31st Annual Report
2017

C O N T E N T S

COMPANY'S INFORMATION

DIRECTORS	Mr. Hameedullah Khan Paracha	Chairman
	Mr. Masood Ahmed	Vice Chairman
	Syed Shafqat Ali Shah	Managing Director & Chief Executive
	Mr. Feroz F. Golwalla	
	Mrs. Shamim Noor Shah	
	Syed Muhammad Ali Shah	
	Syed Taimur Ali Shah	
	Syed Reza Ali Shah	
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Mr. Iqbal-ur-Rahman	
AUDITORS	Rahman, Sarfaraz Rahim Iqbal Rafiq Chartered Accountants Plot No. 180, Block-A, S.M.C.H.S., Karachi-74400.	
HEAD OFFICE	Matiari House, C-48, K.D.A. Scheme No. 1, Karachi-75350.	
FACTORY	Matiari/Nasarpur Road, Matiari, District Matiari.	
WEBSITE & EMAIL	www.matiarisugar.com msm@matiarisugar.com	

NOTICE OF 31ST ANNUAL GENERAL MEETING

NOTICE is hereby given that 31st Annual General Meeting of the Company will be held on Saturday 27th January, 2018 at 11:00 a.m. at the registered office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting held on 31st January, 2017.

2. To receive, consider and adopt the audited accounts for the year ended 30th September, 2017 together with the Directors' and Auditors' Report.

3. To approve 35% interim cash dividend for the year ended 30th September, 2017 as recommended by the Board of Directors.

4. To appoint Auditors of the Company for the Year 2017-2018 and to fix their remuneration.

5. To transact any other ordinary business with the permission of the Chair

By the order of the Board

IQBAL-UR-RAHMAN
Company Secretary

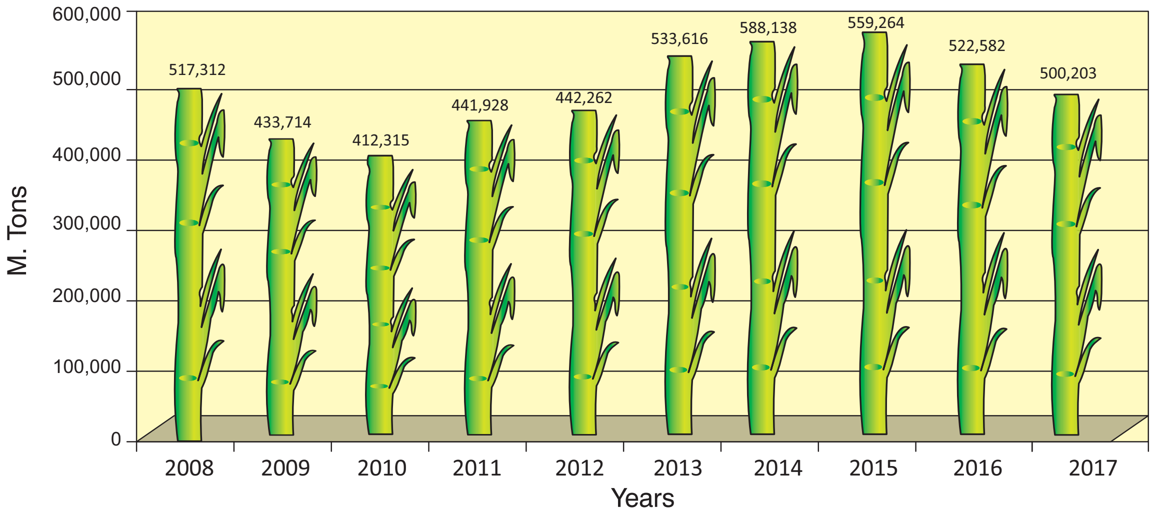
Karachi
Dated: **05th January, 2018**

TEN YEARS' REVIEW

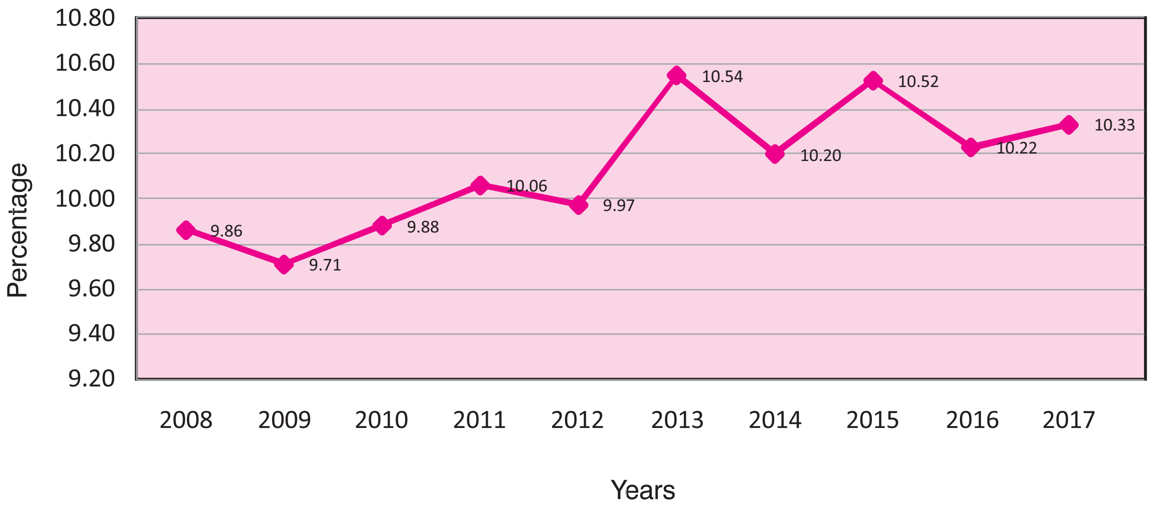
DESCRIPTION	1 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017
PRODUCTION										
No. of days of season	156	126	121	157	123	153	161	159	148	140
Cane crushed - Tons	517,312	433,714	412,513	441,928	442,262	533,616	588,138	559,264	522,582	500,203
Recovery%	9.86	9.71	9.88	10.03	9.97	10.54	10.20	10.52	10.22	10.33
Sugar made - Tons	51,005	42,107.5	40,759.5	44,445.0	44,098.5	56,259.5	59,969.5	58,847.5	53,427.5	51,656.5
Molasses - Tons	27,920	21,420	18,630	19,886.0	20,380	24,530	27,194	25,055	24,468	22,205
OPERATING RESULTS										
Sales	857,382,692	1,635,602,583	2,140,909,100	2,609,680,867	2,182,939,160	2,702,863,375	2,784,391,542	2,914,709,123	2,730,108,987	2,241,468,665
Cost of sales	709,077,998	1,334,255,372	1,787,284,598	2,146,913,095	1,970,202,855	2,498,612,712	2,583,078,598	2,559,748,362	2,579,204,449	2,262,912,508
Gross profit / (Loss)	148,304,694	301,347,211	353,624,502	462,767,772	212,736,305	204,250,663	201,312,944	354,960,761	150,904,538	(21,443,843)
Operating profit / (Loss)	104,159,207	264,481,757	306,895,822	389,413,751	125,732,936	79,901,514	105,191,671	251,998,850	51,332,860	(134,518,673)
Profit / (Loss) before taxation	67,757,171	186,518,901	245,960,351	328,850,457	158,217,785	72,823,339	133,300,141	211,103,345	54,702,610	(59,734,309)
Profit / (Loss) after taxation	62,733,739	144,382,049	157,214,201	198,751,961	127,646,220	122,564,380	90,948,581	136,285,096	58,003,358	(55,982,699)
Gross profit / (Loss) (percentage)	17.30	18.42	16.52	17.73	9.75	7.56	7.23	12.18	5.53	(0.96)
Operating profit / (Loss) (percentage)	12.15	16.17	14.33	14.92	5.76	2.96	3.78	8.65	1.88	(6.00)
Profit / (Loss) before tax (percentage)	7.90	11.40	11.49	12.60	7.25	2.69	4.79	7.24	2.00	(2.66)
Profit / (Loss) after tax (percentage)	7.32	8.83	7.34	7.62	5.85	4.53	3.27	4.68	2.12	(2.50)
Growth in net profit / (Loss) after tax (percentage)	206.68	56.55	8.16	20.90	(55.71)	(4.15)	(34.76)	33.27	(134.96)	203.61
Raw materials percent of sales	94.07	65.93	81.39	83.06	81.50	89.92	91.69	82.42	91.59	91.17
Labour percent of sales	7.59	4.91	3.91	3.95	4.78	4.68	4.73	5.39	6.16	6.97
Administrative expense percent of sales	4.85	2.15	2.14	1.84	2.58	2.71	2.71	2.90	3.36	4.08
Selling expenses percent of sales	0.30	0.10	0.04	0.06	0.86	1.66	0.39	0.09	0.13	0.06
Financial expenses percent of sales	4.45	4.22	3.20	3.54	3.54	3.64	2.46	2.43	2.24	4.21
Income tax percent of sale	0.19	2.58	4.15	4.99	1.40	1.36	1.52	2.57	0.12	0.14
Repayment of long term financing										
Principal - Rs.	59,101,257	112,011,168	95,050,519	116,149,065	127,757,884	121,271,618	107,093,543	108,800,223	65,910,673	70,147,620
Mark-up - Rs.	52,747,428	93,699,342	69,670,620	86,643,816	81,655,546	95,665,134	69,242,087	72,811,993	10,776,783	24,223,126
Payment to Employees										
Bonus - Rs.	7,613,510	7,535,426	8,016,394	9,014,385	9,091,925	10,495,290	13,591,234	14,489,619	15,359,021	15,359,021
W.P.P. Fund - Rs.	3,387,859	9,816,784	9,816,784	23,732,871	11,726,130	11,726,130	3,943,712	7,158,976	2,937,842	-
SHAREHOLDERS' EQUITY										
Paid up capital	65,250,000	65,250,000	65,250,000	65,250,000	65,250,000	65,250,000	65,250,000	65,250,000	65,250,000	65,250,000
Bonus shares	65,250,000	78,300,000	121,365,000	140,026,500	160,554,150	160,554,150	160,554,150	160,554,150	160,554,150	183,134,300
	130,500,000	143,550,000	186,615,000	205,276,500	225,804,150	225,804,150	225,804,150	225,804,150	225,804,150	248,384,300
Reserves and surplus	113,502,209	223,203,530	245,887,142	379,195,366	657,747,862	727,522,505	847,315,760	897,870,108	836,145,446	1,034,550,757
Earning / (Loss) per share (before tax)	5.19	12.99	13.18	16.02	7.01	3.23	5.90	9.35	2.42	(2.40)
Earning / (Loss) per share (after tax)	4.81	10.06	8.42	9.68	5.65	5.43	4.03	6.04	2.57	(2.25)
Book value per share	18.70	25.55	23.18	28.47	39.13	42.22	47.52	49.76	47.03	51.65
Dividend										
Amount - Rs.	13,050,000	57,420,000	74,646,000	74,646,000	82,110,600	90,321,660	45,160,830	90,321,660	135,482,490	112,902,075
Percentage	10%	40%	40%	40%	40%	40%	20%	40%	60%	50%
Interim Dividend										
Amount - Rs.	-	-	-	-	-	45,160,830	-	-	-	-
Percentage	-	-	-	-	-	20%	-	-	-	-
Bonus Shares										
Amount - Rs.	13,050,000	43,065,000	18,661,500	20,527,650	-	-	-	-	-	22,580,150
Percentage	10%	30%	10%	10%	-	-	-	-	-	10%
FINANCIAL POSITION										
Current ratio	1 : 1	1 : 1.11	1 : 1.13	1 : 1.13	1 : 1.15	1 : 0.84	1 : 1	1 : 1.02	1 : 1.46	1 : 1
Acid test ratio	0.85 : 1	0.46 : 1	0.35 : 1	0.45 : 1	0.28 : 1	0.44 : 1	0.25 : 1	0.13 : 1	0.12 : 1	0.3 : 1
Number of times interest earned	2.78	3.70	4.59	4.56	3.05	1.74	2.94	3.98	1.89	0.48
Debt equity ratio	38 : 62	17 : 83	21 : 79	16 : 84	15 : 85	11 : 89	15 : 85	10 : 90	13 : 87	32 : 68

