paper, Polypropylene Bags and Flexible Packaging Products.

Established in 1991, it is the largest producer and supplier of paper sack and polypropylene ("PP") bags to the cement industry in Pakistan. CPL also produces and provides bags to other industries such as sugar, rice and chemical etc. CPL is listed on Pakistan Stock Exchange. The Company has a production capacity of 400 million paper bags and 195 million PP bags. The Company has already installed printers and laminator of Flexible Packaging Division (FPD) in June 2018. It will cater to the domestic as well as export markets and is also a recipient of the prestigious Pakistan Stock Exchange "Top Companies" Award and Management Association of Pakistan's Best Company Award several times.

From September 2018, the Company has commenced operation in the Flexible Packaging Division.

UniEnergy Limited
Joint Venture for Renewable Wind Energy

ZENSOFT

Zensoft (Pvt.) Ltd

Information Systems Services Provider Specializing in Business Software Solutions

It was established in 1998 and is engaged in development and sale of computer softwares. The company specializes in providing high quality business solutions.

GREAVES

Greaves Pakistan (Pvt.) Ltd

Providing Specialized Engineering Sales and Services

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

Greaves Airconditioning (Pvt.) Ltd

Equipment Suppliers and HVAC Solution Provider

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

Greaves CNG (Pvt.) Ltd

Retail Sales of CNG to end consumers

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

Greaves Engineering Services (Pvt.) Ltd

HVAC Contractors

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

UNICOL
QUALITY ASSURED

Unicol Ltd

Joint Venture Distillery Producing Ethanol and Liquid Carbon Dioxide (CO_2)

Incorporated in 2003, Unicol is a joint venture distillery project among Mirpurkhas Sugar Mills Ltd, Faran Sugar Mills Ltd and Mehran Sugar Mills Ltd. It is engaged in the production and marketing of ethanol from molasses and CO_2. Its current production capacity is 200,000 litres per day. It is involved in producing various varieties of Ethanol. Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.

Mirpurkhas Energy

Mirpurkhas Energy Ltd

Wholly owned subsidiary of Mirpurkhas Sugar Mills Ltd

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

MADIAN

Madian Hydropower Ltd

Joint Venture for Establishing 148 MW Hydro Power Plant.

Company Information

Board of Directors

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

Audit Committee

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

Human Resource and Remuneration Committee

Engr. Mahfuz-ur-Rehman Pasha (NIT)	Chairman
Mr. Arif Faruque	Member
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member

Chief Operating Officer & Chief Financial Officer

Mr. Wasif Khalid

Executive Director & Company Secretary

Mr. Abid Vazir

Head of Internal Audit

Mr. Aamir Saleem

Share Registrar

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

BANKERS (Conventional)

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

BANKERS (Islamic)

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

Registered Office / Factory

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

Head Office

Modern Motors House
Beaumont Road
Karachi-75530 Pakistan
UAN: +92 - 21-111- 354 -111
Fax: +92 - 21- 35688036
Web: www.gfg.com.pk

Auditors

Kreston Hyder Bhimji & Co.
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Milestones

1965-66

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

1968-69

Cane cruching capacity was increased to 2,000 TCD

1984-85

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

2001-02

Plant capacity was enhanced to 4,500 TCD.

2005-06

Plant capacity was enhanced to 5,000 TCD.

2006-07

Unicol Ltd, joint venture distillery producing Ethanol and Liquid Carbon Dioxide (LCO2) commenced its production operations.

2007-08

Plant capacity was enhanced to 5,500 TCD.

2008-09

Achieved sales revenue of over Rs. 2 billion.

2009-10
SAP (ERP) implemented across the Company.

2010-11
Plant capacity was enhanced to 6,200 TCD.

2011-12
Company started corporate farming activities in 871 acres land area.

2012-13
Achieved sales revenue of over Rs. 3 billion.

2013-14
Plant capacity was enhanced to 7,000 TCD.

2015-16
Company farming operations extended to 1,700 acres land area and achieved improved sucrose recovery through improved varieties in its farms as a result of applying latest farming techniques and skills of agronomists and skilled workers.

2016-17
Plant capacity was enhanced to 8,500 TCD.

2017-18
Plant capacity was enhanced to 12,500 TCD. Highest cane crushing of 774,171 MT. Highest sucrose recovery of 11.39%. Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.

UNICOL
QUALITY ASSURED

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

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

Unicol commenced its operations in August 2007 and is producing ethanol from sugar cane molasses. The plant located at Mirpurkhas, Sindh, on approximately a 210 acre plot, had a designed capacity of 200,000 liters or 160 metric tons per day. The distillery plant is designed by Maguin Interis, France.

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

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

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

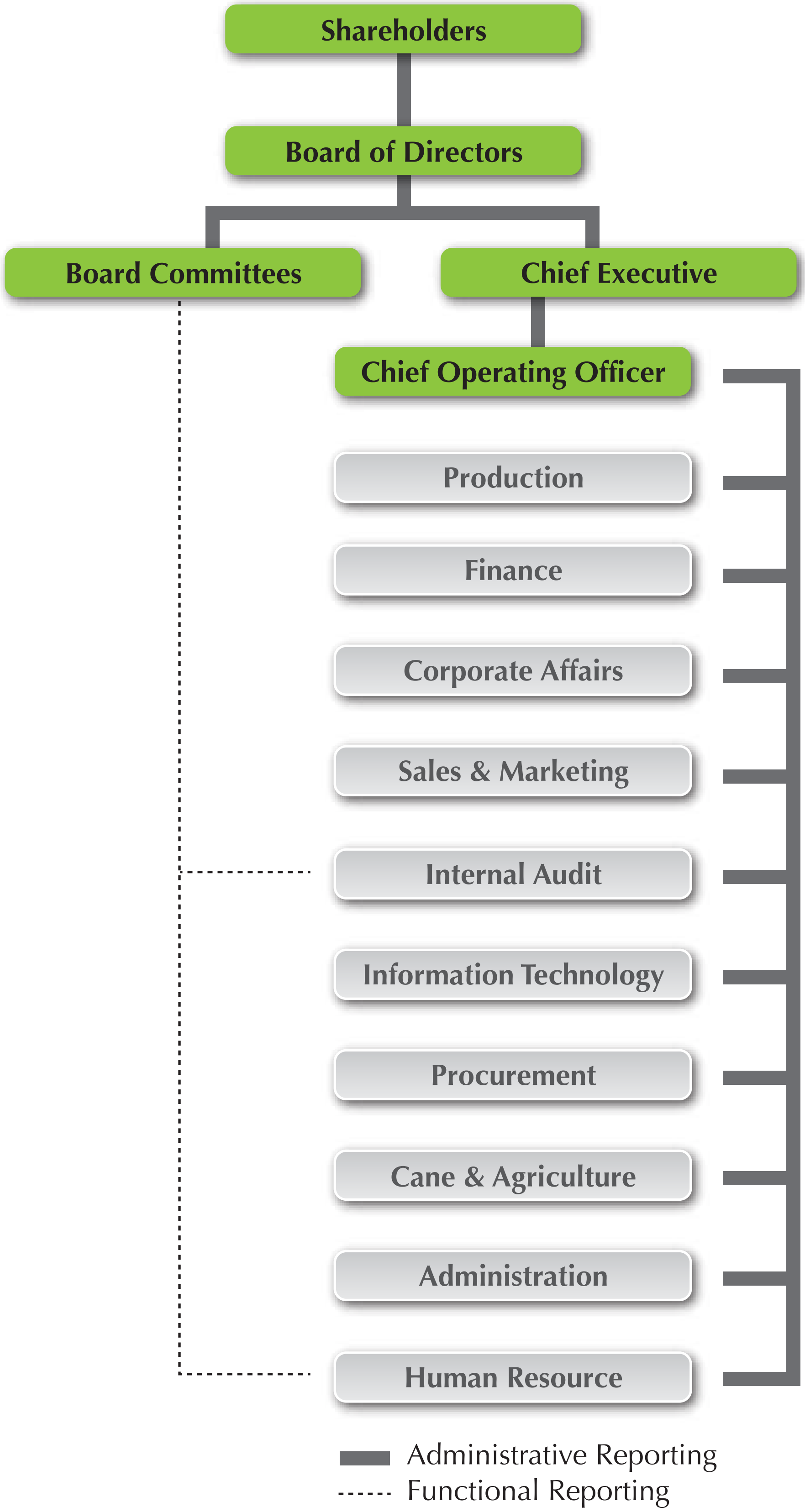
Products

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

Awards and Recognition

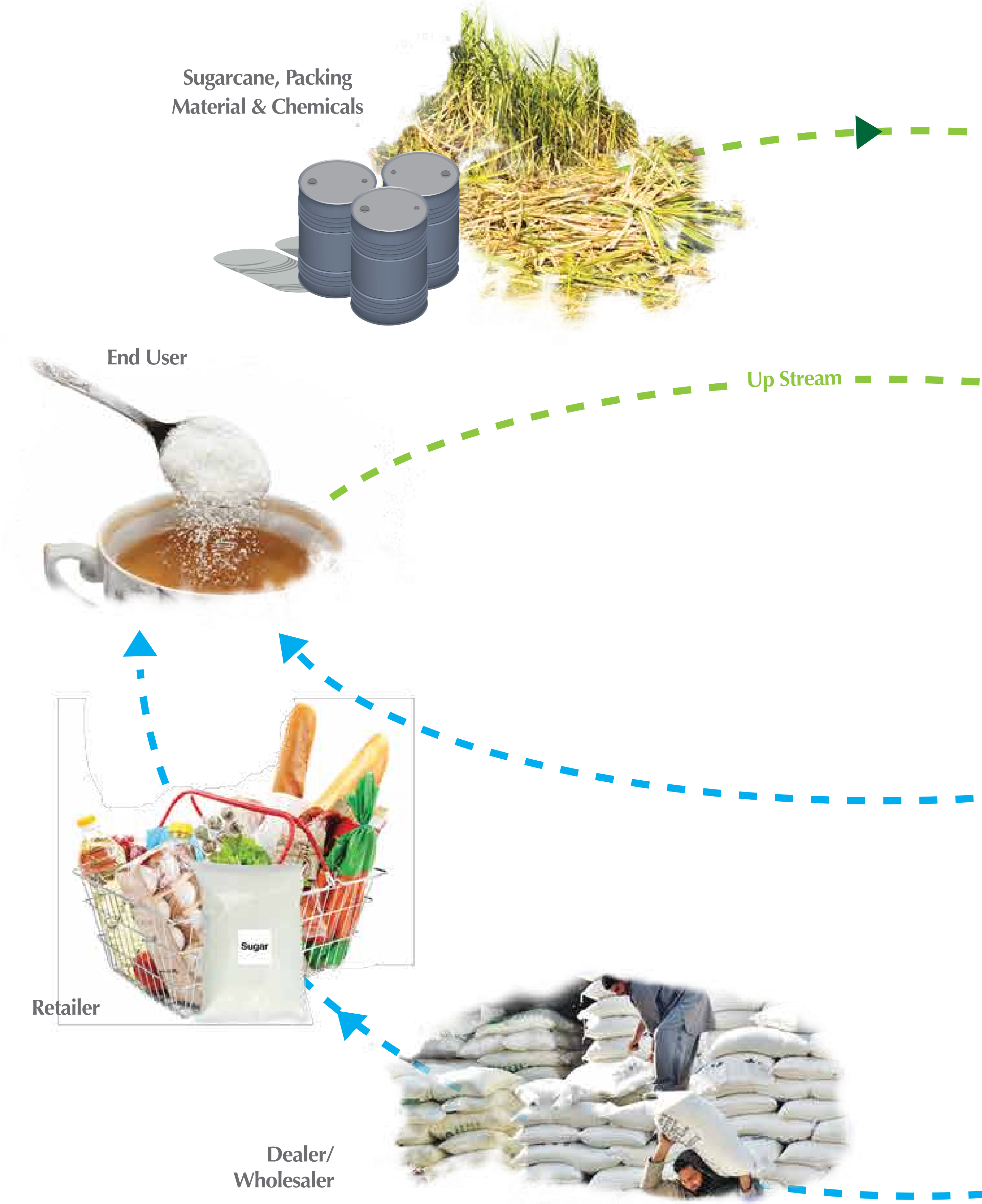
Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.

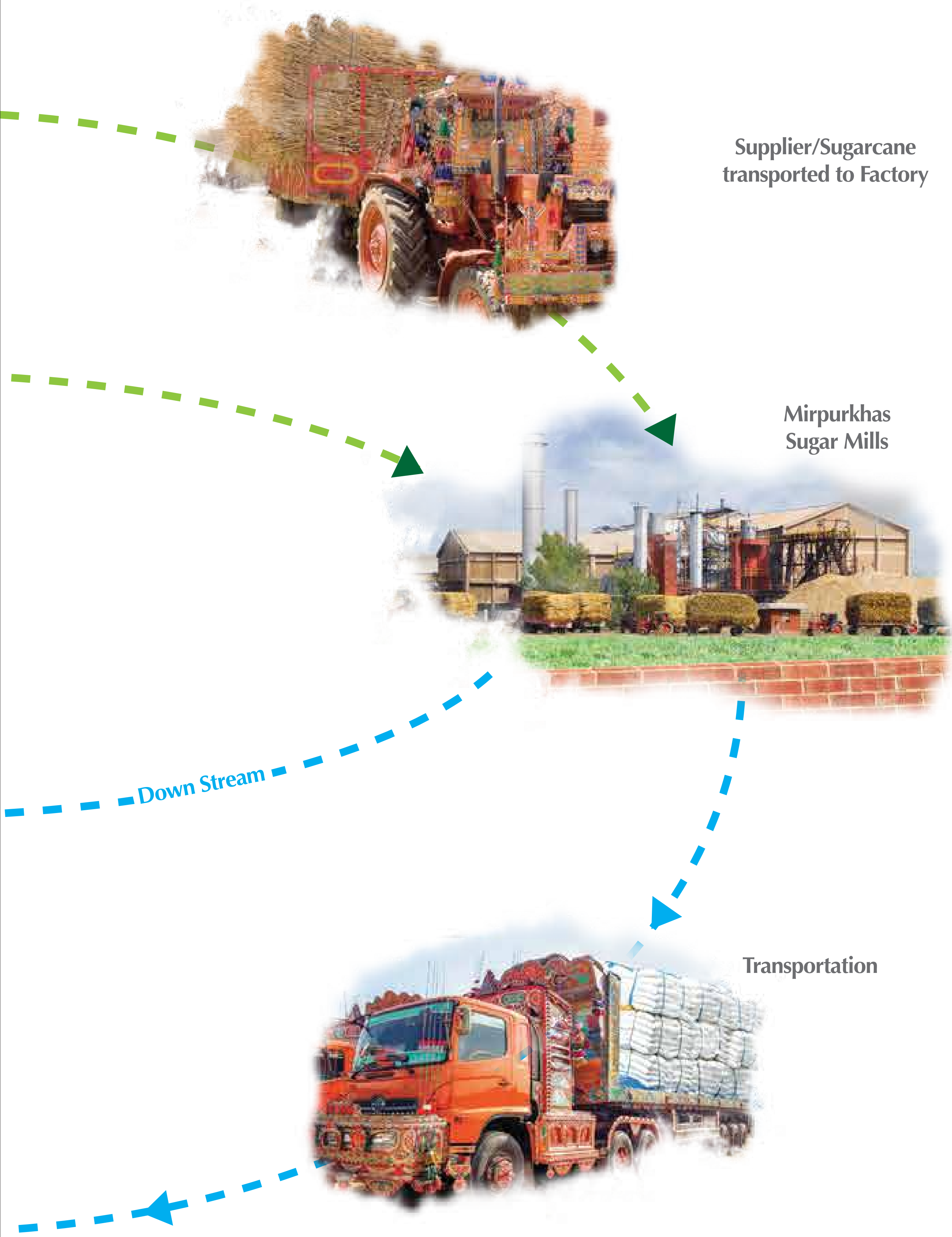
Organisational Structure



Geographical Presence

Position within the Value Chain




Supplier/Sugarcane transported to Factory
Mirpurkhas Sugar Mills
Down Stream
Transportation

Significant Factors Affecting the External Environment & the Organization's Response

It's not possible for Organizations to work in vacuum. Organizations are affected by its external environment. Some of these factors are listed and elaborated below:

Factor		Description	Organization's response
P	Political	Political uncertainty generally impacts organizations negatively	Management keeps a close eye on the political development Industry issues are dealt through association Sales, if made on credit, strong credit controls are enforced
E	Economic	Increase in Raw Material Cost Increase in Labor Cost High interest cost High inflation Low economic growth impacts the Organization negatively Exchange rates	Sugarcane is a major raw material for sugar production and constitute 88% of manufacturing cost. Sugarcane price is regulated by Provisional Government. Higher cost of sugarcane makes the sugar mills less competitive to operate. Depressed price of sugar in local and international market also adversely impacts the profitability of the Company. Company is utilizing its capacity at optimum level and produce sugar at high recovery. However, devaluation of currency, inflation factor and increase variable costs made their impact on the profitability of the Company. Company keeps on applying cost effective measures to manage inflationary pressure.
S	Social	Corporate Social Responsibilities factors: Providing safe and clean work environment Charity and donation Supporting the local community in healthcare and education	Company donates to various social and charitable causes including towards health, education and social sectors. The Company actively participates in various social work initiatives as part of its corporate social responsibility.
T	Technological	Risk of technical obsolescence Introduction of new technology by competitors	Keeping in view the technological advancements, the Company has always given priority to latest developments. The Company has installed latest machinery at its production site and keep it updated to meet the latest technological standards. Further, the Company is running world renowned SAP (ERP system).

Factor		Description	Organization's response
L	Legal	Companies Act 2017 Income Tax Ordinance Sales Tax Act Pakistan Stock Exchange listing regulations SECP Acts Sugar Factories Control Act 1950. All industrial relations laws etc.	The Company strongly abides all acts, listing, rules and regulations applicable on it. In this connection consistent efforts are put by the management to fulfill every legal aspect.
E	Environmental	Adverse weather condition Growing attention to environmental protection Climate changes Natural Disasters	The Company complies with all NEQs as required in Sindh Environment Protection Act as applicable to the Company. The Company is in the process of installing Water Treatment Plant in order to improve the environment. The plant is equipped with bagasse consumption boilers in order to protect the environment. Further, plant is equipped with Bagasse dryers , Ash removing and collection system and Oil Skimmers to control Air pollution. Further, to improve the environment, natural tree plantation on large scale has been done.

Seasonality of Business

Sugar Season starts in November and ends in March/April. Sugar is produced in first 4 months of the Season and sold over the 12 months period.

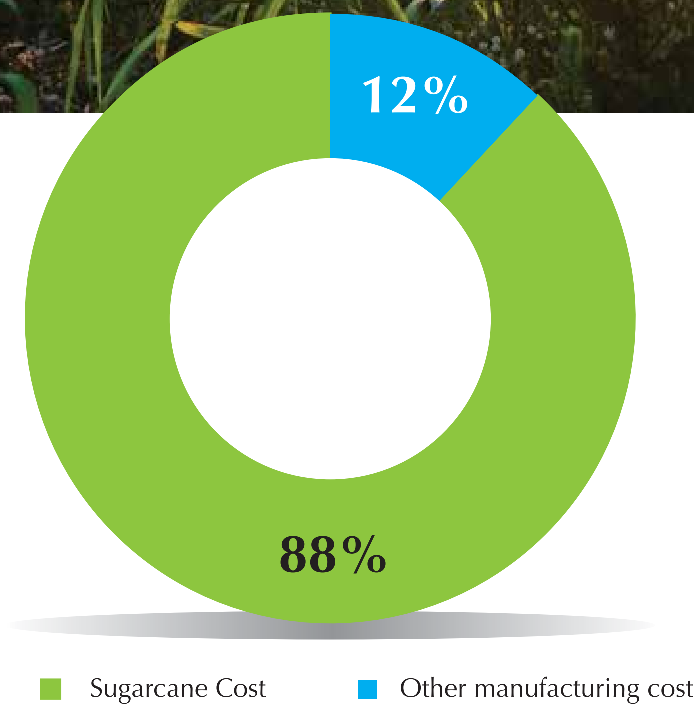
Significant Development and Changes

The following significant developments took place during the year:

- Company has exported sugar worth over 25 million Dollars during the financial year 2017-18 and earned foreign exchange for the national exchequer.
- Company has achieved Sucrose Recovery of 11.39% that is 2nd Highest in Sindh and Pakistan.
- Company has produced 88,183 metric tons of sugar that is ever highest in Company History.
- Unicol Limited, an associate of the Company has reported net profit after taxation of over Rs.1.2 Billion in financial year 2017-18. Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.

Composition of Sugarcane Cost vs. Other Manufacturing Cost

for the year ended September 30, 2018



Sugarcane cost and other manufacturing cost represents 88% and 12% of Total cost of production respectively.

Strategic Objectives

Effective use of resources and management of operating cost:

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

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

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

Sustainable development in the region in which the Company operates:

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

Management Strategies and Resource Allocation Plan

The core objective of our management is to achieve excellence in business. To achieve our objectives, the management strives to enhance stakeholders' value and customer satisfaction. The stakeholders' value is maximized through returns on investments, which management believes can be achieved through continuous growth, revenue maximization and cost control measures.

The tone of our business is set by the marketing targets and budgets, which are aggressively designed by the management to achieve highest possible returns. The management is working for growth of the Company.

Mirpurkhas Sugar Mills maintains cordial relationship with all the stakeholders including farmers, reputable banks and financial institutions of the Country.

Adequate unutilized short-term financing facilities are available at the Company's disposal. Moreover, the Company has also obtained export running finance facility that resulted in substantial cost savings for the Company.

Mirpurkhas Sugar Mills gives key consideration to Human Resource Management. A full fledge HR department is established which is supervised by Human Resource and Remuneration Committee of the Board of Directors. Approved policies are in place. All the HR functions are integrated where the employees' performances are evaluated based on SMART goals. Moreover, Training Need Assessment (TNA) is effectively in place where in-house and external trainings are arranged at all management levels. Further, eligible employees receive Service Awards based on their performance and length of service. The Management's objective is to recognize and reward employee's contribution to the business. Moreover, the Company has effective succession planning system in place. These processes help the availability of high quality workforce which plays a vital role in achieving day-to-day targets and strategic objectives of the Company.

We take pride in being Pakistan's first Sugar Mills to successfully implement SAP ERP systems. The Company carried out one of the fastest implementation of SAP in Pakistan. The use of SAP helps management implement better internal controls, timely decision making and employ best business practices.

Effectiveness of internal controls is ensured through active Internal Audit Department, which independently recommends its suggestions to the Board's Audit Committee. The management takes immediate action as and when necessary.

Another prime objective of the management is customer satisfaction for which management takes every step to ensure high quality customer care and product quality. The Company has secured GMP-21 CFR 110) that covers the standards of manufacturing, packing and handling of Food /White Refined Sugar.

Being a responsible corporate citizen, the Company is committed to continuous improvements in safety, health and environment protection measures. Company ensures compliance of NEQs as issued by Sindh Environment Protection Agency (SEPA) in order to protect the environment from hazardous waste. In pursuing this objective, the Company is in the process of installing a Water Treatment Plant at its production site.

Mirpurkhas Sugar Mills has earned great respect and appreciation through continuous donations to social and charitable causes including health, education and social sectors.

The comprehensive result of these steps can be seen in our increased revenue, controlled costs and satisfied customer base with no major complaints.

Changes from prior years

There is no material change in Company's objectives and strategies from the prior years.

Key Performance Indicators

FINANCIAL INDICATORS

Turnover
4,170,397
(Rs. In Thousands)
Increased by
48.83
(%)

Gross profit
381,887
(Rs. In Thousands)
Increased by
911.82
(%)

Dividend per Share
1.50
(Rs.)
Increased by
100.00
(%)

Profit after tax
73,244
(Rs. In Thousands)
Increased by
127.12
(%)

Earnings per share
5.97
(Rs.)
Increased by
127.12
(%)

Breakup value per share
183.43
(Rs.)
Decreased by
10.27
(%)

Total Assets
6,505,183
(Rs. In Thousands)
Decreased by
11.86
(%)

Wealth Distributed
898,808
(Rs. In Thousands)
Increased by
102.05
(%)

Cash Generated From Operating Activities
840,379
(Rs. In Thousands)
Increased by
139.73
(%)

Financial Leverage
1.39
(Times)
Decreased by
9.74
(%)

Methods and Assumptions in Compiling Indicators

A Key Performance Indicator (KPI) should immediately inform the reader how the business is performing which in turn should suggest what actions need to be taken. KPIs provide understanding of a company's performance in key areas and measure to analyze current standing of the company and likely path the company would follow. Comparability over time is a key principle of good corporate reporting. It is recognized that KPIs may evolve over time as strategies change or more information becomes available. Mirpurkhas Sugar Mills Limited has identified and updated following KPIs that are critical to its business. While identifying KPIs, the Company analyzed various indicators, their interpretations and accordingly their extent to which they may correctly and clearly communicate the Company's performance.

Risks and Opportunities

The Board of Directors principally assumes the responsibility to mitigate all possible risks and to identify the risks and utilize the opportunities after considering the risk appetite of the Company.

Risks

MSM is susceptible to various risks. Company identify, understand and mitigate the potential and perceived risks by comprehensive planning and business understanding. The Company maintains an established control framework comprising clear structure comprising clear authority limits and accountability, with implemented policies and procedures and performance monitoring against the same.

The Board of Directors of the Company establishes corporate strategy and business objectives. Moreover, the Board's Audit Committee is responsible for Internal Control function. The internal and external Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations and suggestions for improvement are submitted to the Board of Directors.

Following are the major risks which may affect our business operations and mitigating strategy for controlling these risks:

Risk	Category	Risk description	Risk mitigating controls
Raw Material Risk	**External** Supply Chain	Sugarcane is the main raw material for sugar production and contributes approx. 82% to 85% of the total cost of production. Any disturbance in its timely availability will have a substantial impact on the operational cost. This in turn has a significant adverse effect on costs since the market value does not factor the variable cost determined by the climatic conditions and the sugarcane economics. The extent of volatility in raw material quality is another key element.	The Company always maintains healthy relationship with its farmers. The risk of raw material short supply is mitigated to a large extent by educating farmers with latest sugarcane cultivating techniques, practical application by demonstration plot at farmer's lands combined with company's goodwill, long term relationship and reputation for ethical dealings earned by the Company since inception.
Government Policy Risk	**External** Legal and Regulatory Compliances	Provincial government regulates the sugarcane policies and it has a larger control on this industry by determining the raw material price and also influence the sugar mills operational commencement through various statutes. The Federal government regulates the export of sugar. Hence, a sugar company's credit risk profile is vulnerable to government policies. These policies influence cost of production of sugar through regulated sugarcane pricing and revenue through its regulated export permissions.	The Company works closely developing appropriate policy recommendations to represent the industry needs to the federal and provincial governments.
Commodity Risk	**External** Revenue	The sugar price is determined by the market forces through demand and supply both in domestic and international markets. Hence due to cyclical nature of sugar business gluts and shortages effect revenues. Currently, global sugar industry including Pakistan is facing sugar surpluses.	The Company insulates its self against price risk by diversifying its revenue sources. While adding more value added products like Ethanol production as value-added downstream products being produced from by-products of sugar production i.e. molasses..

Risk	Category	Risk description	Risk mitigating controls
Relationship with farmers	**External** Sourcing	Variability in monsoon and changing weather patterns impact crops output and consequently sugarcane production. Healthy relationship with farmers is a must requirement for sugar companies, to ensure smooth flow of raw material. Hence, investments in sugarcane development activity and timely payments for sugarcane supplies are considered prerequisites for timely crop cultivation and adequate availability of sugarcane.	Sugarcane department continuously perform different activities during the year to ensure sound and healthy relationships with farmers. These activities include: providing financial assistance to farmers in form of fertilizers, sugarcane seeds and pesticides. Workshops and Seminars are conducted by qualified officers and other informative material is shared for helping out farmers in acquiring knowledge on latest farming techniques.
Location	**Internal** Corporate assets utilization	Freight is an important cost element. Factories close to high-yielding sugarcane farms are in a better position to procure sugarcane at minimum Freight Cost.	Company always endeavors to procure sugarcane first from its gate areas and maintains an optimum supply mix from subsidy and non subsidy areas in order to minimize the procurement cost.
Credit Risk	**External** Customer relationship	Traditionally, sugar sales have been routed through dealers on advance terms of payment. In order to pursue the objective of market penetration, Institution buyers are extended credits. There is a risk factor of being default in payments by customers thus could cause a financial loss.	The Company regularly analyzes the Credit risk worthiness of the Customers and extends credit accordingly.
Working capital management	**Internal** Finance, Liquidity	While sugarcane procurement is concentrated between November to April every year, whereas, the sale of sugar lasts throughout the year. Therefore, Company needs to efficiently manage its working capital requirements considering the sugarcane procurement price and fluctuating prices of sugar.	Company effectively manages its Credit lines with the banks and retains sufficient financing arrangements with banks at the minimal borrowing costs in order to effective manage its working capital requirements.
Employee Turnover	**Internal** Corporate Assets Utilization	Key employees and workers are the most important Corporate Assets. Frequent turnover leads to effect Company operating performance significantly	Company values its employees as essential human Assets and provides congenial environment and growth opportunities. Company has robust succession plan in place to effectively manage employees turnover rate.
Natural Catastrophe	**External** Facilities and Equipment	Destruction of manufactured facility due to natural disaster.	The Company has comprehensive Insurance cover in case of any catastrophic event. Further, the Company has taken into every possible aspect of safety measures during construction and erection of building and plant. Company has well established disaster recovery plan and data backup facility to cope-up uncertain events.

Risks and Opportunities

Opportunities

Opportunity	Category	Key Source Opportunity	Strategy to Materialize
Capacity	**Internal** Facilities and Equipment	Economies of scale achieved through optimum capacity utilization and very important to reduce production costs per unit by absorbing fixed cost. Sugarcane crushing is based on sugarcane crushed on daily basis and the sugar production is dependent upon certain factors that includes sucrose recovery percentage and availability of sugarcane.	Company plans to maximize its crushing rate and utilize full crushing capacity by implementing well-structured and planned sugarcane procurement goals. Thus, effectively implementing in its operational areas in order to procure best sugarcane varieties and attaining highest sucrose recovery.
Level of Integration and Diversification	**Internal** Strategy and corporate planning	Forward integration into power and distillery operations ensure optimal utilization of by-products such as molasses (used to produce ethanol) and bagasse (used to generate power), is another key differentiating factor for integration.	Diversification enables the companies to capture value across the production chain and ultimately results in high revenues and maximize the return to shareholders. An integrated sugar company functions on a de-risked model, which results in higher revenue and stable profitability for its stakeholders.
Technology and Research	**External** Operation and Business Continuity Management	Growth in population and changes in demographic conditions affects the consumption pattern of the world and results in changes in demand patterns. Technology and Research plays a pivotal role in changing demand and requirement of product with desired quality.	Company uses the modern sugar manufacturing equipment along with continuous research on new sugarcane varieties in order to improve mill recovery and thus maximize profitability and reduce cost. In current years, Company has complied with International standards of quality in order to meet the demand of high value customers. This emphasis the Company endeavor to achieve excellence by continuous improvement.

Note: In connection with risk and opportunities of the Company, Board's efforts for determining level of risk, Board's statement regarding robust assessment of risks, information about default in payment of any debt and inadequacy in capital structure have been covered in the Directors' Report.

Governance

Notice of Annual General Meeting

Notice is hereby given that the 54th Annual General Meeting of the Company will be held on Monday, January 28, 2019 at 1:30 p.m. at the Registered Office of the Company at factory premises Jamrao, Umerkot Road, Mirpurkhas, Sindh to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended September 30, 2018 with the Directors' and the Auditors' Reports thereon.

2. To consider and approve the payment of final cash dividend @ 15% (Rs.1.50 per share) to the shareholders for the financial year ended September 30, 2018 as recommended by the Board of Directors.

3. To appoint Auditors for the year 2018/19 and to fix their remuneration.

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

SPECIAL BUSINESS

5. To consider and approve the following resolution as Special Resolution:

a) "RESOLVED that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in Note 38 of the Financial Statements during the year ended September 30, 2018, be and are hereby ratified and approved".

b) "FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve all transactions carried out and to be carried out in the normal course of business with related parties and associated companies during the ensuing year ending September 30, 2019".

A statement under section 134 of the Companies Act, 2017, pertaining to the above–mentioned Special Business, is attached with the notice.

By Order of the Board of Directors

Abid Vazir
Executive Director & Company Secretary

Karachi: December 14, 2018

NOTES:

1. The register of members of the Company will be closed from Tuesday, January 22, 2019 to Monday, January 28, 2019 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Share Registrar of the Company, M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Monday, January 21, 2019 will be treated in time for the entitlement of final cash dividend.

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

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

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

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

6. Section 242 of the Companies Act, 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the bank accounts of the shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in E-Dividend Mandate Form available on the Company's website i.e. www.gfg.com.pk and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. Central Depository Company of Pakistan Limited (CDC), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 in case of physical shares. In case shares are held in CDC, then E-Dividend Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. In-case of non-submission of IBAN, the Company will withhold the payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017. Further the information regarding gross dividend, tax/zakat deduction and net amount of dividend will be provided through the Centralized Cash Dividend Register (CCDR), therefore shareholders should register themselves to CDC's eServices Portal at https://eservices.cdcaccess.com.pk

7. All Shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and if required take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

8. In case of joint account, please intimate proportion of shareholding as each account holder is to be treated individually as either filer or non-filer and tax will be deducted on the basis of shareholding provided by the shareholder, otherwise equally.

9. Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to Central Depository Company of Pakistan Limited - Share Registrar Department by first day of Book Closure.

10. In compliance of Section 244 of the Companies Act, 2017, once the Company has completed stipulated formalities, any unclaimed dividend and /or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar (CDC) to collect/inquire about their unclaimed dividend or shares, if any.

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

12. Members can also avail video conference facility, in this regard, please fill the following and submit to head office of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____________ of ____________, being a member of Mirpurkhas Sugar Mills Limited, holder of___________ ordinary shares(s) as per Registered Folio No._________ hereby opt for video conference facility at ______________".

STATUS OF INVESTMENT IN UNIENERGY LIMITED

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

Statement Under Section 134 of the Companies Act, 2017

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on January 28, 2019. The approval of the Members of the Company will be sought for:

During the financial year ended September 30, 2018 the Company carried out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulation. Related party transactions require shareholders' approval under sections 207 and 208 of the Companies Act, 2017. Such transactions are being placed before the shareholders for their approval through special resolution proposed to be passed in the Annual General Meeting.

The shareholders are requested to ratify the transactions which have been disclosed in Note no. 38 of the Financial Statements for the year ended September 30, 2018 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending September 30, 2019.

Party wise breakup of transactions as disclosed in Note no. 38 of the Financial Statements for the year ended September 30, 2018 is given below

Name of Related Party	Nature of Transaction	Amount (Rs.)
Zensoft (Pvt.) Ltd.	Service paid	(7,200,000)
Greaves Airconditioning (Pvt.) Ltd.	Service paid	(955,551)
Greaves Pakistan (Pvt.) Ltd.	Service paid	(243,580)
Greaves Airconditioning (Pvt.) Ltd.	Purchase made	(1,811,214)
Greaves Pakistan (Pvt.) Ltd.	Purchase made	(1,212,855)
Cherat Cement Co. Ltd.	Dividend Income received	25,966,134
Cherat Cement Co. Ltd.	Purchase made	(4,500,664)
Cherat Packaging Ltd.	Investment made	(24,805,000)
Cherat Packaging Ltd.	Dividend Income received	13,626,277
Cherat Packaging Ltd.	Purchase made	(38,111,069)
Unicol Limited	Sales made	263,230,609
Unicol Limited	Dividend Income received	224,999,986
Mirpurkhas Energy Limited	Re-imbursement of Expenses	1,106,007
Mirpurkhas Energy Limited	Advance Paid	4,375,937
P.F/ G.F	Charge for staff provident and gratuity Fund paid	(7,250,976)

Directors' Profile

Mr. Shehryar Faruque
Chairman

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

Mr. Aslam Faruque
Chief Executive

Mr. Aslam Faruque is a graduate with a major in Marketing. He is the Chief Executive of Unicol Ltd, UniEnergy Ltd and Mirpurkhas Energy Ltd. He is on the Board of Directors of Cherat Packaging Ltd, Greaves Airconditioning (Pvt.) Ltd and Greaves Engineering Services (Pvt.) Ltd. In the past, he served as the Chairman of Pakistan Sugar Mills Association– Sindh Zone, and Director of Sui Southern Gas Company Ltd, State Life Insurance Corporation of Pakistan and Pakistan Industrial Development Corporation.

Mr. Arif Faruque
Director

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

Mr. Amer Faruque
Director

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

Mr. Samir Mustapha Chinoy
Director

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

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

Mr. Yasir Masood
Director

Mr. Yasir Masood is a fellow member of the Institute of Chartered Accountants of Pakistan. He is a Certified Internal Auditor (CIA) and qualified Certified Information Systems Auditor (CISA). He is also a certified Director from Pakistan Institute of Corporate Governance. He is a Director of NBP Exchange Company Ltd. He is also

serving on the Boards of Greaves Airconditioning (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd., Greaves Engineering Services (Pvt.) Ltd., Madian Hydro Power Ltd. and Mirpurkhas Energy Ltd.

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

Engr. Mahfuz-ur-Rehman Pasha

Director (NIT)

Mr. Mahfuz-ur-Rehman Pasha is an engineering graduate holding a degree in B.Sc. (Electrical Engineering) from Peshawar University. Besides holding a diploma in elementary German language from the Department of modern languages from Peshawar University, he is also an Associate Member of the Institute of Engineers Pakistan (AMIEPAK). Mr. Pasha is presently serving as Chief Executive of Pak Gulf Leasing Company Limited and as a Director of National Transmission and Dispatch Company Limited with effect from September, 2016. He is also the director of Mirpurkhas Sugar Mills Limited with effect from December 30, 2016 and Kaghan Development Authority with effect from January 1, 2018.

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

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

Mr. Wasif Khalid

Director

Mr. Wasif Khalid is a Fellow Member of Institute of Chartered Accountants of Pakistan and Associate Member of Pakistan Institute of Public Finance Accountants (PIPFA). He has an MBA degree (Marketing and Operations Management) from Hamdard University, Karachi.

He is Director and Chief Financial Officer of Mirpurkhas Sugar Mills Ltd, Mirpurkhas Energy Ltd. and Zensoft (Pvt.) Ltd. Mr. Khalid also serves on the Board of Directors of Greaves Airconditioning (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd., Greaves Engineering Services (Pvt.) Ltd. and as an Executive Director Finance of Unicol Ltd.

He has contributed immensely towards development of financial models and implementation of new projects. He has been actively involved with the regulators, practitioner and leading Shariah scholars of the industry for developing the commercial industry transactions. Prior to Ghulam Faruque group, Mr. Khalid was associated with various companies in Middle East and in Pakistan worked with one Big 4 audit firms. He has over 18 years' worth of rich experience in financial restructuring and modeling, project financings, operational management and internal audit.

He is also serving as a General body member of FPCCI, heading of cost and budget committee of PSMA- Sindh Zone and Member committee agriculture development and reforms at Ministry of Industries and Production and Kisan Board on behalf of PSMA- Sindh Zone.

Chairman's Review

Dear Shareholders,

It's a great honor and I feel privileged on being entrusted with the Chairmanship of Mirpurkhas Sugar Mills. Despite the challenges being faced by sugar industry, the performance of the company over the years has been the outcome of our shared business vision, strategic objectives, values, and collective efforts of all stakeholders of the Company.

For the financial year ended 30 September 2018, The company probably faced one of the most challenging years due to the glut in the global sugar market including Pakistan owing to bumper production. Operating in an environment of increasing competition, domestic challenges and changing environmental conditions, the company posted increase in sales by 49% as compared to last year. This was mainly due to timely exports and quality production. Export sales, freight subsidy and profit from distillery enabled the company to earn marginal profit compared to a loss in the previous year.

This year, Mirpurkhas Sugar Mills contributed over US$ 25.66 million to the country's foreign exchange reserves, besides providing a contribution of Rs. 202 million to the national exchequer in the form of taxes and levies.

The composition of Board of Director reflects mix of varied backgrounds and rich experience in the field of business to provide strategic guidance and inputs regularly to the company's management. The Board approves budgets and ensures that a competent and energetic team is there to achieve the goals set. During the year, the Board approved a risk management framework after Identifying risks and applying risk mitigating strategies specific to the company. As required under the Code of Corporate Governance the Board evaluates its own performance through a formal and effective mechanism developed and by engaging an external independent consultant.

The Board is assisted by its committees. The Audit committee reviews the financial statements and ensures that the periodic/annual accounts fairly represent the financial position of the company. It also ensures the effectiveness of internal control. The HR committee overviews the HR policy framework and recommends selection and compensation of senior management team with a continuous watch on succession planning done by the company.

In the end I would like to acknowledge the immense contribution and commitment of each member of leadership team and the employees of the company, who ensured the company's continued success.

Shehryar Faruque
Chairman

Karachi: December 14, 2018

Directors' Report to the Members

for the year ended September 30, 2018

The Board of Directors place before you the annual report of the Company together with the audited accounts for the year ended September 30, 2018.

OVERVIEW

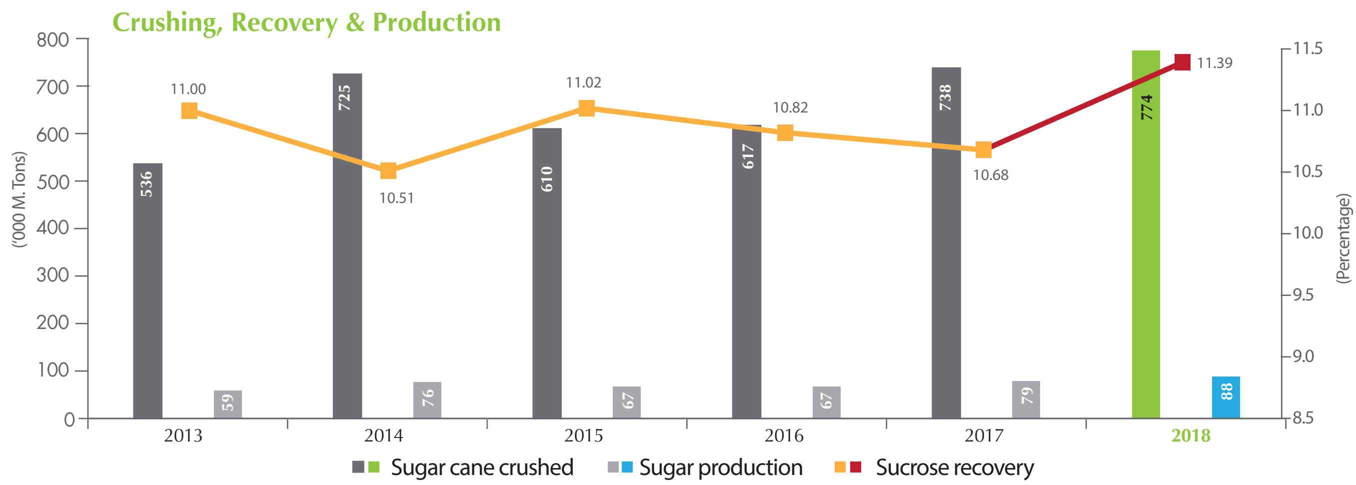
The year 2017/18 remained one of the most challenging years for the sugar industry. High cost of sugarcane set by the government and massive decline in selling price of sugar caused unprecedented losses to the industry. During the season 2017/18, the country produced 6.6 million tons of sugar with a carry forward stock of 2016/17 of nearly 2 million tons, making a total availability of 8.6 million tons. While the consumption or annual demand is around 5.6 million tons. This created a surplus of 3 million tons. For this surplus the previous government took an initiative and announced a subsidy based export of 2 million tons which was completely utilized by the sugar sector.

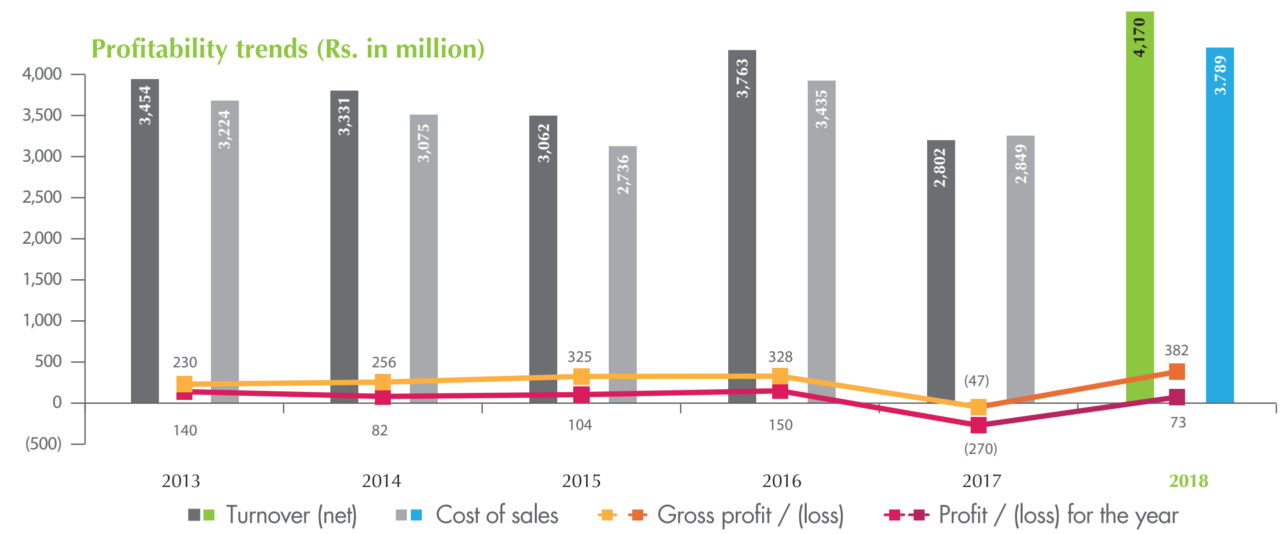
OPERATING PERFORMANCE

During the crushing season 2017/18, which started on 28th November 2017, the plant operated for 143 days compared to 131 days last season. The factory crushed 774,171 metric tons of sugarcane to produce 88,183 metric tons of sugar during the season compared to 738,378 metric tons of sugarcane to produce 78,897 metric tons of sugar during last season. During the period under review, the Company achieved its highest ever sucrose recovery of 11.39% (2017:10.68%) and stood as second highest in Sindh and Pakistan. The company also produced 38,725 MT of molasses during the period under review compared to 34,860 MT of molasses produced during the corresponding period last year.

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

	2018	2017
• Season start date	Nov 28, 2017	Nov 15, 2016
• Days operated	143	131
• Sugar cane crushed (metric tons)	774,171	738,378
• Sugar production (metric tons)	88,183	78,897
• Molasses production (metric tons)	38,725	34,860
• Sucrose recovery (%)	11.39	10.68
• Sugar Sold (metric tons)	101,496	51,937





FINANCIAL PERFORMANCE

The company sold 101,496 metric tons of sugar during the year as compared to 51,937 metric tons sold last year. Exports comprised nearly 73% of the sales volume for the company. Because of surplus production of sugar in the country, Federal government allowed export of two million tons of sugar during the year and offered Rs. 10.70 per KG as freight subsidy to support the sugar industry on cane payments. This was in addition to the subsidy of Rs. 9.30 per kg to a maximum of 20,000 metric tons of sugar exported by each sugar mill during Season 2017-18 announced by Sindh Government. The company has received its full share from Sindh Government during the year while a significant portion of the subsidy announced by the Federal government is yet to be received. During the year, the company earned dividend income of Rs. 39.59 million. Furthermore, it accounted for its one-third share of profit in Unicol Limited amounting to Rs. 404.65 million and adjusted its investment in the associate by the same amount.

	2018	2017
	(Rs. in million)	
Net Sales	4,170.40	2,802.15
Cost of Sales	(3,788.51)	(2,849.19)
Gross profit/(loss)	381.89	(47.04)
Other Income	155.86	44.93
Share of profit in associate	404.62	110.08
Other expenses & taxes	(869.13)	(378.01)
Net profit/(loss)	73.24	(270.04)

UNICOL LIMITED

The joint venture distillery project continues to operate efficiently at optimal capacity as both Ethanol and CO_2 plants performed efficiently. Ethanol production improved to 59,287 metric tons compared to 57,867 metric tons in the previous year.

CO_2 production also improved to 13,075 tons compared to 7,640 metric tons last year. The distillery made a historic profit of Rs. 1,213.86 million. The sustained performance was achieved due to stable margins in ISO and FCL sales coupled with reduction in financial charges. The company has continued to build its molasses storage capacity to safeguard itself from molasses price fluctuations and retaining high quality molasses. The distillery, during the year under review, exported 57,463 metric tons of ethanol and sold 11,946 metric tons of CO_2 locally. The management is confident that Unicol will bring further financial benefits to the company and its shareholders in the years to come.

MIRPURKHAS ENERGY LIMITED

The company had set up a 100% owned subsidiary under Mirpurkhas Sugar Mills Limited (MSM) by the name of Mirpurkhas Energy Limited (MEL) to produce power from bagasse. In this regard, MEL applied for and received Letter of Intent (LOI), Generation License and consent for power supply to the national grid successfully. Furthermore, the upfront tariff with National Electric and Power Regulatory Authority (NEPRA) was awarded to the company along with Letter of Support (LOS) from Alternate Energy Development Board (AEDB). Subsequently, CPPA-G has gone to Islamabad High Court contesting NEPRA regulation against ECC approved Renewable Energy Policy and contesting further certain provisions of the model EPA. Summarily, CPPAG is in violation of ECC and NEPRA decisions, and it is contemplating changes in EPA through Court. The decision of Cabinet Committee on Energy (CCOE) dated January 05, 2018 introduced further anomalies. Without due considerations to policy applicable for MEL as per various milestones accomplished before CCOE decision, CCOE imposed unfavorable conditions, prima facie void ab-initio; including among others; competitive bidding tariff procedures, rate of return and project timelines.

Considering all the above factors and uncertainty involved in the project, the Board of Directors has decided against pursuing the MEL project. Accordingly, the Company has write-off the investment in Mirpurkhas Energy Limited to the extent not recoverable.

NEW PROJECT

MSM has decided to set up a captive 26MW dual fuel coal/bagasse based power plant to supply power to the company and its various businesses. Keeping in view growth in construction activities in the country and taking advantage of the availability of power based on bagasse, the Board of Directors of MSM has decided to establish a TMT steel rebar manufacturing plant. The plant will have melting and re-rolling capacity of 150,000-200,000 tons per annum. Establishment of steel project along with power plant will allow the company to diversify its business operations. Furthermore, it will increase revenues for the company, which will enhance its profitability, thus enabling it to provide adequate return to its shareholders. The project will take approximately 24 – 30 months to become operational after being financially closed.

Considering the economic uncertainties prevailing at present, increasing interest rates, rapid devaluation of Pakistani Rupee during the last 6 months coupled with overall economic slowdown, the management of the company is working on developing best scenario that can be worked around for establishment of the project either partially or in its entirety.

UNIENERGY LIMITED

UniEnergy – a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made initial equity investment in the Company to meet the ongoing financial requirements for the project. In this regard, Mirpurkhas Sugar Mills has made an equity investment of Rs. 7.69 million following the approval of the shareholders. The government has, so far, not notified the tariff for the project.

RISK AND OPPORTUNITIES

- **Risk Management**

  As part of its responsibilities, the members of the Board of Directors have always kept a close watch on the socio-economic environment and consequential internal and external risks that might impact the safe and smooth operations and performance of the Company. As caretakers of the interest of all the stakeholders, the Directors remained vigilant in identifying and mitigating risks through the year. The Board of Directors identified potential risks, assessed their impact on the Company and formulated strategies to mitigate any and all foreseeable risks to the business. These strategies were enforced throughout the hierarchy of the company through the Audit Committee to ensure that no gaps remained in risk mitigation.

- **Risk Assessment**

  Businesses face numerous uncertainties that might pose threats to its objectives and if not addressed may cause preventable losses. The Board of Directors of the company has carried out vigilant and thorough assessment of both internal and external risks that the company might face.

- **Credit Risk**

  All financial assets of the company, except cash in hand, are subject to credit risk. The Company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of credit limits to its customers, growers and diversification of its investments.

- **Liquidity Risk**

  Prudent liquidity risk management ensures availability of sufficient funds for meeting contractual commitments. The company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit lines with financial institutions.

- **Foreign Exchange Risk**

  Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The company is mainly exposed to short term USD/PKR parity on its import of plant and machinery and foreign acquired consultancy services.

- **Debt Repayment**

  The Company regularly and efficiently paid of all its due debts as was budgeted and planned during the year 2017-2018. This has lowered risks of default and improved the financial position of the company.

- **Equity and Capital Management**

  The company's policy is to maintain a strong equity base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes to the company's approach to equity management during the year. The Company's current debt to equity ratio is about 0.58:1. The Board of Directors and the management are confident that the capital structure of the company will further improve in coming years.

DIVIDEND

The Board of Directors at its meeting held on December 14, 2018 has proposed an annual cash dividend @ 15% for the year ended September 30, 2018. The approval of members for the dividend will be obtained at the Annual General Meeting to be held on January 28, 2019.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has always been very aware of its responsibility towards the people, environment and climate of Pakistan and has strived to ensure the wellbeing of all. In line with its corporate social responsibility policies, the Company has endeavored to improve the overall conditions of the people living around the manufacturing plants and the surrounding areas. Infrastructural development and continuous plantation has gone hand in hand to ensure that both the people and the climate of the area benefit. Your Company has worked with and contributed to leading organizations over the years and will continue to do so as it envisions a better environment, a better economy and a better Pakistan.

SAFETY, HEALTH AND ENVIRONMENT

Your Company has a firm policy on the health and safety of its people because it understands that people are the most important asset it has. Keeping the safety of the workers as top priority, the production plants have been set up and run as completely compliant and up to date with the prevailing standards of safety in the industry.

CONTRIBUTION TO NATIONAL EXCHEQUER

This year, Mirpurkhas Sugar Mills contributed over US$ 25.66 million to the country's foreign exchange reserves, besides providing a contribution of Rs. 202 million to the national exchequer in the form of taxes and levies.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six (6) years in summarized form is annexed.

- There is nothing outstanding against your Company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the fund as on September 30, 2018.

• **Provident Fund**	**Rs. 364 million**
• **Gratuity Fund**	**Rs. 228 million**

BOARD OF DIRECTORS

Total number of Directors on the board is 8 and its composition is as follows:

• Male Directors	8
• Female Directors	-
a. Independent Directors	2
i. Mr. Samir Mustapha Chinoy	
ii. Engr. Mahfuz-ur-Rehman Pasha	
b. Non-Executive Directors	4
i. Mr. Shehryar Faruque	
ii. Mr. Arif Faruque	
iii. Mr. Amer Faruque	
iv. Mr. Yasir Masood	
c. Executive Directors	2
i. Mr. Aslam Faruque	
ii. Mr. Wasif Khalid	

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

Name of Directors	Meetings Attended
• Mr. Shehryar Faruque	4
• Mr. Aslam Faruque	5
• Mr. Arif Faruque	5
• Mr. Amer Faruque	3
• Mr. Tariq Faruque *	5
• Mr. Samir Mustapha Chinoy	3
• Mr. Yasir Masood	5
• Engr. Mahfuz-ur-Rehman Pasha	5
• Mr. Wasif Khalid *	-

* Mr. Wasif Khalid was appointed as a Director on the board in place of Mr. Tariq Faruque on October 1, 2018.

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

Name of Directors	Meetings Attended
• Mr. Samir Mustapha Chinoy	4
• Mr. Yasir Masood	4
• Mr. Shehryar Faruque	3

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

Name of Directors	Meetings Attended
• Engr Mahfuz-ur-Rehman Pasha	1
• Mr. Aslam Faruque	1
• Mr. Amer Faruque	1
• Mr. Arif Faruque	1

- Pattern of shareholding is annexed with the report.
- No trading in the shares of the Company was made by the Chief Executive, Directors, Chief Financial Officer and Company Secretary and their spouses and minor children during the year, except for sale of shares by Mr. Wasif Khalid.
- Earnings per share (EPS) during the year were Rs. 5.97 as against a loss per share of Rs. 22.01 last year.

DIRECTORS' REMUNERATION

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. In this regard, the Board of Directors has developed a Remuneration policy for Non-executive and Independent Directors of the company.

FUTURE PROSPECTS

Crushing season 2018/19 once again will be most challenging as the global sugar glut continues. Due to efforts by the industry, the government has allowed sugar export quota of 1.1 million tons with subsidy. The federal government is requested to release on immediate basis export subsidy of federal share of subsidy of Rs. 7 billion along with provincial share of Rs. 7 billion for Sindh and Punjab. Furthermore, the association has requested to rationalize the assessable value of sugar rate for sales tax purpose, which is currently fixed at a price of Rs. 60 per KG which comes to Rs. 6.6 per KG. The government has been requested to immediately release freight subsidy on export of sugar, which is due since 2012-13. The Supreme Court in its decision on quality premium has ordered Government of Sindh to implement its decision by issuing notification of quality premium along with the cane price for the crushing season 2018/19. This decision will have an adverse impact on the industry in Sindh as the price of sugarcane in Sindh will be much higher compared to other provinces where there is no quality premium. This will seriously impact the cost of production for sugar mills in Sindh.

AUDITORS

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

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Shehryar Faruque
Chairman

Aslam Faruque
Chief Executive

Karachi: December 14, 2018

Board Meetings Held Outside Pakistan

During the year, 5 meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control, the management has conducted all meetings in Pakistan.

Annual Evaluation of Board Performance

Board Evaluation Mechanism facilitates the Board of Directors to evaluate and assess its performance for providing strategic leadership and oversight to the management. Accordingly, following procedures have been developed based on emerging and leading practices to assist in the self-assessment of individual director and the full Board's performance.

On an annual basis questionnaire is circulated to all directors which is formally filled by the directors and is submitted anonymously to the Board. The result is compiled by an independent Chartered Accountants firm.

The main criteria for the Board's evaluation is as follows:

Board Composition

The Board is fully aware of its role & responsibilities, demonstrates integrity, credibility, trustworthiness and active participation in its affairs. The Board has the right mix of skills, knowledge and experience and all Non-Executive / Independent Directors are equally involved in important board decisions.

Leadership and Planning

The Board gives ample time to the strategy formulation based on Company's vision and mission and revisits the mission and vision statements from time to time. The Board provides guidance and direction, discusses the adequacy of resources, receives management reports and has a system in place to ensure smooth and effective succession planning.

Board Effectiveness

All Board members understand and fulfill their responsibilities and comply with all relevant laws. Significant issues are placed in front of the Board for consideration. Board ensures a healthy relationship with the stakeholders through adequate disclosures.

Board Accountability

The Board reviews adequacy on internal controls, potential risks and risk management procedure. The Board is aware of its fiduciary responsibilities.

Strategy and Performance

The Board reviews the implementation of organization's strategic & financial plans, Board meeting agendas and supporting documents provide sufficient information and time to explore & resolve key issues. Board members demonstrate preparation for meetings through active participation in decision making.

Board Committees

The Board of Directors formed adequate number of Board Committees to streamline delegation of certain key responsibilities. Sub Committees meetings are held regularly and their decisions / recommendations are placed before the Board. The Board has approved and implemented Human Resource policies which imply equitable treatment to all employees irrespective of gender, religion, ethnic background etc.

The evaluation of the performance of the Board is essentially an assessment of how the Board has performed on all these parameters.

Matters Delegated to the Management

Management is primarily responsible for implementing the strategies as approved by the Board of Directors. It is the responsibility of management to conduct the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals as approved by the Board and to identify and administer the key risks and opportunities which could impact the Company in the ordinary course of execution of its business.

Management is also concerned in keeping the Board members updated regarding any changes in the operating environment. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal requirements.

Governance Practices Exceeding Legal Requirements

Mirpurkhas Sugar Mills has always believed in going the extra mile and staying ahead of the game. In line with this strategy, not only have we complied with all mandatory legal compliances under the Code of Corporate Governance, the Companies Act 2017 and other applicable rules, regulations and standards, we have also carried out the following activities in addition to the legal requirements;

a. Other Information: The management reports various other essential information in this annual report which is not required by law.

b. Implementations of HSE: The Company has developed and implemented aggressive HSE strategies at its Plants to ensure proper safety of its people and equipment.

c. Dispersal of information: the Company has always ensured that all material information is communicated to the PSX, the SECP and the Company's shareholders as soon as it becomes available. At all times we have ensured that such information is sent out much before the deadlines set out in the laws.

Female Director

The requirement for a female director on the board of a listed company has been recently mandated by the new Company laws. Mirpurkhas Sugar Mills shall induct a female director on its board in the next election of directors.

Independent Director

Mirpurkhas Sugar Mills has ensured that the composition of its Board of Directors is compliant with all prevailing legal and governance requirements. The new law requires one - third of the Board to be independent and Mirpurkhas Sugar Mills will comply with this requirement after the upcoming elections.

Investors' Grievance Policy

The Company has an Investors' Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied in writing. Our share registrar is Central Depository Company of Pakistan Limited (CDC) which is leading name in the field. The Company has many old and loyal shareholders, which shows the trust of the shareholders in the management of the Company.

Statement of Managements Responsibility towards the Preparation and Presentation of Financial Statements and Directors Compliance Statements

The Company, its Board of Directors and the management have always been keen to follow the standards set down by governing institutions. In lights of the same strict compliance of all standards set out by ICAP, the Companies Act, the international Accounting Reporting Standards have been adhered to and otherwise good and responsible reporting has been our general practice.

Social and Environmental Responsibility Policy

Mirpurkhas Sugar Mills' Social and Environmental Responsibility Policy envisages an active commitment and participation on the part of the Company in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes to various social and charitable causes including towards health and education sectors. In this regard, it has worked with many reputable organizations and NGOs in Pakistan.

The Company also participated in flood relief activities and helped IDPs (Internally Displaced Persons). Mirpurkhas Sugar Mills has always stood by the people of Pakistan in their hour of need and shall always continue to do so.

Mirpurkhas Sugar Mills is fully committed to acting in an environmentally responsible manner. To achieve this result, we:

1. Ensure our product and operations comply with relevant environmental legislation and regulations.

2. Maintain and continually improve our environmental management systems and complies with requirements as outlayed by specific markets or local regulations

3. Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility amongst our employees.

4. There is no emission of hazardous materials from Mirpurkhas Sugar Mills Factory.

5. Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

Policy on Non-Executive & Independent Directors' Remuneration

Preamble

The Board of Directors (the "Board") of Mirpurkhas Sugar Mills Limited (the "Company") has adopted this Policy upon the implementation of Section 170 of the Companies Act 2017 read with Regulation No. 17 of the Code of Corporate Governance.

Amendments, from time to time, to the Policy, if any, shall be considered by the Board in lights of changes in applicable laws and/or such external circumstances that directly apply to the scope of this Policy.

Scope and Applicability

The Policy shall apply to all Non-Executive and Independent Directors who attend Board meetings, Audit Committee meetings, Human Resource and Remuneration Committee meetings and any other meetings called by the Board.

Terms of the Policy

Through the Articles of the Company, the Board is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company shall be as determined by the Board of Directors from time to time.

Policy on Related Party Transactions

Preamble

The Board of Directors (the "Board") of Mirpurkhas Sugar Mills Limited (the "Company") has adopted this Policy pursuant to the provisions of Section 208 of the Companies Act 2017 read with Regulation No. 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 issued by the Securities and Exchange Commission of Pakistan.

Scope of the Policy

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions. It is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties. Amendments, from time to time, to the Policy, if any, shall be considered and approved by the Board. The policy covers all Related Party Transactions of Mirpurkhas Sugar Mills Limited as defined under Section 208 of the Companies Act 2017. The policy is applicable on all individuals responsible to initiate, authorize, record and report Related Party Transactions.

The Policy is applicable to all Related Party Transactions irrespective of their value and size.

This Policy is intended to work in conjunction with regulatory provisions and other Company policies.

Definitions

(i) Arm's length transaction means a transaction which is subject to such terms and conditions and is carried out in a way, as if:

- (a) the parties to the transaction were unrelated in any way;
- (b) the parties were free from any undue influence, control or pressure;
- (c) through its relevant decision-makers, each party was sufficiently knowledgeable about the circumstances of the transaction, sufficiently experienced in business and sufficiently well advised to be able to form a sound business judgment as to what was in its interests; and
- (d) each party was concerned only to achieve the best available commercial result for itself in all the circumstances.

(ii) Office of profit means any office:

- (a) where such office is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
- (b) where such office is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(iii) Related party includes
  (a) a director or his relative;
  (b) a key managerial personnel or his relative; a key managerial personnel shall mean the following;
    - the Chief Executive Officer of the Company;
    - the Company Secretary of the Company;
    - the whole time Directors on the Board of the Company; and
    - the Chief Financial Officer of the Company.
  (c) a firm, in which a director, manager or his relative is a partner;
  (d) a private company in which a director or manager is a member or director;
  (e) a public company in which a director or manager is a director or holds along with his relatives, any shares of its paid up share capital;
  (f) anybody corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
  (g) any person on whose advice, directions or instructions a director or manager is accustomed to act:
  (h) any company which is:
    - a holding, subsidiary or an associated company of such company; or
    - a subsidiary of a holding company to which it is also a subsidiary
  (i) such other person as may be specified. relative means spouse, siblings and lineal ascendants and descendants of a person.

Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity.

*All other terms will be construed as per the Companies Act 2017 and all other relevant laws.

Types of related party transactions

Any contract or arrangement with respect to the following, but not limited to these;

(i) sale, purchase or supply of any goods or materials;
(ii) selling or otherwise disposing of, or buying, property of any kind;
(iii) leasing of property of any kind;
(iv) availing or rendering of any services;
(v) appointment of any agent for purchase or sale of goods, materials, services or property; and
(vi) such related party's appointment to any office or place of profit in the company, its or associated company, provided:
  (a) where majority of the directors are interested in any of the above transactions, the matter shall be placed before the general meeting for approval as special resolution;
  (b) also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business on an arm's length basis.

Disclosure and Approval of Related Party Transactions

The board shall approve related party transactions that require its approval and the following minimum information shall be circulated and disclosed to the directors along with agenda for board's meeting called for approval of related party transactions:

(i) name of related party;
(ii) names of the interested or concerned persons or directors;
(iii) nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in the related party;
(iv) detail, description, terms and conditions of transactions;
(v) amount of transactions;
(vi) timeframe or duration of the transactions or contracts or arrangements;
(vii) pricing policy;
(viii) recommendations of the Audit Committee, where applicable; and
(ix) any other relevant and material information that is necessary for the board to make a well informed decision regarding the approval of related party transactions.

Identification of Related Party Transactions

Every Director will be responsible for providing a notice containing the following information to the Board of Directors on an annual basis:

(i) a firm, in which the director, manager or his relative is a partner;
(ii) a private company in which the director or manager is a member or director;
(iii) a public company in which the director or manager is a director or holds along with his relatives, any shares of its paid up share capital;
(iv) anybody corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of the director or manager;
(v) any person on whose advice, directions or instructions the director or manager is accustomed to act.

Terms of the policy

The terms of reference for the Policy are as follows:

(i) The management shall obtain approval of the policy by the Board;
(ii) The management may enter into any contract or arrangement with a Related Party only in accordance with the policy approved by the Board, subject to such conditions as may be specified;
(ii) The management shall obtain approval of the Board for contracts that are not on arm's length basis or not in the ordinary course of business;
(iv) The management shall present all Related Party transactions to the Audit Committee for their recommendation to the Board for approval;
(v) Every contract or arrangement entered into with a Related Party shall be referred to in the Board's report to the shareholders along with justifications;
(vi) Management shall maintain records of the transactions undertaken with Related Parties;
(vii) If a director or any other employee enters into any contract or arrangement with a Related Party without obtaining the consent of the Board or approval by a special resolution in the general meeting, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 90 days from the date of the contract, such contract or arrangement shall be voidable at the discretion of the Board.

Maintenance of Records

The Company shall maintain one or more registers with regards to transactions undertaken with Related Parties and contracts or arrangements in which directors are interested, in the manner prescribed, and shall enter therein the particulars of:

(i) contracts or arrangements, in which any director is, directly or indirectly, concerned or interested; and
(ii) contracts or arrangements with a related party with respect to transactions to which section 208 of the Companies Act 2017 applies.

Pricing Methodology

Any related party transactions carried out on arm's length basis shall use one of the following pricing methodologies:

(i) Comparable Uncontrolled Price method;
(ii) Resale Price method;
(iii) Cost Plus method; and
(iv) Profit Split method

Scope Limitation

In the event of any conflict between the provisions of this Policy and the Companies Act 2017 or any other statutory enactments, rules, the provisions of the Companies Act 2017 or statutory enactments, rules shall prevail over this Policy.

Conflict of Interest Policy

A Conflicts of Interest Policy has been developed by Mirpurkhas Sugar to provide a framework for all directors of the Company ("Directors") to disclose actual, potential or perceived conflicts of interest.

The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

The policy is applicable to Directors as the Company strongly believes that a Director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentially to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise his or her powers for stakeholders' interests and not for their own or others interest.

Management of Conflict of Interest

The Company stands fully committed to the transparent disclosures, management and monitoring of actual potential or perceived conflicts of interest. All Directors under the policy are obligated and have a duty to avoid actual, potential or perceived conflicts of interest.

Any Director with personal interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders shall excuse himself or herself from any discussions on the matter that would give rise to the conflict of interest and, if necessary, from the Board meeting, or applicable part thereof.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Insider Trading Policy

Mirpurkhas Sugar has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the Company. The Insider Trading Policy codifies the Company's standards on trading and enabling the trading of securities of the Company or other publicly-traded companies while in possession of material non-public information.

The general guidelines within the policy state that:

- No trading in the securities of the Company is permitted for directors and all employees who are "Executives" as defined in the Code of Corporate Governance, within the Closed Periods announced by the Company.
- No insider may purchase or sell any Company's security while in possession of material non-public information about the Company, its customers, suppliers, consultants or other companies with which the Company has contractual relationships or may be negotiating transactions.
- No insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.
- In addition, no insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about the Company that was obtained in the course of his or her involvement with the Company in the way of conducting official business. No insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

The Company's Responsibility to Disclose Inside Information

The Company's responsibility, in case of inside information made known to a third party, shall be to ensure that in such case the knowledge is given full public disclosure or if such information still needs to be kept non-public then the Company must ensure that the third party, is placed under legal obligation to maintain confidentiality.

Safety of Records Policy

Mirpurkhas Sugar Mills is implementing the policy to ensure the safety of records efficiently and effectively. All records must be maintained for the period as long as they are mandatory to meet legal, administrative, operational, and other requirements of the Company.

The main purposes of the Company Policy are:

- To ensure that the Company's records are formed, managed, retained, and disposed off in an efficient and effective manner;

- To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;

- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;

- Information will be held only as long as required and disposed off in accordance with the record retention policy and retention schedules; and

- Records and information are owned by the Company, not by the individual or team.


Information
Technology
IT
Data
Computer
Business

IT Governance Policy

Mirpurkhas Sugar Mills has a well conceived and implemented IT Governance Policy which seeks to ensure that IT is aligned with MSM's organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely, and informed decision-making concerning MSM's IT investments and operations. Specifically the policy aims to establish the IT governance structure and its associated procedures, roles, and responsibilities, as a critical component of the overall IT Management (ITM) Framework, which guides the management, implementation, and monitoring of IT investments for MSM.

Mirpurkhas Sugar Mills' IT Governance Policy is mainly charged with:

- Establishing a shared vision of how information technology can add value to the organization;
- Establishing information technology goals, and the strategies for achieving those goals;
- Establishing principles and guidelines for making information technology decisions and managing initiatives;
- Overseeing the management of institutional information technology initiatives;
- Establishing and communicating organizational information technology priorities;
- Determining information technology priorities in resource allocation;
- Establishing, amending and retiring, as necessary, organizational information technology and other technology related policies, and
- Determining the distribution of responsibility between the IT Department and end users.

Whistle Blower Policy

An important aspect of accountability and transparency is a mechanism to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information which they believe shows serious malpractice.

Our whistle blowing policy is therefore fundamental to the organization's professional integrity. In addition, it reinforces the value the organization places on staff to be honest and respected members of their individual professions. It provides a method of properly addressing bona fide concerns that individuals within the organization might have, while also offering whistle blowers protection from victimization, harassment or disciplinary proceedings.

It should be emphasized that the policy is intended to assist only those individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the organization nor should it be used to reconsider any matters which have been investigated under the harassment, grievance or disciplinary policies and procedures.

Fundamental elements of our Whistle Blower Policy are highlighted below:

- All staff are protected from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain.
- All disclosures are required to be made in writing.
- Disclosures made anonymously are not entertained.
- Disclosures made are investigated fully including interviews with all the witnesses and other parties involved.
- All whistle blowing disclosures made are treated as confidential and the identity of the whistle blower is protected at all stages in any internal matter or investigation.
- Disciplinary action (up to and including dismissal) may be taken against the wrong doer dependant on the results of the investigation.
- There are no adverse consequences for anyone who reports a whistle blowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action.

During the year no whistle blowing incidence was reported under the mentioned procedure

Business Continuity and Disaster Recovery Policy

The Board of Directors has approved and continuously reviews the IT Policy and Business Continuity Plan of the Company. The management has arranged offsite data storage facilities. All the key records are being maintained at different locations. Employees are aware of the steps required to be taken in case of any emergency.

Human Resource Policies

The Company hires energetic, talented, and motivated human resources and provides them a congenial and healthy working environment to utilize their capabilities efficiently. The Company believes that its core strength is its people, who strive every day to meet individual challenges and help the Company achieve its collective targets. The Company has in place a Performance Review Process in order to recognize employees' contribution and reward them according to their performances. The Company also inducts apprentices in its Apprenticeship Program through which graduates from reputable institutions are regularly inducted. A management trainee program is also in place to meet the future requirements.

Industrial Relations Policy

We maintain excellent relations with our employees and labour. There is a formal labour union in place which represents all classes of workers and independently takes care of all labour related issues. The Company takes every reasonable step for swift and amicable resolution of all their issues.

Succession Planning Policy

Our Succession Planning policy is aimed at building a pipeline for future leadership and creating backups for critical roles.

The salient features of this policy are:

- Talent Assessment is conducted based on achievements, Competencies and Group Values.
- Gap Analysis is done to determine time period and tools needed to groom/ develop them as possible successors.
- Put through an outbound Leadership Course to determine areas of development viz a viz leadership.
- On-going coaching/ rotation/ training and developmental plans are in place to bring out best in class talent for succession.
- To deep reach successors at all levels, upward mobility is a pre-requisite in the hiring program.

Other Policies

The Company has a complete set of other HR policies for recruitment, selection, training, tiredness, overtime and compensation. An employee Hand Book is also available.

Diversity Policy

Mirpurkhas Sugar Mills Limited is committed to fostering, cultivating and preserving a culture of diversity and inclusion. Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and Company's achievement as well.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, Physical and mental ability, political affiliation, race, religion, socio-economic status, veteran status, and other characteristics that make our employees unique. Mirpurkhas Sugar Mills Limited's 'diversity initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

All employees of Mirpurkhas Sugar Mills Limited have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2017 For the year ended September 30, 2018

The Company has complied with requirements of the regulations in the following manner:

1. The total number of directors are 8 (eight) as per the following:

(a) Male	8
(b) Female	None

2. The Composition of board is as follows:

(a) Independent Directors	2
(b) Other Non-executive Directors	4
(c) Executive Directors	2

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

4. 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.

5. 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.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The directors are well aware of their duties and responsibilities under the Code. The directors of the company meet the criteria of exemption under regulation 20(2) of the Regulations. Further following persons have attended Directors' Training program:

Name of Directors	
Engr. Mahuz-ur-Rehman Pasha	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Yasir Masood	Director

Name of Executive & Designation.	
Mr. Abid Vazir	Executive Director & Company Secretary

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee

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

b) HR and Remuneration Committee

Engr. Mahfuz-ur-Rehman Pasha	Chairman
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member
Mr. Arif Faruque	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee.	-	Quarterly
b) HR and Remuneration Committee.	-	Yearly

15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. 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 and registered with Audit Oversight Board of Pakistan, 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board of Directors

Shehryar Faruque
Chairman

Karachi: December 14, 2018

Aslam Faruque
Chief Executive

Independent Auditor's Review Report to the Members of Mirpurkhas Sugar Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Mirpurkhas Sugar Mills Limited (the Company) for the year ended September 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2018.

Kreston Hyder Bhimji & Co.

Karachi: December 14, 2018 CHARTERED ACCOUNTANTS

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Website : www.krestonhb.com Email: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD

Role of Chairman and Chief Executive Officer

OFFICES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Being a corporate governance compliant company, Mirpurkhas Sugar Mills designates separate persons for the position of the Chairman of the Board of Directors and the office of the Chief Executive with clear division of roles and responsibility.

Pursuant to the provisions of Section 192(2) of the Companies Act, 2017, the Board of Directors of Mirpurkhas Sugar Mills Limited has outlined the roles and responsibilities of the Chairman as well as the Chief Executive Officer (CEO) of the Company, which are detailed here in below;

CHAIRMAN

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board. The Chairman acts as the communicator for Board decisions where appropriate.

More specifically, the duties and responsibilities of the Chairman are as follows:

- acting as a liaison between management and the Board, through the CEO;
- keeping abreast generally of the activities of the Company and its management;
- ensuring that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments and make informed decisions;
- preparing the review report (to be included with the annual financial statements) on the overall performance of the Board of Directors and effectiveness of the role played by the Board of Directors in achieving the Company's objectives.
- developing and setting the agendas for meetings of the Board;
- acting as Chair at meetings of the Board;
- ensuring that the minutes of Board meetings are appropriately recorded and reviewing and signing minutes of Board meetings;
- presiding over the Board meetings and ensuring that all relevant information has been made available to the Board;
- confirming the quorum of the meeting;
- ensuring that the agenda, notice of meeting along with all relevant material were circulated within stipulated time;
- ensuring that the minutes of the Board meetings are kept in accordance with applicable laws;
- ensuring that the appropriate recording and circulation of the minutes of the Board meeting to the Directors and officers entitled to attend the Board meetings;
- safeguarding shareholders' interest in the Company;
- issuing the letter to the directors at the commencement of each three year term of the Directors setting out their role, obligations, powers and responsibilities;
- ensuring that the Board is playing an effective role in fulfilling its responsibilities;
- determining the date, time and location of the annual or extraordinary general meetings of shareholders and to develop the agenda for the meeting;
- presiding as chairman at every General Meeting of the Company;
- recommending to the Board, after consultation with the Directors and management, the appointment of members of the Committees of the Board;
- assessing and making recommendations to the Board annually regarding the effectiveness of the Board.

CHIEF EXECUTIVE OFFICER

The CEO is, subject to control and directions of the Board, entrusted with the powers of management of affairs of the Company. In such capacity the CEO's role and responsibilities include:

- planning, formulating and implementing strategic policies; ensuring the achievement of productivity and profitability targets and efficient Company operations;
- ensuring that necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- maintaining an ongoing dialogue with the Directors in regard to changes in and implementation of Company's policies and the performance and development of the Company's business;
- ensuring that the Company's interests and assets are properly protected and maintained and all the required Government obligations are complied with in a timely manner;
- maintaining a close liaison with the Government, customers, suppliers and sales offices;
- chalking out human resource policies for achieving high professional standards, overall progress / betterment of the Company as a whole;
- ensuring that proper succession planning for all levels of hierarchy exist in the Company and the same is constantly updated;
- ensuring proper functioning of the Management Committees of the Company of which he is the chairman;
- preparing and presenting personally to the Board of Directors following reports/details:
- annual business plan, cash flow projections and long term plans.
- budgets including capital, manpower and overhead budgets along with variance analysis.
- quarterly operating results of the Company in terms of its operating divisions and segments.
- promulgation or amendment of the law, rules or regulations, accounting standards and such other matters as may affect the Company.
- reviewing performance against budgets / targets, revenue and capital expenditure, profits, other administration, commercial, personnel and other matters of importance to the Company.
- ensuring that open and progressive atmosphere is created among employees giving them a sense of participation and providing them with an opportunity to give their best.

Salient Features of Terms of Reference of the Audit Committee and the Human Resource & Remuneration Committee

The Board is assisted by two Committees, namely the Audit Committee and the Human Resource & Remuneration Committee, to support its decision-making in their respective domains:

AUDIT COMMITTEE

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

The Audit Committee comprises of three Non-Executive Directors one of whom is an Independent. The Chairman of the Committee is an Independent Director.

Meetings of the Audit Committee are held at least once every quarter. The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2017-18, the Audit Committee held Four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the members, Directors and the Chief Financial Officer. The Head of Internal Auditor attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

Terms of Reference of Audit Committee

The Code of Corporate Governance 2017 mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Audit Committee via Regulation No 28.(3).

In light of the mandate the Board of Directors of Mirpurkhas Sugar Mills Limited has drafted and approved the following terms of Reference for its Audit Committee. This is a non-exhaustive list and only outlines the most important guidelines for the Committee. Amendments to these shall be made from time to time in line with change in laws, and internal and external relevant factors.

The Committee shall;

a) determine appropriate measures to safeguard the company's assets;

b) review annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:

    (i) major judgmental areas;

    (ii) significant adjustments resulting from the audit;

    (iii) going concern assumption;

    (iv) any changes in accounting policies and practices;

    (v) compliance with applicable accounting standards;

    (vi) compliance with these regulations and other statutory and regulatory requirements; and

    (vii) all related party transactions.

c) review preliminary announcements of results prior to external communication and publication;

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

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

f) ensure coordination between the internal and external auditors of the company;

g) review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensure that the internal audit function has adequate resources and is appropriately placed within the company;

h) consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i) ascertain that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j) review the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;

k) institute special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and consider remittance of any matter to the external auditors or to any other external body;

l) determine compliance with relevant statutory requirements;

m) monitor compliance with the Code of Corporate Governance, 2017 and identify significant violations thereof;

n) review arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.

p) consider any other issue or matter as may be assigned by the board of directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Code of Corporate Governance 2017 mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Human Resource and Remuneration Committee via Regulation No 29.(3).i.