PERFORMANCE REPORT

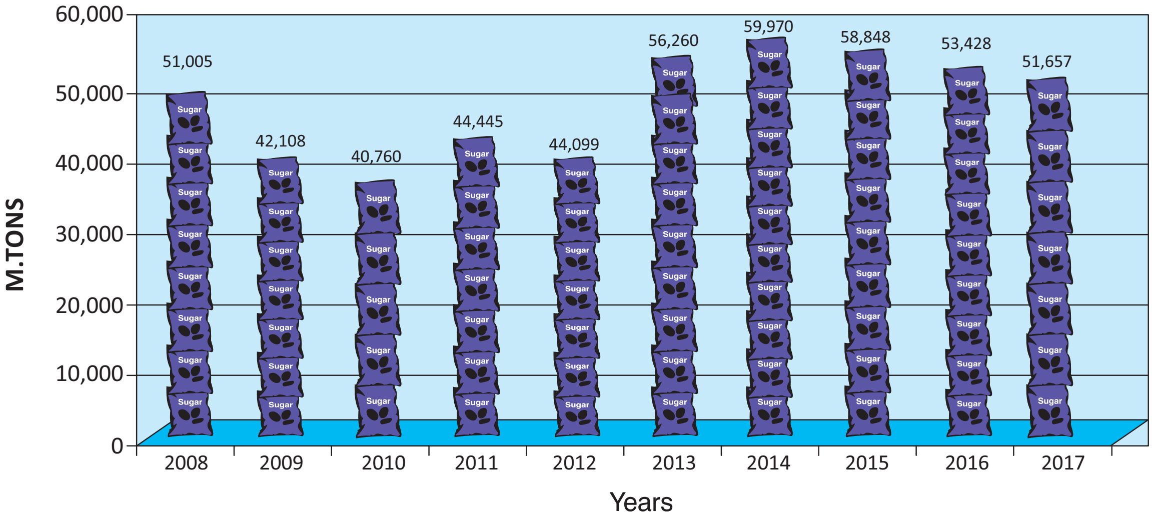
CANE CRUSHED



SUCROSE RECOVERY

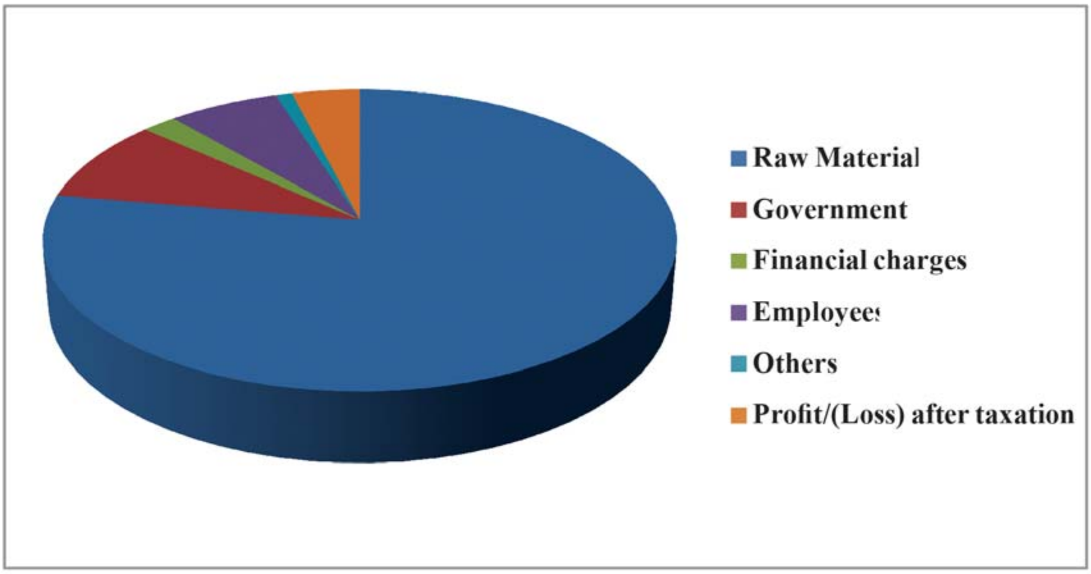


SUGAR PRODUCTION

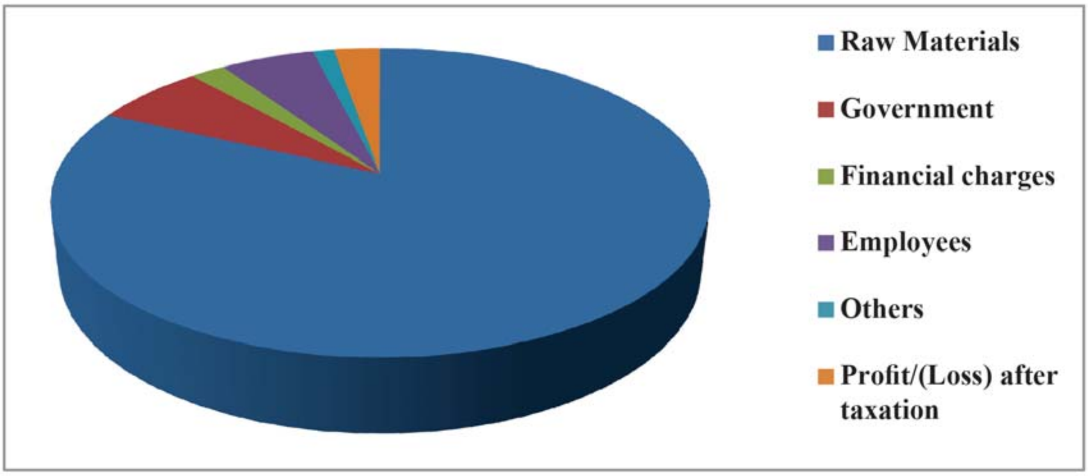


APPLICATION OF REVENUE

2017



2016



REVENUE DISTRIBUTION

	2017		*2016*	
	%	AMOUNT	%	AMOUNT
Raw Materials	80.29	2,292,493,454	81.43	2,635,629,693
Government	7.01	200,176,841	6.62	214,191,440
Financial charges	4.02	114,873,202	1.89	61,260,937
Employees	9.12	260,521,788	7.28	235,576,125
Others	1.52	43,342,633	0.99	31,933,979
Profit/(Loss) after taxation	-1.96	(55,982,699)	1.79	58,003,358
TOTAL	**100.00**	**2,855,425,219**	**100.00**	**3,236,595,532**

DIRECTORS' REPORT

Your Directors are pleased to present the 31st Annual Report together with audited accounts for the year ended 30th September 2017.

FINANCIAL RESULTS

During the year under review your Company suffered after tax loss of Rs.55,982,699 as compared to last year's after tax profit of Rs.58,003,358. Details of financial results for the year are as follows:

	Rupees	Rupees
LOSS BEFORE TAXATION		59,734,309
Provision for Taxation		
Current	46,074,864	
Deferred	(49,826,474)	(3,751,610)
Loss After Taxation		55,982,699
Accumulated profit brought forward		836,145,446
Add: Transfer from surplus on Revaluation of property, plant & equipment-Net of deferred tax.		25,214,446
Surplus realized on disposal of property, plant and equipment.		17,982,499
Gain on re-measurement to fair value of Investment -Matol(Pvt.) Limited		346,673,290
		1,170,032,982
Less: 50% Final Dividend Paid:		(112,902,075)
10% Bonus Shares		(22,580,150)
Accumulated Profit carried forward:		**1,034,550,757**

Season 2016-17 commenced on 3rd November, 2016. The Sindh Government had fixed minimum cane support price for this season at Rs.182 per 40 Kgs. However, Growers were expecting a higher price that resulted in slow pace of cane harvesting. Due to quantitative reduction in supply of sugar cane to the Mills, the PSMA (Sindh Zone) Sugar Mills decided to stop the crushing from 15th December, 2016 till regular supply of sugarcane resumes. After intervention by the Sindh Government and assurance from the Growers, your Mills restarted the crushing on 22nd December, 2016 alongwith other sugar Mills, i.e. after 07 days stoppage.