Terms of Reference

In light of the mandate the Board of Directors of Mirpurkhas Sugar Mills Limited has drafted and approved the following terms of Reference for its HR&R Committee. This is a non-exhaustive list and only outlines the most important guidelines for the Committee. Amendments to these shall be made from time to time in line with change in laws, and internal and external relevant factors.

The Committee shall;

i. recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;

ii. undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultants and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;

iii. recommend human resource management policies to the Board;

iv. recommend to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;

v. carry out consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer;

vi. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company; and

vii. carry out all actions in addition to those stated above, in order to ensure that the Company's risks are mitigated and growth in the right direction is taking place.

Records: All documentation related to the holding, proceedings and recommendations of the HR & RC shall be ensured by and stored with the Secretary (HR & RC).

Directors' Orientation and Training

All the Directors of the Company are well experienced and have diverse backgrounds. At the time of induction of any new director, he or she is given proper orientation about the operations of the Company and his or her fiduciary responsibilities. The Company had also arranged an in-house Directors' training program to appraise the directors of their authorities and responsibilities. Three Directors of the Company namely Mr. Yasir Masood, Mr. Samir Mustapha Chinoy and Engr. Mahfuz-ur-Rehman Pasha are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).

Strategy and Performance

The Board reviews the implementation of organization's strategic & financial plans, Board meeting agendas and supporting documents provide sufficient information and time to explore & resolve key issues. Board members demonstrate preparation for meetings through active participation in decision making.

Report of the Audit Committee

AUDIT COMMITTEE

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

The Audit Committee of the Company comprises of two Non-Executive Directors and one Independent Non-Executive Director who is the Chairman of the Committee. The Head of Internal Audit attends Audit Committee meetings. The Chief Executive Officer and Chief Financial Officer attend Audit Committee meetings by invitation. The Audit Committee also separately meets the external auditors at least once in a year without the presence of the Management.

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2017-2018. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.

2. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors. Further, the financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.

3. The Audit Committee has reviewed and approved all related party transactions.

4. The Audit Committee takes into account any feedback from the Board of Directors and incorporates for improvement.

INTERNAL AUDIT AND RISK MANAGEMENT

1. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Internal Audit department. The Audit Committee reviewed the resources and performance of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function. Head of Internal Audit Department has direct access to the Audit Committee.

2. An Internal Audit Risk Assessment document is submitted to the Audit Committee and based on that an Audit Plan is prepared to mitigate the risks involved in the Company's operations. Further, on the basis of this plan, audits are conducted and reports are submitted. The Committee on the basis of the said reports reviews the adequacy of controls and compliance shortcomings in areas audited and discuss corrective actions in the light of management responses. Regular follow ups of these reports are also taken. This ensures the continual evaluation of controls and improved compliance. Minutes of Audit Committee meetings are timely circulated to the Board of Directors.

3. For continuous improvement of internal controls, the Committee also discussed the internal controls and the management letter with the external auditors.

EXTERNAL AUDIT

1. The external auditors M/s. Kreston Hyder Bhimji & Co. Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

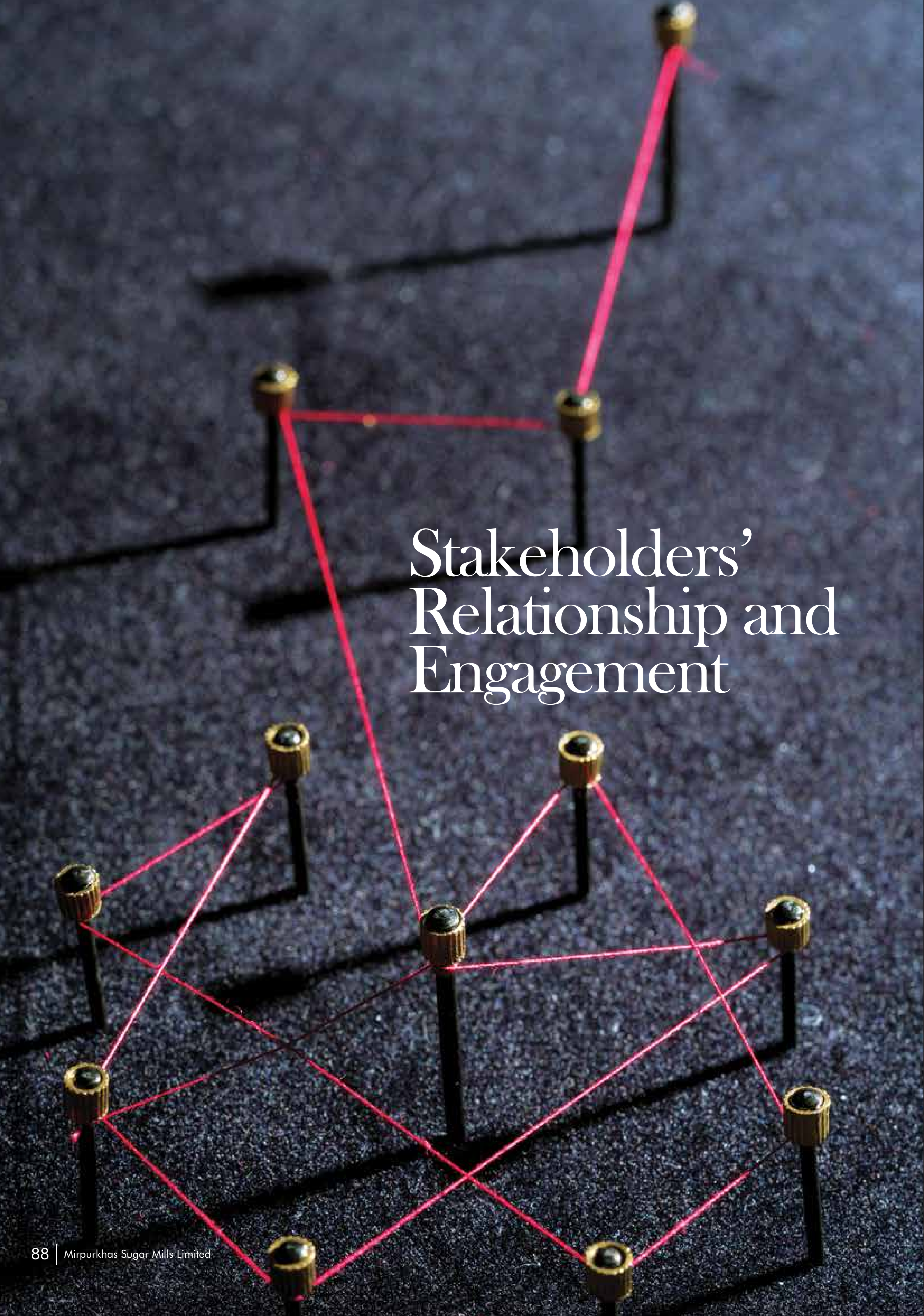
2. The Audit Committee has reviewed and discussed with the external auditors and management, all the Key Audit Matters and other issues identified during the external audit along with the methods used to address the same.

3. Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s. Kreston Hyder Bhimji & Co. Chartered Accountants as External Auditors of the Company for the year ending September 30, 2019 as it is one of the reputable audit firms and has thorough knowledge of the Company's business and industry due to long association with the Company.

4. The Company also obtains taxation related services from M/s. Bhimji Gardezi & Co. Chartered Accountants.

By order of the
Audit Committee

Samir Mustapha Chinoy
Chairman,
December 13, 2018



Stakeholders' Relationship and Engagement

Corporate Governance - Stakeholders' Engagement

Our stakeholders extend valuable contribution towards our growth and existence. Procedure for stakeholders' engagement includes effective communication, harmony and compliance with laws & regulations. We cannot truly execute our purpose without input from our stakeholders.

SHAREHOLDERS

Safeguarding our shareholders' interest is our prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliance. We respond to our shareholders' expectations through improvement in business mechanics, effective governance and corporate reporting framework. Annual General Meetings and statutory reporting are the most effective means of our engagement with our shareholders. Support of shareholders is critical in achieving the Company objectives.

Minority Shareholders

The management of the Company firmly believes in encouraging and ensuring the equitable treatment of all shareholders including minority shareholders to attend, speak and vote at the Annual General Meeting and appoint another member as his / her proxy in his / her instead.

WHOLESALERS, CUSTOMERS AND TRANSPORTERS

Sustaining and developing long term relationship with our wholesalers, customers and transporters forms the key of our business' success. Their expectations are focused on product quality, pricing and service delivery. Our sales team remain in close contact to this segment of our stakeholders to resolve issues on a priority basis. We continue to engage them through meetings and market visits and communications. We derive success from the brand loyalty of Mirpurkhas Sugar Mills Ltd and the cooperation from our transporters.

SUGARACANE FARMERS AND OTHER VENDORS

Efficient supplier network is a key for effective working capital management. To achieve this objective, we conduct market surveys to strengthen our bond with our sugarcane farmers and other vendors. Our supply chain management team is in continuous contact with suppliers and vendors through meetings and correspondence to resolve all queries for on time deliveries. Cooperation of our sugarcane farmers in supplying sugarcane on timely basis in order to run smooth crushing operations.

BANKS AND OTHER LENDERS

We value our relationship with our financial partners and lenders. Financial risk management and business sustainability are few of the interests of this segment of stakeholders. Periodic briefings, Quarterly financial reporting, Head Office and Site visits are the main means for our engagement with this category of stakeholders. Bank and other institutes help us in obtaining loans at attractive rates and advise on strategic issues whenever needed.

REGULATORS

Our commitment to compliance with laws and regulations is evident from our Corporate and Legal team's continued efforts for efficient and effective legal and regulatory obedience. The engagement includes submission of periodic reports, responding to enquiries and meetings as and when required. Active engagement with regulators improves level of compliance.

EMPLOYEES

Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. We have educational loan schemes, in-house and outside training programs and long-term employment reward schemes in place to value our employees as Human Capital. Employee meetings are on regular intervals in form of Annual get-togethers, celebrating sports day and team building activities. Employees' engagement improves the level of dedication and hard work.

INSTITUTIONAL INVESTORS AND ANALYSTS BRIEFING

Institutional investors regularly obtain general business briefings and financial reports from management. Formal meetings are also arranged whenever needed. Without compromising the confidentiality, business analysts are provided with information and briefings as and when they require. The strong connection with institutional investors and analysts facilitates in avoiding any misconceptions or rumors in the market. In addition to this, the Company has also participated in the briefing to local institutional investors regarding the performance of the Company and the Sugar sector.

MEDIA

Ads and campaigns are launched in media based on marketing requirements. Interaction with media improves the Company brand image.

INVESTORS SECTION

To keep transparency in the relation between the Company and its shareholders, the website of Mirpurkhas Sugar Mills (http://gfg.com.pk/msm) contains all the major financial information needed for investors' decision making in a separate tab of "Investor Relations".

AGM PROCEEDINGS

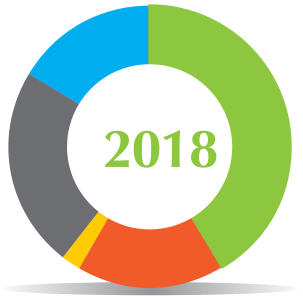
The last AGM was conducted at Mirpurkhas Sugar Mills Site on Friday, January 26, 2018 at 2:30 p.m. The meeting was well organized and well attended by the Shareholders. The Shareholders appreciated the management for making tireless efforts to achieve another noteworthy year in terms of production, sales and profitability. Shareholders asked different questions regarding Company's increase in market share and exploring new markets and avenues to sustain. Shareholders also raised questions on the Company's cost saving strategy. Shareholders inquired about the progress work on power project for which they were informed about the status of power project and difficulties in obtaining government approvals due to CPPA-G intervention. Shareholders approved the Financial Statements and also gave approval for appointment of M/s. Kreston Hyder Bhimji & Co, Chartered Accountants as external auditors.

Statement of Value Addition

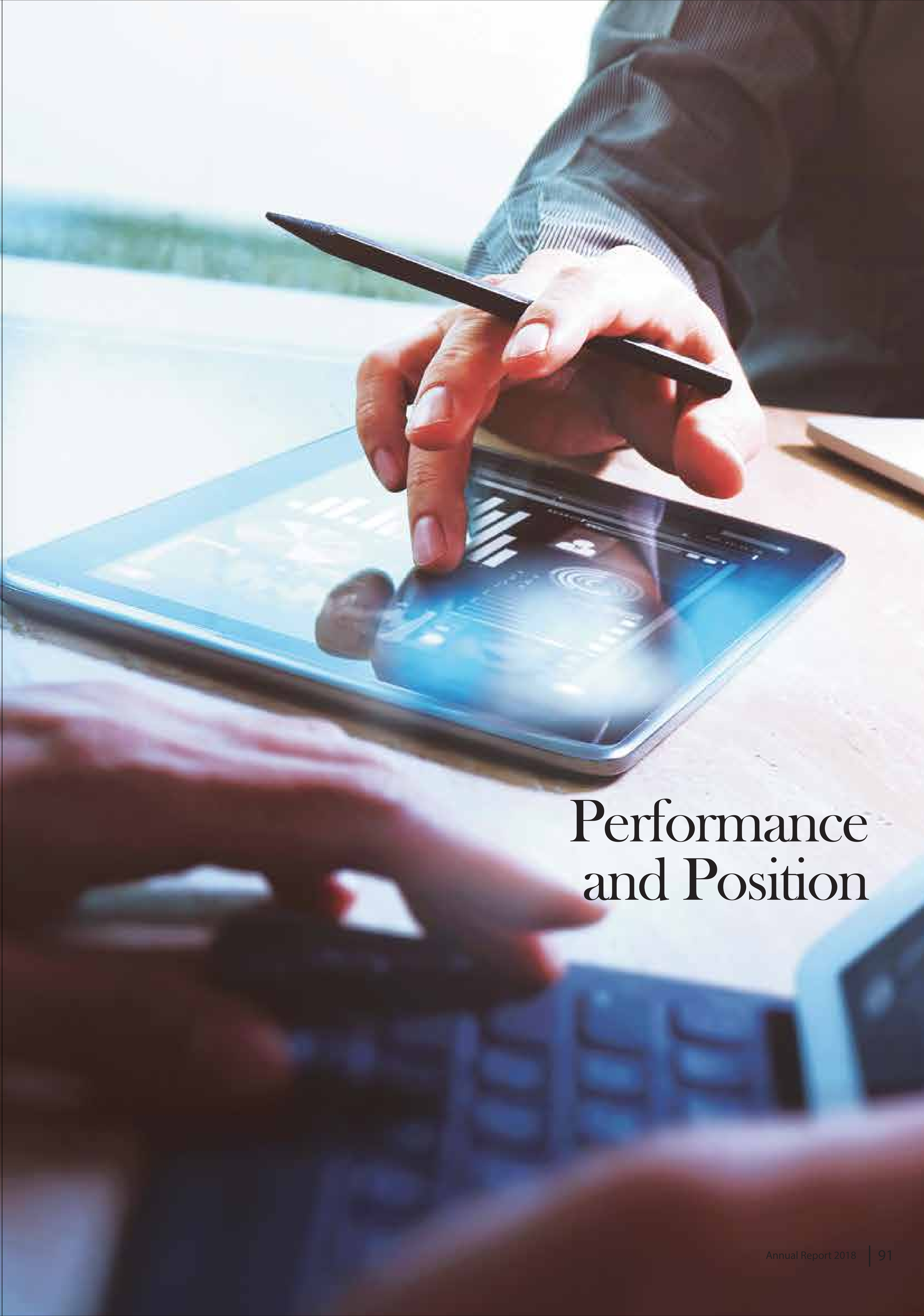
	2018		2017	
	(Rupees `000)			
Wealth Generated				
Gross Sales	4,280,571		2,893,499	
Material and Services	(3,942,246)		(2,603,670)	
	338,325		289,829	
Other income	155,863		44,933	
Share of profit in an associate	404,620		110,082	
	898,808		444,844	
Wealth Distributed				
EMPLOYEES REMUNERATION	367,713	41%	327,793	74%
GOVERNMENT AS:				
Direct & Indirect taxes	155,708		79,901	
Workers' Funds	-		-	
	155,708	17%	79,901	18%
CHARITY & DONATIONS	237	*	384	*
SHAREHOLDERS AS DIVIDEND				
Cash dividend**	18,402	2%	-	-
FINANCE COST	210,375	23%	229,421	52%
RETAINED IN BUSINESS				
Depreciation & Amortisation	91,531		77,389	
Retained profit/(loss)	54,842		(270,044)	
	146,373	16%	(192,655)	(43)%
	898,808	100%	444,844	100%

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

Distribution



	Employees	Government	Shareholders	Finance cost	Retained in business
2018	41%	17%	2%	23%	16%
2017	74%	18%	-	52%	(43)%



Performance and Position

Six Years Statistics and Ratios

		2018	2017	2016	2015	2014	2013
Production Data							
Sugarcane crushed	(M. Tons)	774,171	738,378	616,716	609,569	725,210	535,963
Sucrose recovery	(%)	11.39	10.68	10.82	11.02	10.51	11.00
Sugar production	(M. Tons)	88,183	78,897	66,753	67,175	76,228	58,920
Molasses production	(M. Tons)	38,725	34,860	28,325	28,570	35,100	25,680
		(Rupees `000)					
Sales & Profitability							
Turnover - net		4,170,397	2,802,150	3,762,892	3,061,737	3,330,536	3,454,478
Cost of sales		3,788,510	2,849,191	3,434,737	2,736,332	3,074,914	3,224,179
Gross profit		381,887	(47,041)	328,155	325,405	255,622	230,299
Operating profit / (Loss)		(82,596)	(173,588)	253,674	198,588	187,461	123,496
Profit / (Loss) before taxation		111,649	(292,927)	225,560	147,597	85,077	117,467
Profit / (Loss) for the year		73,244	(270,044)	150,069	103,940	82,184	139,528
Financial Position							
Fixed assets - net		2,416,009	2,366,349	2,036,694	1,682,179	1,614,501	1,280,879
Other non-current assets		1,049,042	882,594	752,876	664,855	564,161	506,446
	A	3,465,051	3,248,943	2,789,570	2,347,034	2,178,662	1,787,325
Current assets		3,040,132	4,131,912	2,472,894	1,889,474	1,055,989	731,058
Current liabilities		(2,914,100)	(3,495,721)	(1,465,464)	(1,217,943)	(1,019,325)	(596,924)
Working capital	B	126,032	636,191	1,007,430	671,531	36,664	134,134
Capital employed	(A+B)	3,591,083	3,885,134	3,797,000	3,018,565	2,215,326	1,921,459
Less: Non current liabilities		(1,340,778)	(1,377,166)	(856,347)	(773,235)	(561,916)	(735,956)
Shareholders' equity		2,250,305	2,507,968	2,940,653	2,245,330	1,653,410	1,185,503
Represented by:							
Share capital		122,682	122,682	122,682	122,682	122,682	111,529
Reserves		1,311,052	1,568,715	2,262,222	1,566,899	956,713	791,422
Surplus on revaluation of fixed assets		816,571	816,571	555,749	555,749	574,015	282,552
		2,250,305	2,507,968	2,940,653	2,245,330	1,653,410	1,185,503
Performance indicators							
Profitability Ratios							
Gross profit ratio	(%)	9.16	(1.68)	8.72	10.63	7.68	6.67
Net profit to sales	(%)	1.76	(9.64)	3.99	3.39	2.47	4.04
EBITDA margin to sales	(%)	0.21	(3.43)	8.43	8.54	7.44	5.23
Operating leverage ratio	(times)	(17.75)	(7.33)	2.09	1.18	(0.13)	6.00
Return on equity**	(%)	3.25	(10.77)	5.10	4.63	4.97	11.77
Return on capital employed**	(%)	9.99	(1.75)	10.02	10.60	11.22	13.84
Liquidity Ratios							
Current ratio	(times)	1.04	1.18	1.69	1.55	1.04	1.22
Quick/ acid test ratio	(times)	0.58	0.53	1.37	1.07	0.56	0.72
Cash to current liabilities	(times)	0.01	0.01	0.01	0.05	0.02	0.02
Cash flow from operations to sales	(times)	0.20	(0.75)	0.10	0.02	0.05	0.03
Activity/ Turnover Ratios							
Inventory turnover ratio	(times)	2.44	2.53	11.34	8.28	16.06	8.73
No. of days in inventory	(days)	149.55	144.02	32.18	44.11	22.73	41.82
Debtor turnover ratio	(times)	9.21	10.99	14.34	14.66	12.51	28.56
No. of days in receivables	(days)	39.63	33.20	25.46	24.89	29.17	12.78
Creditor turnover ratio	(times)	29.00	28.38	15.50	24.37	44.23	21.12
No. of days in creditors	(days)	12.59	12.86	23.55	14.98	8.25	17.28
Total assets turnover ratio	(times)	0.64	0.38	0.72	0.72	1.03	1.37
Fixed assets turnover ratio	(times)	1.73	1.18	1.85	1.82	2.06	2.70
Operating cycle	(days)	136.96	131.16	8.63	29.13	14.48	24.54
Investment/ Market Ratios							
Earnings per share - basic **	(rupees)	5.97	(22.01)	12.23	8.47	6.70	11.37
Price earning ratio **	(times)	21.77	(6.45)	14.34	10.03	9.20	3.87
Dividend yield ratio	(%)	1.15	-	2.85	4.12	4.38	2.27
Dividend payout ratio	(%)	25.12	-	40.88	41.31	40.30	7.99
Dividend cover ratio	(times)	3.98	-	2.45	2.42	2.48	12.51
Cash dividend per share*	(rupees)	1.50	-	5.00	3.50	2.70	-
Stock dividend*	(%)	-	-	-	-	-	10.00
Market price per share:							
- Closing	(rupees)	130.00	142.00	175.40	85.00	61.62	44.00
- High	(rupees)	157.44	262.00	176.30	85.90	82.50	54.00
- Low	(rupees)	114.00	136.30	72.25	48.50	41.30	31.05
Break-up value per share**	(rupees)	183.43	204.43	239.70	183.02	134.77	106.30
Investment/ Market Ratios							
Financial leverage ratio**	(times)	1.39	1.54	0.46	0.53	0.55	0.70
Weighted average cost of debt	(%)	6.71	6.18	7.02	8.68	10.89	10.25
Debt to equity ratio**		58:42	61:39	32:68	35:65	36:64	41:59
Interest cover ratio	(times)	1.53	(0.28)	2.69	1.97	1.55	1.87

* post balance sheet event
** restated

Comments on Ratio Analysis

Profitability Ratios

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

This made it difficult to remain cost competitive in business operations. However, the Company was managed to report gross profit and net profit after taxation due to efficient operation that resulted in highest sucrose recovery and accrual recorded for inland Freight Subsidy allowed on Sugar Export.

Liquidity Ratios

Increase in cost of doing business i.e. consistent increase in sugar cane support price over the years viz-a-viz depressed selling prices resulted in creating problems in running the smooth business operations. However, Company has been able to manage positive trend of current asset ratios and acid test ratio from the last three years.

Activity / Turnover Ratios

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

Investment / Market Ratio

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

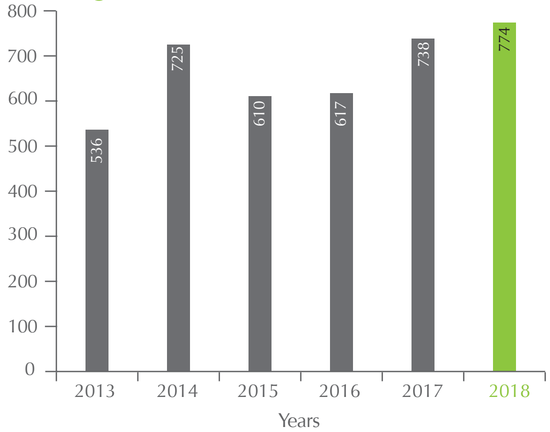
Capital Structure Ratio

The Company effectively managed its gearing by effectively utilizing the bank financings obtained at very competitive rates resulted in a decrease in finance cost and thus managing its weighted average cost of debt of the Company effectively.

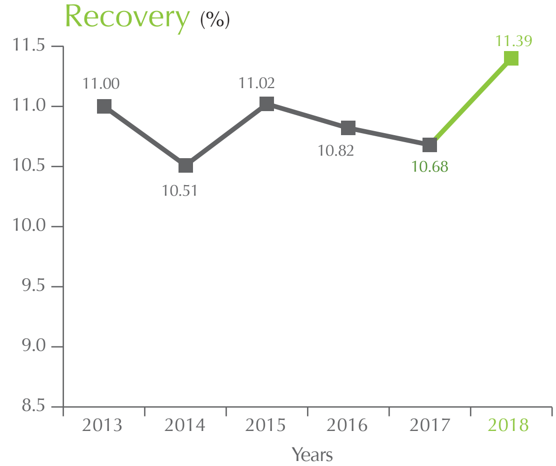
Graphical Presentation

Production Highlights

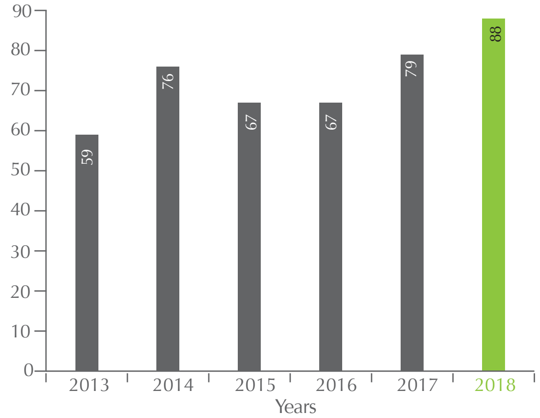
Sugar cane crushed ('000 M.Tons)



Recovery (%)



Sugar production ('000 M.Tons)



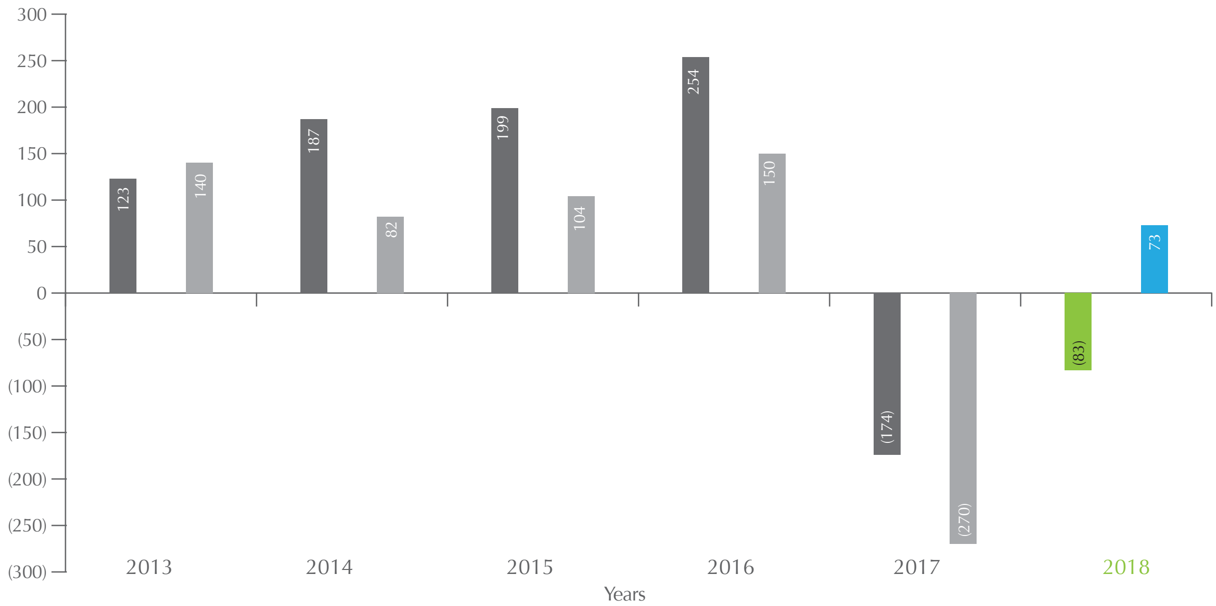
Molasses production ('000 M.Tons)

Financial Highlights

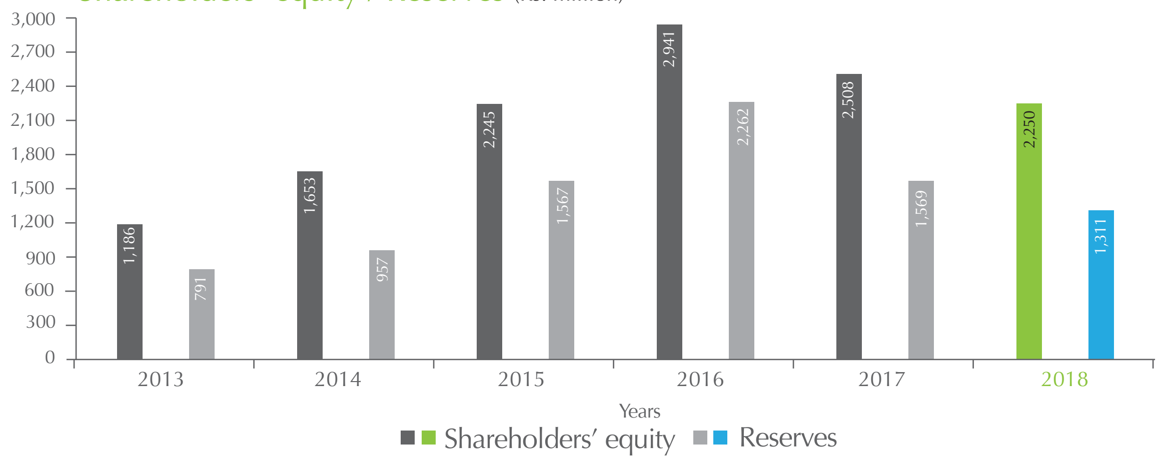
Turnover - net (Rs. million)

Gross profit / (loss) (Rs. million)

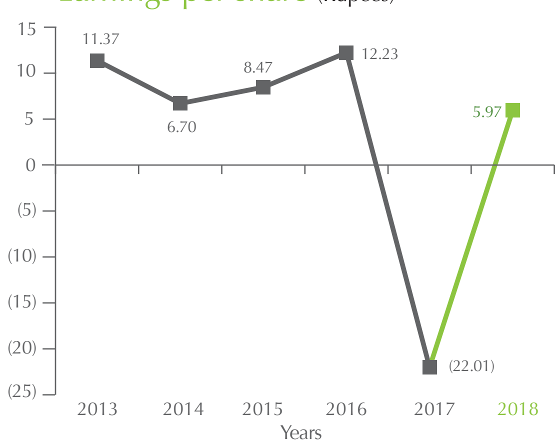
Operating vs Net [profit / (loss)] (Rs. million)



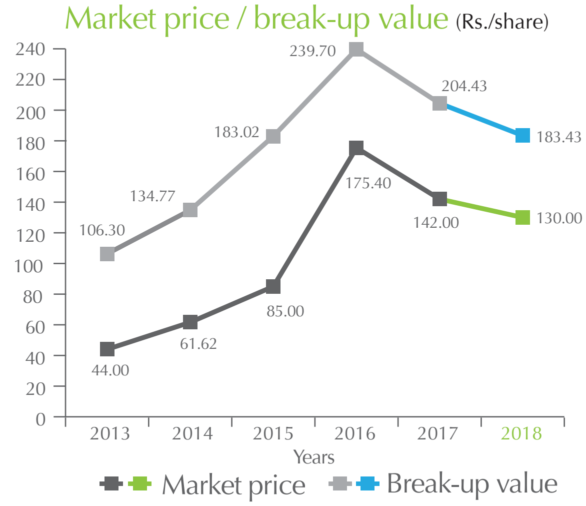
Shareholders' equity / Reserves (Rs. million)



Earnings per share (Rupees)

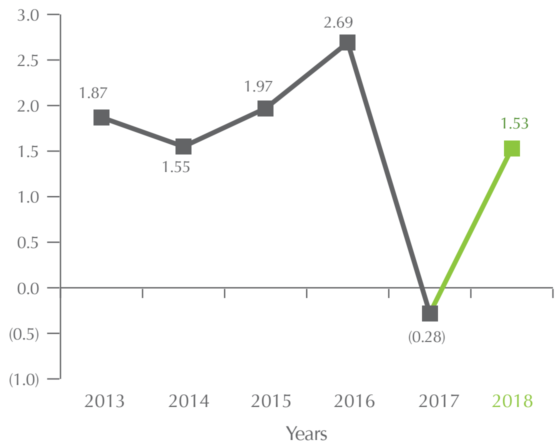


Market price / break-up value (Rs./share)

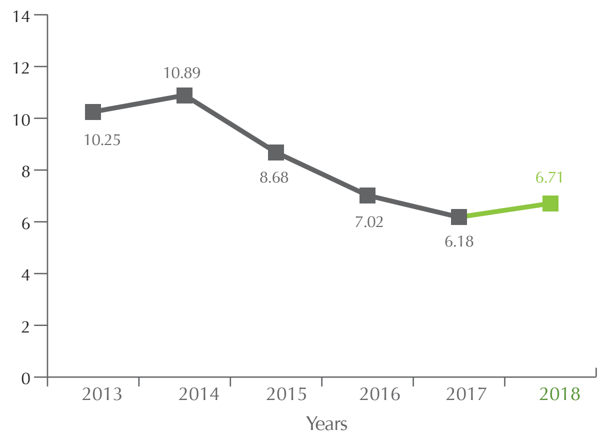


Graphical Presentation

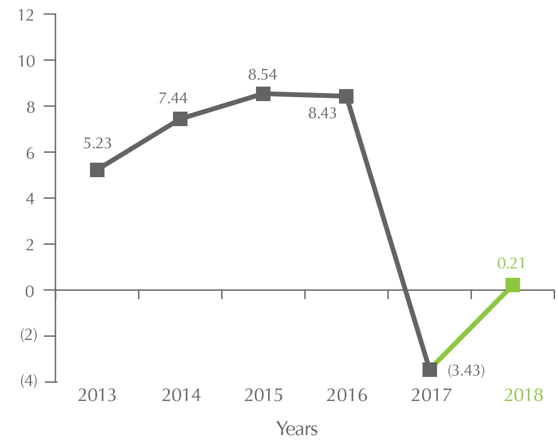
Interest coverage (times)



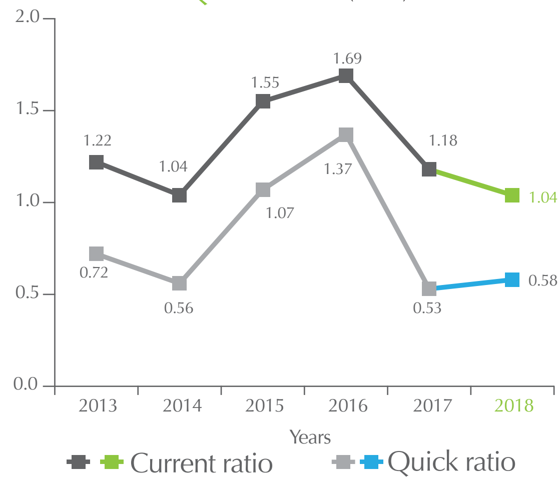
Weighted average cost of debt (%)



EBITDA margin to turnover (%)

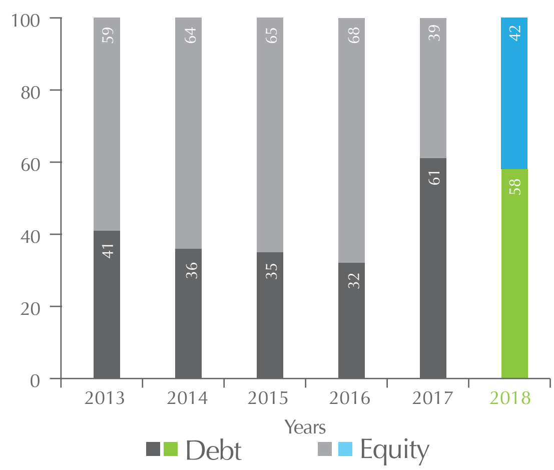


Current / Quick ratio (times)



Total assets turnover ratio (times)

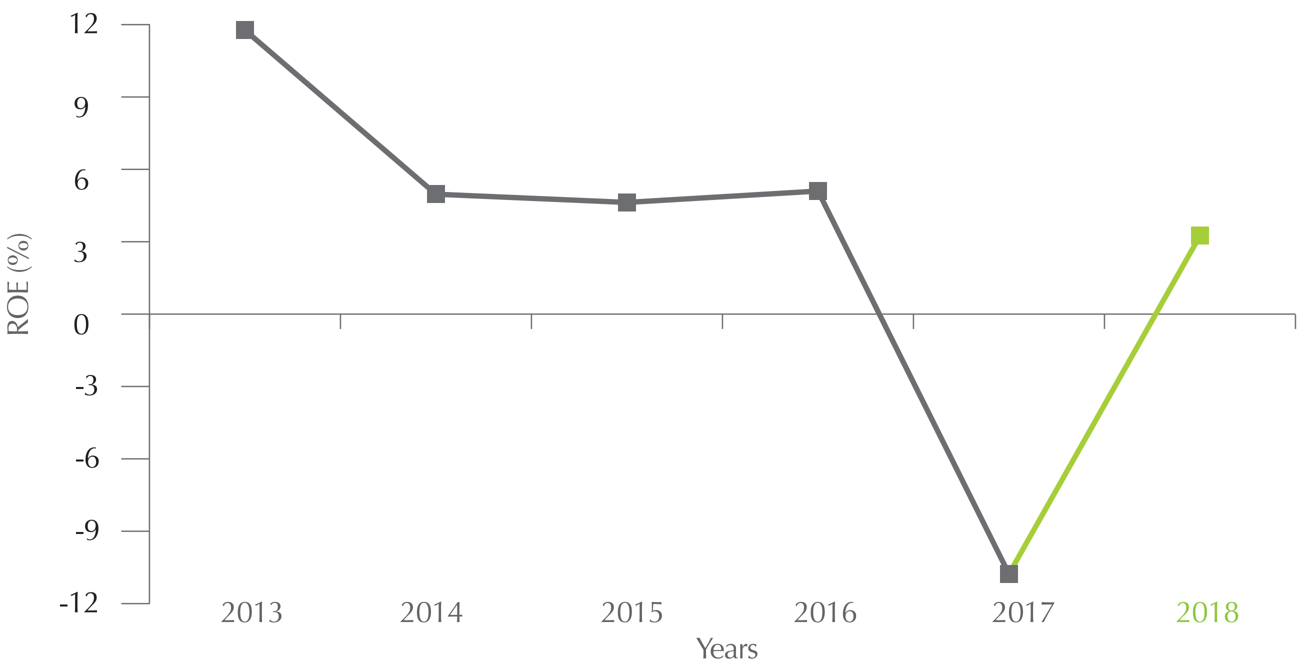
Debt-equity ratio (%)



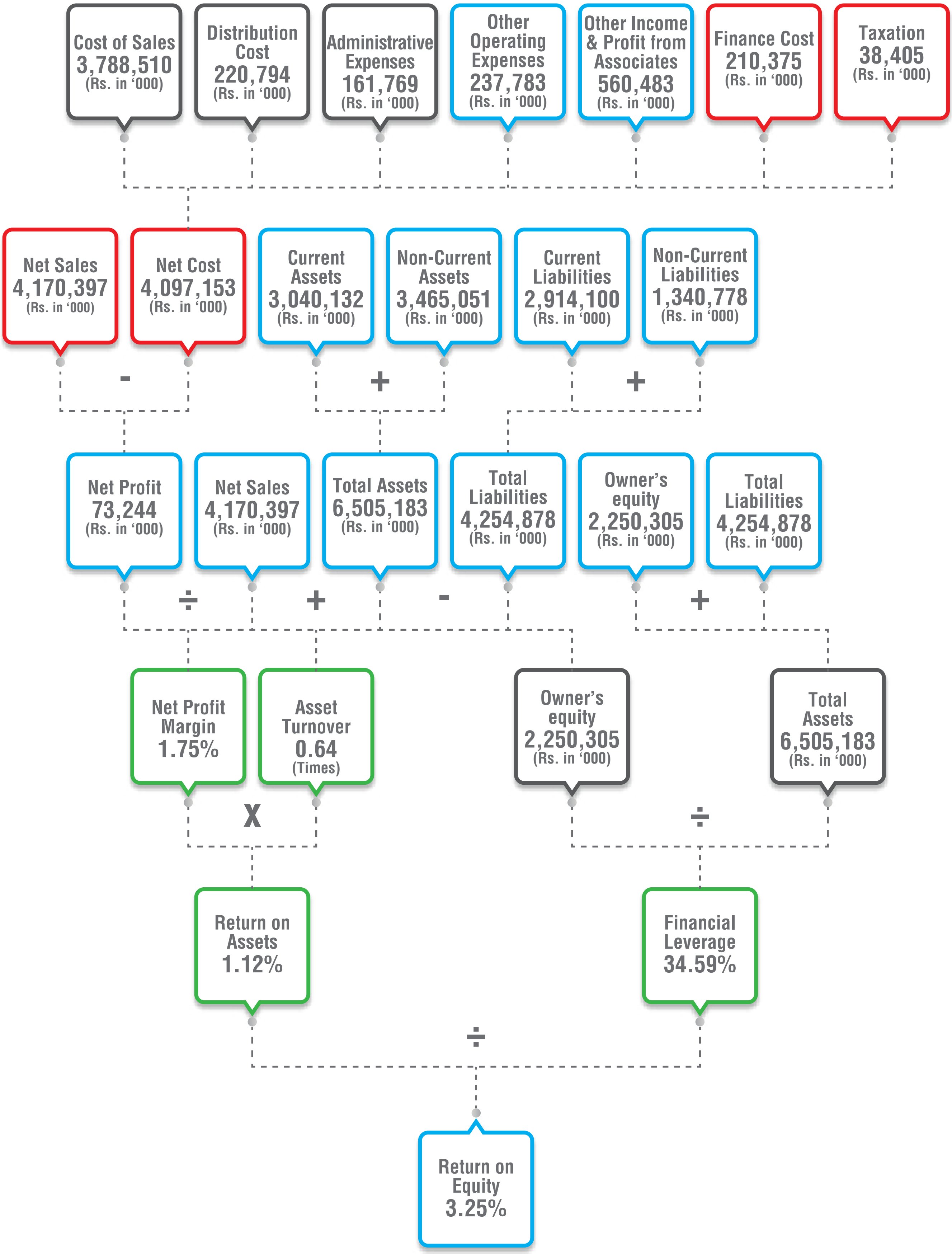
DuPont Analysis

Description	Year 2018	2017	2016	2015	2014	2013
Operating margin (%)	(1.98)	(6.19)	6.74	6.49	5.63	3.57
Asset turnover	0.64	0.38	0.72	0.72	1.03	1.37
Interest burden / efficiency (%)	135.17	(168.75)	88.92	74.32	45.38	95.12
Tax burden / efficiency (%)	65.60	92.19	66.53	70.42	96.60	118.78
Leverage (Equity Multiplier)	2.89	2.94	1.79	1.89	1.96	2.12
Return on Equity (%)	3.25	(10.77)	5.10	4.63	4.97	11.77

Graphical Presentation of DuPont Analysis



DuPont Chart



Summary of Cash Flow Statement - Last Six Years

	2018	2017	2016	2015	2014	2013
	(Rupees in `000)					
Summary of Cash flows						
Net cash generated from operating activities	840,379	(2,115,465)	374,186	47,568	155,756	110,000
Net cash used in investing activities	102,213	(133,105)	(379,821)	(141,856)	(70,990)	(71,920)
Net cash generated from / (used in) financing activities	(946,904)	2,250,160	(29,488)	130,105	(75,921)	(43,063)
Change in cash and cash equivalents	(4,312)	1,590	(35,123)	35,817	8,845	(4,983)
Cash and cash equivalents - beginning of the year	22,623	21,033	56,156	20,339	11,494	16,477
Cash and cash equivalents - Year end	18,311	22,623	21,033	56,156	20,339	11,494

Horizontal Analysis - Last Six Years

	2018		2017	
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
Assets				
Non current assets	3,465,051	7	3,248,943	16
Current assets	3,040,132	(26)	4,131,912	67
Total Assets	6,505,183	(12)	7,380,855	40
Equity & Liabilities				
Shareholders equity	2,250,305	(10)	2,507,968	(15)
Non current liabilities	1,340,778	(3)	1,377,166	61
Current liabilities	2,914,100	(17)	3,495,721	139
Equity & Liabilities	6,505,183	(12)	7,380,855	40
Turnover & Profit				
Turnover-net	4,170,397	49	2,802,150	(26)
Gross profit	381,887	912	(47,041)	(114)
Operating (loss)/ profit	(82,596)	(52)	(173,588)	(168)
Profit before taxation	111,649	138	(292,927)	(230)
Profit/(Loss) for the year	73,244	127	(270,044)	(280)

Comments on Horizontal Analysis:

Statement of Financial Position

Non-current assets increased due to addition of assets and reduction and JV partner share of profit for the year.

Current assets increased due to accrual of balance Inland Freight Subsidy of Rs. 400 milion receivable from Federal Government and decreased due to write off project feasibility cost and other related expenses.

Reserves increased due to profit reported for the year and decreased due to fair value loss on available for sale securities.

Non-current liabilities increased mainly due to reclassification of sugarcane liability to deferred liability from Current Liability and decreased due to repayment of long term loan as compared to year 2017.

Current liabilities were decreased significantly as compared to year 2017 due to decrease in short term borrowing for the year.

2016		2015		2014		2013	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
2,789,570	19	2,347,034	8	2,178,662	22	1,787,325	9
2,472,894	31	1,889,474	79	1,055,989	44	731,058	(34)
5,262,464	24	4,236,508	31	3,234,651	28	2,518,383	(8)
2,940,653	31	2,245,330	36	1,653,410	39	1,185,503	19
856,347	11	773,235	38	561,916	(24)	735,956	7
1,465,464	20	1,217,943	19	1,019,325	71	596,924	(44)
5,262,464	24	4,236,508	31	3,234,651	28	2,518,383	(8)
3,762,892	23	3,061,737	(8)	3,330,536	(4)	3,454,478	36
328,155	1	325,405	27	255,622	11	230,299	33
253,674	28	198,588	6	187,461	52	123,496	66
225,560	53	147,597	73	85,077	(28)	117,467	7
150,069	44	103,940	26	82,184	(41)	139,528	38

Statement of Profit or Loss

Turnover has increased by 49% as compared to year 2017 due to 74,021 metric tons of sugar exported by the Company under Export quota approved by the Government.

Operating loss was reported higher cost of produciotn coupled with depressed selling prices of sugar.

Finance cost decreased during the year due to reduced gearing. Provision for taxation increased due to increase in turnover tax as compared to year 2017.

Vertical Analysis - Last Six Years

	2018		2017	
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
Assets				
Non current assets	3,465,051	53	3,248,943	44
Current assets	3,040,132	47	4,131,912	56
Total Assets	6,505,183	100	7,380,855	100
Equity & Liabilities				
Shareholders equity	2,250,305	35	2,507,968	34
Non current liabilities	1,340,778	21	1,377,166	19
Current liabilities	2,914,100	45	3,495,721	47
Equity & Liabilities	6,505,183	100	7,380,855	100
Turnover & Profit				
Turnover-net	4,170,397	100	2,802,150	100
Gross profit	381,887	9	(47,041)	(2)
Operating (loss)/ profit	(82,596)	(2)	(173,588)	(6)
Profit before taxation	111,649	3	(292,927)	(10)
Profit/ (loss) for the year	73,244	2	(270,044)	(10)

Comments on Vertical Analysis:

Statement of Financial Position

Non current assets shown an improvement of 9% as compared to last year due to increase in share of profit of JV partner share of profit and addition to property, plant and equipment.

Current Assets decreased by 9% due to net effect of increase in other receivable and decrease in loans and advances.

Non current liabilities have increased due to reclassification of sugarcane liabilities from current liabilities to Deferred liabilities.

Shareholders equity has increased due to net profit for the year 2018.

2016		2015		2014		2013	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
2,789,570	53	2,347,034	55	2,178,662	67	1,787,325	71
2,472,894	47	1,889,474	45	1,055,989	33	731,058	29
5,262,464	100	4,236,508	100	3,234,651	100	2,518,383	100
2,940,653	56	2,245,330	53	1,653,410	51	1,185,503	47
856,347	16	773,235	18	561,916	17	735,956	29
1,465,464	28	1,217,943	29	1,019,325	32	596,924	24
5,262,464	100	4,236,508	100	3,234,651	100	2,518,383	100
3,762,892	100	3,061,737	100	3,330,536	100	3,454,478	100
328,155	9	325,405	11	255,622	8	230,299	7
253,674	7	198,588	6	187,461	6	123,496	4
225,560	6	147,597	5	85,077	3	117,467	3
150,069	4	103,940	3	82,184	2	139,528	4

Statement of Profit or Loss

Gross profit increased due to controlled cost and adjustment of inland freight subsidy from the sugarcane cost.

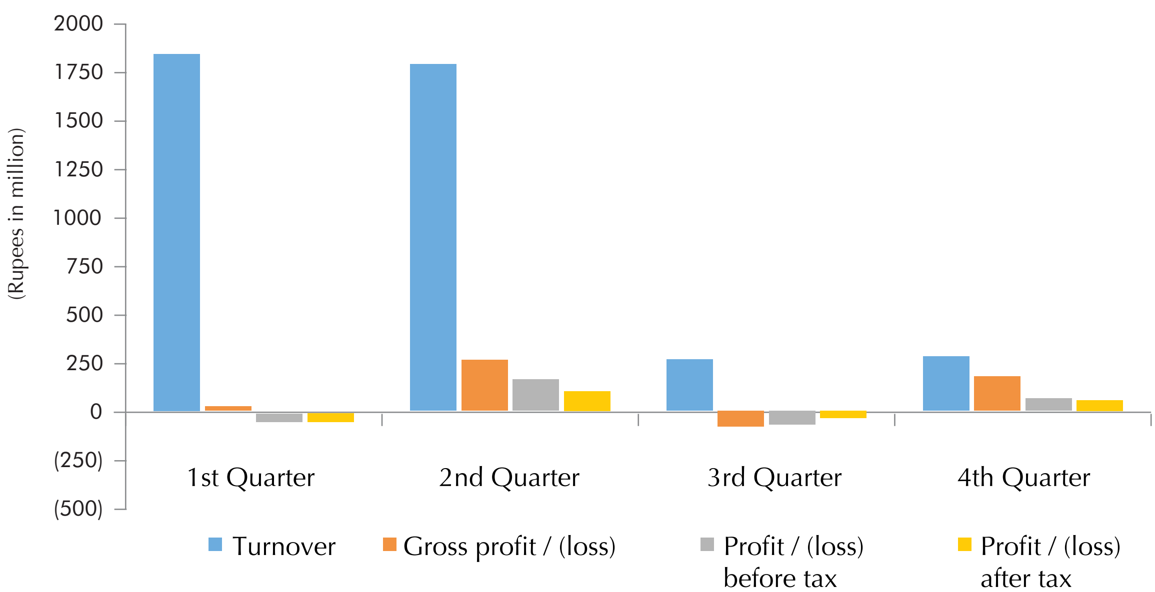
Owing to higher cost of production coupled with depressed selling prices resulted in reporting operating loss for the Company.

Net profit was reported due to increase in share of profit from JV Partner.

Quarterly Performance Analysis

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
			(Rupees in '000)		
Turnover-net	1,839,350	1,786,325	265,005	279,717	4,170,397
Cost of sales	(1,816,339)	(1,524,364)	(344,872)	(102,935)	(3,788,510)
Gross profit	23,011	261,961	(79,867)	176,782	381,887
Distribution cost	(41,526)	(107,539)	(26,745)	(44,984)	(220,794)
Administrative expenses	(35,642)	(38,774)	(39,911)	(47,442)	(161,769)
Other operating expenses	(104)	(47,046)	(1,405)	(189,228)	(237,783)
	(77,272)	(193,359)	(68,061)	(281,654)	(620,346)
Other income	36,055	30,425	1,070	88,313	155,863
Operating (loss) / profit	(18,206)	99,027	(146,858)	(16,559)	(82,596)
Finance cost	(55,106)	(42,443)	(55,329)	(57,497)	(210,375)
	(73,312)	56,584	(202,187)	(74,056)	(292,971)
Share of profit in an associate	31,275	105,527	130,097	137,721	404,620
(Loss) / profit before taxation	(42,037)	162,111	(72,090)	63,665	111,649
Taxation	(2,472)	(61,541)	34,721	(9,113)	(38,405)
(Loss) / profit after tax	(44,509)	100,570	(37,369)	54,552	73,244

Profitability Trend



Comments on Quarterly Performance Analysis

Quarter 1

- Turnover was on hgiher side during the quarter due to sales of last year carried over stock and exports was made under government approved export quota.

- Cost of sales was higher due to increase in sugar cane support price fixed by the Government for the season 2017-18.

- Operating loss and net loss was reported also due to higher cost of production and depressed selling prices.

Quarter 2

- Turnover was on higher side due to exports made by the Company under Government approved Export quota.

- Cost of sales per ton was decreased due to improved final recovery for the season 2017-18

- Gross profit margin and operating profit was improved due to decrease in cost of sales per ton during the Q2.

Quarter 3

- Turnover decreased significantly as compared to Q2 due to sugar glut in the local and international market resulted in depressed selling prices.

- Cost of sales was increased due to the impact of labour and factory overhead.

- Gross loss was reported in Q3 due to increase in cost of sugar production as compared to Q2.

Quarter 4

- Turnover remained at lower side due to depressed selling prices in local market resulted in unsold sugar stocks.

- Cost of sales per ton was decreased due to recording of Inland Freight subsidy on export made by the Company from sugarcane cost.

- Grose profit and net profit was reported due to recording of Inland Freight Subsidy on export of sugar and increase in share of profit from associate.

Forward Looking Statement

A number of national and global macro-economic indicators have a major impact on the performance of Mirpurkhas Sugar Mills (MSM), including uncertainty in the geopolitical environment and concerns about climate including availability of water in Sindh. This translates into various opportunities and challenges for MSM in the coming years to prepare for the dynamic environment faced by the country.

Crushing season 2018/19 once again will be most challenging as the global sugar glut continues. The provincial government has announced sugarcane price of Rs. 182 per 40 KG. Furthermore, for the crushing season 2018/19 quality premium is to be paid in addition to the fixed price of sugarcane. This decision will have an adverse impact on the industry in Sindh as the price of sugarcane in Sindh will be much higher compared to other provinces where there is no quality premium. This will seriously impact the cost of production for sugar mills in Sindh as compared to Punjab and KPK where no quality premium exist. Continued water shortage faced by agriculture sector in Sindh has resulted in decreased yields and acreage in all crops including sugarcane. A shortage of 20-25% is witnessed during various survey conducted by the company. Higher procurement price of sugarcane and continuous depressed selling prices of sugar in local and international market has made the business operations challenging for the Sugar Industry.

Economic Coordination Committee (ECC) has approved sugar export quota of 1.1 million tons without any subsidy. Federal government is requested to release on immediate basis export subsidy of federal share of subsidy of Rs. 7 billion along with provincial share of Rs. 7 billion for Sindh and Punjab. Furthermore, the association has requested to rationalize the assessable value of sugar rate for sales tax purpose, which is currently fixed at a price of Rs. 60 per KG which comes to Rs. 6.60 per KG.

Keeping in view of long term sustainable business operations, the Company is consistently making efforts to increase the cane area and yield per acre. In this regard the Company formed a cane development team comprises of experts in cane scientology. Sugarcane department continuously perform different activities during the year to ensure sound and healthy relationships with farmers. Sugarcane development team is working very hard to improve the situation in the areas of sugarcane procurement. The management is directly involved with this team and is fully aware of development activities. The Company expects that the cane situation will improve in coming years.

In order to pursue Company's vision of business diversification, Company decided to set up a captive 26MW dual fuel coal/bagasse based power plant and has decided to establish a TMT steel rebar manufacturing plant. It will increase revenues for the company, which will enhance its profitability, thus enabling it to provide adequate return to its shareholders. Considering the economic uncertainties prevailing at present with respect to increasing interest rates, rapid devaluation of Pakistani Rupee during the last 6 months coupled with overall economic slowdown, the management of the company is working on developing best scenario that can be worked around for establishment of the project.

On the human resource side, based on the last year's Training Need Analysis (TNA) and performance appraisal of the company personnel, adequate technical trainings were conducted for the identified employees. The same process is followed on yearly basis. The company has developed extensive training program for all levels of management. The company will be conducting these trainings in future also which would equip the employees with required technical and management skills in the years to come.

The Company on an annual basis sets sales, production and other targets in the form of a budget which is duly approved by the Board of Directors. We have met all the key targets set in our last year's budget.

Sources of Information used for projections of future revenue

Company with its departments adopts and practices meaningful budgetary exercises for various areas of company operations. Based on the inputs provided production, sales and sugarcane procurement plans are developed for the next financial year. On the basis of sound sugarcane procurement plan, company sets its crushing target for every season to quantify sugar and molasses production.

Future revenue projections based on management best judgement and estimates are as follows:

Year	Revenue – net (Rs. In '000')
2019-20	4,468,667
2020-21	4,708,289
2021-22	4,708,289

Company performance against last year projection

The year 2017/18 remained one of the most challenging years for the sugar industry. High cost of sugarcane set by the government and massive decline in selling price of sugar caused unprecedented losses to the industry. The same trend was anticipated in last year's future outlook statement. Company has actively achieved its operational and revenue targets and exported highest ever quantity of 74,021 metrics tons of sugar that is 73% of total turnover. Company has actively managed its cost of production including raw materials and factory overhead. All financial and non-financial targets established during last year were met to a greater extent.

Additional Disclosures

Fair Value of Property, Plant and Equipment

Total Assessed Present Market Value of existing plant, machinery, building and land is over Rs. 3.50 billion however, MSM has only accounted for revaluation in respect of land in its financial statements.

Significant Material Assets

Significant material assets of the Company are building, complete set of mills, Boilers, Steam Turbines, Evaporators, Centrifugal and Diesel Generator Sets.

Plant Capacity

The Company has Mills Crushing Capacity of 12,500 MT per day.

Sustainability Highlights

We remain committed to continuous improvement in Health, Safety and Environment (HSE) aspects as we expand our business and production capacities. Company has always been very aware of its responsibility towards the people, environment and climate of Pakistan and has strived to ensure the wellbeing of all. We have a dedicated HSE department to ensure effective systems of measuring, monitoring and reporting of necessary compliance with HSE matters. It is adequately staffed and Head of HSE directly reports to the Chief Executive.

Certifications acquired and international standards adopted

Our production facility remained fully compliant with industry standards and safety requirements. Company fully complies with regulatory requirements of NEQs as issued by Sindh Environment Protection Act (SEPA) 2013. In addition, to further ensure regulatory compliances, environmental testing is performed regularly from EPA approved laboratory.

Further highlights of the Company's performance, policies, initiatives and plans in place relating to various aspects of sustainability are as follows:

1. ENVIRONMENTAL

The Company's aim in respect of environment is to reduce all adverse environmental aspects arising out of our operations. Since the Mirpurkhas Sugar Mills realized the adverse effect of generating polluting effluents and considering its corporate social responsibility, is actively working to reduce solid waste & effluents flow in accordance with the NEQs as stipulated in Sindh Environment Protection Act (SEPA) 2013. Mirpurkhas Sugar has formulated a comprehensive strategy for reducing its wastes and pollutants parameters gradually according to EPA requirement.

Following are the key measures taken by Mirpurkhas Sugar Mills for protecting the environment:

a. Energy

Energy efficiency has proven to be a lucrative and proficient way to guarantee a sustainable future. The efficient energy usage is not only vital in terms of the environment, but it can also provide the Company a competitive edge in terms of cost factors. Energy is a significant component of our sugar production process and further due to the national energy crisis, this topic has become of significant importance to the Company. The Company has taken numerous initiatives to save energy which also decrease the cost of production. In order to reduce reliance on conventional fuels and attaining steam economy through efficient use of bagasse in steam generation process, the Company continuously seeks to undertake significant measures to conserve energy by creating awareness at Head Office and Plant site on efficient energy usage through regular sessions.

- **Captive Power Plant**

  The company has steam turbines of 14.5 MW which can run on steam. This reduces the environmental impact on our society and attaining steam economy through efficient use of bagasse in steam generation process.

  Following are the other key steps taken by the Company to achieve this target:

- Up gradation of boiler DCS system to improve boiler efficiency.
- Replacement of steam drives of two mills with electric drives.
- Addition of VFD drives across the manufacturing plant.
- Partial Automation of crystallization process.
- Addition of melt evaporation process.
- Replaced of ordinary lighting with energy efficient LED.
- Energy auditing is a system in place to avoid transmission losses.
- Replacement of old inefficient electric motors with high efficiency electric motors.

Energy Conservation Drive at Head Office

During the year, installation of LED lights and through trainings and awareness on energy conservation measures has resulted in considerable savings in electricity consumption at Head Office as compared to last year.

b. Emissions and Effluents

Emissions control relates directly to climate change and the impact of gaseous emissions on the ozone layer. As a manufacturing concern, this is of vital importance. As stated above the Company is in full compliance with national and governmental regulations. All of our emission parameters monitored from power generation and sugar manufacturing process are well below their respective limits as specified in the National Environmental Quality Standards (NEQS)

1. Water Conservation Plan

a) Water balance was carried out.
b) A list of water consuming and draining points was prepared.
c) The next utilization of used water was identified according to the nature of process.
d) Study for installation of relevant effluent treatment plant .
e) Installation of waste water treatment plant.

Achievements

- Approx. 2000 tons/day canal water consumption has been reduced.
- Source of contamination has been blocked as a result BOD and COD decreased.
- Decrease in level of TSS & TDS , about 90% of total suspended solid collected from waste water drain.
- Reduced the level of oil & grease.
- About 70 to 80 Ton / h condensate water has been reused the same level is reduced for effluents.
- Improve working environment.
- All sugars, Molasses, Spillages, Leakages recovered and recycled to avoid contamination of waste water and improve sugar yield.

2. Air Emission

Our plant is equipped with bagasse consumption boilers and their emission complies with NEQS limits.

3. Pollution Control Equipments

MSM has installed and also enhance the capacity of pollution control equipments in order to reduce emission load:

- Bagasse Dryers: About 80% Flue gasses used in these dryers to dry wet Bagasse.
- Ash removing and Collecting system: Ash Removed / Collected from Flue gasses.
- Dust Catcher: Dusted Extracted.
- Oil Skimmer: Grease Collected from waste water.
- Strainers: About 90% total suspended solid collected from waste water drain.
- Automated DCS Boiler system and I-Boilers: To reduce fuel consumption and flue gases emission.
- Pan automation project: Overall 2% of steam has been saved as a result fuel burning and its emission level are also reduced.
- Energy saving project through installation of VFDs.

Products

Our food product, white refined sugar, by products Molasses, Bagasse, Mud and Effluents are of organic nature and do not have any harmful effect on environment.

c. Quality Management

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

Our Quality and Food Safety Management System includes

- Designed, installation, operational and performance qualification of all manufacturing equipments and testing instruments as part of Quality Assurance.
- Manufacturing Process Validation &Analytical Test Methods validations as part of Quality Assurance.
- Timely and Accurate testing of incoming materials raw/packaging, in-process, final product.
- Performing concurrent and accelerated stability studies for shelf life determination and in order to monitor preservation of quality characteristics within shelf life.
- Implementation of current Good Manufacturing Practices (cGMP) w.r.t. housekeeping at mill and process house, yards and godowns, workers hygiene, pest management and documentation.
- Formal Risk Assessment before any Change and Change Control Mechanism during Change Implementation.
- Formal Deviation Management related to suppliers, mill and process house including customer complaints investigation and Corrective & Preventive Action (CAPA) implementation.

- Planning and conducting all inspection and testing activities as per Good Laboratory Practices.
- Monitoring of whole sugar manufacturing process against the standard of cGMP
- Use of Statistical Process Control Tools to monitor the process capability of manufacturing process

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

Quality Control System Work Facilities:

- Sugarcane quality control through fully equipped laboratory, focuses on the quality of sugarcane, testing of sugarcane against each arrival and performing source/field inspection frequently during the sugarcane growing season.
- Process control laboratory / Main laboratory Focuses on the manufacturing activity, testing of raw materials, monitoring of process parameters at each step of in-process and testing of in-process samples for quality characteristics and attributes from each manufacturing step and final product testing.
- For integrity of data ERP-SAP & Oracle used for controlled data recording and different reports generations.

Major Achievements:

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

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

United States Food & Drug Authority (FDA) Standard GMP 21 CFR 110 For Food Products:

Mirpurkhas Sugar Mills is recognized in the local and international market as a quality producer of white refined sugar and also holds a substantial share in the local market. In pursuance to its quality consciousness, the manufacturing, packing and handling of sugar is certified against US FDA standard GMP 21 CFR 110 by Bureau veritas for ensuring that products are consistently produced, packed and controlled according to quality standards.

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

d. Transport

Our Sugar is transported to wholesaler and through heavy trucks. The Company is cognizant of the fact that these trucks could have impact on surroundings as small mishaps can lead to heavy accidents. In order to mitigate this risk the Company has adopted measures for safe transportation. Firstly we work only with the approved transporters. Further, quantity-wise trucks are being used in order to avoid over or under loading. Truck`s capacity is effectively utilized due to which risk of accidents resulting from overloading is avoided. For bulk Sugar, the Company allows only ‘specialized bulk trailers’ to dispatch Sugar.

e. Tree Plantation Drive and Zoo

Company wide tree plantation drives were continued through the year surrounding the factory along with the Head Office. The Company has planted a large number of trees in and around the factory premises. Moreover, the Company has maintained a Zoo for wild life protection at factory location where different kinds of birds and animals redecorate the environment.

2. SOCIAL

a. Employment

Mirpurkhas Sugar Mills Ltd has given tremendous employment opportunities through expansion of business operations, created especially for the locals. Mirpurkhas Sugar Mills is recognized among top employers due to its excellent employee benefits.

a. Labour / Management Relations

The Company supports right to exercise freedom of association and collective bargaining. Sufficient time is given by the Company to employees and their elected representatives for any significant operational changes which affect them.

b. Occupational Health and Safety

We manage and utilize resources and operations in such a way that the safety and health of our people is ensured. We believe our safety and health responsibilities extend beyond protection and enhancement of our own facilities. We have a highly trained safety team, emergency response team, a qualified doctor and paramedical staff at our plant. In addition, the factory is provided with dedicated and fully equipped ambulance and an in-house dispensary. Moreover, safety sign boards are in place at all important visible places.

Our workers are sufficiently trained through fire & safety trainings and are also adequately equipped with Personal Protection Equipment which is monitored at regular intervals. Workers are also trained by theoretical explanations and practical drills to handle unforeseen emergencies. Regular mock drills are also carried out to familiarize everyone with the steps and procedure to follow in emergency situations. Mock drills of chemical spillage, fire fighting, evacuation, casualty handling and security are also conducted. Moreover, safety audits are also conducted on regular basis.

At Mirpurkhas Sugar Mills, Health and Safety is the first and foremost agenda topic for our each in-house and higher management meetings. The Company has made safety manual containing policies and procedures. Moreover, contractors' safety measures and mechanism are also in place, which are in full compliance. In addition, Health and Safety concerns are explicitly included in SMART goals of head of departments and senior management of plant.

Hundred percent compliance with policy programmes resulted in the conclusion of the year with no reportable occupational illness. These programmes include the regular testing of plant equipment and sites from a health perspective, as well as monitoring of employee health. Additionally, health awareness sessions on basic lifesaving techniques, medical emergency handling and first aid were conducted at our factory and head office. Basic Life Support is a first-aid resuscitation that educates and equiped individuals to recognize various life-threatening emergencies. By educating our employees' basic life support and medical practices, we are maintaining a safe and healthy workplace.

Our production facility including milling and process house operated without any major injury. Reported injury case if happens, is thoroughly investigated by trained personnel and findings are subsequently circulated to higher ups. Once investigations are completed, actions and recommendations are assigned to individuals with a strict follow-up system put in place to avoid any recurrence.

c. Training and Education

The training, education and development of our people is a topic of critical importance to us. We have the long-standing ambition to be an employer of choice and to be known as a "Talent factory", recruiting and retaining the best and the brightest. We work towards this goal on a continuous basis, with formal training, development and growth opportunities, effective and timely performance appraisal and feedback systems, and by creating an open culture that encourages feedback and discussion. An extensive program Training Need Assessment (TNA) in this regard is in place. Moreover, Apprenticeship and Management Trainee Programs are also in place.

d. Diversity and Equal Opportunity

As part of our HR policy, we strive to be an equal opportunity employer. Mirpurkhas Sugar Mills is committed to encourage greater diversity and ensuring equal opportunities for individuals based on merit. Policies, objectives and progress in this regard is elaborated in detail under the governance policies section presented earlier in this report.

e. Non-discrimination

Mirpurkhas Sugar Mills is committed to ensure equal treatment and fair working conditions for employees. This belief is driven by our core values and our Code of Conduct.

f. Child Labour

Despite of manufacturing concern near rural area of Mirpurkhas, the Company has strict policy over prohibition of child labour. No child has ever been employed by the Company and the same policy will go in future.

g. Forced or Compulsory Labor

The Company believes in free working environment; no employed worker is a forced and compulsory.

h. Consumer Protection Measures

The Company ensures that the Sugar is packed and dispatched to its consumers in a safe manner. It also complies with all safety standards and industrial requirements. The Company ensures that the customers get best value for money.

i. Business Ethics and Anti-Corruption Measures

The Company is fully committed to promoting the highest standards of ethical behavior throughout its business. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. The Company expects all its employees to perform services with integrity and professionalism. Fundamental to this is the adoption of a 'zero tolerance' approach to all forms of corruption and misrepresentation.

j. Local Communities

We strive for the development of communities surrounding us. Investment in the communities we operate in, and near, is a strong focus for Mirpurkhas Sugar Mills. Further details on this topic are presented under the next section of Corporate Social Responsibility.

Corporate Social Responsibility Highlights

The Company actively participates in various social work initiatives as part of its corporate social responsibility. Being a diligent member of the corporate community, the Company contributes to various social and charitable causes including towards health, education and social sectors. Here is an overview of the progress of our community supports and CSR projects for 2017-18.

DONATIONS

1. EDUCATION

Giving back to the community in the form of educational support is one of the major interests of the Company. Donations have been extended to many educational institutes.

2. HEALTH

Support extended to health related initiatives includes funding for hospitals and different medical centres such as:

a) The Marie Adelade Leprosy Centre

The Company promotes well-being of society by becoming a part of medical and health related initiatives. In lieu of promoting better health the Company has made donations during the year.

b) Treatment Supports

For those people who lack facilities of medical treatment or cannot afford them, the Company has made efforts by donating a reasonable amount. By providing medical facilities to the less privileged, the Company made it easier for them to take care of themselves and their families.

3. SPECIAL PERSON EDUCATION AND EMPLOYMENT

The Company always cares for special people who are integral part of our society. In this regard the Company has made donations to special trusts and schools for their education and vocational training including:

- Gulistan-e-Mazooreen for disabled persons.
- Poor Patient Aid Society.

4. DEVELOPMENT AND COMMUNITY SUPPORT

Our operations are supported by our communities, both directly and indirectly. And we know that giving back to them and helping them develop simply makes good sense in the long run for them and for us. In this regard, the Company has made donations to:

a) Local government and bodies

Company supported local government and bodies through donations for following events:

- Independence day ceremony
- Mango Festival (Mirpurkhas)
- Flower Show Mirpurkhas.

TREE PLANTATION ACTIVITY

Along with education and health, environment also contributes in development of societies and communities. As aiming to play a part in making a better community, the Company also contributed in Tree Plantation Activity of WWF through donations and funding.

Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB)

Mirpurkhas Sugar Mills Limited is preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act 2017 including the disclosure requirements of fourth schedule.

However, SECP has not notified adoption of following IFRS:

Standards	IASB effective date (annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

In addition to this, note 39 to the financial statement specify few standards and interpretations which are yet to be effective in Pakistan. The Company believes that that the impact of the above standards and those referred in note 39 does not have any material impact to the financial statements.

Shehryar Faruque
Chairman

Karachi: December 14, 2018

Glossary of Terms

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

HS&E:
Health, Safety and Environment.

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

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

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

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

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

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

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

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

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

HR & RC:
Human Resource and Remuneration Committee.

IASB:
International Accounting Standards Board.

IAS:
International Accounting Standards.

IFRS:
International Financial Reporting Standard.

IFRIC:
International Financial Reporting Issues Committee.

IIRF:
International Integrated Reporting Framework.

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

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

KIBOR:
Karachi Inter Bank Offer Rate.

Spread:
Rate charged by the bank over KIBOR.

Security:
A pledge made to secure the performance of a contract or the fulfillment of an obligation.

Term:
The maturity or length of time until final repayment on a loan, bond, sale or other contractual obligation.

Principal:
In commercial law, the principal is the amount that is received, in the case of a loan, or the amount from which flows the interest.

Borrowing Cost:
Finance costs that are directly attributable to the construction/acquisition of a qualifying assets and included in the cost of such asset.

Qualifying Asset:
An asset that takes substantial period of time to get ready for its intended use/sale.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Unconsolidated Financial Statements

Independent Auditors' Report to the Members of Mirpurkhas Sugar Mills Limited

Report on the Audit of the Unconsolidated Financial Statements

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Opinion

We have audited the annexed financial statements of Mirpurkhas Sugar Mills Limited, (''the Company'') which comprise the unconsolidated statement of financial position as at September 30, 2018, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit, comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	Contingencies:	
	The Company is under litigation cases in respect of various matters including the matter of fixation of minimum price of sugarcane for crushing season 2017-18 and other miscellaneous cases as disclosed in note 26 to the annexed financial statements. Given the nature and amounts involved in such contingencies and the appellate forums at which these are pending, the probability of the related payments and the appropriate accounting in the financial statements requires significant professional judgments. These judgments can change over time as new facts emerge and as the case progresses. Therefore, we have identified this matter as a key audit matter.	Our audit procedures included the following: • Evaluating management's processes and controls to identify new possible obligations and changes in existing obligations through meetings with the management and review of the minutes of meetings of the Board of Directors and Audit Committee. • Review of the relevant information including case proceedings and correspondences with regulatory authorities and company's external counsel in respect of the ongoing litigations. • Circularizing confirmations to the legal counsels of the Company to evaluate the status of the pending litigations and view point of any Company's legal counsels thereon. • Verifying legal and professional expenses to confirm that all pending legal matters are identified and disclosed. • Re-computing the amounts of obligations based on available underlying information and confronted parameters. • Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.
2.	Preparation of Unconsolidated Financial Statements under Companies Act, 2017:	
	As referred to in note 1.2 to the annexed financial statements, The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 September 2018. The Act (including third and fourth schedule) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various items of the financial statements. This matter is considered as a key audit matter in view of the extensive impacts in the financial statements due to the Act.	Our audit procedures in this respect included the following: • Assessing and evaluating the management's process to identify additional presentation and disclosure requirements to be included in the annexed financial statements. • Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business. • Evaluating the sources of information used by the management for making the disclosures as per the Act • Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.

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Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) The unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Faiza Hanif.

Kreston Hyder Bhimji & Co.
Chartered Accountants
Karachi
Dated: December 14, 2018

Unconsolidated Statement of Financial Position

As at September 30, 2018

	Note	2018	2017 Restated	2016
		(Rupees in '000)		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	2,416,009	2,366,349	2,036,694
Intangible asset	5	6,448	8,258	-
Long-term investments	6	1,041,286	872,627	749,993
Long-term deposits	7	1,308	1,709	2,883
		3,465,051	3,248,943	2,789,570
CURRENT ASSETS				
Stores, spare parts and loose tools	8	227,486	195,605	180,442
Stock-in-trade	9	1,074,451	2,029,952	218,560
Biological assets	10	30,952	57,838	61,319
Trade debts	11	37,817	104,069	58,949
Loans and advances	12	147,577	228,319	183,568
Trade deposits and short-term prepayments	13	2,639	1,635	2,736
Other receivables	14	540,769	314,547	318,516
Short-term investments	15	753,489	986,301	1,308,325
Tax refunds due from the Government	16	206,641	191,023	119,446
Cash and bank balances	17	18,311	22,623	21,033
		3,040,132	4,131,912	2,472,894
TOTAL ASSETS		6,505,183	7,380,855	5,262,464
EQUITY AND LIABILITIES				
EQUITY				
Share capital	18	122,682	122,682	122,682
Reserves	19	1,311,052	1,568,715	2,262,222
Surplus on revaluation of property, plant & equipment	19	816,571	816,571	555,749
		2,250,305	2,507,968	2,940,653
NON-CURRENT LIABILITIES				
Long-term financing	20	777,143	972,857	590,000
Deferred liabilities	21	489,771	294,957	135,181
Deferred tax liabilities-net	22	73,864	109,352	131,166
		1,340,778	1,377,166	856,347
CURRENT LIABILITIES				
Trade and other payables	23	495,851	536,657	664,465
Unclaimed dividend		7,501	7,491	5,631
Accrued mark-up	24	55,412	56,517	21,525
Short-term borrowings	25	2,159,622	2,739,342	723,843
Current portion of long-term financing	20	195,714	155,714	50,000
		2,914,100	3,495,721	1,465,464
CONTINGENCIES AND COMMITMENTS	26			
TOTAL EQUITY AND LIABILITIES		6,505,183	7,380,855	5,262,464

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended September 30, 2018

	Note	2018	2017
		(Rupees in '000)	
Turnover - net	27	4,170,397	2,802,150
Cost of sales	28	(3,788,510)	(2,849,191)
Gross profit / (loss)		381,887	(47,041)
Distribution cost	29	(220,794)	(48,081)
Administrative expenses	30	(161,769)	(120,339)
Other operating expenses	31	(237,783)	(3,060)
		(620,346)	(171,480)
Other income	32	155,863	44,933
Operating Loss		(82,596)	(173,588)
Finance cost	33	(210,375)	(229,421)
		(292,971)	(403,009)
Share of profit in associates - net	6	404,620	110,082
Profit / (loss) before taxation		111,649	(292,927)
Taxation			
Current		(73,893)	(21,638)
Prior		-	22,707
Deferred		35,488	21,814
	34	(38,405)	22,883
Profit / (loss) for the year		73,244	(270,044)
Earnings per share - basic (Rupees)	35	5.97	(22.01)

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

Aslam Faruque	**Yasir Masood**	**Wasif Khalid**
Chief Executive	Director	Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended September 30, 2018

	2018	2017
	(Rupees in '000)	
Profit / (loss) for the year	73,244	(270,044)
Other Comprehensive income / (loss):		
Items that may be reclassified subsequently to statement of profit or loss		
Fair value loss on available-for-sale securities	(257,617)	(322,024)
Surplus on revaluation of Land	-	260,822
Items that may not be reclassified subsequently to statement of profit or loss		
Actuarial loss on defined benefit plan	(73,290)	(40,098)
	(330,907)	(101,300)
Total comprehensive loss for the year	(257,663)	(371,344)

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended September 30, 2018

	Note	2018	2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		111,649	(292,927)
Adjustments for:			
Depreciation	4	89,721	76,599
Amortization	5	1,810	790
Provision for market committee fee		7,747	7,384
Provision for Bad debts (growers loan)		4,125	899
Provision for Store obsolescence		683	-
Impairment of investment in subsidiary		11,000	-
Subsidy written-off		79,045	-
Fair value adjustment of biological assets	10	19,627	5,331
Reversal of provision		(78,985)	-
Dividend income from related parties	32	(39,592)	(32,718)
Share of profit in associates	6	(404,620)	(110,082)
Gain on disposal of property, plant and equipment	32	(1,846)	(1,209)
Finance cost	33	210,375	229,421
		(100,910)	176,416
		10,739	(116,511)
Working capital changes:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(32,564)	(15,163)
Stock-in-trade		955,501	(1,811,392)
Biological assets		7,259	(1,850)
Trade debts		66,252	(45,120)
Loans and advances		76,617	(45,650)
Short-term prepayments		(1,004)	1,101
Other receivables		(378,558)	(36,129)
		693,503	(1,954,203)
Increase in current liabilities:			
Trade and other payables		(40,806)	(127,808)
Cash generated from / (used in) operations		663,436	(2,198,523)
Long-term deposits - net		401	1,174
Deferred sugar cane liability		266,052	152,392
Income tax paid		(89,510)	(70,508)
		176,943	83,058
Net cash generated from / (used in) operating activities		840,379	(2,115,465)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(144,761)	(146,968)
Additions to Intangible asset		-	(9,048)
Sale proceeds of property, plant and equipment	4.2	7,226	2,745
Short-term investments in related party		(24,805)	-
Long-term investments in subsidiary and others		(38)	(12,552)
Dividend received from an associate		224,999	-
Dividend received from related parties	32	39,592	32,718
Net cash generated from / (used in) investing activities		102,213	(133,105)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(211,480)	(194,429)
Short-term borrowings - net		(579,720)	2,015,499
Long-term financing obtained		-	900,000
Long-term financing repaid	20	(155,714)	(411,429)
Payment of dividend		10	(59,481)
Net cash (used in) / generated from financing activities		(946,904)	2,250,160
Net (decrease) / increase in cash and cash equivalents		(4,312)	1,590
Cash and cash equivalents at the beginning of the year		22,623	21,033
Cash and cash equivalents at the end of the year		18,311	22,623

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

Aslam Faruque	**Yasir Masood**	**Wasif Khalid**
Chief Executive	Director	Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended September 30, 2018

Description	Issued, subscribed and paid-up capital	Reserves						Total
		General reserves	Unappropriated profit / (loss)	Actuarial gain / (loss) on defined benefit plan	Fair value gain / (loss) on available-for-sale securities	Surplus on revaluation of property, plant and equipment	Total reserves	
	(Rupees in '000)							
Balance as at October 01, 2016 as originally reported	122,682	34,250	816,685	203,053	1,208,234	-	2,262,222	2,384,904
Adjustment due to change in accounting policy (note 3.24)	-	-	-	-	-	555,749	555,749	555,749
Balance as at October 01, 2016 - as restated	122,682	34,250	816,685	203,053	1,208,234	555,749	2,817,971	2,940,653
Loss after taxation for the year	-	-	(270,044)	-	-	-	(270,044)	(270,044)
Other comprehensive loss for the year	-	-	-	(40,098)	(322,024)	260,822	(101,300)	(101,300)
Total comprehensive loss	-	-	(270,044)	(40,098)	(322,024)	260,822	(371,344)	(371,344)
Transaction with owners								
Final cash dividend for the year ended September 30, 2016 @ Rs. 5/= per share	-	-	(61,341)	-	-	-	(61,341)	(61,341)
Balance as at September 30, 2017 - as restated	122,682	34,250	485,300	162,955	886,210	816,571	2,385,286	2,507,968
Balance as at October 01, 2017	122,682	34,250	485,300	162,955	886,210	816,571	2,385,286	2,507,968
Profit after taxation for the year	-	-	73,244	-	-	-	73,244	73,244
Other comprehensive loss for the year	-	-	-	(73,290)	(257,617)	-	(330,907)	(330,907)
Total comprehensive loss	-	-	73,244	(73,290)	(257,617)	-	(257,663)	(257,663)
Balance as at September. 30, 2018	122,682	34,250	558,544	89,665	628,593	816,571	2,127,623	2,250,305

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Chief Financial Officer

Notes To The Unconsolidated Financial Statements
For the year ended September 30, 2018

1. STATUS AND NATURE OF BUSINESS

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

The Company has a wholly owned subsidiary M/s Mirpurkhas Energy Limited, which is engaged in bagasse-based power generation project.