Due to bumper cane crop in Punjab, the sugar production in the country considerably exceeded which resulted in decrease of sugar prices throughout the year.To keep the sugar prices stable in the local market, PSMA approached the Government for export of excessive sugar and allow subsidy to compete in the international market. The Government delayed the decision for sugar export and allowing subsidy for export that resulted in further depression and downward trend in sugar prices in local market.

Due to higher cane cost and drastic decrease in sale price, the company suffered gross loss as well as net loss for the year. Moreover, sales tax charged at fixed higher rate as compared to its actual value, also increased the losses. The low sugar prices further enhanced the working capital requirements and ultimately increased the financial charges as compared to last year.

DIVIDEND

The Company gained Rs. 347 million on re-measurement to fair value of investment in 'Matol Private Limited'. This resulted in an accumulated profit of Rs.1,035 million.

In view of reasonable accumulated profit, the Board of Directors recommended the final dividend at the rate of Rs.3.5/- per share (35%) for the year ended 30th September, 2017 subject to approval of shareholders in 31st Annual General Meeting.

OPERATIONAL RESULTS

Brief summary of the operational results is as under:

	2017	2016
Cane Crushing	500,203	552,582
Period of operation number of days	141	148
Recovery percentage	10.327	10.234
Sugar produced – M.Tons	51,656.50	53,427.50
Capacity utilization percentage	85%	84%

CONTRIBUTION TO THE ECONOMY

The Company's contribution to the National Exchequer stands at Rs. 354.87 Million (2016 – Rs. 251.683Million) in respect of payments made towards Sales Tax, Income tax and other statutory levies. This does not include withholding tax deducted by the Company from payments made to employees, suppliers, dividend to shareholders etc. and deposited in Government Treasury.

FUTURE OUTLOOK

Crushing season 2017-18 commenced on 4th December, 2017. The Sindh Government fixed the minimum sugar cane price at Rs.182/- per 40 Kgs. which is the same as per last year.The Government fixed the minimum cane price without taking into consideration the current sugar sale price in the market and carry over stock of sugar in the country. Hence, there is a total imbalance between the cane price fixed and the sugar prices, thus affecting the viability of the sugar industry& the growers as a whole.

In view of the bumper cane crop and excessive sugar production, the Federal Government intervened and allowed export of 1.5 Million Tons of sugar with a subsidy of Rs.10.70 per Kg. In addition, the Sindh Government has further approved subsidy of Rs.9.30 per Kg. on limited quantity. Timely release of subsidy on exported sugar will reduce the burden of cane payment to Growers.

Looking at the overall situation, we plan to utilize maximum production capacity at higher sucrose recovery and to minimize the production cost.

SOCIAL ACTIVITIES

The Company actively participates in various social work initiatives and contributes generously to various social and charitable causes.

In accordance with the Company's policies to share the benefits with the workers and employees of the company, management has paid bonuses equal to five month's basic salary to all employees of the company and has also paid the allocated amount of WPPF to all the workers.

Your Directors are pleased to report cordial relations between workers and management and appreciate the hard work put in by officers and workers for achieving positive results.

Retiring Auditors M/s. Rahman Sarfraz, Rahim Iqbal Rafiq, Chartered Accountants offer themselves for appointment for the year 2017-2018.

PATTERN OF SHAREHOLDING

The pattern of shareholding and categories of shareholders of the Company as on 30th September, 2017 are annexed to this Annual Report.

On behalf of the Board

(SYED SHAFQAT ALI SHAH)
MANAGING DIRECTOR

05th January, 2018

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **MATIARI SUGAR MILLS LIMITED** ("the Company") as at September 30, 2017, and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

b) in our opinion;

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

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

   ii) the business conducted and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of state of the Company's affairs as at 30 September 2017 and of the Profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Rahman Sarfaraz Rahim Iqbal Rafiq

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Waseem

Karachi
05th January 2018

Financial Statement

MATIARI SUGAR MILLS LTD.

Balance Sheet
As At September 30, 2017

ASSETS	Note	2017 Rupees	2016 Rupees
Non-current assets			
Property, Plant and equipment	4	**2,530,927,246**	2,314,287,899
Investment in subsidiaries	5	**749,986,030**	403,312,740
Long term deposits	6	**55,166,811**	24,934,090
		3,336,080,087	2,742,534,729
Current assets			
Stores, spares and loose tools	7	**61,062,289**	115,862,168
Stock in trade	8	**409,985,827**	47,110,578
Biological assets	9	**27,175,386**	21,241,471
Trade debts - unsecured, considered good		**159,485,023**	73,750
Loans, advances, prepayments and other receivables	10	**616,919,055**	466,271,404
Tax refunds due from government	11	**335,216,004**	268,996,928
Cash and bank balances	12	**30,449,511**	21,471,911
		1,640,293,095	941,028,210
Total assets		**4,976,373,182**	3,683,562,939
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
25,000,000 Ordinary shares of Rs. 10 each		**250,000,000**	250,000,000
Issued, subscribed and paid up capital	13	**248,384,300**	225,804,150
Unappropriated profit		**1,034,550,757**	836,145,446
		1,282,935,057	1,061,949,596
Surplus on revaluation of property, plant and equipment	14	**1,000,101,960**	1,043,298,905
Non-current liabilities			
Long term finances - secured	15	**214,870,429**	311,970,149
Liabilities against assets subject to finance leases	16	**390,352,605**	121,414,612
Deferred liabilities	17	**452,787,633**	502,431,248
		1,058,010,667	935,816,009
Current liabilities			
Trade and other payables	18	**171,139,123**	190,293,479
Accrued mark up	19	**49,566,630**	19,003,466
Short term borrowings - secured	20	**1,216,558,433**	366,040,083
Current portion of long term liabilities	21	**186,546,559**	64,931,404
Unclaimed dividend		**11,514,753**	2,229,997
		1,635,325,498	642,498,429
Contingencies and commitments	22	-	-
Total equity and liabilities		**4,976,373,182**	3,683,562,939

The annexed notes from 1 to 43 form an integral part of these financial statements

Chief Executive **Director**

Profit and Loss Account
For The Year Ended September 30, 2017

	Note	2017	2016
		Rupees	
Sales - net	23	**2,241,468,665**	2,730,108,987
Cost of sales	24	**(2,262,912,508)**	(2,579,204,449)
Gross (loss) / profit		**(21,443,843)**	150,904,538
Administrative expenses	25	**(111,317,392)**	(91,845,319)
Distribution costs	26	**(1,757,438)**	(3,672,137)
Other operating costs	27	**-**	(4,054,222)
		(113,074,830)	(99,571,678)
Operating (loss) / profit		**(134,518,673)**	51,332,860
Other income	28	**189,657,566**	64,630,687
		55,138,893	115,963,547
Finance cost	29	**(114,873,202)**	(61,260,937)
(Loss) / profit before taxation		**(59,734,309)**	54,702,610
Taxation	30	**3,751,610**	3,300,748
(Loss) / profit after taxation		**(55,982,699)**	58,003,358
			(Restated)
(Loss) / Earnings per share - basic and diluted	**37**	**(2.25)**	2.34

The annexed notes from 1 to 43 form an integral part of these financial statements

Chief Executive **Director**

Statement of Comprehensive Income
For The Year Ended September 30, 2017

	Note	2017	2016
		Rupees	
(Loss) / profit after taxation		**(55,982,699)**	58,003,358
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Reduction of deferred tax liability on surplus on revaluation of property, plant and equipment due to change in tax rate		**-**	7,583,292
Gain / (loss) on remeasurement to fair value of investment in subsidiaries classified as available for sale	**5**	**346,673,290**	(10,787,052)
		346,673,290	(3,203,760)
Total comprehensive income for the year		**290,690,591**	54,799,598

The annexed notes from 1 to 43 form an integral part of these financial statements

Chief Executive **Director**

Statement of Cash Flows
For The Year Ended September 30, 2017

	Note	2017	2016
		---------- Rupees ----------	
Cash (used in) / generated from operations	35	(611,496,547)	(159,169,309)
Taxes paid		(112,293,940)	(122,968,407)
Finance cost paid		(84,310,038)	(53,433,363)
Long term deposits - net		(30,232,721)	(8,131,650)
Net cash used in operating activities		(838,333,246)	(343,702,729)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(281,356,722)	(183,255,081)
Expenditure incurred on cultivation - Biological assets		(32,384,978)	(21,836,027)
Short term investment - net		-	19,706,300
Proceeds from disposal of property, plant and equipment		251,455,120	4,050,300
Proceeds from sale of biological assets - net		32,703,063	37,352,638
Interest on loan to growers received		910,488	2,349,224
Profit on short term investment received		-	1,651,382
Dividend received		36,182,900	36,182,900
Net cash used in investing activities		7,509,871	(103,798,364)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease obligation - net		(55,861,906)	56,195,923
Long term finance obtained - net		148,761,850	311,255,863
Dividend paid		(103,617,319)	(135,170,457)
Short term borrowings obtained - net		896,358,340	202,842,108
Net cash generated from financing activities		885,640,965	435,123,437
Net decrease in cash and cash equivalents during the year		54,817,590	(12,377,656)
Cash and cash equivalents at the beginning of the year		(77,568,172)	(65,190,516)
Cash and cash equivalents at the end of the year		(22,750,582)	(77,568,172)
Cash and cash equivalents comprise the following:			
Cash and bank balances	12	30,449,511	21,471,911
Short term borrowings - running finance	20	(53,200,093)	(99,040,083)
		(22,750,582)	(77,568,172)

The annexed notes from 1 to 43 form an integral part of these financial statements