The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
Head Office	Modern Motors House, Beaumont Road, Karachi.
Registered Office/Factory (Immovable assets)	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh. (Land measuring 575.09 acres and covered area 569,434 sq.ft)

1.2 The Summary of significant transactions and events that have affected Company's financial position and performance during the year are as follows:

- Due to first time application of financial reporting requirements under Companies Act, 2017, including presentation and disclosure requirements of the fourth schedule to the Companies Act, 2017, some additional disclosures have been added and some amounts reported for the previous periods have been reclassified. Further, due to such application, the Company accounted for a change in accounting policy relating to surplus on revaluation of fixed assets, as disclosed in note 3.25 to these financial statements;

- During the year, the Federal Government and Sindh Government had granted a freight subsidy to sugar mills amounting to Rs 10.70 per kg and Rs 9.30 per kg respectively on export of sugar. Since the Company made exports of 74,021 m.tons in the current year, hence an income equivalent to the amount of freight subsidy has been recognized under sugarcane cost.

- As more fully explained in note 6.3 to these financial statements, the Company has written off its investments in its wholly owned subsidiary 'Mirpurkhas Energy Limited' amounting to Rs 11 million.

2. STATEMENT OF COMPLIANCE

These unconsolidated financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting & reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

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

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

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

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

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

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

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

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

3.1.1 New standards, interpretations and amendments

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

IAS 7	-	Statement of Cash Flows - Disclosure Initiative (Amendment)
IAS 12	-	Income Taxes – Recognition of Deferred Tax Assets for unrealized losses (Amendments)

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

Further, during the year, the Companies Act 2017, became applicable. The Act has brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicative disclosures with the IFRS disclosure requirements and incorporation of additional / amended disclosures as amended in notes 1.1, 1.2, 4.5, 6.5, 18.4, 31.2, 31.2.1, 34, 37, 38.1 and 42.

3.2 Significant accounting judgments, estimates and assumptions

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

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

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

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

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

a) Employees retirement benefits

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

b) Property, plant and equipment and intangible assets

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

c) Classification of investments

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

d) Stock-in-trade

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

e) Stores, spare parts and loose tools

These are valued at cost determined on weighted average basis less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

f) Biological assets

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

g) Trade debts, loans and advances and other receivables

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

h) Taxation

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

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

i) Provision for impairment

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

j) Contingencies

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

3.3 Taxation

a) Current

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

b) Deferred

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

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

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

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

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

c) Sales Tax and Federal Excise Duty (FED)

Revenues, expenses and assets are recognized net of amount of Sales Tax and Federal Excise Duty except:

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

- Receivables or payables that are stated with the amount of Sales Tax and Federal Excise Duty included.

The net amount of Sales Tax and Federal Excise Duty recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.4 Employees retirement benefits

a) Provident fund scheme

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

	2018	2017
	(Rupees in '000)	
Size of the trust	372,533	395,779
Cost of investments made	285,901	259,094
Fair value of investments	363,588	385,198
	(Percentage)	
Percentage of investments made	97.60	97.33
Loans to employees on mark-up	2.40	2.67
	100	100

The major categories of investments

	2018	2017
	(Rupees in '000)	
Government securities	193,238	185,244
Listed securities	126,964	158,334
Units of collective investment scheme	35,504	35,083
Banks	7,882	6,537
	363,588	385,198

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

b) Gratuity scheme

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

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

Principal actuarial assumptions used are as follows:

	2018	2017
	(% per annum)	
Valuation discount rate	9.00	8.00
Expected rate of return on plan assets	9.00	8.00
Expected rate of salary increase	8.00	7.00

The fair value of scheme's assets and the present value of obligation under the scheme at the Statement of Financial Position date were as follows:

	2018	2017
	(Rupees in '000)	
Staff gratuity fund (Asset) / Liability:		
Present value of defined benefit obligation	124,340	95,468
Fair value of plan assets	(227,757)	(266,681)
Asset recognized as at September 30	(103,417)	(171,213)
Amounts charged to statement of profit or loss:		
Current service cost	8,403	5,669
Interest cost	7,239	5,930
Expected return on plan assets	(21,136)	(20,597)
	(5,494)	(8,998)
Total re-measurements chargeable in other comprehensive income:		
Remeasurement loss on obligations	(18,211)	(3,704)
Remeasurement loss on Plan assets	(55,079)	(36,394)
	(73,290)	(40,098)
Movement in (Net Assets) / Liability recognized in the Statement of Financial Position:		
Balance as at October 1	(171,213)	(202,313)
Net charge for the year	(5,494)	(8,998)
Actuarial Loss / (gain) charged to other comprehensive income	73,290	40,098
Balance as at September 30	(103,417)	(171,213)
Movement in the present value of defined benefit obligation:		
Balance as at October 1	95,468	83,440
Current service cost	8,403	5,669
Interest cost	7,239	5,930
Benefits paid during the year	(4,981)	(3,275)
Actuarial Loss / (gain)	18,211	3,704
Balance as at September 30	124,340	95,468
Movement in the fair value of plan assets:		
Balance as at October 1	266,682	285,753
Expected return	21,135	20,597
Benefits paid	(4,981)	(3,276)
Actuarial loss	(55,079)	(36,393)
Balance as at September 30	227,757	266,681
Composition of plan assets is as follows		
Government securities	68,480	74,274
Mutual funds / Shares	159,173	192,231
Bank Balances	104	176
	227,757	266,681

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

The return on plan assets was assumed to equal the discount rate. Return on plan assets during 2018 was Rs.33.94 million (2017: Rs.15.79 million), calculated on the basis of market conditions as allowed under IAS-19.

Sensitivity Analysis

Particulars	PVDBO (Rupees in 000')	Percentage Change
Current Liability	124,339	-
+ 1% Discount rate	116,356	(6.42)%
- 1% Discount rate	133,327	7.23%
+1% Salary increase rate	133,874	7.67%
- 1% Salary increase rate	115,737	(6.92)%
+ 10% withdrawal rates	124,317	(0.02)%
- 10% withdrawal rates	124,344	-
1 Year mortality age set back	124,316	(0.02)%
1 Year mortality age set forward	124,361	0.02%

Comparisons with past years

	2018	2017	2016	2015	2014 (Restated)
	(Rupees in 000)				
Present value of defined benefit obligation	124,340	95,468	83,440	79,242	73,027
Fair value of plan assets	(227,757)	(266,682)	(285,753)	(191,174)	(109,329)
Surplus	(103,417)	(171,214)	(202,313)	(111,932)	(36,302)
Experience adjustments arising on plan liabilities	(18,211)	(3,704)	7,108	5,797	8,204
Experience adjustments arising on plan assets	(55,079)	(36,394)	78,615	70,416	16,417
	(73,290)	(40,098)	85,723	76,213	24,621

Maturity Profile

Particulars	Undiscounted Payments (PKR)
Year 1	5,972,290
Year 2	4,520,588
Year 3	52,583,707
Year 4	7,124,499
Year 5	5,073,948
Year 6 to 10	33,009,569
Year 11 and above	161,502,616

Risks associated with defined benefit plans

Investment Risks:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risks:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risks:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

3.5 Property, plant and equipment

a) Owned assets

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

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

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

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

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

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

b) Assets subject to finance lease

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

Depreciation is charged to the statement of profit or loss using the same basis as for owned assets.

c) Capital work in progress

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

d) Operating leases / Ijarah contracts

Leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases and Ijarah contracts (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

e) Intangible assets

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

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

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

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

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

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

3.6 Investments

a) In Subsidiary

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

b) In Associate

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

c) **Available-for-sale securities**

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

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

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

d) **Held-to-maturity investments**

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

e) **Designated investments at fair value through profit or loss**

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

3.7 Stores, spare parts and loose tools

These are valued at moving average cost. Provision / write-off if required is made for slow moving items, where necessary and recognized in statement of profit or loss.

Items in transit are valued at invoice plus other charges incurred thereon.

3.8 Biological Assets

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

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

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

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

3.9 Stock-in-trade

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

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

3.10 Trade debts

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

3.11 Trade and other payables

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

3.12 Revenue recognition

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

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

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

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

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

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

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

3.13 Foreign currency transactions and translations

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

3.14 Provisions

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

3.15 Borrowing costs

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

3.16 Related party transactions

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

3.17 Financial instruments

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

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

3.18 Offsetting of financial assets and liabilities

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

3.19 Cash and cash equivalents

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

3.20 Dividend and appropriation to reserves

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

3.21 Contingent liabilities

Contingent liability is disclosed when:

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

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

3.22 Contingent Assets

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

3.23 Operating segment

For management purposes, the activities of the Company are organized into one operating segment i.e., manufacturing, marketing and sale of sugar. The Company operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

3.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.25 Change in Accounting Policy

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at September 30, 2017			As at September 30, 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	(Rupees in '000)					
Effect on statement of financial position						
Surplus on revaluation of property,plant and equipment	816,571	-	(816,571)	555,749	-	(555,749)
Share capital and reserves	-	816,571	816,571	-	555,749	555,749
Effect on statement of changes in equity						
Revaluation surplus on property, plant and equipment	-	816,571	816,571	-	555,749	555,749

	For the year ended September 30, 2017		
	As previously reported	As restated	Restatement
	(Rupees in '000)		
Effect on statement of comprehensive income			
Gain on revaluation of free hold land	-	260,822	260,822

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		(Rupees in '000)	
Operating Fixed Assets - owned	4.1	2,346,187	2,274,139
Capital work in progress	4.6	69,822	92,210
		2,416,009	2,366,349

4.1 Following are the statements of Operating fixed assets for current and prior years:

2018	Cost			Depreciation				Book value as at Sep. 30, 2018	Deprecia-tion rate per annum / Life
	As at Oct. 01, 2017	Additions/ transfers/ (disposals)	As at Sep. 30, 2018	As at Oct. 01, 2017	Adjustment on disposals	For the year	As at Sep. 30, 2018		
	(Rupees in '000)								
Free hold land (Note 4.4)	855,534	-	855,534	-	-	-	-	855,534	-
Building on free hold land: -Factory	39,986	-	39,986	28,745	-	1,124	29,869	10,117	10%
-Non factory	26,831	-	26,831	20,455	-	637	21,092	5,739	10%
Building on lease hold land: -Non factory	15,211	-	15,211	42	-	507	549	14,662	30 Years
Plant & machinery	1,992,224	3,309 145,896 (11,591)	2,129,838	682,807	(8,712)	69,749	743,844	1,385,994	5%
Furniture & fittings	838	5,168	6,006	571	150	721	5,285	5 Years	
Vehicles	126,615	4,804 (6,915)	124,504	58,523	(4,550)	13,906	67,879	56,625	20%
Office & other equipment	15,252	1,740 (2,626)	14,366	12,653	(2,582)	809	10,880	3,486	5 Years
Computers & accessories	14,863	6,232 (3,641)	17,454	9,419	(3,549)	2,839	8,709	8,745	3 Years
	3,087,354	21,253 145,896 (24,773)	3,229,730	813,215	(19,393)	89,721	883,543	2,346,187	

2017	Cost / Revaluation			Depreciation				Book value as at Sep. 30, 2017	Deprecia-tion rate per annum / Life
	As at Oct. 01, 2016	Additions/ transfers/ revaluation/ (disposals)	As at Sep. 30, 2017	As at Oct. 01, 2016	Adjustment on disposals	For the year	As at Sep. 30, 2017		
	(Rupees in '000)								
Free hold land (Note 4.4)	584,392	10,320 260,822	855,534	-	-	-	-	855,534	-
Building on free hold land: -Factory	39,986	-	39,986	27,496	-	1,249	28,745	11,241	10%
-Non factory	26,331	500	26,831	19,798	-	657	20,455	6,376	10%
Building on lease hold land: -Non factory	-	15,211	15,211	-	-	42	42	15,169	30 Years
Plant & machinery	1,594,913	9,572 387,739	1,992,224	626,670	-	56,137	682,807	1,309,417	5%
Furniture & fittings	707	131	838	491	-	80	571	267	5 Years
Vehicles	117,489	16,389 (7,263)	126,615	48,213	(5,728)	16,038	58,523	68,092	20%
Office & other equipment	13,831	1,421	15,252	11,855	-	798	12,653	2,599	5 Years
Computers & accessories	9,278	5,773 (188)	14,863	8,008	(187)	1,598	9,419	5,444	3 Years
	2,386,927	59,317 387,739 260,822 (7,451)	3,087,354	742,531	(5,915)	76,599	813,215	2,274,139	

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

	Note	2018	2017
		(Rupees in '000)	
Cost of sales	28	80,657	67,556
Distribution cost	29	153	150
Administrative expenses	30	8,911	8,893
		89,721	76,599

4.1.2 Reconciliation of carrying amount:

	2018	2017
	(Rupees in '000)	
Carrying amount at beginning of the year	2,274,139	1,644,396
Addition during the year	21,253	59,317
Transfer during the year	145,896	387,739
Revaluation of freehold land during the year	-	260,822
Depreciation for the year	(89,721)	(76,599)
Disposal during the year at carrying amount	(5,380)	(1,536)
	2,346,187	2,274,139

4.2 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Plant & Machinery							
High Speed Gear	4,062	2,959	1,103	602	(501)	Negotiation	Hudabiya Engineering Co. (Pvt.) Ltd.
High Speed Gear	4,062	2,959	1,103	602	(501)	Negotiation	Hudabiya Engineering Co. (Pvt.) Ltd.
	8,124	5,918	2,206	1,204	(1,002)		
Vehicles							
Honda Civic VTI Oriel AUM-414 Model 2010	1,970	1,562	409	1,171	762	Negotiation	Mr. Shadab M. Tufail
Suzuki Cultus VXR AUQ-966 Model 2011	896	720	176	224	48	Employee Car Scheme	Mr. Sirajuddin
Suzuki Alto VXR AWR-138 Model 2012	771	578	193	193	-	Employee Car Scheme	Mr. Mustafa Haider
Suzuki Alto VXR AWR-343 Model 2012	771	596	175	543	368	Negotiation	Mr. Muhammad Saleem
Toyota Corolla XLi BFS-940 Model 2016	1,643	438	1,205	1,673	468	Insurance Claim	EFU General Insurance
	6,051	3,893	2,158	3,804	1,646		
Aggregate of assets disposed-off/Written-off having book value below Rs.500,000 each:							
Plant & Machinery	3,467	2,794	673	1,320	647		
Vehicles - Motorcycles	864	657	207	709	502		
Office & Other Equipments	2,626	2,582	44	100	56		
Computers & accessories	3,641	3,549	92	89	(3)		
	10,598	9,582	1,016	2,218	1,202		
2018	24,773	19,393	5,380	7,226	1,846		
2017	7,451	5,915	1,536	2,745	1,209		

4.3 None of the buyers had any relationship with the directors of the Company.

4.4 This includes Rs.816.571 million (2017 : Rs. 816.57 million) in respect of revaluation surplus (Refer note no.19.1). Had the revaluation not been carried out the freehold land would have been stated at Rs.38.96 million (2017: Rs.38.96 million).

4.5 Forced sales value of freehold land is Rs.684.43 million

4.6 Capital work in progress:

	2018	2017
	(Rupees in '000)	
Civil works	9,552	-
Plant and machinery	60,270	90,710
Stores held for capitalisation	-	1,500
	69,822	92,210

4.6.1 Movement in Capital work in progress:

	2018	2017
	(Rupees in '000)	
Balance as at October 1	92,210	392,298
Add: Capital expenditures incurred during the year	123,508	87,651
	215,718	479,949
Less: Transferred to operating fixed assets.	(145,896)	(387,739)
	69,822	92,210

5. INTANGIBLE ASSET

ERP System & Software Licence	COST			AMORTIZATION			Book value as at Sep. 30,	Life
	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30		
	(Rupees in '000)							
2018	14,548	-	14,548	6,290	1,810	8,100	6,448	5 Years
2017	5,500	9,048	14,548	5,500	790	6,290	8,258	5 Years

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

	Note	2018	2017
		(Rupees in '000)	
Cost of sales	28	1,086	474
Distribution cost	29	181	79
Administrative expenses	30	543	237
		1,810	790

5.2 Intangible assets as at September 30, 2018 include items having aggregate cost of Rs. 5.50 million (2017: Rs. 5.50 million) that have been fully amortized and still in use of the Company.

6. LONG TERM INVESTMENTS

	Note	2018	2017
In Associates			
Unicol Limited			
50,000,000 (2017: 50,000,000) fully paid ordinary shares of Rs.10/- each			
Equity held: 33.33% (2017: 33.33%)	6.1	852,413	742,302
Dividend received		(224,999)	-
		627,414	742,302
Share of profit	6.1.2	404,652	110,111
		1,032,066	852,413
UniEnergy Limited			
768,999 (2017: 768,999) fully paid ordinary shares of Rs.10/- each			
Equity held: 7.69% (2017: 7.69%)	6.2	7,661	7,690
Share of loss	6.2.2	(32)	(29)
		7,629	7,661
		1,039,695	860,074
In Subsidiary			
Mirpurkhas Energy Limited			
1,100,000 (2017: 1,100,000) fully paid ordinary shares of Rs.10/- each			
Equity held: 100% (2017: 100%)	6.3	11,000	11,000
Less: Impairment loss		(11,000)	-
		-	11,000
In Term deposit 3 years			
Bank Alfalah Ltd,	6.4	1,591	1,553
		1,041,286	872,627

6.1 Unicol Limited

The Company holds 33.33 percent (2017: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to Statement of profit or loss in accordance with the accounting policy as mentioned in note no.3.6(b) to the annual audited financial statements for the year ended September 30, 2018. The share of Company in the net assets has been determined on the basis of the audited financial statements for the year ended September 30, 2018. The Board of Directors of the Investee Company and Board of Directors of the Company has decided to list the shares of Unicol Limited on Pakistan Stock Exchange (PSX). In this regard, various approvals were sought, required for listing at PSX. However, subsequently due to deteriorating stock market conditions in light of political and economic developments led the Company management to delay the listing process for the time being. When the management decides to attain the status of listing on PSX again, it would revalidate and secure fresh approvals and update the stake holders accordingly.

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

	2018	2017
	(Rupees in '000)	
Non-current assets	946,744	975,043
Current assets	799,253	785,868
	1,745,997	1,760,911
Long-term liabilities	(101,463)	(189,178)
Current liabilities	(612,468)	(719,320)
	(713,931)	(908,498)
Net assets	1,032,066	852,413

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

	2018	2017
Sales	1,722,570	1,485,088
Cost of sales	(1,123,706)	(1,240,480)
	598,864	244,608
Other expenses, income and taxes	(194,212)	(134,497)
	404,652	110,111

6.2 UniEnergy Limited

The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2017: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture 50MW wind power project. The Company is in process of taking various regulatory approvals. This investment in UniEnergy Limited has been accounted for using the Equity method. Share of profit / (loss) arising from the associate has been taken to statement of profit or loss in accordance with the accounting policy as mentioned in note no.3.6(b) to the annual audited financial statements for the year ended September 30, 2018.

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

	2018	2017
Non-current assets	4,299	4,401
Current assets	3,574	3,348
	7,873	7,749
Long-term liabilities	-	-
Current liabilities	(244)	(88)
	(244)	(88)
Net assets	7,629	7,661

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

	2018	2017
Sales	-	-
Cost of sales	(122)	(174)
	(122)	(174)
Other expenses, income and taxes	90	145
	(32)	(29)

6.3 Mirpurkhas Energy Limited

The Company was incorporated on August 4, 2016 as a public limited (Un-quoted) Company and is a wholly owned subsidiary of Mirpurkhas Sugar Mills Limited. Principal activity of the company is to establish and operate a 26 MW bagasse based power plant and thereafter sale of electricity. On September 11, 2017, the Company has been awarded an upfront tariff by National Electricity Power Regulatory Authority (NEPRA) that stipulates to commission the project in 24 months from the award of such tariff. Subsequent to award of tariff, the Company has also secured Letter of Support (LOS) from Alternate Energy Development Board (AEDB). Central Power Purchasing Agency Guarantee Limited (CPPA-G) on September 26, 2017 has filed a review petition with NEPRA against the award of tariff by the competent authority. On April 18, 2018 NEPRA dismissed all the review motions filed by CPPA-G against the tariff. However, NEPRA decided not to make any change with respect to the date of COD and it will continue to be reckoned from the date of award of upfront tariff. Subsequent to NEPRA decision on review motion, CPPA-G has filed a petition against the decision of NEPRA in Honourable Islamabad High Court the Company as respondent, so are eleven other project developers having achieved similar milestones. NEPRA is also a respondent.

Subsequently, CPPA-G has gone to Islamabad High Court contesting NEPRA regulation per ECC approved Renewable Energy Policy and contesting further certain provisions of the model EPA, that the EPA is an ECC approved model agreement. Summarily, CPPAG is in violation of ECC and NEPRA decisions, and it is contemplating changes in EPA through Court. The decision of Cabinet Committee on Energy (“CCOE”) dated January 05,2018 introduced further anomalies. Without due considerations to policy applicable for MEL as per various milestones accomplished before CCOE decision, CCOE imposed unfavorable conditions, prima facie void ab-initio; including among others; competitive bidding tariff procedures, rate of return and project timelines.

Considering all the above factors and uncertainty involved in the project, The Board of Directors of Mirpurkhas Energy Limited in its meeting held on June 6, 2018 decided to not to pursue the power project any further and write off any cost directly related to the power project under the approved policy. Accordingly the Company has write-off the investment in Mirpurkhas Energy Limited.

6.4 The Company has invested a sum of Rs. 1.50 million in term deposit for a period of three years it carries markup @ 4.95% per annum, payable on maturity (January 16, 2020).

6.5 Investment in associated companies and undertakings have been made in accordance with the requirements of the Companies Act, 2017.

7. LONG-TERM DEPOSITS

	Note	2018	2017
		(Rupees in ‘000)	
Deposits against ijarah contracts		692	-
Others		616	1,709
		1,308	1,709

8. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2018	2017
Stores		94,198	65,863
Spare parts		140,799	136,665
Loose tools		1,994	1,899
		236,991	204,427
Provision for obsolescence	8.1	(9,505)	(8,822)
		227,486	195,605

8.1 Movement during the year

		2018	2017
Opening Balance		8,822	8,822
Provided during the year		683	-
Closing Balance		9,505	8,822

9. STOCK-IN-TRADE

	Note	2018	2017
Sugar	28	1,072,896	2,027,239
Sugar in process	28	1,555	2,713
		1,074,451	2,029,952

10. BIOLOGICAL ASSETS

	Note	2018	2017
		(Rupees in '000)	
Sugarcane		17,903	56,137
Others		13,049	1,701
		30,952	57,838
Movement during the year			
As at October 01		57,838	61,319
Addition due to cultivation		71,480	78,791
Loss arising from initial recognition of standing crop less cost to sell		(19,627)	(5,331)
Decrease due to harvest sales		(78,739)	(76,941)
		30,952	57,838

10.1 The value of sugarcane crop is based on estimated average yield of 450 maunds per acre (2017: 775 maunds) on cultivated area of 370 acres (2017: 600 acres).

11. TRADE DEBTS - unsecured, considered good

	Note	2018	2017
Neither past due nor impaired			
Export	11.1	-	55,508
Local		37,817	48,561
		37,817	104,069

11.1 This represent export proceeds amounting to USD. Nil (2017: USD.526,500/- relating to export to Yangon, Myanmar.)

12. LOANS AND ADVANCES - unsecured

	Note	2018	2017
Considered good:			
To suppliers		46,627	105,731
To Related Party	12.2	9,979	5,603
To employees classified as recoverable within next twelve months		211	125
Against letters of credit		-	2,260
To sugar cane growers		86,245	112,080
To transport contractors		4,515	2,520
		147,577	228,319
Considered doubtful:			
Sugar cane growers		10,424	6,299
Provision there against	12.1	(10,424)	(6,299)
		-	-
		147,577	228,319

12.1 Movement during the year

	2018	2017
Opening Balance	6,299	5,400
Provided during the year	4,125	899
Closing Balance	10,424	6,299

12.2 Advances include the following amounts due from following related parties:

	2018	2017
Mirpurkhas Energy Limited - Subsidiary	9,979	5,603

12.2.1 The ageing analysis of advances due from related parties is as follows:

	2018	2017
More than 6 months	9,979	5,603

12.2.2 The maximum aggregate amount due from a subsidiary company Mirpurkhas Energy Limited at any month end during the year was Rs. 9.98 million (2017: Rs.5.60 million).

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2018	2017
		(Rupees in '000)	
Prepaid insurance		1,113	355
Prepaid rent		184	140
Other prepayments		1,259	1,057
Trade deposits		83	83
		2,639	1,635

14. OTHER RECEIVABLES

	Note	2018	2017
Sales tax on unlifted sugar		40,340	64,289
Freight subsidy	14.1 & 14.2	397,012	79,045
Staff Gratuity fund	14.3	103,417	171,213
		540,769	314,547

14.1 This amount relates to freight subsidy on sugar exports receivable from State Bank of Pakistan. A cash freight subsidy of Rs.10.70/ kg was announced by Ministry of Commerce vide letter No.7(2)/ 2012-Exp.III, the Company exported 74,021 M.tons of sugar during the year & submitted the total claim of subsidy of Rs. 754.34 million with State Bank of Pakistan and out of that subsidy, the Company has received Rs. 357.33 million. The balance subsidy has been accrued in this financial statement. The export quantity eligible for the subsidy is 72,708 M.tons.

14.2 During the current financial year the Company has written-off Rs.79.04 million relating to TDAP inland freight subsidy for the financial year 2013-14 & 2014-15 on export of sugar.

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

15. SHORT-TERM INVESTMENTS

	Note	2018	2017
Available-for-sale securities - related parties			
Quoted:			
Cherat Cement Company Limited			
5,770,252 (2017: 5,770,252)			
fully paid ordinary shares of Rs.10/- each		464,794	692,315
Cherat Packaging Limited			
1,668,373 (2017: 1,469,933)			
fully paid ordinary shares of Rs.10/- each		288,695	293,986
		753,489	986,301

16. TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2018	2017
Income tax refundable		206,641	191,023

17. CASH AND BANK BALANCES

	Note	2018	2017
Islamic banks			
Current accounts		441	653
Conventional Banks			
Current accounts		10,756	7,096
Saving accounts	17.1	5,397	13,148
		16,153	20,244
		16,594	20,897
Cash in hand		1,717	1,726
		18,311	22,623

17.1 Effective profit rate in respect of PLS accounts is 4.50% per annum (2017: 3.75% per annum).

18. SHARE CAPITAL

18.1 Authorized capital

2018	2017		Note	2018	2017
(Number of Shares)				(Rupees in '000)	
150,000,000	50,000,000	Ordinary shares of Rs. 10/- each		1,500,000	500,000

18.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

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

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

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

18.4 Voting rights, Board selection, right of first refusal and block voting are in proportion to the shareholding.

19. RESERVES

		(Rupees in '000)	
Revenue reserves			
General reserve		34,250	34,250
Unappropriated profit		558,544	485,300
Actuarial gain on defined benefit plan		89,665	162,955
Fair value gain on available for sales securities		628,593	886,210
		1,311,052	1,568,715
Surplus on revaluation of Property plant & equipment	19.1	816,571	816,571
		2,127,623	2,385,286

19.1 It represents revaluation of freehold land which had been carried out by independent valuers M/s. K.G. Traders (Pvt.) Limited, to determine the present (realizable) market value by enquiring from local active realtors. Surplus on revaluation of Property, plant and equipment has been disclosed as per requirement mentioned in note 3.25 of the financial statement.

20. LONG TERM FINANCING - secured

From commercial banks	Mode & commencement of repayment	Security	2018	2017	Markup
			(Rupees in 000)		
Plant Expansion / BMR loans					
Conventional Banks					
Finance 1	Twenty quarterly installments commencing from December, 2017	First pari-passu hypothecation charge on plant & machinery	120,000	150,000	3 months average KIBOR + 0.60%
Finance 2	Twenty quarterly installments commencing from May, 2018	First pari-passu hypothecation charge on plant & machinery	90,000	100,000	3 months average KIBOR + 0.60%
Finance 3	Ten Semi annual installments commencing from Sep. 2018	First pari-passu hypothecation charge on plant & machinery	270,000	300,000	6 months average KIBOR + 0.20%
Finance 4	Twenty eight quarterly installments commencing from July, 2017	First pari-passu hypothecation charge on plant & machinery	492,857	578,571	3 months average KIBOR + 0.20%
			972,857	1,128,571	
Less: Current maturity			195,714	155,714	
			777,143	972,857	

21. DEFERRED LIABILITIES

	Note	2018	2017
		(Rupees in '000)	
Quality premium	26.1.2	-	78,985
Market committee fee		71,327	63,580
Deferred Sugar cane liability	21.1, 26.1.9 & 26.1.10	418,444	152,392
		489,771	294,957

21.1 This represents price differential of sugar cane price which is subjudice and subject matter of court cases and not likely to be crystalised in next twelve months hence classified as deferred liability.

22. DEFERRED TAX LIABILITY - NET

	2018	2017
Taxable temporary differences arising in respect of:		
- Accelerated tax depreciation allowance and investment	312,616	294,000
Deductible temporary differences arising in respect of:		
- Unabsorbed tax losses, tax credits and others	(218,067)	(165,574)
- Unpaid Liabilities	(20,685)	(19,074)
	(238,752)	(184,648)
	73,864	109,352

23. TRADE AND OTHER PAYABLES

	Note	2018	2017
Creditors		130,518	55,615
Accrued liabilities	26.1.7 & 26.1.8	168,684	152,804
Advances from customers	23.1	183,676	322,827
Withholding tax payable		1,819	635
Sales tax payable		8,561	1,419
Other liabilities		2,593	3,357
		495,851	536,657

23.1 These include the following amounts of advances from related parties:

	2018	2017
Unicol Limited	38,898	10,573

24. ACCRUED MARK-UP

	2018	2017
Islamic banks		
Short-term borrowings	30,632	20,077
Conventional banks		
Long-term financing	13,448	13,792
Short-term borrowings	11,332	22,648
	55,412	56,517

25. SHORT-TERM BORROWINGS - secured

	Note	2018	2017
Islamic banks			
Short-term finance		1,000,000	600,000
Conventional banks			
Short-term running finance	25.1	501,122	799,342
Money market loans	25.2	658,500	1,340,000
		2,159,622	2,739,342

25.1 This represents utilized portion of short term finance facilities aggregating Rs.4,400 million (2017 : Rs.4,400 million) obtained from various commercial banks. These carry mark-up ranging from KIBOR+0.20% to KIBOR + 0.60% per annum. In case of financing obtained from various Islamic banks, the profit rate ranges from KIBOR + 0.20% to KIBOR + 0.40%. The facilities are secured against registered first pari-passu hypothecation charge over various assets of the Company. These facilities are renewable annually.

25.2 This represents Money Market Loans obtained from commercial banks. These loans carry mark-up at KIBOR+0.20% to KIBOR +0.25%.(2017 : KIBOR+0.20% to KIBOR +0.25%) The money market loan facility is a sub-limit of regular running finance facility and hence secured against registered first pari passu hypothecation charge over various assets of the Company.

26. CONTINGENCIES AND COMMITMENTS

26.1 CONTINGENCIES:

26.1.1 The Company had filed suits before the Honorable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company has paid the amount demanded by the Government. The amount has already been charged off in the financial statements. The petition for leave to appeal against the impugned judgement of Honorable High Court of Sindh was filed in Honorable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and finally the Honorable Supreme Court of Pakistan vide its judgment dated February 26, 2018, allowed both appeals filed in Honorable High Court of Sindh with a direction that the Company shall be entitled to exemption under the terms and conditions of SRO 505(I)/90 dated June 7, 1990 for the respective financial years and if any, taxes that are collected by the Excise Authorities, the same should be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such taxes have not been passed on to the general public. In light of the aforesaid judgment, the Company is in the process of consultation with its legal advisors and filing of refund application with Excise Department in order to claim the duty duly paid by the Company.

26.1.2 The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisa per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on overall sucrose recovery of each mill. The Company challenged the levy of quality premium before the Honorable High Court of Sindh, which decided the matter against the Company. Aggrieved with the judgment, the Company has filed an appeal with the Honorable Supreme Court of Pakistan. While admitting the appeal against the impugned judgment of the Honorable High Court, the Honorable Supreme Court granted stay. The Honorable Supreme Court of Pakistan vide its Order dated March 5, 2018, has dismissed the writ petition filed by the Company in Honorable High Court of Sindh relating to impugned Notification of crushing season 1998-99 . The Company has already provided and paid quality premium liability of that crushing season. Furthermore, as per the Supreme Court Order, there is no valid notification for quality premium under section 16 of Sugar cane Act 1950 hence notifications have been issued by the provincial government for the period from 1998-99 till to date, so no liability of quality premium arises between the crushing season 1998-99 till the date of Supreme Court Order dated March 5, 2018.Further, the management also takes consideration of the additional / excess payments made to the cane growers over and above the minimum support price fixed by the Provincial Government which are considered to be all-inclusive (including payment for quality premium). Accordingly, the Company has reversed the provision during the current year.

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

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

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

26.1.5 The Company in 2010, has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of

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

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

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

26.1.8 The company in 2015 has filed a petition vide CP No. D-2040 of 2015, before the Honorable High Court of Sindh against the orders of Additional / Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 15.75 million on local sales equivalent to exported quantity, on which the company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. The matter was in adjudication at Appellate Tribunal level. As a result of efforts made by the Company, Appellate Tribunal decided the matter in favor of the Company and remanded back to the concerned Commissioner Inland Revenue level for further verification and reconciliation. The effect of the order is that alleged demand of Rs. 15.75 million alongwith penalty and default surcharge stands deleted. However, as a matter of prudence, the provision has been made in this financial statement.

26.1.9 The matter of fixation of minimum price of sugarcane fixed under two different notifications for crushing season 2014-15 issued by the Government of Sindh is still sub judice before Honorable High Court of Sindh and Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Company on prudence basis has accounted for the liability of sugarcane cost of Rs.152.39 million under notification number 8(142)/S.O(Ext)95-XXIII dated 07-11-2014 in its financial statements for the year ended September 30, 2015. The matter is still in adjudication and Company is contesting the same.

26.1.10 The matter of fixation of minimum price of sugarcane fixed under notification for crushing season 2017-18 issued by the Government of Sindh was challenged in Honorable High Court of Sindh. Honorable High Court vide its decision passed in C.P No. 8666 of 2017 and 7951 of 2017 dated January 30, 2018, after taking consent of all the stakeholder / petitioners of the aforesaid petitions, directed the Sugar mills to pay sugarcane at Rs.160/- per 40kg to the growers for crushing season 2017-18 . The matter is still subjudice before Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Company on prudence basis has accounted for the liability of sugarcane cost of Rs.266.05 million under notification number 8(142)/S.O(Ext)/2017-18 dated December 5, 2017 for the financial year ended September 30,2018.

		Note	2018	2017
			(Rupees in '000)	
26.2	**COMMITMENTS**			
26.2.1	Letters of credit issued by commercial banks			
	- for imported machinery		-	9,354
26.2.2	Letter of guarantee issued by a commercial bank		7,475	8,892
26.2.3	Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:			
	Year			
	2018-19		549	-
	2019-20		549	-
	2020-21		549	-
	2021-22		549	-
	2022-23		503	
			2,699	-
	Payable not later than one year		549	-
	Payable later than one year but not later than five years		2,150	-
			2,699	-
27.	**TURNOVER**			
	Local sales - gross		1,452,430	1,724,102
	Less: Duties & taxes		(110,174)	(91,349)
			1,342,256	1,632,753
	Export sales		2,828,141	1,169,397
			4,170,397	2,802,150
28.	**COST OF SALES**			
	Sugar cane cost		2,429,432	3,813,727
	Stores and spare parts consumed		160,612	154,550
	Packing material and expenses		54,232	37,982
	Salaries, wages and other benefits	28.1	281,965	262,304
	Water, fuel and power		22,844	24,420
	Insurance		8,203	9,090
	Repairs and maintenance		29,119	37,632
	Vehicles expenses		13,216	12,542
	Sugar handling expenses		7,915	5,609
	Other expenses		11,469	15,625
	Depreciation	4.1.1	80,657	67,556
	Amortization	5.1	1,086	474
			3,100,750	4,441,511
	Sugar-in-process - opening		2,713	3,578
	- closing	9	(1,555)	(2,713)
			1,158	865
			3,101,908	4,442,376
	Less: - sale of molasses	28.2	(254,256)	(323,608)
	- sale of bagasse	28.2	(13,485)	(39,410)
			(267,741)	(363,018)
	Cost of goods manufactured		2,834,167	4,079,358
	Purchase of finished goods		-	582,090
	Finished goods - opening		2,027,239	214,982
	- closing	9	(1,072,896)	(2,027,239)
			954,343	(1,812,257)
			3,788,510	2,849,191

28.1 This includes Rs. 4.31million (2017: Rs.6.94 million) in respect of staff retirement benefits.

28.2 These figures are net of sales tax of Rs. Nil (2017: Rs. Nil) in respect of molasses and Rs.2.29 million (2017: Rs. 6.82 million) in respect of bagasse.

29. DISTRIBUTION COST

	Note	2018	2017
		(Rupees in '000)	
Salaries, wages and other benefits	29.1	4,805	3,151
Insurance		4,529	3,235
Sugar export freight & port handling expenses		205,935	38,418
Other expenses		5,191	3,048
Depreciation	4.1.1	153	150
Amortization	5.1	181	79
		220,794	48,081

29.1 This includes Rs. Nil (2017: Rs. Nil) in respect of staff retirement benefits.

30. ADMINISTRATIVE EXPENSES

	Note	2018	2017
Salaries, wages and other benefits	30.1	80,943	62,338
Directors' fee		1,880	1,320
Rent, rates and taxes		9,896	2,533
Communication expense		2,977	3,904
Conveyance and travelling		15,679	5,162
Printing and stationery		2,284	144
Entertainment		1,533	1,629
Vehicles expenses		4,170	3,550
Insurance		4,230	3,283
Repairs and maintenance		8,217	5,314
Subscription		2,802	3,395
Legal and professional charges		12,215	11,867
General expenses		2,468	4,052
Utilities		3,021	2,718
Depreciation	4.1.1	8,911	8,893
Amortization	5.1	543	237
		161,769	120,339

30.1 This includes Rs. 2.94 million (2017: Rs. 1.98 million) in respect of staff retirement benefits.

31. OTHER OPERATING EXPENSES

	Note	2018	2017
Auditors' remuneration	31.1	1,094	865
Provision for stores obsolescence		683	-
Project feasibility and evaluation cost		89,795	-
Provision against growers loans		4,125	899
Inland freight subsidy charged-off		79,045	-
Impairment loss of investment in subsidiary	6.3	11,000	-
Net loss from agriculture produce		51,804	-
Exchange loss on exports		-	912
Charity and donation	31.2	237	384
		237,783	3,060

31.1 Auditors' Remuneration

	2018	2017
Annual audit fee	690	550
Half yearly review fee and consolidation	250	150
Out of pocket expenses	154	165
	1,094	865

31.2 Donations

	2018	2017
Ghulam Faruque Welfare trust	-	171

31.2.1 Recipient of donations do not include any donee in which any director or his spouse had any interest except for donation paid to Ghulam Faruque Trust. Following directors of the Company are also trustees of the said trust:

Mr. Shehryar Faruque
Mr. Aslam Faruque
Mr. Arif Faruque
Mr. Amer Faruque

	Note	2018	2017
		(Rupees in '000)	

32. OTHER INCOME

	Note	2018	2017
Income from financial assets			
Dividend income from related parties		39,592	32,718
Profit on PLS and deposit accounts with conventional banks		971	1,219
Mark-up on growers' loans		1,500	528
		42,063	34,465
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	4.2	1,846	1,209
Fair value adjustments / net gain or loss from agriculture produce		-	6,884
Reversal of provision	26.1.2	78,985	-
Exchange gain from Export sales		32,795	-
		113,626	8,093
Other			
Miscellaneous		174	2,375
		155,863	44,933

33. FINANCE COST

	2018	2017
Islamic Banks		
Profit on long-term financing	-	16,797
Profit on short-term borrowings	43,896	58,716
Bank charges	484	340
	44,380	75,853
Conventional Banks		
Mark-up on long-term financing	71,033	45,338
Mark-up on short-term borrowings	93,113	104,907
Bank charges	1,849	2,818
	165,995	153,063
Interest on workers' profit participation fund	-	505
	210,375	229,421

34. TAXATION

	2018	2017
Current	(88,813)	(61,368)
Less: Tax credit u/s 65B	14,920	39,730
	(73,893)	(21,638)
Prior	-	22,707
	(73,893)	1,069
Deferred	35,488	21,814
	(38,405)	22,883

In view of unabsorbed tax losses the Company is only liable to pay minimum tax in the current year at the rate of 1.25% under section 113 of the Income Tax Ordinance, 2001. The assessments of the Company for and upto the tax year 2018 have been completed. Provision for taxation as per accounts is the aggregate of current tax expense and prior tax expense recorded in subsequent period.

The company calculates tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analysed as follows:

Tax year	Provision for taxation as per accounts	Tax assessed as per return	Excess
	(Rupees in '000)		
2018	21,637,633	20,816,751	820,882
2017	48,545,832	34,927,771	13,618,061
2016	33,096,107	32,567,160	528,947

35 EARNINGS PER SHARE- basic

	2018	2017
Profit / (loss) after taxation	73,244	(270,044)
	Number of Shares	
Weighted average number of ordinary shares in issue during the year	12,268,219	12,268,219
Earnings per share - basic (Rupees)	5.97	(22.01)

35.1 There is no dilutive effect on basic earnings per share of the Company

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

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

36.1 Market risk

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

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

a) Foreign currency risk

Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the change in foreign exchange rates. The Company's exposure to the risk arises mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange.

Exposure to foreign currency risk

The Company is exposed to foreign currency risk arising from foreign exchange fluctuations primarily with respect to the US $. The Company's exposure to foreign currency risk is as follows:

	2018	2017
	(USD '000')	
Trade debts	-	527
Net exposure	-	527

"The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary."

The following significant exchange rates were applied during the year:

Rupee per USD

	2018	2017
Reporting date rate (Buying/Selling)	126.35 / 127.10	106.60 / 107.15

Foreign currency sensitivity analysis

A ten percent strengthening/weakening of the PKR against the USD at September 30, 2018 would have increased/ decreased the equity and profit/ loss after tax by Rs. Nil (2017: Rs. 5.6 million). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for September 30, 2017.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b) Interest rate risk

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

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 64.13 million (2017: Rs. 69.34 million) in profit & loss account before taxation. The analysis made based on the assumption that all other variable remains constant.

c) Price risk

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

At the statement of financial position date, the exposure to listed equity securities at fair value was Rs.753.49 million (2017 Rs.986.30 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.75.35 million (2017: Rs.98.63 million) on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed securities would impact equity in the similar amount but will not have an effect on income unless there is an impairment charge associated with it.

36.2 Credit Risk

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

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

	2018	2017
	(Rupees in '000)	
Deposits	1,391	1,792
Trade debts	37,817	104,069
Advances	86,456	112,204
Short-term investments	753,489	986,301
Bank balances	16,594	20,897
	895,747	1,225,263

36.2.1 Credit quality of financial assets

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

	2018	2017
Trade debts		
Customers with no default in the past one year	37,817	104,069
Advances		
Counter parties without credit rating	86,456	112,204
Short-term investments		
Counter parties with credit rating	464,794	692,315
Counter parties without credit rating	288,695	293,986
Cash at bank		
A1 +	12,296	15,132
A1	372	112
A-1	107	441
A-1+	3,819	5,212
	16,594	20,897

36.3 Liquidity risk

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

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at statement of financial position date, the Company has unused credit facilities of Rs.2,240 million (2017: Rs.1,661 million).

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

	INTEREST BEARING			NON-INTEREST BEARING			2018	2017
	Less than one year	One to five years	Sub Total (a)	Less than one year	One to five years	Sub Total (b)	Total (a+b)	
	(Rupees in '000)							
Financial liabilities:								
Long-term financing	195,714	777,143	972,857	-	-	-	972,857	1,128,571
Deferred liabilities	-	-	-	-	489,771	489,771	489,771	294,956
Short-term borrowings	2,159,622	-	2,159,622	-	-	-	2,159,622	2,739,342
Trade & other payables	-	-	-	301,795	-	301,795	301,795	211,777
Accrued mark-up	-	-	-	55,412	-	55,412	55,412	56,517
Unclaimed dividend	-	-	-	-	7,501	7,501	7,501	7,491
	2,355,336	777,143	3,132,479	357,207	497,272	854,479	3,979,458	4,438,654

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

36.4 Fair value measurement

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

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

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

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

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

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

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

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

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

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

Financial assets measured at fair value

	Total	Level 1	Level 2	Level 3
	(Rupees in 000)			
30 September 2018				
Investment at fair value (available-for-sale securities)	753,489	753,489	-	-
Biological Assets	30,952	-	30,952	-
30 September 2017				
Investment at fair value (available-for-sale securities)	986,301	986,301	-	-
Biological Assets	57,838	-	57,838	-

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

36.5 Capital risk management

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

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

The gearing ratios as at September 30, 2018 and 2017 were as follows:

	2018	2017
	(Rupees in '000)	
Total Long-term debt	972,857	1,128,571
Share Capital	122,682	122,682
Reserves	1,311,052	1,568,715
Surplus on revaluation of property, plant and equipment	816,571	816,571
Total Equity	2,250,305	2,507,968
Total Equity and Long-term debt	3,223,162	3,636,539
Gearing ratio	30.18%	31.03%

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Particulars	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Remuneration & bonus	41,546	-	21,558	37,452	19,766	38,093
Housing allowance	1,452	-	6,921	1,452	1,086	12,946
Utilities	250	-	1,538	250	188	2,877
Leave fare assistance	1,999	-	-	1,738	1,738	-
Retirement benefits	4,372	-	1,028	3,802	2,607	2,397
	49,619	-	31,045	44,694	25,385	56,313
No. of persons	1	-	9	1	1	27

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

37.1 The aggregate amount charged in the financial statements for the year for fee to five directors amounted to Rs.1.88 million (2017: 5 directors - Rs.1.32 million).

38. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	2018	2017
		(Rupees in '000)	
Group Companies	Services received	8,399	9,660
	Goods purchased	45,636	36,208
	Dividend received from related party	39,592	32,718
	Dividend paid	-	28,186
	Investment made in related parties	24,805	-
Associated Company	Dividend received from associated company	225,000	-
	Sales made	263,231	336,107
Subsidiary	Investment made in associates and subsidiary	-	11,000
	Reimbursement of expense to subsidiary	1,106	1,271
	Advance to subsidiary	4,376	5,603
Other related parties	Staff provident and gratuity funds	7,251	4,960

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

38.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Name	Basis of association	Aggregate % of Shareholding
Faruque (Pvt) Ltd.	Common directorship	-
Cherat Cement Company Ltd.	Common directorship	3.27
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship	4.97
Greaves Engineering Services (Pvt) Ltd.	Common directorship	-
Greaves Airconditioning (Pvt) Ltd.	Common directorship	-
Madian Hydro Power Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Mirpurkhas Energy Ltd.	Subsidiary Company	100.00
Zensoft (Pvt) Ltd.	Common directorship	-

39. RECENT ACCOUNTING DEVELOPMENTS

Standards, interpretations and amendments issued but not yet effective.

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

Standard or Interpretation			Effective dates (accounting periods beginning on or after)
IFRS 2	-	Share-based Payments - Classification and Measurement of Share- based Payments Transactions (Amendments)	January 1, 2018
IFRS 4	-	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts- (Amendments)	January 1, 2018
IFRS 9	-	Financial Instruments	January 1, 2018
IFRS 9	-	Prepayment Features with Negative Compensation – (Amendments)	January 1, 2019
IFRS 10	-	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate o Joint Venture (Amendment)	Not yet finalized
IFRS 15	-	Revenue from Contracts with Customers	July 1, 2018
IFRS 16	-	Leases	January 1, 2019
IAS 19	-	Plan Amendment, Curtailment or Settlement (Amendments)	January 1, 2019
IAS 28	-	Long-term Interests in Associates and Joint Ventures – (Amendments)	January 1, 2019
IAS 40	-	Investment Property: Transfers of Investment Property (Amendments)	January 1, 2018
IFRIC 22	-	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	-	Uncertainty Over Income tax Treatment	January 1, 2019

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

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standard or Interpretation		IASB Effective dates (annual periods beginning on or after)
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 17	Insurance Contracts	01 January 2021

40. CAPACITY AND PRODUCTION

	2018	2017
No. of days mill operated	143	131
Mill crushing capacity per day (M.tons)	12,500	8,500
Mill crushing capacity on the basis of no. of days (M.tons)	1,787,500	1,113,500
Actual crushing (M.tons)	774,171	738,378
Sugar production (M.tons)	88,183	78,897

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

41. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2018		2017	
	(Number)			
	Total	Factory	Total	Factory
Total number of employees	181	157	184	160
Average number of employees during the year	190	166	189	166

42. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segments.

All sales of the Company comprise of Sugar

Total sales of the Company relating to customers in Pakistan were 34% during the year ended September 30, 2018 (2017: 60%)

All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

Sales to 20 major customers of the Company are around 89.66% of the Company's total sales during the year (2017: 94.10%)

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on December 14, 2018 by the Board of Directors of the Company.

44. DIVIDEND AND APPROPRIATIONS

Subsequent to year ended September 30, 2018, the Board of Directors in its meeting held on December 14, 2018 has proposed final cash dividend @ Rs.1.50/- per share amounting to Rs.18.40 million (2017: Rs.Nil) for approval of the members at the Annual General Meeting.

45. CORRESPONDING FIGURES

Amounts have been rounded to the nearest thousand rupees unless otherwise stated. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassifications / restatements to these financial statements during the year except as mentioned below:

Reclassification from statement of financial position	Reclassification to statement of financial position	2017 (Rupees in '000)
Trade and other payables	Unclaimed dividend	7,491
Trade and other payables	Deferred liabilities	152,392
Deferred liabilities	Deferred tax liability-net	109,352

46. GENERAL

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

Aslam Faruque	**Yasir Masood**	**Wasif Khalid**
Chief Executive	Director	Chief Financial Officer

Consolidated Financial Statements

Independent Auditors' Report to the Members of Mirpurkhas Sugar Mills Limited

Report on the Audit of the Consolidated Financial Statements

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Opinion

We have audited the annexed consolidated financial statements of Mirpurkhas Sugar MIlls Limited and its subsidiaries (''the Group'') which comprise the consolidated statement of financial position as at September 30, 2018, and consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the annexed consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at September 30, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 1.2 to the annexed consolidated financial statements wherein reasons for preparation of financial statements of subsidiary company on a going concern basis have been stated, despite the fact that the subsidiary company has not yet commenced its business activities and the Directors have decided not to pursue the project any further and write off any cost directly related thereto owing to legal complexities and unfavorable conditions.

Furthermore, the subsidiary Company's shareholders equity is negative by Rs. (4.98) million (2017: against profit of Rs. 9.73 million) and the Company is likely to continue as a going concern for the reason that the parent has undertaken to provide / arrange necessary finance to meet the requirements as well as draw an alternate business plan for revival. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the subsidiary Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the annexed consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	Contingencies:	
	The Group is under litigation cases in respect of various matters including the matter of fixation of minimum price of sugarcane for crushing season 2017-18 and other miscellaneous cases as disclosed in note 26 to the annexed consolidated financial statements. Given the nature and amounts involved in such contingencies and the appellate forums at which these are pending, the probability of the related payments and the appropriate accounting in the financial statements requires significant professional judgments. These judgments can change over time as new facts emerge and as the case progresses. Therefore, we have identified this matter as a key audit matter.	Our audit procedures included the following: • Evaluating management's processes and controls to identify new possible obligations and changes in existing obligations through meetings with the management and review of the minutes of meetings of the Board of Directors and Audit Committee. • Review of the relevant information including case proceedings and correspondences with regulatory authorities and Group's external counsel in respect of the ongoing litigations. • Circularizing confirmations to the legal counsels of the Group to evaluate the status of the pending litigations and view point of any Group's legal counsels thereon. • Verifying legal and professional expenses to confirm that all pending legal matters are identified and disclosed. • Re-computing the amounts of obligations based on available underlying information and confronted parameters. • Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed consolidated financial statements.
2.	Preparation of Consolidated Financial Statements under Companies Act, 2017:	
	As referred to in note 1.4 to the annexed financial statements, The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2018. The Act (including third and fourth schedule) forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various items of the financial statements. This matter is considered as a key audit matter in view of the extensive impacts in the consolidated financial statements due to the Act.	Our audit procedures in this respect included the following: • Assessing and evaluating the management's process to identify additional presentation and disclosure requirements to be included in the annexed financial statements. • Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Group's operations and business. • Evaluating the sources of information used by the management for making the disclosures as per the Act • Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed consolidated financial statements based on the new requirements.

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Information Other than the Consolidated Financial Statements and Auditor's Report thereon
Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group, but does not include the un-consolidated and consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Faiza Hanif.

Kreston Hyder Bhimji & Co.

Chartered Accountants
Karachi
Dated: December 14, 2018

Consolidated Statement of Financial Position

As at September 30, 2018

	Note	2018	2017	2016
			Restated	
ASSETS		(Rupees in '000)		
NON-CURRENT ASSETS				
Property, plant and equipment	4	2,421,287	2,376,502	2,036,694
Intangible asset	5	6,448	8,258	-
Long-term investments	6	1,041,286	861,627	749,993
Long-term deposits	7	1,308	1,709	2,883
		3,470,329	3,248,096	2,789,570
CURRENT ASSETS				
Stores, spare parts and loose tools	8	227,486	195,605	180,442
Stock-in-trade	9	1,074,451	2,029,952	218,560
Biological assets	10	30,952	57,838	61,319
Trade debts	11	37,817	104,069	58,949
Loans and advances	12	137,598	222,716	183,568
Trade deposits and short-term prepayments	13	2,639	1,635	2,736
Other receivables	14	540,769	314,547	318,516
Short-term investments	15	753,489	986,301	1,308,325
Tax refunds due from the Government	16	206,641	191,023	119,446
Cash and bank balances	17	18,618	27,802	21,033
		3,030,460	4,131,488	2,472,894
TOTAL ASSETS		6,500,789	7,379,584	5,262,464
EQUITY AND LIABILITIES				
EQUITY				
Share capital	18	122,682	122,682	122,682
Reserves	19	1,306,071	1,567,444	2,262,222
Surplus on revaluation of property, plant & equipment	19	816,571	816,571	555,749
		2,245,324	2,506,697	2,940,653
NON-CURRENT LIABILITIES				
Long-term financing	20	777,143	972,857	590,000
Deferred liabilities	21	489,770	294,957	135,181
Deferred tax liabilities-net	22	73,864	109,352	131,166
		1,340,777	1,377,166	856,347
CURRENT LIABILITIES				
Trade and other payables	23	496,439	536,657	664,465
Unclaimed dividend		7,501	7,491	5,631
Accrued mark-up	24	55,412	56,517	21,525
Short-term borrowings	25	2,159,622	2,739,342	723,843
Current portion of long-term financing	20	195,714	155,714	50,000
		2,914,688	3,495,721	1,465,464
CONTINGENCIES AND COMMITMENTS	26			
TOTAL EQUITY AND LIABILITIES		6,500,789	7,379,584	5,262,464

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

Aslam Faruque	Yasir Masood	Wasif Khalid
Chief Executive	Director	Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended September 30, 2018

	Note	2018	2017
		(Rupees in '000)	
Turnover - net	27	4,170,397	2,802,150
Cost of sales	28	(3,788,510)	(2,849,191)
Gross profit / (loss)		381,887	(47,041)
Distribution cost	29	(220,794)	(48,081)
Administrative expenses	30	(162,767)	(121,502)
Other operating expenses	31	(240,495)	(3,168)
		(624,056)	(172,751)
Other income	32	155,863	44,933
Operating Loss		(86,306)	(174,859)
Finance cost	33	(210,375)	(229,421)
		(296,681)	(404,280)
Share of profit in associates - net	6	404,620	110,082
Profit / (loss) before taxation		107,939	(294,198)
Taxation			
Current		(73,893)	(21,638)
Prior		-	22,707
Deferred		35,488	21,814
	34	(38,405)	22,883
Profit / (loss) for the year		69,534	(271,315)
Earnings per share - basic (Rupees)	35	5.67	(22.12)

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

Aslam Faruque	**Yasir Masood**	**Wasif Khalid**
Chief Executive	Director	Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended September 30, 2018

	2018	2017
	(Rupees in '000)	
Profit / (loss) for the year	69,534	(271,315)
Other Comprehensive income / (loss):		
Items that may be reclassified subsequently to statement of profit or loss		
Fair value loss on available-for-sale securities	(257,617)	(322,024)
Surplus on revaluation of Land	-	260,822
Items that may not be reclassified subsequently to statement of profit or loss		
Actuarial loss on defined benefit plan	(73,290)	(40,098)
	(330,907)	(101,300)
Total comprehensive loss for the year	(261,373)	(372,615)

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended September 30, 2018

	Note	2018	2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		107,939	(294,198)
Adjustments for:			
Depreciation	4	89,721	76,599
Amortization	5	1,810	790
Provision for market committee fee		7,747	7,384
Provision for Bad dedts (growers loan)		4,125	899
Provision for Store obsolescence		683	-
Subsidy written-off		79,046	-
Fair value adjustment of biological assets	10	19,627	5,331
Reversal of provision		(78,985)	-
Dividend income from related parties	32	(39,592)	(32,718)
Share of profit in associates	6	(404,620)	(110,082)
Gain on disposal of property, plant and equipment	32	(1,846)	(1,209)
Finance cost	33	210,375	229,421
		(111,909)	176,415
		(3,970)	(117,783)
Working capital changes:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(32,564)	(15,163)
Stock-in-trade		955,501	(1,811,392)
Biological assets		7,259	(1,850)
Trade debts		66,252	(45,120)
Loans and advances		80,993	(40,047)
Short-term prepayments		(1,004)	1,101
Other receivables		(378,558)	(36,129)
		697,879	(1,948,600)
Increase in current liabilities:			
Trade and other payables		(40,218)	(127,810)
Cash generated from / (used in) operations		653,691	(2,194,193)
Long-term deposits		401	1,174
Deferred sugar cane liability		266,052	152,392
Income tax paid		(89,512)	(70,508)
		176,941	83,058
Net cash generated from / (used in) operating activities		830,632	(2,111,135)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(139,886)	(157,121)
Additions to Intangible asset		-	(9,048)
Sale proceeds of property, plant and equipment	4.2	7,226	2,745
Short-term investments in related party		(24,805)	-
Long-term investments in subsidiary and others		(38)	(1,552)
Dividend received from an associate		224,999	-
Dividend received from related parties	32	39,592	32,718
Net cash generated from / (used in) investing activities		107,088	(132,258)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(211,480)	(194,429)
Short-term borrowings		(579,720)	2,015,499
Long-term financing obtained		-	900,000
Long-term financing repaid	20	(155,714)	(411,429)
Payment of dividend		10	(59,479)
Net cash (used in) / generated from financing activities		(946,904)	2,250,162
Net (decrease) / increase in cash and cash equivalents		(9,184)	6,769
Cash and cash equivalents at the beginning of the year		27,802	21,033
Cash and cash equivalents at the end of the year		18,618	27,802

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended September 30, 2018

Description	Issued, subscribed and paid-up capital	Reserves						Total
		General reserves	Unappropriated profit / (loss)	Actuarial gain / (loss) on defined benefit plan	Fair value gain / (loss) on available-for-sale securities	Surplus on revaluation of property, plant and equipment	Total reserves	
	(Rupees in '000)							
Balance as at October 01, 2016 as originally reported	122,682	34,250	816,685	203,053	1,208,234	-	2,262,222	2,384,904
Adjustment due to change in accounting policy (note 3.24)	-	-	-	-	-	555,749	555,749	555,749
Balance as at October 01, 2016 - as restated	122,682	34,250	816,685	203,053	1,208,234	555,749	2,817,971	2,940,653
Loss after taxation for the year	-	-	(271,315)	-	-	-	(271,315)	(271,315)
Other comprehensive loss for the year	-	-	-	(40,098)	(322,024)	260,822	(101,300)	(101,300)
Total comprehensive loss	-	-	(271,315)	(40,098)	(322,024)	260,822	(372,615)	(372,615)
Transaction with owners								
Final cash dividend for the year ended September 30, 2016 @ Rs. 5/= per share	-	-	(61,341)	-	-	-	(61,341)	(61,341)
Balance as at September 30, 2017 - as restated	122,682	34,250	484,029	162,955	886,210	816,571	2,384,015	2,506,697
Balance as at October 01, 2017	122,682	34,250	484,029	162,955	886,210	816,571	2,384,015	2,506,697
Profit after taxation for the year	-	-	69,534	-	-	-	69,534	69,534
Other comprehensive loss for the year	-	-	-	(73,290)	(257,617)	-	(330,907)	(330,907)
Total comprehensive loss	-	-	69,534	(73,290)	(257,617)	-	(261,373)	(261,373)
Balance as at September. 30, 2018	122,682	34,250	553,563	89,665	628,593	816,571	2,122,642	2,245,324

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Chief Financial Officer

1. GROUP AND ITS OPERATIONS

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

1.1 Mirpurkhas Sugar Mills Limited

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

The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
Head Office	Modern Motors House, Beaumont Road, Karachi.
Registered Office/Factory (Immovable assets)	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh. (Land measuring 575.09 acres and covered area 569,434 sq.ft)

1.2 Mirpurkhas Energy Limited

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

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

Central Power Purchasing Agency Guarantee Limited (CPPA-G) on September 26, 2017 has filed a review petition with NEPRA against the award of tariff by the compitent authority. On April 18, 2018 NEPRA dismissed all the review motions filed by CPPA-G against the tariff. However, NEPRA decided not to make any change with respect to the date of COD and it will continue to be reckoned from the date of award of upfront tariff. Subsequent to NEPRA decision on review motion, CPPA-G has filed a petition against the decision of NEPRA in Honourable Islamabad High Court the Company as respondent, so are eleven other project developers having achieved simillar milestones. NEPRA is also a respondent.

Subsequently, CPPA-G has gone to Islamabad High Court contesting NEPRA regulation per ECC approved Renewable Energy Policy and contesting further certain provisions of the model EPA, that the EPA is an ECC approved model agreement. Summarily, CPPAG is in violation of ECC and NEPRA decisions, and it is contemplating changes in EPA through Court. The decision of Cabinet Committee on Energy ("CCOE") dated January 05,2018 introduced further anomalies. Without due considerations to policy applicable for MEL as per various milestones accomplished before CCOE decision, CCOE imposed unfavorable conditions, prima facie void ab-initio; including among others; competitive bidding tariff procedures, rate of return and project timelines.

Considering all the above factors and uncertainty involved in the project, The Board of Directors in its meeting held on June 6, 2018 decided to not to pursue the power project any further and write off any cost directly related to the power project under the approved policy. Accordingly, Management applied to AEDB, on June 19,2018, for cancellation of LOS; refund of processing fee and release of Performance Guarantee given by the Company. The initial process has been completed and the request has been put forwarded for external legal assessment by AEDB.. The Management is confident of release of Performance Guarantee from AEDB along with release of processing fee from AEDB will be achieved in a faster pace.

In addition to the facts as explained above, the company's shareholders equity is negative by Rs. 4.89 million (2017: against profit of 9.73 million) Ye, it will continue as a going concern for the reason that the parent company has undertaken to provide / arrange necessary finance to meet the requirements as well as draw alternate business plan or revival upon changes in circumstances in future. Hence, the preparation of these financial statements on going concern basis stands justified.

The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	**Address**
Head Office	Modern Motors House, Beaumont Road, Karachi.
Registered Office/Factory	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh.

1.3 Basis of Consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary, herein-after collectively referred to as the Group. A company is a subsidiary if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary companies are prepared for the same reporting period as the Holding Company's, using consistent accounting policies. The assets and liabilities of the subsidiary companies have been consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the subsidiary's share capital. All intra group balances, transactions and unrealised gains/losses resulting from intra-group transactions and dividends are eliminated in full.

1.4 The Summary of significant transactions and events that have affected Group's financial position and performance during the year are as follows:

- Due to first time application of financial reporting requirements under Companies Act, 2017, including presentation and disclosure requirements of the fourth schedule to the Companies Act, 2017, some additional disclosures have been added and some amounts reported for the previous periods have been reclassified. Further, due to such application, the Group accounted for a change in accounting policy relating to surplus on revaluation of fixed assets, as disclosed in note 3.25 to these consolidated financial statements;

- During the year, the Federal Government and Sindh Government had granted a freight subsidy to sugar mills amounting to Rs 10.70 per kg and Rs 9.30 per kg respectively on export of sugar. Since the Group made exports of 74,021 m.tons in the current year, hence an income equivalent to the amount of freight subsidy has been recognized under sugar cane cost.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting & reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Islamic Financial Accounting Standards (IFAS) issued by the institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

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

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

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

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

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

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

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

3.1.1 New standards, interpretations and amendments

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

IAS 7	-	Statement of Cash Flows - Disclosure Initiative (Amendment)
IAS 12	-	Income Taxes – Recognition of Deferred Tax Assets for unrealized losses (Amendments)

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

Further, during the year, the Companies Act 2017, became applicable. The Act has brought certain changes with regard to the preparation and presentation of these Consolidated financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicative disclosures with the IFRS disclosure requirements and incorporation of additional / amended disclosures as amended in notes 1.1, 1.2, 4.5, 6.5, 18.4, 31.2, 31.2.1, 34, 37, 38.1 and 42.

3.2 Significant accounting judgments, estimates and assumptions

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

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

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

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

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

a) Employees retirement benefits

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

b) Property, plant and equipment and intangible assets

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

c) Classification of investments

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

d) Stock-in-trade

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

e) Stores, spare parts and loose tools

These are valued at cost determined on weighted average basis less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

f) Biological assets

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

g) Trade debts, loans and advances and other receivables

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

h) Taxation

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

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

i) Provision for impairment

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

j) Contingencies

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

3.3 Taxation

a) Current

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

b) Deferred

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

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

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

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

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

c) Sales tax and Federal excise duty (FED)

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

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

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

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

3.4 Employees retirement benefits

a) Provident fund scheme

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

	2018	2017
	(Rupees in '000)	
Size of the trust	372,533	395,779
Cost of investments made	285,901	259,094
Fair value of investments	363,588	385,198
	(Percentage)	
Percentage of investments made	97.60	97.33
Loans to employees on mark-up	2.40	2.67
	100	100

The major categories of investments

	(Rupees in '000)	
Government securities	193,238	185,244
Listed securities	126,964	158,334
Units of collective investment scheme	35,504	35,083
Banks	7,882	6,537
	363,588	385,198

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

b) Gratuity scheme

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

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

Principal actuarial assumptions used are as follows:	**2018**	**2017**
	(% per annum)	
Valuation discount rate	9.00	8.00
Expected rate of return on plan assets	9.00	8.00
Expected rate of salary increase	8.00	7.00

The fair value of scheme's assets and the present value of obligation under the scheme at the Statement of Financial Postion date were as follows:

	(Rupees in '000)	
Staff gratuity fund (Asset) / Liability:		
Present value of defined benefit obligation	124,340	95,468
Fair value of plan assets	(227,757)	(266,681)
Asset recognized as at September 30	(103,417)	(171,213)
Amounts charged to statement of profit or loss:		
Current service cost	8,403	5,669
Interest cost	7,239	5,930
Expected return on plan assets	(21,136)	(20,597)
	(5,494)	(8,998)
Total re-measurements chargeable in other comprehensive income:		
Remeasurement loss on obligations	(18,211)	(3,704)
Remeasurement loss on Plan assets	(55,079)	(36,394)
	(73,290)	(40,098)
Movement in (Net Assets) / Liability recognized in the Statement of Financial Postion:		
Balance as at October 1	(171,213)	(202,313)
Net charge for the year	(5,494)	(8,998)
Actuarial loss / (gain) charged to other comprehensive income	73,290	40,098
Balance as at September 30	(103,417)	(171,213)
Movement in the present value of defined benefit obligation:		
Balance as at October 1	95,468	83,440
Current service cost	8,403	5,669
Interest cost	7,239	5,930
Benefits paid during the year	(4,981)	(3,275)
Actuarial loss / (gain)	18,211	3,704
Balance as at September 30	124,340	95,468

Movement in the fair value of plan assets:

	2018	2017
	(Rupees in '000)	
Balance as at October 1	266,682	285,753
Expected return	21,135	20,597
Benefits paid	(4,981)	(3,275)
Actuarial loss	(55,079)	(36,393)
Balance as at September 30	227,757	266,682
Composition of plan assets is as follows		
Government securities	68,480	74,274
Mutual funds / Shares	159,173	192,231
Bank Balances	104	176
	227,757	266,681

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

The return on plan assets was assumed to equal the discount rate. Return on plan assets during 2018 was Rs.33.94 million (2017: Rs.15.79 million), calculated on the basis of market conditions as allowed under IAS-19.

Sensitivity Analysis

Particulars	PVDBO (Rupees in 000')	Percentage Change
Current Liability	124,339	-
+ 1% Discount rate	116,356	(6.42)%
- 1% Discount rate	133,327	7.23%
+1% Salary increase rate	133,874	7.67%
- 1% Salary increase rate	115,737	(6.92)%
+ 10% withdrawal rates	124,317	(0.02)%
- 10% withdrawal rates	124,344	-
1 Year mortality age set back	124,316	(0.02)%
1 Year mortality age set forward	124,361	0.02%

Comparisons with past years

	2018	2017	2016	2015	2014
					(Restated)
	(Rupees in 000)				
Present value of defined benefit obligation	124,340	95,468	83,440	79,242	73,027
Fair value of plan assets	(227,757)	(266,682)	(285,753)	(191,174)	(109,329)
Surplus	(103,417)	(171,214)	(202,313)	(111,932)	(36,302)
Experience adjustments arising on plan liabilities	(18,211)	(3,704)	7,108	5,797	8,204
Experience adjustments arising on plan assets	(55,079)	(36,394)	78,615	70,416	16,417
	(73,290)	(40,098)	85,723	76,213	24,621

Maturity Profile

Particulars	Undiscounted Payments (PKR)
Year 1	5,972,290
Year 2	4,520,588
Year 3	52,583,707
Year 4	7,124,499
Year 5	5,073,948
Year 6 to 10	33,009,569
Year 11 and above	161,502,616

Risks associated with defined benefit plans

Investment Risks:
The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risks:
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risks:
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

3.5 Property, plant and equipment

a) Owned assets

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

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

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

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

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

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

b) Assets subject to finance lease

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

Depreciation is charged to the statement of profit or loss using the same basis as for owned assets.

c) Capital work in progress

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

d) Operating leases / Ijarah contracts

Leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases and Ijarah contracts (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

e) Intangible assets

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

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

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

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

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

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

3.6 Investments

a) In Subsidiary

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

b) In associate

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

c) Available-for-sale securities

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

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

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

d) Held-to-maturity investments

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

e) Designated investments at fair value through profit or loss

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

3.7 Stores, spare parts and loose tools

These are valued at moving average cost. Provision / write-off if required is made for slow moving items, where necessary and recognized in statement of profit or loss.

Items in transit are valued at invoice plus other charges incurred thereon.

3.8 Biological Assets

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

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

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

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

3.9 Stock-in-trade

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

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

3.10 Trade debts

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

3.11 Trade and other payables

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

3.12 Revenue recognition

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

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

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

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

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

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

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

3.13 Foreign currency transactions and translations

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

3.14 Provisions

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

3.15 Borrowing costs

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

3.16 Related party transactions

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

3.17 Financial instruments

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

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

3.18 Offsetting of financial assets and liabilities

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

3.19 Cash and cash equivalents

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

3.20 Dividend and appropriation to reserves

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

3.21 Contingent liabilities

Contingent liability is disclosed when:

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

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

3.22 Contingent Assets

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

3.23 Operating segment

For management purposes, the activities of the Group are organized into one operating segment i.e., manufacturing, marketing and sale of sugar. The Group operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the consolidated financial statements are related to the Group's only reportable segment.

3.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.25 Change in Accounting Policy

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at September 30, 2017			As at September 30, 2016		
	As previously reported	As restated	Restate-ment	As previously reported	As restated	Restate-ment
	(Rupees in '000)					
Effect on statement of financial position						
Surplus on revaluation of property,plant and equipment	816,571	-	(816,571)	555,749	-	(555,749)
Share capital and reserves	-	816,571	816,571	-	555,749	555,749
Effect on statement of changes in equity						
Revaluation surplus on property, plant and equipment	-	816,571	816,571	-	555,749	555,749

	For the year ended September 30, 2017		
	As previously reported	As restated	Restate-ment
	(Rupees in '000)		
Effect on statement of comprehensive income			
Gain on revaluation of free hold land	-	260,822	260,822

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		(Rupees in '000)	
Operating Fixed Assets - owned	4.1	2,346,187	2,274,139
Capital work in progress	4.6	75,100	102,363
		2,421,287	2,376,502

4.1 Following are the statements of operating fixed assets for current and prior years:

2018	Cost			Depreciation				Book value as at Sep. 30, 2018	Deprecia-tion rate per annum / Life
	As at Oct. 01, 2017	Additions/ transfers/ (disposals)	As at Sep. 30, 2018	As at Oct. 01, 2017	Adjustment on disposals	For the year	As at Sep. 30, 2018		
	(Rupees in '000)								
Free hold land (Note 4.4)	855,534	-	855,534	-	-	-	-	855,534	-
Building on free hold land: -Factory	39,986	-	39,986	28,745	-	1,124	29,869	10,117	10%
-Non factory	26,831	-	26,831	20,455	-	637	21,092	5,739	10%
Building on lease hold land: -Non factory	15,211	-	15,211	42	-	507	549	14,662	30 Years
Plant & machinery	1,992,224	3,309 145,896 (11,591)	2,129,838	682,807	(8,712)	69,749	743,844	1,385,994	5%
Furniture & fittings	838	5,168	6,006	571	-	150	721	5,285	5 Years
Vehicles	126,615	4,804 (6,915)	124,504	58,523	(4,550)	13,906	67,879	56,625	20%
Office & other equipment	15,252	1,740 (2,626)	14,366	12,653	(2,582)	809	10,880	3,486	5 Years
Computers & accessories	14,863	6,232 (3,641)	17,454	9,419	(3,549)	2,839	8,709	8,745	3 Years
	3,087,354	21,253 145,896 (24,773)	3,229,730	813,215	(19,393)	89,721	883,543	2,346,187	

2017	Cost / Revaluation			Depreciation				Book value as at Sep. 30, 2017	Deprecia-tion rate per annum / Life
	As at Oct. 01, 2016	Additions/ transfers/ revaluation/ (disposals)	As at Sep. 30, 2017	As at Oct. 01, 2016	Adjustment on disposals	For the year	As at Sep. 30, 2017		
	(Rupees in '000)								
Free hold land (Note 4.4)	584,392	10,320 260,822	855,534	-	-	-	-	855,534	-
Building on free hold land: -Factory	39,986	-	39,986	27,496	-	1,249	28,745	11,241	10%
-Non factory	26,331	500	26,831	19,798	-	657	20,455	6,376	10%
Building on lease hold land: -Non factory	-	15,211	15,211	-	-	42	42	15,169	30 Years
Plant & machinery	1,594,913	9,572 387,739	1,992,224	626,670	-	56,137	682,807	1,309,417	5%
Furniture & fittings	707	131	838	491	-	80	571	267	5 Years
Vehicles	117,489	16,389 (7,263)	126,615	48,213	(5,728)	16,038	58,523	68,092	20%
Office & other equipment	13,831	1,421	15,252	11,855	-	798	12,653	2,599	5 Years
Computers & accessories	9,278	5,773 (188)	14,863	8,008	(187)	1,598	9,419	5,444	3 Years
	2,386,927	59,317 387,739 260,822 (7,451)	3,087,354	742,531	(5,915)	76,599	813,215	2,274,139	

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

	Note	2018	2017
		(Rupees in '000)	
Cost of sales	28	80,657	67,556
Distribution cost	29	153	150
Administrative expenses	30	8,911	8,893
		89,721	76,599

4.1.2 Reconciliation of carrying amount:

	2018	2017
	(Rupees in '000)	
Carrying amount at beginning of the year	2,274,139	1,644,396
Addition during the year	21,253	59,317
Transfer during the year	145,896	387,739
Revaluation of freehold land during the year	-	260,822
Depreciation for the year	(89,721)	(76,599)
Disposal during the year at carrying amount	(5,380)	(1,536)
	2,346,187	2,274,139

4.2 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Plant & Machinery							
High Speed Gear	4,062	2,959	1,103	602	(501)	Negotiation	Hudabiya Engineering Co. (Pvt.) Ltd.
High Speed Gear	4,062	2,959	1,103	602	(501)	Negotiation	Hudabiya Engineering Co. (Pvt.) Ltd.
	8,124	5,918	2,206	1,204	(1,002)		
Vehicles							
Honda Civic VTI Oriel AUM-414 Model 2010	1,970	1,562	409	1,171	762	Negotiation	Mr. Shadab M. Tufail
Suzuki Cultus VXR AUQ-966 Model 2011	896	720	176	224	48	Employee Car Scheme	Mr. Sirajuddin
Suzuki Alto VXR AWR-138 Model 2012	771	578	193	193	-	Employee Car Scheme	Mr. Mustafa Haider
Suzuki Alto VXR AWR-343 Model 2012	771	596	175	543	368	Negotiation	Mr. Muhammad Saleem
Toyota Corolla XLi BFS-940 Model 2016	1,643	438	1,205	1,673	468	Insurance Claim	EFU General Insurance
	6,051	3,893	2,158	3,804	1,646		
Aggregate of assets disposed-off/Written-off having book value below Rs.500,000 each:							
Plant & Machinery	3,467	2,794	673	1,320	647		
Vehicles - Motorcycles	864	657	207	709	502		
Office & Other Equipments	2,626	2,582	44	100	56		
Computers & accessories	3,641	3,549	92	89	(3)		
	10,598	9,582	1,016	2,218	1,202		
2018	24,773	19,393	5,380	7,226	1,846		
2017	7,451	5,915	1,536	2,745	1,209		

4.3 None of the buyers had any relationship with the directors of the Company.

4.4 This includes Rs.816.571 million (2017 : Rs. 816.57 million) in respect of revaluation surplus (Refer note no.19.1). Had the revaluation not been carried out the freehold land would have been stated at Rs.38.96 million (2017: Rs.38.96 million).

4.5 Forced sales value of freehold land is Rs.684.43 million

4.6 Capital work in progress:

	2018	2017
	(Rupees in '000)	
Civil works	9,552	-
Plant and machinery	65,548	100,863
Stores held for capitalisation	-	1,500
	75,100	102,363

4.6.1 Movement in Capital work in progress:

	2018	2017
	(Rupees in '000)	
Balance as at October 1	102,363	392,298
Add: Capital expenditures incurred during the year	118,633	97,804
	220,996	490,102
Less: Transferred to operating fixed assets.	(145,896)	(387,739)
	75,100	102,363

5. INTANGIBLE ASSET

ERP System & Software Licence	COST			AMORTIZATION			Book value as at Sep. 30,	Life
	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30		
	(Rupees in '000)							
2018	14,548	-	14,548	6,290	1,810	8,100	6,448	5 Years
2017	5,500	9,048	14,548	5,500	790	6,290	8,258	5 Years

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

	Note	2018	2017
		(Rupees in '000)	
Cost of sales	28	1,086	474
Distribution cost	29	181	79
Administrative expenses	30	543	237
		1,810	790

5.2 Intangible assets as at September 30, 2018 include items having aggregate cost of Rs. 5.50 million (2017: Rs. 5.50 million) that have been fully amortized and still in use of the Company.

6. LONG TERM INVESTMENTS

In Associates

	Note	2018	2017
Unicol Limited			
50,000,000 (2017: 50,000,000) fully paid ordinary shares of Rs.10/- each			
Equity held: 33.33% (2017 : 33.33%)	6.1	852,413	742,302
Dividend received		(224,999)	-
		627,414	742,302
Share of profit	6.1.2	404,652	110,111
		1,032,066	852,413
UniEnergy Limited			
768,999 (2017:768,999) fully paid ordinary shares of Rs.10/- each			
Equity held: 7.69 % (2017: 7.69%)	6.2	7,661	7,690
Share of loss	6.2.2	(32)	(29)
		7,629	7,661
		1,039,695	860,074
In Term deposit 3 years			
Bank Alfalah Ltd,	6.3	1,591	1,553
		1,041,286	861,627

6.1 Unicol Limited

The Company holds 33.33 percent (2017: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to Statement of profit or loss in accordance with the accounting policy as mentioned in note no.3.6(b) to the annual audited financial statements for the year ended September 30, 2018. The share of Company in the net assets has been determined on the basis of the audited financial statements for the year ended September 30, 2018. The Board of Directors of the Investee Company and Board of Directors of the Company has decided to list the shares of Unicol Limited on Pakistan Stock Exchange (PSX). In this regard, various approvals were sought, required for listing at PSX. However, subsequently due to deteriorating stock market conditions in light of political and economic developments led the Company management to delay the listing process for the time being. When the management decides to attain the status of listing on PSX again , it would revalidate and secure fresh approvals and update the stake holders accordingly.