Chief Executive **Director**

Statement of Changes in Equity
For The Year Ended September 30, 2017

	Issued, subscribed and paid up capital	Unappropriated profit	Surplus on revaluation of property, plant and equipment - net	Total
	---------- Rupees ----------			
Balance as at September 30, 2015	225,804,150	897,870,108	1,062,257,135	2,185,931,393
Transfer of incremental depreciation from surplus on revaluation of property, plant and equipment - net of deferred tax	-	26,541,522	(26,541,522)	-
Total comprehensive income for the year ended September 30, 2016:				
- Profit after taxation	-	58,003,358	-	58,003,358
- Other comprehensive income	-	(10,787,052)	7,583,292	(3,203,760)
	-	47,216,306	7,583,292	54,799,598
Transactions with owners				
Dividend paid @ 60%	-	(135,482,490)	-	(135,482,490)
Balance as at September 30, 2016	**225,804,150**	**836,145,446**	**1,043,298,905**	**2,105,248,501**
Transfer of incremental depreciation from surplus on revaluation of property, plant and equipment - net of deferred tax	-	**25,214,446**	**(25,214,446)**	-
Surplus realized on disposal of Property, plant and equipments	-	**17,982,499**	**(17,982,499)**	-
Total comprehensive income for the year ended September 30, 2017:				
- Loss after taxation	-	**(55,982,699)**	-	**(55,982,699)**
- Other comprehensive income	-	**346,673,290**	-	**346,673,290**
	-	**290,690,591**	-	**290,690,591**
Transactions with owners				
10% bonus shares	**22,580,150**	**(22,580,150)**	-	-
Cash Dividend @ 50%	-	**(112,902,075)**	-	**(112,902,075)**
Balance as at September 30, 2017	**248,384,300**	**1,034,550,757**	**1,000,101,960**	**2,283,037,017**

The annexed notes from 1 to 43 form an integral part of these financial statements

Chief Executive **Director**

Notes to the Financial Statements
For the Year Ended September 30, 2017

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public unlisted company on May 26, 1987 under the Companies Ordinance, 1984 . The principal business of the Company is the manufacture and sale of white sugar. The mill is located at Matiari, Sindh. The registered office of the Company is situated at Matiari House C-48, K.D.A Scheme No 1, Karachi, Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23/2017 dated October 04, 2017 communicated Commission's decision that the Companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provision of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise disclosed in relevant notes to the financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.4 Significant accounting estimates and judgments

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

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

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

Areas where various assumptions and estimates are significant to the company's financial statements or where judgments was exercised in application of accounting policy are as follows:

	Note
a) Residual values and useful lives of items of Property, plant and equipment	3.1
b) Provision for obsolete / slow moving stores and spares	3.3
c) Provision for obsolete / slow moving inventory	3.4
d) Provision for doubtful debts	3.7
e) Investment in subsidiaries	3.2.2
f) Provision for taxation	3.13

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Amendments to approved accounting standards effective during the year ended September 30, 2017:

The following standards, amendments and interpretations are effective for the year ended September 30, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretation	Effective date - Accounting periods beginning on or after
- Amendments to IFRS 10 'Consolidated Financial Statements IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
- Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
- Amendments to IAS 1 'Presentation of Financial Statements Disclosure initiative	January 01, 2016
- Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
- Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
- Amendments to IAS 27 'Separate Financial Statements Equity method in separate financial statements	January 01, 2016

2.5.2 *Standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after October 1, 2017:*

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretation	Effective date - Accounting periods beginning on or after
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
- Amendments to IFRS 10 'Consolidated Financial Statements and IAS 28 'Investments in Associates and Joint Ventures Sale or contribution of assets between an investor and its associate or joint venture	January 01, 2018 Earlier application is permitted.
- Amendments to IAS 7 'Statement of Cash Flows - Amendments as a result of the disclosure initiative	January 01, 2017

- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
- Amendments to IAS 40 'Investment Property': Clarification on transfers of	January 01, 2018
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018 Earlier application is permitted.
- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

• IFRS 1 – First Time Adoption of International Financial Reporting Standards
• IFRS 9 – Financial Instruments
• IFRS 14 – Regulatory Deferral Accounts
• IFRS 15 – Revenue from Contracts with Customers
• IFRS 16 – Leases
• IFRS 17 – Insurance Contracts

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation, except for freehold land, building and plant & machinery which are stated at revalued amount less accumulated depreciation and accumulated impairment loss and capital work-in-progress which is stated at cost.

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 these assets are available for intended use.

Depreciation is charged, from the date when the asset is available for till the date of disposal, to profit and loss account applying the reducing balance method. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date. Rates for depreciation are stated in note 4.1 to the financial statements.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account as and when incurred.

Any surplus arising on revaluation is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of plant and machinery (net of deferred taxation) is transferred directly to retained earning / unappropriated profit.

Leased

Assets subject to finance lease are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets each determined at the inception of lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Leased assets are depreciated on reducing balance method at the same rates as Company's owned assets as disclosed in the note 4.2 to the financial statements.

3.2 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument and are de-recognised in case of assets, when the contractual rights under the instrument are realised, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

3.2.1 Classification of financial assets

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

a) Available for sale

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

b) Held for trading

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

c) Held to maturity

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

d) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

3.2.2 Investment in subsidiaries

The Company considers its subsidiary to be such in which the Company have ownership of not less than fifty percent of the voting power and / or has control through common directorship.

The Company accounts for its investment in subsidiaries initially at cost, being the fair value of consideration given includes acquisition charges associated with such investments. Subsequently, the investment is classified as available for sale and carried at fair value. The fair value of the quoted equity instruments is determined by using market value at each reporting date and for unquoted equity instruments by using the alternative techniques for the valuation of unquoted equity instruments.

3.2.3 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly.

3.3 Stores, spares and loose tools

These are valued at lower of weighted average cost and estimated net realizable value (NRV) except items-in-transit which are stated at invoice value plus other charges paid thereon upto the balance sheet date.

Provision / write-off, if required, is made in the financial statements for slow moving, obsolete and unusable items to bring their carrying value down to NRV.

3.4 Stock in trade

Stock in trade is valued at the lower of cost and net realisable value except for stock in transit which is valued at cost accumulated up to balance sheet date. Cost of finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads. Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

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

Cost is determined as follows:

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

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

3.5 Biological assets

Biological assets comprise of crops in field. These are measured at fair value less costs to sell on initial recognition and at each balance sheet date. Gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset at the balance sheet date is included in profit and loss account for the period in which it arises.

3.7 Trade debts and other receivables

Trade debts and other receivables are recognised at invoice value less provision for uncollectible amounts. Provision for doubtful debts is based on management's assessment of customer's credit worthiness. Bad debts are written-off when there is no realistic prospect of recovery.

3.8 Cash and cash equivalents

These are stated at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances and short term borrowings.

3.9 Impairment of assets

The carrying amount of all assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. Impairment loss is recognised in profit and loss account whenever carrying amount of an assets exceeds its recoverable amount.

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

3.10 Employee benefits

3.10.1 Compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligation are made using the current salary levels of the employees. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

3.10.2 Defined contribution plan

The Company operates an approved defined contributory provident fund scheme for all permanent employees who have completed the minimum qualifying period of service. Equal monthly contributions are made by the Company and the employees to the Fund at the rate of 10 percent of basic salary.

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 Mark-up bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value recognised in the profit and loss account over the period of the borrowing using the effective interest method.

3.13 Taxation

3.13.1 *Current*

Provision for taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis in accordance with the provisions of Income Tax Ordinance.

3.13.2 *Deferred*

Deferred tax is provided based on tax rates that have been enacted or substantively enacted using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are 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 future taxable profits will be available against which these can be utilized.

3.14 Revenue recognition

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

Revenue from sales is recognised upon passage of title to the customers that generally coincides with physical delivery. It is recorded at net of trade discounts and volume rebates.

Profit on bank accounts is recognised on effective interest method.

Dividend income is recognised when the right to receive such payment is established.

Other revenues are accounted for on accrual basis.

3.15 Foreign currency translation

Transactions in foreign currencies are converted into Rupees at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange ruling at the balance sheet date. All exchange differences arising on transaction are charged to profit and loss account in that period.

3.16 Provisions

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

3.17 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 in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.18 Dividend and appropriation to reserve

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

3.19 Liabilities against assets subject to finance lease

Liabilities against assets subject to finance lease are accounted for at net present value of minimum payments under the lease arrangements. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Financial costs are charged directly to the profit and loss account except those which are directly attributable to the acquisition and installation of a qualifying asset.

3.20 Ijara Transactions

ljarah, ujrah payments are recognized as an expense in the income statement on a straight- line basis unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

4 PROPERTY, PLANT AND EQUIPMENT	Note	**2017**	2016
		Rupees	
Operating assets - Owned assets	**4.1**	**1,797,446,640**	2,039,464,474
Operating assets - Leased assets	**4.2**	**498,432,715**	119,527,723
		2,295,879,355	2,158,992,197
Capital work in progress	**4.5**	**235,047,891**	155,295,702
		2,530,927,246	2,314,287,899