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

	2018	2017
	(Rupees in '000)	
Non-current assets	946,744	975,043
Current assets	799,253	785,868
	1,745,997	1,760,911
Long-term liabilities	(101,463)	(189,178)
Current liabilities	(612,468)	(719,320)
	(713,931)	(908,498)
Net assets	1,032,066	852,413

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

	2018	2017
Sales	1,722,570	1,485,088
Cost of sales	(1,123,706)	(1,240,480)
	598,864	244,608
Other expenses, income and taxes	(194,212)	(134,497)
	404,652	110,111

6.2 UniEnergy Limited

The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2017: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture 50MW wind power project. The Company is in process of taking various regulatory approvals. This investment in UniEnergy Limited has been accounted for using the Equity method. Share of profit / (loss) arising from the associate has been taken to statement of profit or loss in accordance with the accounting policy as mentioned in note no.3.6(b) to the annual audited financial statements for the year ended September 30, 2018.

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

	2018	2017
	(Rupees in '000)	
Non-current assets	4,299	4,401
Current assets	3,574	3,348
	7,873	7,749
Long-term liabilities	-	-
Current liabilities	(244)	(88)
	(244)	(88)
Net assets	7,629	7,661

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

	2018	2017
Sales	-	-
Cost of sales	(122)	(174)
	(122)	(174)
Other expenses, income and taxes	90	145
	(32)	(29)

6.3 The Company has invested a sum of Rs. 1.50 million in term deposit for a period of three years it carries markup @ 4.95% per annum, payable on maturity (January 16, 2020).

6.4 Investment in associated companies and undertakings have been made in accordance with the requirements of the Companies Act, 2017.

7. LONG-TERM DEPOSITS

	Note	2018	2017
		(Rupees in '000)	
Deposits against ijarah contracts		692	-
Others		616	1,709
		1,308	1,709

8. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2018	2017
Stores		94,198	65,863
Spare parts		140,799	136,665
Loose tools		1,994	1,899
		236,991	204,427
Provision for obsolescence	8.1	(9,505)	(8,822)
		227,486	195,605

8.1 Movement during the year

	2018	2017
Opening Balance	8,822	8,822
Provided during the year	683	-
Closing Balance	9,505	8,822

9. STOCK-IN-TRADE

	Note	2018	2017
Sugar	28	1,072,896	2,027,239
Sugar in process	28	1,556	2,713
		1,074,451	2,029,952

10. BIOLOGICAL ASSETS

	2018	2017
Sugarcane	18,943	56,137
Others	12,009	1,701
	30,952	57,838

Movement during the year

	2018	2017
As at October 01	57,838	61,319
Addition due to cultivation	71,480	78,791
Loss arising from initial recognition of standing crop less cost to sell	(19,627)	(5,331)
Decrease due to harvest sales	(78,739)	(76,941)
	30,952	57,838

10.1 The value of sugarcane crop is based on estimated average yield of 450 maunds per acre (2017: 775 maunds) on cultivated area of 370 acres (2017: 600 acres).

11. TRADE DEBTS - unsecured, considered good

	Note	2018	2017
Neither past due nor impaired			
Export	11.1	-	55,508
Local		37,817	48,561
		37,817	104,069

11.1 This represent export proceeds amounting to USD. Nil (2017: USD.526,500/- relating to export to Yangon, Myanmar.)

12. LOANS AND ADVANCES - unsecured

	Note	2018	2017
		(Rupees in '000)	
Considered good:			
To suppliers		46,627	105,731
To employees classified as recoverable within next twelve months		211	125
Against letters of credit		-	2,260
To sugar cane growers		86,245	112,080
To transport contractors		4,515	2,520
		137,598	222,716
Considered doubtful:			
Sugar cane growers		10,424	6,299
Provision there against	12.1	(10,424)	(6,299)
		-	-
		137,598	222,716

12.1 Movement during the year

Opening balance	6,299	5,400
Provided during the year	4,125	899
Closing balance	10,424	6,299

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Prepaid insurance	1,113	355
Prepaid rent	184	140
Other prepayments	1,259	1,057
Trade deposits	83	83
	2,639	1,635

14. OTHER RECEIVABLES

Sales tax on unlifted sugar		40,340	64,289
Freight subsidy	14.1 & 14.2	397,012	79,045
Staff gratuity fund	14.3	103,417	171,213
		540,769	314,547

14.1 This amount relates to freight subsidy on sugar exports receivable from State Bank of Pakistan. A cash freight subsidy of Rs. 10.70/ kg was announced by Ministry of Commerce vide letter No.7(2)/ 2012-Exp.III, the Company exported 74,021 M.tons of sugar during the year & submitted the total claim of subsidy of Rs. 754.34 million with State Bank of Pakistan and out of that subsidy, the Company has recieved Rs. 357.33 million. The balance subsidy has been accrued in this financial statement.

14.2 During the current financial year the Company has written-off Rs.79.04 million relating to TDAP inland frieght subsidy for the financial year 2013-14 & 2014-15 on export of sugar.

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

15. SHORT-TERM INVESTMENTS

Available-for-sale securities - related parties		
Quoted:		
Cherat Cement Company Limited 5,770,252 (2017: 5,770,252) fully paid ordinary shares of Rs.10/- each	464,794	692,315
Cherat Packaging Limited 1,668,373 (2017: 1,469,933) fully paid ordinary shares of Rs.10/- each	288,695	293,986
	753,489	986,301

16. TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2018	2017
		(Rupees in '000)	
Income tax refundable		206,641	191,023

17. CASH AND BANK BALANCES

	Note	2018	2017
Islamic banks			
Current accounts		441	653
Conventional Banks			
Current accounts		11,063	12,275
Saving accounts	17.1	5,397	13,148
		16,460	25,423
		16,901	26,076
Cash in hand		1,717	1,726
		18,618	27,802

17.1 Effective profit rate in respect of PLS accounts is 4.50% per annum (2017: 3.75% per annum).

18. SHARE CAPITAL

18.1 Authorized capital

2018	2017		2018	2017
(Number of Shares)				
150,000,000	50,000,000	Ordinary shares of Rs. 10/- each	1,500,000	500,000

18.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

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

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

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

18.4 Voting rights, Board selection, right of first refusal and block voting are in proportion to the shareholding.

19. RESERVES

	Note	(Rupees in '000)	
Revenue reserves			
General reserve		34,250	34,250
Unappropriated profit		553,563	484,029
Actuarial gain on defined benefit plan		89,665	162,955
Fair vaue gain on available for sales securities		628,593	886,210
		1,306,071	1,567,444
Surplus on revaluation of Property plant & equipment	19.1	816,571	816,571
		2,122,642	2,384,015

19.1 It represents revaluation of freehold land which had been carried out by independent valuers M/s. K.G. Traders (Pvt.) Limited, to determine the present (realizable) market value by enquiring from local active realtors. Surplus on revaluation of Property, plant and equipment has been disclosed as per requirement mentioned in note. 3.25 of the financial statement.

20. LONG TERM FINANCING - secured

From commercial banks	Mode & commencement of repayment	Security	2018	2017	Markup
			(Rupees in 000)		
Plant Expansion / BMR loans					
Conventional Banks					
Finance 1	Twenty quarterly installments commencing from December, 2017	First pari-passu hypothecation charge on plant & machinery	120,000	150,000	3 months average KIBOR + 0.60%
Finance 2	Twenty quarterly installments commencing from May, 2018	First pari-passu hypothecation charge on plant & machinery	90,000	100,000	3 months average KIBOR + 0.60%
Finance 3	Ten Semi annual installments commencing from Sep. 2018	First pari-passu hypothecation charge on plant & machinery	270,000	300,000	6 months average KIBOR + 0.20%
Finance 4	Twenty eight quarterly installments commencing from July, 2017	First pari-passu hypothecation charge on plant & machinery	492,857	578,571	3 months average KIBOR + 0.20%
			972,857	1,128,571	
Less: Current maturity			195,714	155,714	
			777,143	972,857	

21. DEFERRED LIABILITIES

	Note	2018	2017
		(Rupees in '000)	
Quality premium	26.1.2	-	78,985
Market committee fee		71,326	63,580
Deferred Sugar cane liability	26.1.9 & 26.1.10	418,444	152,392
		489,770	294,957

22. DEFERRED TAX LIABILITY - NET

	2018	2017
Taxable temporary differences arising in respect of:		
- Accelerated tax depreciation allowance and investment	312,616	294,000
Deductible temporary differences arising in respect of:		
- Unabsorbed tax losses, tax credits and others	(218,067)	(165,574)
- Unpaid Liabilities	(20,685)	(19,074)
	(238,752)	(184,648)
	73,864	109,352

23. TRADE AND OTHER PAYABLES

	Note	2018	2017
Creditors		131,106	55,615
Accrued liabilities	26.1.7 & 26.1.8	168,684	152,804
Advances from customers	23.1	183,676	322,827
Withholding tax payable		1,819	635
Sales tax payable		8,561	1,419
Other liabilities		2,593	3,357
		496,439	536,657

23.1 These include the following amounts of advances from related parties:

	2018	2017
Unicol Limited.	38,898	10,573

24. ACCRUED MARK-UP

	Note	2018	2017
		(Rupees in '000)	
Islamic banks			
Short-term borrowings		30,632	20,077
Conventional banks			
Long-term financing		13,448	13,792
Short-term borrowings		11,332	22,648
		55,412	56,517

25. SHORT-TERM BORROWINGS - secured

	Note	2018	2017
Islamic banks			
Short-term running finance		1,000,000	600,000
Conventional banks			
Short-term running finance	25.1	501,122	799,342
Money market loans	25.2	658,500	1,340,000
		2,159,622	2,739,342

This represents utilized portion of short term finance facilities aggregating Rs.4,400 million (2017 : Rs.4,400 million) obtained from various commercial banks. These carry mark-up ranging from KIBOR+0.20% to KIBOR + 0.60% per annum. In case of financing obtained from various Islamic banks, the profit rate ranges from KIBOR + 0.20% to KIBOR + 0.40%. The facilities are secured against registered first pari-passu hypothecation charge over various assets of the Company. These facilities are renewable annually.

This represents Money Market Loans obtained from commercial banks. These loans carry mark-up at KIBOR+0.20% to KIBOR +0.25%.(2017: KIBOR+0.20% to KIBOR +0.25%) The money market loan facility is a sub-limit of regular running finance facility and hence secured against registered first pari passu hypothecation charge over various assets of the Company.

26. CONTINGENCIES AND COMMITMENTS

26.1 CONTINGENCIES:

26.1.1 The Holding Company had filed suits before the Honorable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. the Holding Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. the Holding Company has paid the amount demanded by the Government. The amount has already been charged off in the financial statements. The petition for leave to appeal against the impugned judgement of Honorable High Court of Sindh was filed in Honorable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and finally the Honorable Supreme Court of Pakistan vide its judgment dated February 26, 2018, allowed both appeals filed in Honorable High Court of Sindh with a direction that the Holding Company shall be entitled to exemption under the terms and conditions of SRO 505(I)/90 dated June 7, 1990 for the respective financial years and if any, taxes that are collected by the Excise Authorities, the same should be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such taxes have not been passed on to the general public. In light of the aforesaid judgment, the Holding Company is in the process of consultation with its legal advisors and filing of refund application with Excise Department in order to claim the duty duly paid by the Holding Company.

26.1.2 The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisa per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on overall sucrose recovery of each mill. the Holding Company challenged the levy of quality premium before the Honorable High Court of Sindh, which decided the matter against the Holding Company. Aggrieved with the judgment, the Holding Company has filed an appeal with the Honorable Supreme Court of Pakistan. While admitting the appeal against the impugned judgment of the Honorable High Court, the Honorable Supreme Court granted stay. The Honorable Supreme Court of Pakistan vide its Order dated March 5, 2018, has dismissed the writ petition filed by the Holding Company in Honorable High Court of Sindh relating to impunged Notification of crushing season 1998-99 . the Holding Company has already provided and paid quality premium liability of that crushing season. Furthermore, as per the Supreme Court Order, there is no valid notification for quality premium under section 16 of Sugar cane Act 1950 hence notifications have been issued by the provincial government for the period from 1998-99 till to date, so no liability of quality premium arises between the crushing season 1998-99 till the date of Supreme Court Order dated March 5, 2018.Further, the management also takes consideration of the additional / excess payments made to the cane growers over and above the minimum support price fixed by the Provincial Government which are considered to be all-inclusive (including payment for quality premium). Accordingly, the Holding Company has reversed the provision during the current year.

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

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

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

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

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

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

26.1.8 The Holding Company in 2015 has filed a petition vide CP No. D-2040 of 2015, before the Honorable High Court of Sindh against the orders of Additional / Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 15.75 million on local sales equivalent to exported quantity, on which the Holding Company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. The matter was in adjudication at Appelate Tribunal level. As a result of efforts made by the Holding Company, Appeliate Tribunal decided the matter in favor of the Holding Company and remanded back to the concerned Commissioner Inland Revenue level for further verification and reconciliation. The effect of the order is that alleged demand of Rs. 15.75 million alongwith penalty and default surchage stands deleted. However, as a matter of prudence, the provision has been made in this financial statement.

26.1.9 The matter of fixation of minimum price of sugarcane fixed under two different notifications for crushing season 2014-15 issued by the Government of Sindh is still sub judice before Honorable High Court of Sindh and Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Holding Company on prudence basis has accounted for the liability of sugarcane cost of Rs.152.39 million under notification number 8(142)/S.O(Ext)95-XXIII dated 07-11-2014 in its financial statements for the year ended September 30, 2015. The matter is still in adjudication and Holding Company is contesting the same.

26.1.10 The matter of fixation of minimum price of sugarcane fixed under notification for crushing season 2017-18 issued by the Government of Sindh was challenged in Honorable High Court of Sindh. Honorable High Court vide its decision passed in C.P No. 8666 of 2017 and 7951 of 2017 dated January 30, 2018, after taking consent of all the stakeholder / petitioners of the aforesaid petitions, directed the Sugar mills to pay sugarcane at Rs.160/- per 40kg to the growers for crushing season 2017-18 . The matter is still subjudice before Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Holding Company on prudence basis has accounted for the liability of sugarcane cost of Rs.266.05 million under notification number 8(142)/S.O(Ext)/2017-18 dated December 5, 2017 for the financial year ended September 30,2018.

26.2 COMMITMENTS

	2018	2017
	(Rupees in '000)	
26.2.1 Letters of credit issued by commercial banks - for imported machinery	-	9,354
26.2.2 Letter of guarantee issued by a commercial bank	7,475	8,892

26.2.3 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

	2018	2017
2018-19	549	-
2019-20	549	-
2020-21	549	-
2021-22	549	-
2022-23	503	
	2,699	-
Payable not later than one year	549	-
Payable later than one year but not later than five years	2,150	-
	2,699	-

27. TURNOVER

	Note	2018	2017
		(Rupees in '000)	
Local sales - gross		1,452,430	1,724,102
Less: Duties & taxes		(110,174)	(91,349)
		1,342,256	1,632,753
Export sales		2,828,141	1,169,397
		4,170,397	2,802,150

28. COST OF SALES

		Note	2018	2017
Sugar cane cost			2,429,432	3,813,727
Stores and spare parts consumed			160,612	154,550
Packing material and expenses			54,232	37,982
Salaries, wages and other benefits		28.1	281,965	262,304
Water, fuel and power			22,844	24,420
Insurance			8,203	9,090
Repairs and maintenance			29,119	37,632
Vehicles expenses			13,216	12,542
Sugar handling expenses			7,915	5,609
Other expenses			11,470	15,625
Depreciation		4.1.1	80,657	67,556
Amortization		5.1	1,086	474
			3,100,751	4,441,511
Sugar-in-process	- opening		2,713	3,578
	- closing	9	(1,556)	(2,713)
			1,157	865
			3,101,908	4,442,376
Less:	- sale of molasses	28.2	(254,256)	(323,608)
	- sale of bagasse	28.2	(13,485)	(39,410)
			(267,741)	(363,018)
Cost of goods manufactured			2,834,167	4,079,358
Purchase of finished goods			-	582,090
Finished goods	- opening		2,027,239	214,982
	- closing	9	(1,072,896)	(2,027,239)
			954,343	(1,812,257)
			3,788,510	2,849,191

28.1 This includes Rs. 4.31million (2017: Rs.6.94 million) in respect of staff retirement benefits.

28.2 These figures are net of sales tax of Rs. Nil (2017: Rs. Nil) in respect of molasses and Rs.2.29 million (2017: Rs. 6.82 million) in respect of bagasse.

29. DISTRIBUTION COST

	Note	2018	2017
Salaries, wages and other benefits	29.1	4,805	3,151
Insurance		4,529	3,235
Sugar export freight & port handling expenses		205,935	38,418
Other expenses		5,191	3,048
Depreciation	4.1.1	153	150
Amortization	5.1	181	79
		220,794	48,081

29.1 This includes Rs. Nil (2017: Rs. Nil) in respect of staff retirement benefits.

30. ADMINISTRATIVE EXPENSES

	Note	2018	2017
		(Rupees in '000)	
Salaries, wages and other benefits	30.1	80,943	62,338
Directors' fee		2,360	1,560
Rent, rates and taxes		9,896	2,978
Communication expense		2,997	3,961
Conveyance and travelling		15,847	5,415
Printing and stationery		2,284	214
Entertainment		1,533	1,629
Vehicles expenses		4,170	3,550
Insurance		4,230	3,283
Repairs and maintenance		8,335	5,334
Subscription		2,802	3,395
Legal and professional charges		12,215	11,867
General expenses		2,680	4,129
Utilities		3,021	2,719
Depreciation	4.1.1	8,911	8,893
Amortization	5.1	543	237
		162,767	121,502

30.1 This includes Rs. 2.94 million (2017: Rs. 1.98 million) in respect of staff retirement benefits.

31. OTHER OPERATING EXPENSES

	Note	2018	2017
Auditors' remuneration	31.1	1,201	973
Provision for stores obsolescence		683	-
Project feasibility & evaluation cost		89,795	-
Impairment loss on property plant & equipment		13,604	
Provision against growers loan		4,125	899
Inland freight subsidy charged-off		79,046	-
Net loss from agriculture produce		51,804	-
Exchange loss from export sales		-	912
Charity and donation	31.2	237	384
		240,495	3,168

31.1 Auditors' Remuneration

	2018	2017
Annual audit fee (Parent Company)	790	550
Annual audit fee (Subsidiary)	108	108
Half yearly review fee and consolidation	150	150
Out of pocket expenses	153	164
	1,201	973

31.2 Donations

	2018	2017
Ghulam Faruque Welfare trust	-	171

31.2.1 Recipient of donations do not include any donee in which any director or his spouse had any interest except for donation paid to Ghulam Faruque Trust. Following directors of the Group are also trustees of the said trust:

Mr. Shehryar Faruque
Mr. Aslam Faruque
Mr. Arif Faruque
Mr. Amer Faruque

32. OTHER INCOME

	Note	2018	2017
		(Rupees in '000)	
Income from financial assets			
Dividend income from related parties		39,592	32,718
Profit on PLS and deposit accounts with conventional banks		971	1,219
Mark-up on growers' loans		1,500	528
		42,063	34,465
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	4.2	1,846	1,209
Fair value adjustments / net gain or loss from agriculture produce		-	6,884
Reversal of provision	26.1.2	78,984	-
Exchange gain from Export sales		32,796	-
		113,626	8,093
Other			
Miscellaneous		174	2,375
		155,863	44,933

33. FINANCE COST

	2018	2017
Islamic Banks		
Profit on long-term financing	-	16,797
Profit on short-term borrowings	43,896	58,716
Bank charges	484	340
	44,380	75,853
Conventional Banks		
Mark-up on long-term financing	71,033	45,338
Mark-up on short-term borrowings	93,113	104,907
Bank charges	1,849	2,818
	165,995	153,063
Interest on workers' profit participation fund	-	505
	210,375	229,421

34. TAXATION

	2018	2017
Current	(88,813)	(61,368)
Less: Tax credit u/s 65B	14,920	39,730
	(73,893)	(21,638)
Prior	-	22,707
	(73,893)	1,069
Deferred	35,488	21,814
	(38,405)	22,883

In view of unabsorbed tax losses the Holding Company is only liable to pay minimum tax in the current year at the rate of 1.25% under section 113 of the Income Tax Ordinance, 2001. The assessments of the holding Company for and upto the tax year 2018 have been completed. Provision for taxation as per accounts is the aggregate of current tax expense and prior tax expense recorded in subsequent period.

The Holding company calculates tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analysed as follows:

Tax year	Provision for taxation as per accounts	Tax assessed as per return	Excess
	(Rupees in '000)		
2018	21,637,633	20,816,751	820,882
2017	48,545,832	34,927,771	13,618,061
2016	33,096,107	32,567,160	528,947

35 EARNINGS PER SHARE- BASIC

	2018	2017
	(Rupees in '000)	
Profit / (loss) after taxation	69,534	(271,315)
	Number of Shares	
Weighted average number of ordinary shares in issue during the year	12,268,219	12,268,219
Earnings per share - basic (Rupees)	5.67	(22.12)

35.1 There is no dilutive effect on basic earnings per share of the Company

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

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

36.1 Market risk

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

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

a) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the change in foreign exchange rates. The Group's exposure to the risk arises mainly from future economic transactions or receivables and payables that exist due to transaction in foreign exchange.

Exposure to foreign currency risk

The Group is exposed to foreign currency risk arising from foreign exchange fluctuations primarily with respect to the US $. The Group's exposure to foreign currency risk is as follows:

	2018	2017
	(USD '000')	
Trade debts	-	527
Net exposure	-	527

The Group manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

The following significant exchange rates were applied during the year:

Rupee per USD

Reporting date rate (Buying/Selling)	126.35 / 127.10	106.60 / 107.15

Foreign currency sensitivity analysis

A ten percent strengthening/weakening of the PKR against the USD at September 30, 2018 would have increased/ decreased the equity and profit/ loss after tax by Rs. Nil (2017: Rs. 5.6 million). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for September 30, 2017.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b) Interest rate risk

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

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 64.13 million (2017: Rs. 69.34 million) in profit & loss account before taxation. The analysis made based on the assumption that all other variable remains constant.

c) Price risk

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

At the statement of financial position date, the exposure to listed equity securities at fair value was Rs.753.49 million (2017 Rs.986.30 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.75.35 million (2017: Rs.98.63 million) on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed securities would impact equity in the similar amount but will not have an effect on income unless there is an impairment charge associated with it.

36.2 Credit Risk

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

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

	2018	2017
	(Rupees in '000)	
Deposits	1,391	1,792
Trade debts	37,817	104,069
Advances	86,456	112,204
Short-term investments	753,489	986,301
Bank balances	16,901	26,076
	896,054	1,230,442

36.2.1 Credit quality of financial assets

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

	2018	2017
	(Rupees in '000)	
Trade debts		
Customers with no default in the past one year	37,817	104,069
Advances		
Counter parties without credit rating	86,456	112,204
Short-term investments		
Counter parties with credit rating	464,794	692,315
Counter parties without credit rating	288,695	293,986
Cash at bank		
A1 +	12,296	15,132
A1	372	112
A-1	107	441
A-1+	3,819	5,212
A1 +	16,901	26,076

36.3 Liquidity risk

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

The Group applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at statement of financial position date, the Group has unused credit facilities of Rs. 2,240 million (2017: Rs.1,661 million).

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

	INTEREST BEARING			NON-INTEREST BEARING			2018	2017
	Less than one year	One to five years	Sub Total (a)	Less than one year	One to five years	Sub Total (b)	Total (a+b)	
	(Rupees in '000)							
Financial liabilities:								
Long-term financing	195,714	777,143	972,857	-	-	-	972,857	1,128,571
Deferred liabilities	-	-	-	-	489,770	489,770	489,770	294,956
Short-term borrowings	2,159,622	-	2,159,622	-	-	-	2,159,622	2,739,342
Trade & other payables	-	-	-	302,383	-	302,383	302,383	211,777
Accrued mark-up	-	-	-	55,412	-	55,412	55,412	56,517
Unclaimed dividend	-	-	-	-	7,501	7,501	7,501	7,491
	2,355,336	777,143	3,132,479	357,795	497,271	855,065	3,980,044	4,438,654

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

36.4 Fair value measurement

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

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

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

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

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

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

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

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

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

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

Financial assets measured at fair value

	Total	Level 1	Level 2	Level 3
	(Rupees in 000)			
30 September 2018				
Investment at fair value				
(available-for-sale securities)	753,489	753,489	-	-
Biological Assets	30,952	-	30,952	
30 September 2017				
Investment at fair value				
(available-for-sale securities)	986,301	986,301	-	-
Biological Assets	57,838	-	57,838	

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

36.5 Capital risk management

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

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

The gearing ratios as at September 30, 2018 and 2017 were as follows:

	2018	2017
	(Rupees in '000)	
Total Long-term debt	972,857	1,128,571
Share Capital	122,682	122,682
Reserves	1,306,071	1,567,444
Surplus on revaluation of property, plant and equipment	816,571	816,571
Total Equity	2,245,324	2,506,697
Total Equity and Long-term debt	3,218,181	3,635,268
Gearing ratio	30.23%	31.04%

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Particulars	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Remuneration & bonus	41,546	-	24,396	37,452	19,766	41,286
Housing allowance	1,452	-	8,198	1,452	1,086	14,383
Utilities	250	-	1,822	250	188	3,196
Leave fare assistance	1,999	-	-	1,738	1,738	-
Retirement benefits	4,372	-	1,028	3,802	2,607	2,397
	49,619	-	35,444	44,694	25,385	56,313
No. of persons	1	-	10	1	1	28

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

37.1 The aggregate amount charged in the financial statements for the year for fee to five directors amounted to Rs.1.88 million (2017: 5 directors - Rs.1.32 million).

38. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transactions	2018	2017
		(Rupees in '000)	
Group Companies	Services received	8,399	9,660
	Goods purchased	45,636	36,208
	Dividend received from related party	39,592	32,718
	Dividend paid	-	28,186
	Investment made in related parties	24,805	-
Associated Company	Dividend received from associated company	225,000	-
	Sales made	263,231	336,107
Other related parties	Staff provident and gratuity funds	7,251	4,960

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

38.1 Following are the related parties with whom the Group had entered into transactions or have arrangement / agreement in place.

Name	Basis of association	Aggregate % of Shareholding
Faruque (Pvt) Ltd.	Common directorship	-
Cherat Cement Company Ltd.	Common directorship	3.27
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship	4.97
Greaves Engineering Services (Pvt) Ltd.	Common directorship	-
Greaves Airconditioning (Pvt) Ltd.	Common directorship	-
Madian Hydro Power Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Zensoft (Pvt) Ltd.	Common directorship	-

39. RECENT ACCOUNTING DEVELOPMENTS

Standards, interpretations and amendments issued but not yet effective.

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

Standard or Interpretation			Effective dates (accounting periods beginning on or after)
IFRS 2	-	Share-based Payments - Classification and Measurement of Share- based Payments Transactions (Amendments)	January 1, 2018
IFRS 4	-	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts- (Amendments)	January 1, 2018
IFRS 9	-	Financial Instruments	January 1, 2018
IFRS 9	-	Prepayment Features with Negative Compensation – (Amendments)	January 1, 2019
IFRS 10	-	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate o Joint Venture (Amendment)	Not yet finalized
IFRS 15	-	Revenue from Contracts with Customers	July 1, 2018
IFRS 16	-	Leases	January 1, 2019
IAS 19	-	Plan Amendment, Curtailment or Settlement (Amendments)	January 1, 2019
IAS 28	-	Long-term Interests in Associates and Joint Ventures – (Amendments)	January 1, 2019
IAS 40	-	Investment Property: Transfers of Investment Property (Amendments)	January 1, 2018
IFRIC 22	-	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	-	Uncertainty Over Income tax Treatment	January 1, 2019

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

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standard or Interpretation		IASB Effective dates (annual periods beginning on or after)
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 17	Insurance Contracts	01 January 2021

40. CAPACITY AND PRODUCTION

	2018	2017
No. of days mill operated	143	131
Mill crushing capacity per day (M.tons)	12,500	8,500
Mill crushing capacity on the basis of no. of days (M.tons)	1,787,500	1,113,500
Actual crushing (M.tons)	774,171	738,378
Sugar production (M.tons)	88,183	78,897

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

41. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2018		2017	
	(Number)			
	Total	Factory	Total	Factory
Total number of employees	181	157	184	160
Average number of employees during the year	190	166	189	166

42. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segments.

All sales of the Group comprise of Sugar

Total sales of the Group relating to customers in Pakistan were 34% during the year ended September 30, 2018 (2017: 60%)

All non-current assets of the Group at the end of the current and preeceding year were located in Pakistan.

Sales to 20 major customers of the Group are around 89.66% of the Group's total sales during the year (2017: 94.10%)

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on December 14, 2018 by the Board of Directors of the Group.

44. CORRESPONDING FIGURES

Amounts have been rounded to the nearest thousand rupees unless otherwise stated. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassifications / restatements to these financial statements during the year except as mentioned below:

Reclassification from statement of financial position	Reclassification to statement of financial position	2017 Rupees'000'
Trade and other payables	Unclaimed dividend	7,491
Trade and other payables	Deferred liabilities	152,392
Deferred liabilities	Deferred tax liability-net	109,352

45. DIVIDEND AND APPROPRIATIONS

Subsequent to year ended September 30, 2018, the Board of Directors in its meeting held on December 14, 2018 has proposed final cash dividend @ Rs.1.50/- per share amounting to Rs.18.40 million (2017: Rs.Nil) for approval of the members at the Annual General Meeting.

46. GENERAL

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Chief Financial Officer

Pattern of Shareholding
as at September 30, 2018

Number of shareholders	Shareholding From	To	Shares held
1024	1	100	22,484
351	101	500	87,177
146	501	1000	111,708
194	1001	5000	470,584
49	5001	10000	362,439
22	10001	15000	272,046
10	15001	20000	157,495
5	20001	25000	115,406
3	25001	30000	79,995
2	30001	35000	67,646
3	35001	40000	111,455
2	40001	45000	84,050
2	45001	50000	96,400
1	50001	55000	53,400
4	55001	60000	234,826
2	75001	80000	155,600
4	95001	100000	400,000
1	125001	130000	125,170
1	220001	225000	221,116
1	260001	265000	262,500
1	290001	295000	292,735
1	310001	315000	314,532
1	330001	335000	332,500
1	335001	340000	339,495
1	370001	375000	370,861
1	395001	400000	398,000
1	495001	500000	499,316
1	1145001	1150000	1,147,289
1	5080001	5085000	5,081,994
1,836			**12,268,219**

Categories of Shareholders
as at September 30, 2018

Categories of shareholders	Number of Shareholders	Shares Held	Percentage
Directors, Chief Executive and their spouse(s) and minor children			
MR. SHEHRYAR FARUQUE	1	59,676	0.49
MR. ASLAM FARUQUE	1	16,120	0.13
MR. ARIF DINO FARUQUE	1	27,057	0.22
MR. AMER FARUQUE	1	7,934	0.06
MR. SAMIR MUSTAPHA CHINOY	1	100	0.00
MR. YASIR MASOOD	1	100	0.00
MR. WASIF KHALID	1	7,000	0.06
Associated Companies, undertakings and related parties			
FARUQUE (PRIVATE) LIMITED	1	5,081,994	41.42
GREAVES PAKISTAN (PRIVATE) LIMITED	1	292,735	2.39
CHERAT CEMENT COMPANY LIMITED	1	262,500	2.14
Public Sector Companies and Corporations	10	758,735	6.18
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	12	131,984	1.08
Mutual Funds			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,147,289	9.35
General Public			
a. Local	1770	3,166,711	25.81
b. Foreign	-	-	-
Foreign Companies	2	73,800	0.60
Others	30	1,234,484	10.06
Total	1,836	12,268,219	100.00

Shareholders holding 5% or more	**Shares Held**	**Percentage**
FARUQUE (PRIVATE) LIMITED	5,081,994	41.42
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,147,289	9.35

کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت اسٹیٹمنٹ

"خصوصی کاروبار" سے متعلق اہم حقائق کے اسٹیٹمنٹ کی کارروائی 28 جنوری 2019 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں انجام پائے گی۔ درج ذیل کے بارے میں کمپنی کے ممبران سے منظوری حاصل کی جائے گی:

مالی سال مختتمہ 30 ستمبر 2018 کے دوران میں کمپنی نے اپنی ایسوسی ایٹڈ کمپنیز اور متعلقہ پارٹیز کے ساتھ اپنی پالیسیز اور لاگو قوانین وضوابط کے مطابق لین دین کیا۔ متعلقہ پارٹیز کے ساتھ لین دین کیلئے کمپنیز ایکٹ 2017 کے سیکشن 207 اور 208 کی روسے شیئر ہولڈرز کی منظوری حاصل کرنا ضروری ہے۔ ایسے لین دین کے بارے میں شیئر ہولڈرز کی منظوری حاصل کرنے کیلئے سالانہ اجلاس عام میں ایک خصوصی قرارداد پاس کرنے کی تجویز دی گئی ہے۔

شیئر ہولڈرز سے درخواست ہے کہ وہ ایسے لین دین کی توثیق کریں جو مالی سال مختتمہ 30 ستمبر 2018 کیلئے فنانشل اسٹیٹمنٹس کے نوٹ نمبر 38 میں ظاہر کی گئی ہیں اور اس کے ساتھ بورڈ آف ڈائریکٹرز کو اختیار دیں کہ وہ مالی سال مختتمہ 30 ستمبر 2019 کیلئے متعلقہ پارٹیز اور ایسوسی ایٹڈ کمپنیز کے ساتھ لین دین کے انتظامات کریں۔

مالی سال مختتمہ 30 ستمبر 2018 کیلئے فنانشل اسٹیٹمنٹس کے نوٹ نمبر 38 میں ظاہر کئے گئے لین دین کا پارٹیز کے لحاظ سے بریک اپ درج ذیل ہے

متعلقہ پارٹی کا نام	لین دین کی نوعیت	رقم
زین سوفٹ (پرائیویٹ) لمیٹڈ	خدمات کیلئے ادائیگی	(7,200,000)
گریوز ائیر کنڈیشننگ (پرائیویٹ) لمیٹڈ	خدمات کیلئے ادائیگی	(955,551)
گریوز پاکستان (پرائیویٹ) لمیٹڈ	خدمات کی ادائیگی	(243,580)
گریوز ائیر کنڈیشننگ (پرائیویٹ) لمیٹڈ	خریداری کی گئی	(1,811,214)
گریوز پاکستان (پرائیویٹ) لمیٹڈ	خریداری کی گئی	(1,212,855)
چیراٹ سیمنٹ کمپنی لمیٹڈ	ڈیویڈنڈ کی آمدنی وصول ہوئی	25,966,134
چیراٹ سیمنٹ کمپنی لمیٹڈ	خریداری کی گئی	(4,500,664)
چیراٹ پیکیجنگ لمیٹڈ	سرمایہ کاری کی گئی	(24,805,000)
چیراٹ پیکیجنگ لمیٹڈ	ڈیویڈنڈ کی آمدنی وصول ہوئی	13,626,277
چیراٹ پیکیجنگ لمیٹڈ	خریداری کی گئی	(38,111,069)
یونی کول لمیٹڈ	فروخت کی گئی	263,230,609
یونی کول لمیٹڈ	ڈیویڈنڈ کی آمدنی وصول ہوئی	224,999,986
میرپور خاص انرجی لمیٹڈ	اخراجات کی واپسی کی ادائیگی	1,106,007
میرپور خاص انرجی لمیٹڈ	ایڈوانس ادائیگی کی گئی	4,375,937
پی ایف / جی ایف	اسٹاف کے پروویڈنٹ اور گریجویٹی فنڈ کی ادائیگی	(7,250,976)

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

۵۔ وہ شیئر ہولڈرز جنہوں نے ابھی تک اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹو کاپی جمع نہیں کروائی ہے، ان سے درخواست ہے کہ وہ یہ فوٹو کاپی کمپنی کے شیئر رجسٹرار کو فوری طور پر ارسال کردیں۔

۶۔ کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت لسٹڈ کمپنی ہونے کی صورت میں، کمپنی کی جانب سے اعلان کردہ کسی بھی نقد ڈیویڈنڈ کی ادائیگی براہ راست شیئر ہولڈر کے مقرر کردہ بینک اکاؤنٹ میں الیکٹرونک ذریعہ سے کی جائے۔ لہذٰا کمپنی کے تمام شیئر ہولڈرز سے درخواست ہے کہ وہ ای ڈیویڈنڈ مینڈیٹ فارم پر کریں جو کمپنی کی ویب سائٹ www.gfg.com.pk پر دستیاب ہے اور دستخط شدہ فارم مع CNIC کی کاپی، کمپنی کے رجسٹرار میسرز سی ڈی سی پاکستان لمیٹڈ (سی ڈی سی)، سی ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مین شارع فیصل، کراچی 74400 کو بھجوائیں۔ اگر شیئرز سی ڈی سی میں ہیں تو ای ڈیویڈنڈ مینڈیٹ فارم براہ راست شیئر ہولڈر کے بروکر/شریک/سی ڈی سی اکاؤنٹ سروسز کے پاس جمع کرایا جائے۔ IBAN جمع نہ کرانے کی صورت میں کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشن 2017 کے تحت کمپنی ڈیویڈنڈ کی ادائیگی روک لے گی۔ نیز مجموعی ڈیویڈنڈ، ٹیکس/زکوٰۃ کی کٹوتی اور ڈیویڈنڈ کی خالص رقم کے بارے میں معلومات سینٹرلائزڈ کیش ڈیویڈنڈ رجسٹر (سی سی ڈی آر) کے ذریعہ فراہم کی جائیں گی۔ لہذٰا شیئر ہولڈرز کو چاہیئے کہ وہ خود کو سی ڈی سی کے ای سروس پورٹل https:/eservices.cdcaccess.com.pk پر رجسٹر کروالیں۔

۷۔ شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ FBR کی ویب سائٹ پر دستیاب فعال ٹیکس گزاروں کی فہرست (ATL) میں اپنا نام چیک کرلیں اور اگر ضرورت ہو تو کم ریٹ پر ٹیکس کی کٹوتی کیلئے ATL میں اپنا نام درج کرانے کی کارروائی کریں۔

۸۔ جوائنٹ اکاؤنٹ ہونے کی صورت میں برائے مہربانی شیئر ہولڈنگ کے تناسب سے آگاہ کریں کیونکہ ہر اکاؤنٹ ہولڈر کی انفرادی طور پر فائلر یا نان فائلر کی حیثیت سے جانچ کی جائے گی اور شیئر ہولڈر کی جانب سے فراہم کی گئی شیئر ہولڈنگ کی بنیاد پر ٹیکس کی کٹوتی کی جائے گی۔، ورنہ دونوں کا برابر برابر حصہ سمجھا جائے گا۔

۹۔ ڈیویڈنڈ کی آمدنی پر ودہولڈنگ ٹیکس سے استثنیٰ صرف اسی صورت میں دیا جائے گا جب کارآمد ٹیکس استثنیٰ کا سرٹیفکیٹ کتب کی بندش سے ایک روز قبل سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کے پاس جمع کیا گیا ہوگا۔

۱۰۔ کمپنیز ایکٹ 2017 کے سیکشن 244 کی رو سے کمپنی جب ایک بار مقررہ ضروری امور مکمل کرلے گی تو کوئی بھی ڈیویڈنڈ/شیئر جو واجب الادا ہونے کی تاریخ سے تین سال یا اس سے زیادہ عرصہ تک کلیم نہ کیا جائے گا، وہ (ڈیویڈنڈ ہونے کی صورت میں) وفاقی حکومت کے پاس جمع کرادیا جائے گا یا SECP کے پاس (فزیکل شیئر ہونے کی صورت میں) جمع کرادیا جائے گا۔ جو شیئر ہولڈرز اپنے ڈیویڈنڈ/فزیکل شیئرز ابھی تک حاصل نہ کرسکے ہوں، ان سے درخواست ہے کہ اپنے غیر کلیم شدہ ڈیویڈنڈ یا شیئرز، اگر کوئی ہے تو، حاصل کرنے کیلئے ہمارے شیئر رجسٹرار (سی ڈی سی) سے رابطہ کریں۔

۱۱۔ بحوالہ SECP کے جاری کردہ SRO 787 (1)/2014 مورخہ 8 ستمبر 2014 شیئر ہولڈرز کو یہ اختیار حاصل ہے کہ وہ سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹس اور اجلاس عام کی اطلاع بذریعہ ای میل منگواسکتے ہیں۔ کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ اپنی رضامندی کے سلسلے میں کمپنی کے ہیڈ آفس کو مطلع کریں تاکہ ہم اپنے ریکارڈ کو اپ ڈیٹ کرسکیں کہ آیا وہ آڈٹ شدہ فنانشل اسٹیٹمنٹس اور اجلاس عام کی اطلاع بذریعہ ای میل منگوانے کے خواہشمند ہیں۔ تاہم اس کے علاوہ اگر شیئر ہولڈرز کو آڈٹ شدہ فنانشل اسٹیٹمنٹ کی ہارڈ کاپی حاصل کرنے کی درخواست کرے گا تو اس کی درخواست وصول ہونے کے سات (7) دن کے اندر بلا معاوضہ فراہم کردی جائے گی۔