4.1 Operating assets - Owned assets

Description	Freehold land	Factory building on freehold land	Non-factory building on freehold land	Plant and machinery	Furniture, fixtures and office equipments	Electrical equipments and installations	Computers	Vehicles	Tools, fire fighting equipment, arms and ammunition	Total
As at September 30, 2015										
Cost / revalued amount	670,000,000	252,954,043	57,981,314	1,749,169,980	11,367,949	20,033,214	7,893,986	78,831,018	3,746,406	2,851,977,910
Accumulated depreciation	-	(97,682,381)	(34,252,976)	(682,392,491)	(7,136,357)	(10,683,653)	(7,697,488)	(46,167,223)	(2,374,631)	(888,387,200)
Net book value	**670,000,000**	**155,271,662**	**23,728,338**	**1,066,777,489**	**4,231,592**	**9,349,561**	**196,498**	**32,663,795**	**1,371,775**	**1,963,590,710**
Year ended September 30, 2016										
Opening net book value	670,000,000	155,271,662	23,728,338	1,066,777,489	4,231,592	9,349,561	196,498	32,663,795	1,371,775	1,963,590,710
Additions / transfers during the year	-	-	-	-	2,382,531	2,235,823	-	186,375	62,150	4,866,879
Tranfers from leased assets										
Cost / revalued amount	-	-	-	177,650,000	-	-	-	-	-	177,650,000
Accumulated depreciation	-	-	-	(29,209,226)	-	-	-	-	-	(29,209,226)
	-	-	-	148,440,774	-	-	-	-	-	148,440,774
Disposals during the year										
Cost / revalued amount	-	-	-	-	-	-	-	(5,679,300)	-	(5,679,300)
Accumulated depreciation	-	-	-	-	-	-	-	4,205,741	-	4,205,741
	-	-	-	-	-	-	-	(1,473,559)	-	(1,473,559)
Depreciation for the year	-	(7,763,583)	(1,186,417)	(58,638,721)	(568,834)	(1,116,993)	(58,949)	(6,483,440)	(143,393)	(75,960,330)
Closing net book value	**670,000,000**	**147,508,079**	**22,541,921**	**1,156,579,542**	**6,045,289**	**10,468,391**	**137,549**	**24,893,171**	**1,290,532**	**2,039,464,474**
As at September 30, 2016										
Cost / revalued amount	670,000,000	252,954,043	57,981,314	1,926,819,980	13,750,480	22,269,037	7,893,986	73,338,093	3,808,556	3,028,815,489
Accumulated depreciation	-	(105,445,964)	(35,439,393)	(770,240,438)	(7,705,191)	(11,800,646)	(7,756,437)	(48,444,922)	(2,518,024)	(989,351,015)
Net book value	**670,000,000**	**147,508,079**	**22,541,921**	**1,156,579,542**	**6,045,289**	**10,468,391**	**137,549**	**24,893,171**	**1,290,532**	**2,039,464,474**
Year ended September 30, 2017										
Opening net book value	670,000,000	147,508,079	22,541,921	1,156,579,542	6,045,289	10,468,391	137,549	24,893,171	1,290,532	2,039,464,474
Additions / transfers during the year	-	1,165,000	-	880,000	170,400	2,088,968	55,000	312,067	101,346	4,772,781
Disposals during the year										
Cost / revalued amount	-	-	-	(227,149,388)	-	-	-	(7,578,550)	-	(234,727,938)
Accumulated depreciation	-	-	-	47,931,888	-	-	-	5,272,329	-	53,204,217
	-	-	-	(179,217,500)	-	-	-	(2,306,221)	-	(181,523,721)
Depreciation for the year	-	(7,410,514)	(1,127,096)	(50,181,980)	(616,398)	(1,188,865)	(48,452)	(4,557,267)	(136,322)	(65,266,894)
Closing net book value	**670,000,000**	**141,262,565**	**21,414,825**	**928,060,062**	**5,599,291**	**11,368,494**	**144,097**	**18,341,750**	**1,255,556**	**1,797,446,640**
As at September 30, 2017										
Cost / revalued amount	670,000,000	254,119,043	57,981,314	1,700,550,592	13,920,880	24,358,005	7,948,986	66,071,610	3,909,902	2,798,860,332
Accumulated depreciation	-	(112,856,478)	(36,566,489)	(772,490,530)	(8,321,589)	(12,989,511)	(7,804,889)	(47,729,860)	(2,654,346)	(1,001,413,692)
Net book value	**670,000,000**	**141,262,565**	**21,414,825**	**928,060,062**	**5,599,291**	**11,368,494**	**144,097**	**18,341,750**	**1,255,556**	**1,797,446,640**

4.1.1 Had there been no revaluation, the carrying value of the following assets would have been:

	2017	2016
	Rupees	
Freehold land	**130,990,010**	130,990,010
Building	**133,559,980**	139,400,095
Plant and Machinery	**292,493,039**	466,816,711
	557,043,029	737,206,816

4.2 Operating assets - Leased assets

	Plant and machinery	Vehicles	Total
As at September 30, 2015			
Cost	288,746,076	-	288,746,076
Accumulated depreciation	(32,621,970)	-	(32,621,970)
Net book value	256,124,106	-	256,124,106
Year ended September 30, 2016			
Opening net book value	256,124,106	-	256,124,106
Additions / transfers during the year	-	23,092,500	23,092,500
Tranfers to owned assets			
Cost / revalued amount	(177,650,000)	-	(177,650,000)
Accumulated depreciation	29,209,226	-	29,209,226
	(148,440,774)	-	(148,440,774)
Depreciation for the year	(7,506,359)	(3,741,750)	(11,248,109)
Closing net book value	100,176,973	19,350,750	119,527,723
As at September 30, 2016			
Cost	111,096,076	23,092,500	134,188,576
Accumulated depreciation	(10,919,103)	(3,741,750)	(14,660,853)
Net book value	100,176,973	19,350,750	119,527,723
Year ended September 30, 2017			
Opening net book value	100,176,973	19,350,750	119,527,723
Additions / transfers during the year	366,599,006	32,415,950	399,014,956
Depreciation for the year	(12,539,645)	(7,570,319)	(20,109,964)
Closing net book value	**454,236,334**	**44,196,381**	**498,432,715**
As at September 30, 2017			
Cost	477,695,082	55,508,450	533,203,532
Accumulated depreciation	(23,458,748)	(11,312,069)	(34,770,817)
Net book value	**454,236,334**	**44,196,381**	**498,432,715**
Annual rate of depreciation	**5%**	**20%**	

	Note	2017	2016
		Rupees	
4.3 Depreciation for the year has been allocated as follows:			
Cost of sales	**24**	**72,584,422**	82,838,906
Administrative expenses	**25**	**12,792,436**	4,369,533
		85,376,858	87,208,439

4.4 *Details of disposal of property, plant and equipment during the year are as follows:*

Description of asset	Cost	Accumulated depreciation	Net Book Value	Sale proceed	Gain /(loss)	Mode of disposal	Particulars of buyer
Plant & Machinery							
Diesel Generator	12,179,602	3,035,852	9,143,750	12,646,681	3,502,931	Negotiation	Matol (Private) Limited
Boiler	47,711,542	11,136,542	36,575,000	46,998,300	10,423,300	Negotiation	Matol (Private) Limited
Digestor	52,225,459	11,078,584	41,146,875	62,511,301	21,364,426	Negotiation	Matol (Private) Limited
Digestor Cover	39,259,830	7,256,705	32,003,125	48,319,705	16,316,580	Negotiation	Matol (Private) Limited
Molassess Tank	75,772,955	15,424,205	60,348,750	75,138,333	14,789,583	Negotiation	Matol (Private) Limited
Vehicles							
Toyota Vigo - CT- 6688	3,303,500	2,240,030	1,063,470	2,122,500	1,059,030	Negotiation	Mr. Fahad Aliani
Toyota Corolla GLI - AYB- 446	1,672,500	1,067,649	604,851	1,210,000	605,149	Negotiation	Mr. Waseem Ahmed
Suzuki Bolan - CS-2906	347,000	244,681	102,319	335,000	232,681	Negotiation	Mr. Waseem Mehmood
Suzuki Bolan - CN-9482	344,000	242,635	101,365	365,000	263,635	Negotiation	Mr. Muhammad Naeem
Suzuki Bolan - CS- 6140	465,375	397,690	67,685	445,000	377,315	Negotiation	Mrs. Nighat Sultana
Suzuki Bolan - CK-9899	465,375	397,690	67,685	445,000	377,315	Negotiation	Mr. Abdul Majid
Suzuki Bolan - CS-6090	350,000	299,125	50,875	335,000	284,125	Negotiation	Mr. Usman Khan
Various Motor bikes having book value less than 50,000	630,800	382,829	247,971	583,300	335,329	Company Policy / Insurance clainm	Various including employees
September 2017	**234,727,938**	**53,204,217**	**181,523,721**	**251,455,120**	**69,931,399**		
September 2016	5,679,300	4,205,741	1,473,559	4,050,300	2,576,741		

	2017	2016
	Rupees	
4.5 Capital work in progress		
Civil works	**20,139,538**	31,562,404
Plant and Machinery	**214,908,353**	123,733,298
	235,047,891	155,295,702

4.5.1 This represents expenditure incurred on construction work in progress pertaining to mill house and other related items to increase the mill capacity.

5 INVESTMENT IN SUBSIDIARIES - Available for sale

2017	2016		Note	2017	2016
Number of shares				Rupees	
16,644,134	14,473,160	Matol (Private) Limited	**5.1**	**748,986,030**	402,312,740
100,000	100,000	Matiari Flour Mills (Private) Limited	**5.2**	**1,000,000**	1,000,000
16,744,134	14,573,160			**749,986,030**	403,312,740

5.1 Investment in Matol (Private) Limited

		2017	2016
Cost as at October 01		**144,731,600**	144,731,600
Cumulative fair value increase as at October 01 - net		**257,581,140**	268,368,192
		402,312,740	413,099,792
Gain / (loss) on remeasurement to fair value during the year		**346,673,290**	(10,787,052)
	5.1.1	**748,986,030**	402,312,740

5.1.1 This represents the investment in 16,644,134 unquoted shares of M/s Matol (Private) limited. Management has carried out the valuation of the aforementioned investment during the year. In this connection, discounted free cash flow to equity model for business valuation was used to determine the fair value. Assumptions and inputs used in the valuation technique mainly includes risk free rate, equity risk premium, long term growth rate and projected rate of increase in revenues and expenses. Principal assumptions used in the valuation of above unquoted investment are as under:

Cost of equity	14.14%
Projection period	5 years
Long term growth rate	2.00%
Value per share (Rs.)	45

5.2 The Company's present shareholding in Matiari Flour Mills (Private) Limited (MFML) is 100,000 (2016: 100,000) shares of Rs.10 each i.e. 99.95% (2016: 99.95%). The shares of MFML are not quoted on Pakistan Stock Exchange. As at the reporting date, the fair value of the investment is not materially different from its original cost. The breakup value per share of MFML (including the impact of advance received against issue of ordinary shares treated as equity) as at September 30, 2017 is Rs. 1,120 (2016: Rs. 1,092.30).

		2017	2016
6	**LONG TERM DEPOSITS**	Rupees	
	Lease	**54,121,338**	23,788,617
	Utilities	**819,473**	919,473
	Others	**226,000**	226,000
		55,166,811	24,934,090
7	**STORES, SPARES AND LOOSE TOOLS**		
	Stores	**1,973,586**	3,163,249
	Spares	**71,204,769**	126,317,698
	Loose tools	**4,393,934**	2,891,221
		77,572,289	132,372,168
	Less: Provision for slow moving and obsolete items	**(16,510,000)**	(16,510,000)
		61,062,289	115,862,168
8	**STOCK IN TRADE**		
	Work in process	**758,709**	635,725
	Finished goods	**409,227,118**	46,474,853
		409,985,827	47,110,578
9	**BIOLOGICAL ASSETS**		
	Carrying value at the beginning of the year	**21,241,471**	16,060,348
	Additions due to cultivation	**32,384,978**	21,836,027
	Change in fair value less costs to sell	**6,252,000**	20,697,734
		59,878,449	58,594,109
	Deduction due to harvesting	**(32,703,063)**	(37,352,638)
	Carrying value at the end of the year	**27,175,386**	21,241,471

9.1 Operations and principal activities

The Company's principal activities in relation to above biological assets comprises of managing the biological transformation of assets such as sugar cane, seeds, wheat, onion, bio-composites and tricho cards and supply thereof to sugar cane growers and other parties.

		Note	2017	2016
			Rupees	
10	**LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**			
	Loans to growers - secured, considered good		**121,224,768**	31,506,712
	Advances - unsecured, considered good			
	Against equity	**10.1**	**171,000,000**	149,529,594
	Suppliers		**313,139,759**	265,429,401
	Expenses		**4,666,481**	1,182,327
	Others		**3,410,213**	8,442,517
			492,216,453	424,583,839
	Receivable from provident fund		**-**	248,510
	Prepaid insurance		**2,902,834**	1,832,957
	Deposits		**-**	7,500,000
	Accrued interest		**575,000**	599,386
			616,919,055	466,271,404

10.1 This represents advances given to following parties in respect of purchase of further ordinary shares to be issued by the entities:

	2017	2016
	Rupees	
Matiari Flour Mills (Private) Limited	**147,000,000**	147,000,000
Matiari Health Services (Private) Limited	**24,000,000**	2,529,594
	171,000,000	149,529,594

		Note	2017	2016
11	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Advance tax		**544,723,786**	432,429,846
	Less: Provision for taxation		**209,507,782**	163,432,918
			335,216,004	268,996,928
12	**CASH AND BANK BALANCES**			
	Cash in hand		**85,931**	132,289
	Cash at banks			
	PLS accounts	**12.1**	**14,565,339**	6,087,195
	Current accounts		**15,798,241**	15,252,427
			30,363,580	21,339,622
			30,449,511	21,471,911

12.1 These carry profit at the rate ranging from 2.25% to 3.5% (2016: 3.75% to 4%).

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017	2016		2017	2016
Number of shares			Rupees	
6,525,000	6,525,000	Ordinary shares of Rs. 10 each fully paid in cash	**65,250,000**	65,250,000
18,313,430	16,055,415	Ordinary shares of Rs. 10 each as fully paid bonus shares	**183,134,300**	160,554,150
24,838,430	22,580,415		**248,384,300**	225,804,150

14 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		Rupees	
On freehold land			
Gross surplus			
Balance as at 01 October		**539,009,990**	539,009,990
Revaluation increase recognized during the year		**-**	-
		539,009,990	539,009,990
On building / plant and machinery			
Gross surplus			
Balance as at 01 October		**720,412,736**	758,329,196
Surplus realized on disposal of property, plant and equipments		**(25,689,285)**	-
Incremental depreciation transferred to retained earnings		**(36,020,637)**	(37,916,460)
		658,702,814	720,412,736
Related deferred tax charge			
Balance as at 01 October		**(216,123,821)**	(235,082,051)
Deferred tax relating to disposal of property, plant and equipments		**7,706,786**	
Effect of change in tax rate		**-**	7,583,292
Incremental depreciation transferred to retained earnings		**10,806,191**	11,374,938
		(197,610,844)	(216,123,821)
		1,000,101,960	1,043,298,905

14.1 This represents surplus over book values resulting from the revaluation of property, plant and equipment as reduced by the surplus realized on disposal, if any, of the revalued assets and incremental depreciation arising out of revaluation. The latest revaluation of land, building and plant and machinery of the Company was carried out by an independent valuer M/s. Oceanic Surveyors (Private) Limited as at September 2015.

15 LONG TERM FINANCES - Secured

	Note	2017	2016
		Rupees	
Conventional banks			
Pair Investment Company Limited	**15.1**	**85,714,286**	100,000,000
MCB Bank Limited	**15.2**	**-**	89,200,000
		85,714,286	189,200,000
Islamic banks			
MCB Islamic Bank Limited	**15.3**	**210,303,427**	137,055,863
Less: current maturity shown under current liabilities		**(81,147,284)**	(14,285,714)
		214,870,429	311,970,149

15.1 This represents term finance facility of Rs.100 million obtained for maintenance and expansion of existing plant and machinery. The loan is repayable in 14 equal quarterly installments commencing from April 20, 2017 and carries mark up at the rate of 3 months KIBOR plus 2.5% per annum. The loan is secured by way of 1st Pari passu charge over fixed assets of the Company i.e. plant and machinery of Rs.120 million and land and building of Rs. 40 million and personal guarantees of sponsoring directors.

15.2 This was Demand Finance (DF) facility which has been converted into Lease finance facility during the year on February 28, 2017 and extended over a period of 4 years. The lease rentals are payable in quarterly installments and are secured by way of demand promissory notes and personal guarantees of directors.

15.3 This represents Diminishing Musharika facility of Rs.210 million obtained for the purchase of machinery items for mill house ('diminishing musharika assets').The facility carries profit at the rate of 3 months KIBOR plus 1.6% with floor of 5% and cap of 25%. The loan is secured by 1st exclusive charge over specific diminishing musharika assets and temporary ranking charge over plant and machinery of Rs. 240 million.

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

	Note	2017	2016
		Rupees	
Balance as at October 01		**172,060,302**	115,864,379
Assets acquired during the year		**200,553,484**	124,902,500
Transfer from Long term finance upon conversion to LF	**15.2**	**179,000,000**	-
		551,613,786	240,766,879
Less: Installments paid during the year		**(55,861,906)**	(68,706,577)
	16.1	**495,751,880**	172,060,302
Less: Current maturity shown under current liabilities		**(105,399,275)**	(50,645,690)
Balance as at September 30		**390,352,605**	121,414,612

16.1 The future minimum lease payments to which the Company is committed are as follows:

	Not later than one year	Later than one year but not later than five years
	Rupees	
At September 30, 2017		
Principal	**105,399,275**	390,352,605
Finance charges allocated to future years	**40,443,687**	51,386,777
Total lease rentals	**145,842,962**	441,739,382
At September 30, 2016		
Principal	**50,645,690**	121,414,612
Finance charges allocated to future years	**11,923,963**	16,522,914
Total lease rentals	**62,569,653**	137,937,526

16.2 This represents lease arrangements for assets leased from Orix Leasing Pakistan Limited, NBP Leasing Limited, MCB Bank Limited, JS Bank Limited, Sindh Leasing Limited and Sindh Modaraba. The lease rentals are payable in equal monthly / quarterly installments. Cost of operating and maintaining the leased assets is borne by the Company. The payments of lease rentals are secured by way of exclusive charge of 100 million over musharika asset, demand promissory notes and personal guarantees of directors of the Company. These assets are under the restrictions of transfer, sublease and assignment of rights to third party.

17 DEFERRED LIABILITIES

	Note	2017	2016
		Rupees	
Deferred taxation - net	**17.1**	**230,991,535**	280,818,009
Sugar cane grower's payable	**17.2**	**146,363,591**	146,363,591
Sales tax	**17.3**	**48,518,096**	48,518,096
Market committee fee	**17.4**	**23,868,214**	23,868,214
Accumulated leave absences		**3,046,197**	2,863,338
		452,787,633	502,431,248

17.1 Deferred taxation - net

	Note	2017	2016
		Rupees	
Deferred tax liability arising in respect of:			
- Accelerated tax depreciation		**204,654,944**	134,785,929
- Surplus on revaluation of property, plant and equipment		**197,610,844**	216,123,821
		402,265,788	350,909,750
Deferred tax asset arising in respect of:			
- Finance Lease liability		**(148,725,564)**	(51,618,091)
- Provision for deferred liabilities		**(913,859)**	(859,001)
- Provision for slow moving and obsolete items		**(4,953,000)**	(4,953,000)
- Unused tax losses		**(16,681,830)**	(12,661,649)
		(171,274,253)	(70,091,741)
		230,991,535	280,818,009

17.2 This represents provision recorded in respect of a case pending before the Honourable High Court of Sindh against the sugarcane purchase price of Rs. 182 per 40 kgs as fixed for the season 2013-2014. The Honourable Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kgs for crushing season 2014-15 whereas Rs. 12 per 40 kgs will be paid by the Government of Sindh. The Honourable Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015 pending before the Honourable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent on upon the decision of Honourable Supreme Court of Pakistan. The Company as a matter of prudence has accounted for the said difference of Rs. 10 per 40 kgs in the financial statements.

17.3 This represents the amount of liability against further tax chargeable u/s 3(1A) of the Sales Tax Act, 1990 relating to the period from December 2000 to June 2004. The matter is currently pending for adjudication in Honorable High Court of Sindh, Karachi against appeal filed by the tax authorities, against the order passed by the Appellate Tribunal in favor of the Company.

17.4 This represents a provision recognized by the Company on the basis of demand for fee raised by Market Committee, Hala (MC) by filing a suit for recovery with the Senior Civil Judge Hyderabad, Sindh in 2001. The MC could not justify its claim by providing any conclusive evidence as to how much sugar cane was brought and sold in the territory of the MC and was, thus, dismissed by the Senior Civil Judge Hyderabad, Sindh vide his judgment dated February 01, 2011. The MC then preferred an appeal against the said order with the Court of Learned District and Session Judge, Matiari which was also dismissed on December 19, 2012 since when MC has not preferred any appeal with the higher authorities. However, the Company has decided to retain the provision in anticipation of any further appeal that may be filed by MC in future.