۱۲۔ ممبران ویڈیو کانفرنس کی سہولت بھی حاصل کرسکتے ہیں۔ اس کے لئے برائے مہربانی درج ذیل معلومات پر کریں اور کمپنی کے ہیڈ آفس میں سالانہ اجلاس عام کے انعقاد سے 10 روز پہلے جمع کرائیں۔ اگر کمپنی ایسے ممبران کی جانب سے جو مجموعی طور پر 10% یا اس سے زیادہ کے شیئر رکھتے ہوں اور ایک ہی جغرافیائی مقام پر رہائش پذیر ہوں تو وہ اجلاس میں بذریعہ ویڈیو کانفرنس شرکت کی رضامندی سے اجلاس منعقد ہونے کی تاریخ سے 10 روز پہلے کمپنی کو مطلع کریں۔ کمپنی ان کے شہر میں، اگر وہاں یہ سہولت دستیاب ہے تو ویڈیو کانفرنس کا انتظام کرے گی۔

"میں/ہم ---------------- سکنہ ---------------- بطور ممبر میرپورخاص شوگر ملز بمطابق رجسٹرڈ فولیو نمبر ---------- ویڈیو کانفرنس کی سہولت کا بمقام ---------- انتخاب کرتا ہوں/ کرتے ہیں۔

یونی انرجی لمیٹڈ میں سرمایہ کاری کی صورتحال

کمپنی نے یونی انرجی لمیٹڈ کی ایکویٹی میں 250 ملین روپے تک کی سرمایہ کاری کیلئے شیئر ہولڈرز کی منظوری حاصل کرلی تھی۔ منصوبہ کی صورتحال اور اس کی مالی ضروریات کے پیشِ نظر کمپنی نے اب تک 7.69 ملین روپے کی سرمایہ کاری کی ہے۔ بقیہ رقم سے میرپورخاص شوگر ملز لمیٹڈ کی جانب سے یونی انرجی لمیٹڈ میں حسبِ ضرورت سرمایہ کاری کی جائے گی۔

میرپورخاص شوگر ملز لمیٹڈ

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کا 54واں سالانہ اجلاسِ عام بروز پیر 28 جنوری 2019 دوپہر 1:30 بجے، درج ذیل امور کی انجام دہی کیلئے کمپنی کے رجسٹرڈ دفتر واقع فیکٹری کی حدود، جمراؤ، عمر کوٹ روڈ میرپورخاص، سندھ میں منعقد ہوگا۔

عمومی امور:

ا۔ کمپنی کے آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 ستمبر 2018 اور ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی اور ان پر غور کرنا۔

۲۔ بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق مالی سال مختتمہ 30 ستمبر 2018 کیلئے حتمی نقد منافع منقسمہ بحساب 15% (1.50 روپے فی شیئر) کی ادائیگی پر غور کرنا اور منظوری دینا۔

۳۔ سال 2018/19 کے لئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔

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

خصوصی امور:

۵۔ درج ذیل قرارداد پر بطور خصوصی قرارداد غور کرنا اور منظوری دینا۔

a) "طے پایا کہ متعلقہ پارٹی یا ایسوسی ایٹڈ کمپنیز کے ساتھ سال مختتمہ 30 ستمبر 2018 کے دوران میں عام کاروباری معاملات کیلئے کئے گئے لین دین کی، جو فنانشل اسٹیٹمنٹ کے نوٹ 38 میں ظاہر کیا گیا ہے، توثیق کی جاتی ہے اور منظوری دی جاتی ہے۔"

b) "مزید طے پایا کہ کمپنی کے بورڈ آف ڈائریکٹرز اس بات کا مجاز ہونگے اور ہے کہ سال مختتمہ 30 ستمبر 2019 کے دوران میں عام کاروباری معاملات کیلئے کئے گئے اور کئے جانے والے لین دین کی منظوری دیں گے۔"

کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت درج بالا خصوصی امور سے متعلق ایک اسٹیٹمنٹ اس نوٹس کے ساتھ منسلک ہے۔

بحکم بورڈ آف ڈائریکٹرز

عابد وزیر

ایگزیکٹیو ڈائریکٹر اور کمپنی سیکرٹری

کراچی، مورخہ 14 دسمبر 2018

نوٹس:

ا۔ کمپنی کے ممبران کا رجسٹر منگل 22 جنوری 2019 تا پیر 28 جنوری 2019 (بشمول دونوں ایام) بند رہے گا اور اس مدت کے دوران میں کوئی منتقلی عمل میں نہیں آئے گی۔ تاہم کمپنی کے شیئر رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان، سی ڈی سی ہاؤس، B-9 بلاک B، ایس۔ ایم۔ سی۔ ایچ۔ ایس، شارع فیصل کراچی -74400 میں پیر 21 جنوری 2019 کو کاروباری اوقات کے اختتام تک موصول ہونے والے شیئرز حتمی نقد منافع کے حقدار تصور کئے جائیں گے۔

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

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

سال کے دوران افرادی قوت اور اجرتی کمیٹی کا ایک اجلاس منعقد ہوا۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ حسب ذیل رہا:

ڈائریکٹر کا نام	اجلاسوں میں حاضری
• جناب انجینئر محفوظ الرحمان پاشا	1
• جناب اسلم فاروق	1
• جناب عامر فاروق	1
• جناب عارف فاروق	1

- شیئر ہولڈنگ کا طرز رپورٹ کے ساتھ منسلک ہے۔
- سال کے دوران چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر اور کمپنی سیکریٹری اور ان کی شریکِ حیات اور ان کے چھوٹے بچوں نے کمپنی شیئرز میں کوئی لین دین نہیں کیا۔ سوائے جناب واصف خالد کے شیئر بیچنے کے۔
- سال کے دوران میں فی شیئر آمدنی 5.97 روپے ہوئی جبکہ اس کے مقابلے میں پچھلے سال (22.01) روپے فی شیئر خسارہ ہوا تھا۔

ڈائرکٹرز کا مشاہرہ

کمپنی کے آرٹیکل کے ذریعہ، بورڈ آف ڈائریکٹرز وقتاً فوقتاً نان ایگزیکٹیو اور آزاد ڈائریکٹرز کے مشاہرے کا تعین کرنے کا مجاز ہے۔ اس سلسلے میں بورڈ نے کمپنی کے نان ایگزیکٹیو اور آزاد ڈائریکٹرز کیلئے ایک ریمونریشن پالیسی وضع کی ہے۔

مستقبل کے امکانات

2018/19 کا کرشنگ سیزن ایک بار پھر کئی چیلنجز والا ہوگا کیونکہ عالمی سطح پر چینی کی افراط جاری ہے۔ صنعت کی کوششوں سے حکومت نے سبسڈی کے ساتھ چینی کی برآمد کا کوٹہ 1.1 ملین ٹن کر دیا ہے۔ وفاقی حکومت سے درخواست ہے کہ فوری طور پر وفاق کے شیئر کی برآمدی سبسڈی 7 بلین روپے مع سندھ اور پنجاب کے صوبائی حصہ کی رقم 7 بلین روپے جاری کر دے۔ اس کے علاوہ ایسوسی ایشن نے یہ بھی درخواست کی ہے کہ سیلز ٹیکس کے مقاصد کیلئے چینی کے تخمینہ کی شرح کو حقیقت پسندانہ رکھا جائے جو اس وقت 60 روپے فی کلوگرام مقرر کر دی گئی ہے جو 6.6 روپے فی کلوگرام پڑتی ہے۔ حکومت سے چینی کی برآمد پر دی گئی فریٹ سبسڈی بھی فوری طور پر جاری کرنے کی درخواست کی گئی ہے جو 13-2012 سے واجب الادا ہے۔ سپریم کورٹ نے کوالٹی پریمیئم کے بارے میں اپنے فیصلے میں حکومت سندھ کو حکم دیا ہے کہ وہ اس کے فیصلے پر عمل درآمد اور کرشنگ سیزن 2018/19 کیلئے گنے کی قیمت کا نوٹیفکیشن جاری کرے۔ اس فیصلے سے سندھ میں چینی کی صنعت پر منفی اثر پڑے گا کیونکہ سندھ میں گنے کی قیمت دوسرے صوبوں کی قیمت سے کہیں زیادہ ہو جائے گی جہاں کوالٹی پریمیئم نہیں ہے۔ اس سے سندھ میں شوگر ملز کی پیداواری لاگت پر گہرا اثر پڑے گا۔

آڈیٹرز

موجودہ آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) ریٹائر ہو گئے ہیں اور اہلیت کی بنیاد پر انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

اعتراف

ہم تمام مالیاتی اداروں کا جن کے ساتھ ہمارے کاروباری تعلقات ہیں اور کسٹمرز کی مسلسل حمایت اور تعاون کے لئے شکریہ ادا کرتے ہیں۔ ہم اپنے عملہ کی لگن، خلوص اور انتھک محنت کیلئے دل کی گہرائیوں سے شکر گزار ہیں۔

منجانب بورڈ آف ڈائریکٹرز

شہریار فاروق	اسلم فاروق	
چیئرمین	چیف ایگزیکٹو	کراچی: 14 دسمبر 2018

- آپ کی کمپنی کے ذمہ ٹیکس، ڈیوٹیز، محصولات اور چارجز کی مد میں کوئی رقم واجب الادا نہیں ہے سوائے ان کے جو عام کاروباری طریقہ کار کے مطابق ادا کئے جاتے ہیں۔
- کمپنی اپنے ملازمین کے پراویڈنٹ اور گریجویٹی فنڈز کے حسابات مکمل رکھتی ہے۔ فنڈز کی سرمایہ کاری کی تفصیلات بمطابق 30 ستمبر 2018 درج ذیل ہے:

پراویڈنٹ فنڈ	364 ملین روپے
گریجویٹی فنڈ	228 ملین روپے

بورڈ آف ڈائریکٹرز

بورڈ کے ڈائریکٹرز کی کل تعداد آٹھ ہے جن کی ترتیب حسبِ ذیل ہے:

• مرد ڈائریکٹرز	8
• خواتین ڈائریکٹرز	-
ا) آزاد ڈائریکٹرز	2
۱۔ جناب سمیر مصطفیٰ چنائے	
۲۔ انجینئر محفوظ الرحمان پاشا	
ب) نان ایگزیکٹو ڈائریکٹرز	4
۱۔ جناب شہریار فاروق	
۲۔ جناب عارف فاروق	
۳۔ جناب عامر فاروق	
۴۔ جناب یاسر مسعود	
ج) ایگزیکٹو ڈائریکٹر	2
۱۔ جناب اسلم فاروق	
۲۔ جناب واصف خالد	

- سال کے دوران میں بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل رہا:

ڈائریکٹر کا نام	اجلاسوں میں حاضری
• جناب شہریار فاروق	4
• جناب اسلم فاروق	5
• جناب عارف فاروق	5
• جناب عامر فاروق	3
• جناب طارق فاروق*	5
• جناب سمیر مصطفیٰ چنائے	3
• جناب یاسر مسعود	5
• انجینئر محفوظ الرحمان پاشا	5
• جناب واصف خالد*	-

*جناب واصف خالد بطور ڈائریکٹر یکم اکتوبر 2018 کو جناب طارق فاروق کی جگہ منتخب ہوئے تھے۔

- سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے تھے۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ حسبِ ذیل رہا:

ڈائریکٹر کا نام	اجلاسوں میں حاضری
• جناب سمیر مصطفیٰ چنائے	4
• جناب یاسر مسعود	4
• جناب شہریار فاروق	3

- کریڈٹ رسک

کمپنی کے تمام مالیاتی اثاثے، سوائے موجود نقد رقم کے، کریڈٹ رسک پر ہیں۔کمپنی کو یقین ہے کہ یہ کریڈٹ رسک میں کوئی بڑا خدشہ نہیں ہے۔ایسے خدشات کو کم سے کم کرنے کیلئے اپنے صارفین اور گروور کو کریڈٹ کی حد مقرر کرنے اور سرمایہ کاری کا تنوع پیش کیا گیا ہے۔

- لیکویڈیٹی رسک

لیکویڈیٹی رسک کے دانشمندانہ منیجمنٹ سے کنٹریکٹ کی شرائط پوری کرنے کیلئے کافی فنڈز کی دستیابی کو یقینی بنایا جاتا ہے۔کمپنی کی فنڈ منیجمنٹ کی حکمت عملی کا مقصد لیکویڈیٹی کو مالیاتی اداروں کے ساتھ داخلی کیش جنریشن اور مضبوط کریڈٹ لائنز کے ذریعہ لیکویڈیٹی کی منیجمنٹ کرنا ہے

- زرمبادلہ کا رسک

غیر ملکی کرنسی کا رسک عام طور پر غیر ملکی کرنسی کے لین دین کے باعث قابل وصولی اور قابل ادائیگی رقومات کی موجودگی کا ہوتا ہے۔کمپنی کا زیادہ تر رسک اپنے پلانٹ اور مشینری کی درآمد اور بیرون ملک مشاورتی خدمات کے حصول کیلئے قلیل المدت USD/PKR کیلئے ہوتا ہے۔

- قرضہ کی واپس ادائیگی

کمپنی نے سال 2018-2017 کے دوران میں باقاعدگی اور مستعدی کے ساتھ اپنے قرض کے واجبات ادا کئے کیونکہ اس کیلئے بجٹ اور پلان پہلے سے تیار کیا گیا تھا۔اس سے نادہندہ ہونے کا رسک کم ہوا اور کمپنی کی مالیاتی حیثیت میں بہتری آئی۔

- ایکویٹی اور کیپٹل منیجمنٹ

ایکویٹی کی مضبوط بنیاد برقرار رکھنا کمپنی کی پالیسی کا حصہ ہے تاکہ سرمایہ کار، کریڈیٹر اور مارکیٹ کے اعتماد کو برقرار رکھا جائے اور کاروبار کے مستقبل کی ڈیولپمنٹ کو مستحکم بنایا جائے۔سال کے دوران میں ایکویٹی کی منیجمنٹ کیلئے کمپنی کے طرز عمل میں کوئی تبدیلی نہیں آئی۔کمپنی کے قرضہ اور ایکویٹی کا موجودہ تناسب 1 :0.67 ہے۔بورڈ آف ڈائریکٹرز اور انتظامیہ کو اعتماد ہے کہ آنے والے سالوں میں کمپنی کے کیپٹل اسٹرکچر میں مزید بہتری آئے گی۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 14 دسمبر 2018 کو ہونے والے اجلاس میں سال مختتمہ 30 ستمبر 2018 کیلئے 15% کے حساب سے سالانہ کیش ڈیویڈنڈ کی تجویز پیش کی۔ممبران سے اس ڈیویڈنڈ کی منظوری کمپنی کے 28 جنوری 2019 کو ہونے والے سالانہ اجلاس عام میں حاصل کی جائے گی۔

اجتماعی سماجی ذمہ داری

کمپنی ہمیشہ پاکستان کے لوگوں، ماحولیات اور فضا کے بارے میں اپنی ذمہ داری سے بخوبی آگاہ رہی ہے اور ہر ایک کی صحت وسلامتی کو یقینی بنانے کیلئے کوشاں رہتی ہے۔اپنی اجتماعی سماجی ذمہ داری کی پالیسیوں کے مطابق کمپنی نے اپنے مینوفیکچرنگ پلانٹ اور گردونواح کے علاقوں کے لوگوں کی زندگی کی مجموعی حالت کو بہتر بنانے کیلئے کام کیا ہے۔انفرااسٹرکچر کی ڈیولپمنٹ اور مسلسل شجرکاری کے ذریعہ لوگوں اور ان کے ماحول کو بہتر بنایا گیا ہے۔کمپنی نے اس کے لئے معروف اداروں کے ساتھ مل کر کام کیا ہے اور ایک بہتر ماحول، بہتر معاشیات اور بہتر پاکستان کیلئے اپنی کاوشیں جاری رکھے گی۔

تحفظ صحت اور ماحولیات

کمپنی کی اپنے لوگوں کے تحفظ کیلئے ایک مضبوط پالیسی ہے کیونکہ ہم سمجھتے ہیں کہ ہمارے لوگ ہمارا سب سے اہم سرمایہ ہیں۔اپنے ورکرز کا تحفظ ہماری اولین ترجیح ہے۔ہمارے پروڈکشن پلانٹس مکمل طور پر صنعت میں تحفظ کے موجودہ معیارات کے مطابق اپ ڈیٹ رہتے ہیں۔

قومی خزانہ میں حصہ

اس سال میرپورخاص شوگر ملز نے ملک کے غیر ملکی ذخائر میں 25.06 ملین یو ایس ڈالر جمع کرائے علاوہ ٹیکسز اور محصولات کی شکل میں قومی خزانے میں 202 ملین روپے جمع کرائے۔

- اجتماعی اور مالیاتی رپورٹنگ فریم ورک پر اسٹیٹمنٹ
- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ میں کمپنی کے معاملات، آپریشنز کے نتائج، نقد رقومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- کمپنی کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
- مالیاتی اسٹیٹمنٹ، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پر ظاہر اور واضح کیا گیا ہے۔
- اندرونی کنٹرول کے نظام کا طریقہء کار نہایت مضبوط ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- کمپنی کے موجودہ صلاحیت کے ساتھ کام جاری رکھنے میں کسی قسم کے شک وشبہ کی گنجائش نہیں ہے۔
- اصول وضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی بات سے انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سال کی بنیادی آپریٹنگ اور مالیاتی معلومات مختصر طور پر منسلک کی گئی ہیں۔

CO_2 کی پیداوار بھی بہتر ہوئی جو گزشتہ سال کے 7,640 میٹرک ٹن کے مقابلے میں اس سال 13,075 میٹرک ٹن حاصل ہوئی اور ڈسٹلری نے 1,213.86 ملین روپے کا تاریخی منافع کمایا۔ یہ شاندار کارکردگی ISO اور FCL کی سیلز کے فرق میں استحکام کے علاوہ مالیاتی چارجز میں کمی کی وجہ سے حاصل ہوئی۔ کمپنی نے راب کی قیمتوں میں اتار چڑھاؤ کے اثرات سے محفوظ رہنے اور راب کے اعلیٰ معیار کو برقرار رکھنے کی غرض سے بڑی مقدار میں راب کو اسٹور کرنے کا عمل جاری رکھا۔ زیر جائزہ سال میں ڈسٹلری نے 57,463 میٹرک ٹن ایتھنول برآمد کی اور مقامی منڈی میں 11,946 میٹرک ٹن CO_2 فروخت کی۔ انتظامیہ کو قوی امید ہے کہ آنے والے سالوں میں یونی کول سے کمپنی اور اس کے شیئر ہولڈرز کو مزید مالیاتی فائدے حاصل ہوں گے۔

میر پور خاص انرجی لمیٹڈ

کمپنی نے میر پور خاص شوگر ملز لمیٹڈ (MSM) کے تحت میر پور خاص انرجی لمیٹڈ (MEL) کے نام سے ایک 100% ملکیتی ذیلی کمپنی قائم کی ہے جو گنے کے پھوگ سے بجلی پیدا کرے گی۔ اس سلسلے میں MEL نے لیٹر آف انٹنٹ (LOI)، جنریشن لائسنس اور نیشنل گرڈ کو پاور کی درخواست کی تھی جو کامیابی کے ساتھ حاصل ہوگئی ہے۔ اس کے علاوہ نیشنل الیکٹرک اور پاور ریگولیٹری اتھارٹی (نیپرا) نے کمپنی کو پیشگی ٹیرف جاری کر دیا ہے۔ MEL کو آلٹرنیٹ انرجی ڈیولپمنٹ بورڈ (AEDB) کی جانب سے لیٹر آف سپورٹ (LOS) بھی موصول ہوگیا ہے۔ اس کے بعد CPPA-G نے ECC کی منظور شدہ ری نیوایبل انرجی پالیسی کے بارے میں نیپرا ریگولیشن اور ماڈل EPA کے مزید بعض پروویژن کے حوالے سے اسلام آباد ہائی کورٹ میں درخواست دی ہے کہ EPA، ECC کا منظور شدہ ماڈل ایگریمنٹ ہے۔ مختصر یہ کہ CPPAG، ECC اور نیپرا کے فیصلوں کی صریح خلاف ورزی ہے اور یہ عدالت کے ذریعہ EPA میں کی گئی تبدیلیوں کا جائزہ لے گا۔ انرجی کے بارے میں کیبنٹ کمیٹی (CCOE) نے 5 جنوری 2018 کو اپنے فیصلے میں مزید بے قاعدگیاں متعارف کروائی ہیں۔ CCOE کے فیصلے سے قبل حاصل کی گئی مختلف کامیابیوں کیلئے MEL پر لاگو پالیسی پر غور کئے بغیر CCOE نے دیکھتے ہی سب سے پہلے ناموافق شرائط نافذ کر دیں جن میں دیگر کے علاوہ مسابقتی بڈنگ ٹیرف کا طریقہ، ریٹرن کی شرح اور پروجیکٹ کی ٹائم لائن شامل ہیں۔

درج بالا عوامل کی روشنی میں اور پروجیکٹ میں غیر یقینی کیفیت پیدا ہونے سے میر پور خاص انرجی لمیٹڈ کے بورڈ آف ڈائریکٹرز نے فیصلہ کیا کہ پاور پروجیکٹ پر مزید کام نہ کیا جائے اور منظور شدہ پالیسی کے مطابق پاور پروجیکٹ سے متعلق براہ راست ہونے والے اخراجات کی تنسیخ کر دی جائے۔ اس فیصلے کے مطابق کمپنی نے میر پور خاص انرجی لمیٹڈ میں کی گئی سرمایہ کاری میں ناقابل وصول رقم کی تنسیخ کر دی ہے۔

نیا پروجیکٹ

MSM نے ڈوئل فیول کوئلہ / گنے کے پھوگ پر مبنی کیپٹیو 26MW پاور پلانٹ لگانے کا فیصلہ کیا ہے جو کمپنی اور اس کے دیگر کاروبار کو پاور فراہم کرے گا۔ ملک میں تعمیرات کی صنعت کے فروغ اور گنے کے پھوگ پر مبنی پاور کی دستیابی کا فائدہ اٹھاتے ہوئے، MSM کے بورڈ آف ڈائریکٹرز نے TMT اسٹیل ری بار مینوفیکچرنگ پلانٹ لگانے کا فیصلہ کیا ہے۔ پلانٹ میں 150,000-200,000 ٹن سالانہ میلٹنگ اور ری رولنگ کی گنجائش ہوگی۔ اسٹیل پلانٹ کے ساتھ پاور پلانٹ کے قیام سے کمپنی کو اپنے کاروباری عمل میں تنوع لانے کا موقع ملے گا۔ اس کے علاوہ یہ کمپنی کی آمدنی میں اضافہ کا سبب بھی ہوگا، جس سے منافع بھی بڑھے گا اور اس کے نتیجے میں شیئر ہولڈرز کو بھی معقول مالی منافع حاصل ہوگا۔ مالیاتی تکمیل کے بعد پروجیکٹ کو آپریشنل ہونے میں 30-24 ماہ کا عرصہ لگے گا۔

گزشتہ چھ ماہ سے جاری موجودہ معاشی غیر یقینی کیفیت، بڑھتی ہوئی شرح سود، پاکستانی روپے کی قدر میں تیزی سے کمی کے ساتھ ساتھ مجموعی معاشی سست روی کے پیش نظر کمپنی کی انتظامیہ بہترین صورتحال کی ڈیولپمنٹ کیلئے کام کر رہی ہے جو پروجیکٹ کو جزوی یا مکمل طور پر قیام کو ممکن بنا سکے۔

یونی انرجی لمیٹڈ

یونی انرجی لمیٹڈ کو جو ونڈ پاور پروجیکٹ کا جوائنٹ وینچر ہے، جھمپیر، ضلع ٹھٹھہ میں پروجیکٹ کے قیام کیلئے لیٹر آف انٹنٹ (LOI) حاصل ہوگیا ہے اور باقاعدہ طور پر زمین بھی الاٹ ہوگئی ہے۔ JV پارٹنرز نے پروجیکٹ کی جاری مالی ضروریات کیلئے کمپنی میں ابتدائی ایکویٹی کی سرمایہ کاری کر دی ہے۔ اس سلسلے میں میر پور خاص شوگر ملز نے شیئر ہولڈرز کی منظوری سے 7.69 ملین روپے کی ایکویٹی سرمایہ کاری کر دی ہے۔ تاہم حکومت نے اب تک پروجیکٹ کے ٹیرف کا نوٹیفکیشن جاری نہیں کیا ہے۔

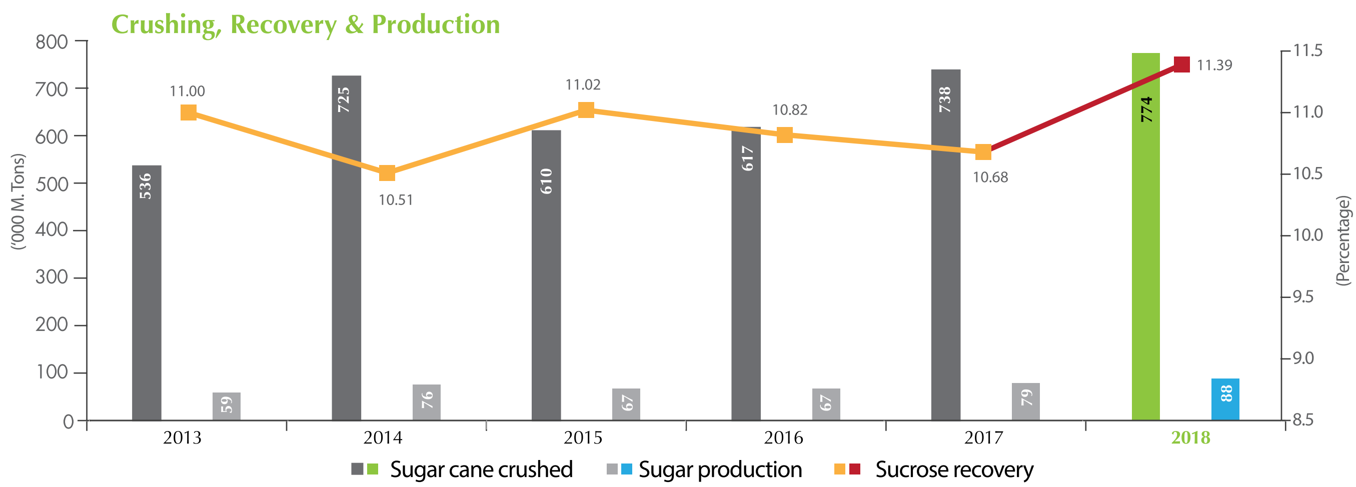
خدشات اور مواقع

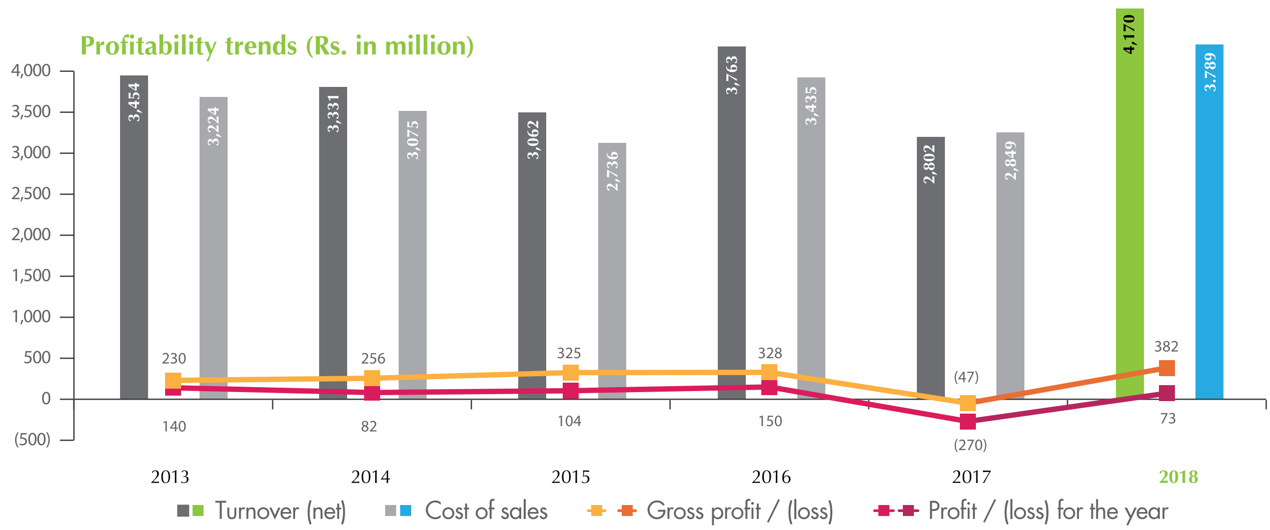
- **رسک منیجمنٹ**

اپنی ذمہ داری سمجھتے ہوئے بورڈ آف ڈائریکٹرز نے ہمیشہ سماجی معاشی ماحول اور اس سے متعلق داخلی اور خارجی رسک پر جو کمپنی کی سیفٹی اور رواں آپریشن پر اثر انداز ہو سکتے ہوں گہری نظر رکھی ہے اور تمام اسٹیک ہولڈرز کے کیئر ٹیکر کی حیثیت سے ڈائریکٹرز نے سال بھر ہر طرح کے رسک کی شناخت اور اس کو ختم کرنے پر توجہ مرکوز رکھی ہے۔ بورڈ آف ڈائریکٹرز نے ممکنہ خدشات کی نشاندہی کی، کمپنی پر ان کے اثرات کا جائزہ لیا اور کاروبار کے کسی اور تمام متوقع خدشات کے خاتمے کیلئے حکمت عملی تشکیل دی۔ یہ حکمت عملی آڈٹ کمیٹی کے ذریعہ کمپنی کی پوری حدود میں نافذ کی گئی تاکہ رسک کے خاتمے میں کوئی رکاوٹ باقی نہ رہے۔

- **رسک کی جانچ**

کاروبار میں کئی طرح کی غیر متوقع صورتحال کا سامنا کرنا پڑتا ہے جو اس کے اہداف کیلئے خطرناک ہو سکتے ہیں اور اس کا سدباب نہ کیا جائے تو ایسے نقصانات ہو سکتے ہیں جن سے بچا جا سکتا تھا۔ کمپنی کے بورڈ آف ڈائریکٹرز نے داخلی اور خارجی خدشات جو کمپنی کو درپیش ہو سکتے ہیں کیلئے ایک دانشمندانہ اور بھرپور تجزیہ کیا ہے۔





مالیاتی کارکردگی

سال کے دوران میں کمپنی نے 101,496 میٹرک ٹن چینی فروخت کی جب کہ گزشتہ سال 51,937 چینی فروخت ہوئی تھی۔ کمپنی کی فروخت کی کل مقدار کا تقریباً 73% برآمد کیا گیا۔ ملک میں چینی کی اضافی پیداوار کے سبب اس سال وفاقی حکومت نے دوملین میٹرک ٹن چینی برآمد کرنے کی اجازت دیدی اور شوگر کی صنعت کو گنے کی قیمت کی ادائیگیوں میں مدد کیلئے فریٹ سبسڈی کے طور پر 10.70 روپے کلو کی قیمت پیش کی۔ یہ سبسڈی حکومت سندھ کی جانب سے 18-2017 کے سیزن میں ہر شوگر مل کو زیادہ سے زیادہ 20,000 میٹرک ٹن چینی کی برآمد پر 9.30 روپے فی کلو کی سبسڈی کے اعلان کے علاوہ تھی۔ سال کے دوران میں کمپنی نے حکومت سندھ کی جانب سے اپنا مکمل شیئر وصول کرلیا جب کہ وفاقی حکومت کی جانب سے اعلان کردہ سبسڈی کے نمایاں حصہ کی وصولی ابھی باقی ہے۔ سال کے دوران میں کمپنی نے 39.59 ملین روپے کی ڈیویڈنڈ کی آمدنی حاصل کی۔ اس کے علاوہ منافع کے ایک تہائی حصہ کی رقم مبلغ 404.62 ملین روپے یونی کول لمیٹڈ کی مد میں رہا اور اس رقم کو ایسوسی ایٹڈ میں سرمایہ کاری کیلئے ایڈجسٹ کیا گیا۔

	2017	2018
	(روپئے: ملین میں)	
خالص سیلز	2,802.15	4,170.40
سیلز کی لاگت	(2,849.19)	(3,788.51)
مجموعی منافع	(47.04)	381.89
دیگر آمدنی	44.93	155.86
شراکت میں منافع کا حصہ	110.08	404.62
دیگر اخراجات اور ٹیکسز	(378.01)	(869.13)
خالص منافع/(نقصان)	(270.04)	73.24

یونی کول لمیٹڈ

یہ جوائنٹ وینچر ڈسٹلری پروجیکٹ اپنی بھرپور پیداوار کے ساتھ کام کررہا ہے۔ ایتھنول اور CO_2 دونوں پلانٹس کی کارکردگی بہتر رہی۔ ایتھنول کی پیداوار میں بہتری آئی ہے جو 59,287 میٹرک ٹن ہوئی جبکہ گزشتہ سال کی پیداوار 57,867 میٹرک ٹن تھی۔

ممبران کیلئے ڈائریکٹرز کی رپورٹ

برائے سال مختتمہ 30 ستمبر 2018

بورڈ آف ڈائریکٹرز آپ کے سامنے کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 ستمبر 2018 پیش کرتا ہے۔

عمومی جائزہ

سال 2017/18 شوگر کی صنعت کیلئے چیلنج والا سال تھا۔ حکومت کی جانب سے چینی کی مقرر کردہ قیمت کافی زیادہ تھی جب کہ چینی کی قیمتِ فروخت کم تھی جس سے اس صنعت کو بھاری نقصان اٹھانا پڑا۔ 2017/18 کے دوران میں ملک میں چینی کی کل پیداوار 6.6 ملین ٹن رہی اور 2016/17 کے بقیہ اسٹاک سے تقریباً 2 ملین ٹن شامل کر کے چینی کی کل دستیاب مقدار 8.6 ملین ٹن رہی۔ جب کہ اس کی کھپت یا سالانہ طلب 5.6 ملین ٹن ہے۔ اس طرح 3 ملین ٹن اضافی مقدار رہی۔ اس اضافی مقدار کیلئے گزشتہ حکومت نے ایک اقدام اٹھایا اور سبسڈی پر مبنی 2 ملین ٹن کی برآمد کا اعلان کیا جس کو شوگر کے شعبہ نے پوری طرح استعمال کیا۔

آپریٹنگ کی کارکردگی

2017/18 کے کرشنگ کے سیزن میں جو 28 نومبر 2017 کو شروع ہوا تھا، پلانٹ نے 143 دن کام کیا جب کہ گزشتہ سیزن میں 131 دن کام ہوا تھا۔ فیکٹری میں 774,171 میٹرک ٹن گنا کرش کیا گیا جس سے اس سیزن میں 88,183 میٹرک ٹن چینی حاصل ہوئی۔ اس کے مقابلے میں گزشتہ سال 738,378 میٹرک ٹن گنے سے 78,897 میٹرک ٹن چینی کی پیداوار حاصل ہوئی تھی۔ زیرِ جائزہ مدت میں کمپنی نے اب تک کی سب سے زیادہ یعنی 11.39% شکر (2017: 10..68%) حاصل کی جو سندھ اور پاکستان میں دوسرے نمبر پر سب سے زیادہ مقدار تھی۔
اس کے علاوہ کمپنی میں 38,725 میٹرک ٹن راب بھی پیدا ہوئی جب کہ گزشتہ سال اسی مدت میں 34,860 میٹرک ٹن راب حاصل ہوئی تھی۔

موجودہ سال اور گزشتہ سال کی بنیادی تقابلی معلومات درج ذیل ہیں:

	2018	2017
• سیزن کا آغاز	Nov 28, 2017	Nov 15, 2016
• آپریٹ کے کل دن	143	131
• کرش کیا گیا گنا (میٹرک ٹن)	774,171	738,378
• چینی کی پیداوار (میٹرک ٹن)	88,183	78,897
• راب (شیرہ) کی پیداوار (میٹرک ٹن میں)	38,725	34,860
• خام شکر کا حصول (%)	11.39	10.68
• چینی کی فروخت (میٹرک ٹن میں)	101,496	51,937

Proxy Form

Mirpurkhas Sugar Mills Limited
54th Annual General Meeting 2018

IMPORTANT
Instrument of Proxy will not be considered as valid unless it is deposited or received at the Company's Head Office at Modern Motors House, Beaumont Road, Karachi-75530 not later than 48 hours before the time of holding the meeting.

Registered Folio/ Participant's
ID No. & A/c No. ____________________
____
No. of Shares held ____________________

I / We ____

of ____

being member of Mirpurkhas Sugar Mills Limited, hereby appoint ______________________

______________________ of ______________________

another member of the Company as my/our proxy to attend, speak & vote for me/us and on my/our behalf at the 54th Annual General Meeting of the Company will be held on Monday, January 28, 2019 at 1:30 p.m. at the Registered Office of the Company at Factory Premises Jamrao, Umerkot Road, Mirpurkhas, Sindh and at any adjournment thereof.

WITNESSES

1. Signature ______________________
   Name ______________________
   Address ______________________
   ____
   CNIC or Passport No. ______________________

Signature of Shareholder

Please affix Revenue Stamp

2. Signature ______________________
   Name ______________________
   Address ______________________
   ____
   CNIC or Passport No. ______________________

Note: SECP's Circular of January 26, 2000, is on the reverse side of this from.

میرپور خاص شوگر ملز لمیٹڈ
54 واں سالانہ اجلاس عام

پراکسی فارم

رجسٹرڈ فولیو نمبر/ پارٹیسپنٹ شناخت نمبر ____________
اکاؤنٹ نمبر ____________
____
مجموعی شیئرز ____________

اہم نوٹ

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

میں مسمی / مسماۃ ____________ سکنہ ____________

ضلع ____________ بحیثیت ممبر میرپور خاص شوگر ملز لمیٹڈ، مسمی / مسماۃ ____________

سکنہ ____________ کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تا کہ وہ میری جگہ

اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام (یا جو بھی صورت حال ہو)، جو مورخہ 28 جنوری 2019 دوپہر 1:30 بجے بروز پیر بمقام فیکٹری جمراؤ، عمرکوٹ روڈ، میرپور خاص سندھ میں منعقد ہو رہا ہے، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

ریونیو
اسٹیمپ

دستخط شیئر ہولڈر

گواہان

1 دستخط ____________
نام ____________
پتہ ____________
CNIC / پاسپورٹ نمبر ____________

2 دستخط ____________
نام ____________
پتہ ____________
CNIC / پاسپورٹ نمبر ____________

نوٹ: ایس ای سی پی کا سرکلر بتاریخ 26 جنوری 2000 منسلک ہے۔

E-Dividend Mandate Form

Mirpurkhas Sugar
Mills Limited

To: Date: ____________

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Shareholder's Detail	
Name of Company	Mirpurkhas Sugar Mills Limited
Name of shareholder	
Folio No./CDC Participants ID A/c No.	
CNIC No	
Passport No. (in case of foreign shareholder)	
Cell Number & Land Line Number	
Email Address (Mandatory)	

Shareholder's Bank Detail	
Title of Bank Account (Mandatory)	

International Bank Account Number (IBAN) □ Mandatory (24 Digits)

P	K																						

Bank's Name

Branch Name and Address	

It is stated that the above mentioned information is correct and in case of any change therein, I will immediately intimate Participant / Share Registrar accordingly.

Yours sincerely,

____

Signature of Shareholder
(Please affix company stamp in case of corporate entity)

Notes:
COMPANY WITHHOLD THE PAYMENT OF DIVIDEND OF A MEMBER WHERE THE MEMBER HAS NOT PROVIDED THE COMPLETE INFORMATION OR DOCUMENTS AS SPECIFIED.

The shareholders who hold shares in Central Depository Company are requested to submit the above- mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the Central Depository Company of Pakistan Limited where Member's CDC account is being dealt.The shareholders who hold shares in physical form are requested to submit the above mentioned Dividend Mandate Form, duly filled-in, to the share Registrar of the Company, as mentioned below:

M/s Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi-74400, Pakistan
Tel: 0800-23275, 111-111-500, Fax: 021-34326053

Circular

Securities and Exchange Commission of Pakistan
STATE LIFE BUILDING # 7, BLUE AREA, ISLAMABAD

Islamabad, January 26, 2000.

Circular No.1 of 2000

Sub : GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES

The shares of a number of listed companies are now being maintained as "book entry security"on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instructions to be issued in this regard the following guidelines for the convenience of the listed companies and the beneficial owners are laid down :

A. Attending of meeting in person by account holders and/or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS :

(1) The Company shall obtain list of beneficial owners from the CDC as per regulation # 12.3.5 of the CDC Regulations.

(2) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up loaded as per the regulations, shall authenticate his identity by showing his orignal National Identity Card (NIC) or original Passport at the time of attending the meeting.

(3) In case of Corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. Appointment of proxies :

(1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per requirement notified by the Company.

(2) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

(3) Attested copies of NIC or the Passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

(4) The proxy shall produce his orignal NIC or original Passport at the time of the meeting.

(5) In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted alongwith Proxy Form to the Company.

sd
(M. Javed Panni)
Chief (Coordination)

GHULAM FARUQUE GROUP

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