18 TRADE AND OTHER PAYABLES

	Note	2017	2016
		Rupees	
Cane growers		**5,594,410**	2,184,767
Suppliers - Stores		**58,029,200**	57,367,791
Accrued liabilities		**5,046,381**	7,780,234
Workers' profit participation fund	**18.1**	**-**	2,937,842
Workers' welfare fund		**12,025,932**	20,995,762
Payable to Provident Fund		**1,669,255**	-
Advances from customers		**74,075,711**	75,357,936
Sales tax payable		**5,416,562**	22,261,663
Advances deducted from staff against vehicles		**9,281,006**	1,394,049
Income tax deducted at source		**666**	13,435
		171,139,123	190,293,479

		Note	2017	2016
			Rupees	
18.1	**Workers' profit participation fund**			
	Opening balance		**2,937,842**	11,337,451
	Amount allocated during the year	**27**	**-**	2,937,842
			2,937,842	14,275,293
	Amount paid during the year		**(2,937,842)**	(11,337,451)
			-	2,937,842
19	**ACCRUED MARK UP**			
	Long term finances		**19,553,442**	5,332,319
	Short term borrowings		**30,013,188**	13,671,147
			49,566,630	19,003,466
20	**SHORT TERM BORROWINGS - SECURED**			
	Conventional banks			
	MCB Bank Limited - Agricultural finance		**60,000,000**	55,000,000
	MCB Bank Limited - Running finance		**53,200,093**	99,040,083
	MCB Bank Limited - Cash finance		**607,915,000**	212,000,000
	Bank Alfalah Limited - Agriculture Finance		**78,720,000**	-
		20.1	**799,835,093**	366,040,083
	Islamic banks			
	Dubai Islamic Bank Pakistan	**20.2**	**250,000,000**	-
	Meezan Bank Limited	**20.3**	**166,723,340**	-
			416,723,340	
			1,216,558,433	366,040,083

20.1 These facilities were obtained to meet working capital requirements having aggregate limit amounting to Rs. 1,110 million (2016: 1,110 million). These facilities are secured against pledge of refined sugar, first exclusive registered hypothecation charge of 900 million over all present and future current assets, second ranking charge of Rs.315 million over fixed assets and personal guarantee of all sponsoring directors and continuing guarantee of the Company (for grower finance) along with charge over its current assets. Rate of markup for cash finance and running finance varies between 3MK + 1.25% to 3MK + 1.75% and for agriculture finance is 12MK + 1.75%.

20.2 This represents Tijarah finance facility carrying markup at the rate of relevant KIBOR + 2%. This facility is secured against ranking charge over Plant and Machinery, stock and receivable with 25% margin.

20.3 This represents Tijarah finance facility carrying markup at the rate of relevant KIBOR + 1.25%. The limit of this facility is Rs. 500 million.

		Note	2017	2016
21	**CURRENT PORTION OF LONG TERM LIABILITIES**		Rupees	
	Long term financing	**15**	**81,147,284**	14,285,714
	Liabilities against assets subject to finance leases	**16**	**105,399,275**	50,645,690
			186,546,559	64,931,404

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisas per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on overall sucrose recovery of each mill. The matter of quality premium was suspended by the Steering Committee of Federal Government till the case in this respect is decided by the Honorable Supreme Court of Pakistan or a consensus uniform formula is developed by the Ministry of Food and Agriculture. The

Company's payment for procurement of sugarcane includes additional costs and subsidies that exceed the amount of quality premium due to growers. The Company does not, therefore, anticipate any liability on this account and has, accordingly, not recognized any provision in respect of the aforesaid liability of quality premium. Moreover, the Honorable Supreme Court of Pakistan also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided.

22.2 Commitments

22.2.1 Corporate guarantees issued by the Company to MCB Bank Limited in favor of Matol (Private) Limited against Export Refinance Arrangement amount to Rs. 300 million (2016: Rs. 300 million).

22.2.2 Corporate guarantees issued by the Company to MCB Bank Limited in favor of Matiari Flour Mills (Private) Limited against Leasing facility amount to Rs. 222 million (2016: Rs. 222 million).

22.2.3 Corporate guarantees issued by the Company to Dubai Islamic Bank Pakistan in favor of Matiari Health Services (Private) Limited against Diminishing Musharaka Facility amount to Rs. 210 million.

22.2.4 Capital commitments related to various suppliers amount to Rs. 47,877,381 (2016: 122,497,484).

22.2.5 The Company has entered into Ijara agreement and future minimal rentals payable under Ijara agreement as at year end amounting to Rs. 161 million.

23 SALES - NET

	Note	**2017** Rupees	2016 Rupees
Local sales		**2,445,831,181**	2,947,009,870
Less: Sales tax and special excise duty		**(203,928,451)**	(216,375,808)
Brokerage expense		**(434,065)**	(525,075)
		(204,362,516)	(216,900,883)
		2,241,468,665	2,730,108,987

24 COST OF SALES

	Note	**2017** Rupees	2016 Rupees
Opening stock of finished goods		**46,474,853**	1,022,896
Add: cost of goods manufactured	**24.1**	**2,625,664,773**	2,624,656,406
		2,672,139,626	2,625,679,302
Less: closing stock of finished goods		**(409,227,118)**	(46,474,853)
		2,262,912,508	2,579,204,449

24.1 Cost of goods manufactured

	Note	**2017**	2016
Raw material consumed		**2,489,060,607**	2,500,381,450
Chemicals and packing material consumed		**33,684,929**	34,719,069
Fuel and power		**7,430,346**	7,189,523
Salaries, wages and benefits	**24.1.1**	**190,355,526**	168,129,731
Stores, spares and maintenance		**36,669,978**	42,381,959
Vehicles maintenance		**4,866,892**	4,941,868
Insurance		**5,896,925**	4,383,641
Others		**5,174,604**	4,703,237
Depreciation	**4.3**	**72,584,422**	82,838,906
		2,845,724,229	2,849,669,384
Sale of by-products		**(219,936,472)**	(224,954,975)
Opening work in process		**635,725**	577,722
Closing work in process		**(758,709)**	(635,725)
		(122,984)	(58,003)
		2,625,664,773	2,624,656,406

24.1.1 This includes Rs. 2,471,624 (2016: Rs.2,277,848/-) in respect of staff retirement benefits.

		Note	2017	2016
25	**ADMINISTRATIVE EXPENSES**		Rupees	
	Directors' remuneration	**31**	**14,648,200**	14,608,000
	Salaries, wages and benefits	**25.1**	**55,518,062**	49,900,552
	Rent, rates and taxes		**226,028**	165,101
	Insurance		**2,195,980**	2,019,833
	Water, gas and electricity		**3,491,495**	3,265,640
	Printing and stationery		**1,796,386**	1,712,772
	Postage and telephone		**2,046,761**	1,618,282
	Vehicles maintenance		**2,448,021**	1,974,414
	Repairs and maintenance		**4,569,958**	5,144,058
	Travelling and conveyance		**1,286,681**	1,638,608
	Subscription, books and periodicals		**2,318,039**	617,538
	Legal and professional charges		**5,192,680**	2,342,263
	Entertainment		**1,661,410**	1,596,850
	Auditors' remuneration	**25.2**	**637,200**	590,000
	Cost auditors' remuneration		**140,400**	70,000
	Miscellaneous expenses		**347,655**	211,875
	Depreciation	**4.3**	**12,792,436**	4,369,533
			111,317,392	91,845,319

25.1 This includes Rs. 1,713,967 (2016: Rs.1,402,963) in respect of staff retirement benefits.

		2017	2016
25.2	**Auditors' remuneration**	Rupees	
	Audit fee	**637,200**	570,000
	Audit of funds and other services	**-**	20,000
		637,200	590,000

		2017	2016
26	**DISTRIBUTION COST**		
	Loading and unloading charges	**549,948**	714,945
	Other expenses	**1,207,490**	2,957,192
		1,757,438	3,672,137
27	**OTHER OPERATING COST**		
	Workers’ profit participation fund	**-**	2,937,842
	Workers’ welfare fund	**-**	1,116,380
		-	4,054,222
28	**OTHER INCOME**		
	Income from financial assets:		
	Profit on short term investment	**1,629,720**	1,790,248
	Interest income on loans to growers	**910,488**	2,349,224
	Dividend income	**97,693,830**	36,182,900

	2017	2016
	Rupees	
Income from other than financial assets:		
Deferred income - amortisation	**-**	933,840
Realised farming income	**13,140,129**	-
Change in fair value less costs to sell of biological assets	**6,252,000**	20,697,734
Gain on sale of property, plant and equipment	**69,931,399**	2,576,741
Miscellaneous	**100,000**	100,000
	189,657,566	64,630,687

29 FINANCE COST

	2017	2016
Mark up on long term finances	**8,301,487**	1,201,389
Mark up on short term borrowings	**87,878,349**	49,091,866
Financial charges on leased assets	**15,921,639**	9,575,394
Bank charges	**2,771,727**	1,392,288
	114,873,202	61,260,937

30 TAXATION

	2017	2016
Current	**46,074,864**	34,191,796
Prior	**-**	9,434,498
Deferred	**(49,826,474)**	(46,927,042)
	(3,751,610)	(3,300,748)

30.1 The numerical reconciliation between income tax expenses and accounting profit has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

30.2 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2017 (except for the tax year 2014 in respect of which deputy commissioner inland revenue served notice to the Company for information and documents request U/S 176 for audit U/S 177/ 214C of the income tax ordinance). Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

31.1 The aggregate amounts charged in these financial statements in respect of remuneration including benefits to chief executive officer, directors and other executives of the Company are given below:

Particulars	2017				2016			
	Chief Executive	**Directors**	**Executives**	**Total**	Chief Executive	Directors	Executives	Total
	Rupees							
Managerial remuneration	**14,648,200**	**-**	**17,057,643**	**31,705,843**	14,588,000	-	33,751,674	48,339,674
Retirement benefits	**-**	-	**1,335,065**	**1,335,065**	-	-	974,323.00	974,323
Other benefits	**-**	**-**	**17,691,289**	**17,691,289**	-	-	525,059	525,059
Meeting fees	**-**	**95,000**	**-**	**95,000**	-	20,000	-	20,000
	14,648,200	**95,000**	**36,083,997**	**50,827,197**	14,588,000	20,000	35,251,056	49,859,056
No. of Persons	**1**	**8**	**19**	**28**	1	9	19	29

31.2 The Chief Executive officer, directors and certain executives have been provided with free use of Company's maintained vehicle in accordance with the Company's policy.

31.3 For the purpose of disclosure, executive means an employee whose basic salary exceed 0.5 million during the year.

32 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include subsidiary companies, the companies where directors also hold directorship, directors and key management personnel of the Company and their close family members and staff retirement funds. There are no transactions with the key management personnel other than under their terms of employment / entitlement. Contributions to the employees retirement benefits are made in accordance with terms of employees retirement benefits schemes.

Transactions with related parties other than those disclosed elsewhere in these financial statements, are as follows:

		2017	2016
Transactions during the year:		**Rupees**	
Nature of transaction	**Nature of relationship**		
Security services hired	Common directorship	**21,852,149**	24,042,743
Advance against purchase of shares	Common directorship	**21,470,406**	2,529,594
Dividend received	Subsidiary	**36,182,900**	36,182,900
Sale of molasses	Subsidiary	**194,513,840**	197,974,515
Provident fund contribution	Employee benefit plan	**4,185,591**	3,680,811

Transactions with key management personnel are disclosed in note 31 to the financial statements.

		2017	2016
		Rupees	
Outstanding balances as at September 30:			
Advance for purchase of shares	Subsidiary	147,000,000	147,000,000
Advance for purchase of shares	Common directorship	24,000,000	2,529,594
Dividend receivable	Subsidiary	61,510,930	-
Employee's Provident Fund	Employee benefit plan	1,669,255	248,510

33 NUMBER OF EMPLOYEES

	2017	2016
	Number	
Total employees at year end	**476**	478
Average number of employees during the year	**455**	420

34 DISCLOSURES RELATING TO PROVIDENT FUND

		June 2017	June 2016
		Rupees	
		Un-audited	**Un-audited**
(i)	Size of the fund	**86,219,331**	74,329,187
(ii)	Cost of investment made	**26,590,000**	33,250,000
(iii)	Percentage of investments made	**30.84%**	44.73%
(iv)	Fair value of investments	**69,578,313**	73,927,906

	June 2017	June 2016
	Rupees	
	Un-audited	Un-audited
Breakup of cost of investment:		
- Defence Saving Certificates	**21,590,000**	21,590,000
- Orix Leasing Pakistan Limited	**5,000,000**	11,660,000
	26,590,000	33,250,000
Breakup of investment - Percentage:		
- Defence Saving Certificates	**81.20%**	64.93%
- Orix Leasing Pakistan Limited	**18.80%**	35.07%

34.1 The contributions and investments out of the fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

35 CASH GENERATED FROM OPERATIONS

	2017	2016
	Rupees	
(Loss) / profit before taxation	**(59,734,309)**	54,702,610
Adjustments for non cash and other items:		
Depreciation	**85,376,858**	87,208,439
Finance cost	**114,873,202**	61,260,937
Amortization of deferred income	**-**	(933,840)
Gain on sale of property, plant and equipment	**(69,931,399)**	(2,576,741)
Change in fair value less costs to sell of biological assets	**(6,252,000)**	(20,697,734)
Dividend income	**(97,693,830)**	(36,182,900)
Profit on short term investment	**(1,629,720)**	(1,790,248)
Interest on loan to growers	**(910,488)**	(2,349,224)
Provision for accumulated leave absence	**182,859**	261,183
Provision for workers' profit participation fund	**-**	2,937,842
Provision for workers welfare fund	**-**	1,116,380
	24,015,482	88,254,094
Operating (loss) / profit before working capital changes	**(35,718,827)**	142,956,704
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	**54,799,879**	(69,879,628)
Stock in trade	**(362,875,249)**	(45,509,960)
Trade debts	**(159,411,273)**	1,733,042
Loans, advances, prepayments and other receivables	**(89,136,721)**	(179,125,058)
	-	
Increase in current liabilities		
Trade and other payables	**(19,154,356)**	(9,344,409)
	(575,777,720)	(302,126,013)
	(611,496,547)	(159,169,309)

36 PRODUCTION CAPACITY

	2017	2016
	M.tons	
Sugarcane Crushing capacity per day	**4,200**	4,200
Sugarcane Crushing capacity based on operational days	**588,000**	621,600
Actual Sugarcane crushed	**500,203**	522,582
Sugar Production	**51,657**	53,428
Capacity utilization	**85%**	84%

36.1 The capacity utilization of the Company remained under utilized mainly due to non-availability of sugar cane.

37 EARNINGS PER SHARE - BASIC AND DILUTED

	2017	2016
	Rupees	
Profit after taxation	**(55,982,699)**	58,003,358
		(Restated)
	Number	
Weighted average number of ordinary shares outstanding	**24,838,430**	24,838,430
	Rupees	
Earnings per share - basic and diluted	**(2.25)**	2.34

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial instruments by categories

	2017	2016
	Rupees	
Financial assets - loans and receivables		
Long term deposits	**55,166,811**	24,934,090
Trade debts	**159,485,023**	73,750
Loans and other receivables	**121,799,768**	39,854,608
Bank Balances	**30,363,580**	21,339,622
	366,815,182	86,202,070
Financial assets - available for sale		
Investment in subsidiaries	**749,986,030**	403,312,740
Financial liabilities - at amortized cost:		
Long term finances - secured	**296,017,713**	326,255,863
Liabilities against assets subject to finance leases	**495,751,880**	172,060,302
Deferred liabilities	**149,409,788**	149,226,929
Trade and other payables	**79,620,252**	68,726,841
Accrued markup	**49,566,630**	19,003,466
Short term borrowings - secured	**1,216,558,433**	366,040,083
	2,286,924,696	1,101,313,484

38.2 Financial risk management objectives and policies

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

The Company's senior management oversees the management of these risks. 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, and credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

38.2.1 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to credit risk is minimal as the Company receives advance against sales against sales and does not have significant exposure to any individual customer. The carrying amount of financial assets as disclosed in note 39.1 represents the maximum credit exposure of the Company.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings agencies or the historical information about counter party default rates as shown below:

Impairment losses

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

	2017		**2016**	
	Gross	**Impairment**	**Gross**	**Impairment**
	Rupees			
Not past due	**159,485,023**	**-**	73,750	-
Past due 1 to 180 days	**-**	**-**		-
More than 180 days	**-**	**-**		-
	159,485,023	**-**	73,750	-

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

	2017	2016
	Rupees	
A-1+	**29,703,864**	21,339,622
A+	**152,382**	-
AA-	**507,334**	-
	30,363,580	21,339,622

Financial assets other than trade debts and bank balances are not exposed to any material credit risk.

38.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due. Accordingly, the Company maintains sufficient cash and also makes availability of funding through credit facilities.

The analysis below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2017	2016
Maturity within 12 months	Rupees	
Trade and other payables	**171,139,123**	190,293,479
Accrued mark up	**49,566,630**	19,003,466
Short term borrowings - secured	**1,216,558,433**	366,040,083
Current portion of long term liabilities	**186,546,559**	64,931,404
Unclaimed dividend	**11,514,753**	2,229,997
	1,635,325,498	642,498,429
Maturity After 12 months		
Long term finances - secured	**214,870,429**	311,970,149
Liabilities against assets subject to finance leases	**390,352,605**	121,414,612
Deferred liabilities	**149,409,788**	149,226,929
	754,632,822	582,611,690

38.2.3 Market risk

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

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. As at the balance sheet date the Company is not exposed to currency risk as there are no foreign currency balances outstanding.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in the functional currency.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by 20.06 million (2016: 8.64 million) This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for current and last year.

Fair value sensitivity analysis for fixed rate instruments

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

Price risk

Other Price Risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future value of investments securities. As at balance sheet date, the Company is not exposed to equity price risk.

38.3 Fair value of financial assets and liabilities

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and financial liabilities.

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

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

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

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

	Level 1	Level 2	Level 3
September 30, 2017		**Rupees**	
Financial assets measured at fair value			
Investment in subsidiaries	-	**749,986,030**	-
Other assets measured at fair value			
Property, plant and equipment		**1,760,737,452**	
Biological assets	-	**27,175,386**	-
	-	**2,537,898,868**	-

	Level 1	Level 2	Level 3
September 30, 2016		**Rupees**	
Financial assets measured at fair value			
Investment in subsidiaries	-	403,312,740	-
Other assets measured at fair value			
Property, plant and equipment	-	1,996,629,542	-
Biological assets	-	21,241,471	-
	-	2,421,183,753	-

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Further, there were no transfers between different levels of fair values mentioned above.

39 CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

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

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

40 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 05 January 2018 has proposed cash dividend at the rate of 35% for the year ended September 30, 2017 (2016: 50% cash dividend and 10% bonus shares). These appropriations will be placed before shareholders for approval in the forthcoming Annual General Meeting and the effect thereof will be accounted for in the financial statements for the year ending September 30, 2018.

41 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation as follows:

Reclassification from component	Reclassification to component	Rupees
Trade and other payables	Long term liabilities	
Cane growers	Sugar cane grower's payable	146,363,591

42 DATE OF AUTHORISATION FOR ISSUE

Theses financial statements were authorised for issue on 05-01-2018 by the Board of Directors of the Company.

43 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive **Director**

PATTERN OF SHARE HOLDING

NO. OF SHARE HOLDERS	SHAREHOLDING RANGE				TOTAL SHARE HELD
4	From	1	to	2,000 Shares	2,282
2	From	2,001	to	10,000 Shares	7,614
4	From	10,001	to	20,000 Shares	76,132
54	From	20,001	and	above	24,752,402
64					**24,838,430**

CATEGORIES OF SHARE HOLDERS	NUMBER	SHARE HELD	PERCENTAGE
Individual (Pakistan)	62	23,848,699	96.02
Individual (Foreign)	-	-	-
Investement Companies	-	-	-
Join Stock Companies	1	951,665	3.83
Financial Institutions	-	-	-
Private Companies and Institutions	1	38,066	0.15
	64	**24,838,430**	**100**