



Success is a Journey
not a Destination



half yearly report march 2017

Directors' Report

On behalf of the Board, I am pleased to present financial results for the Half Year ended March 31, 2017.

Operational Highlights	2016-2017	2015-2016
Season Concluded	27-03-2017	07-03-2016
Season Duration (Days)	133	105
Crushing- M.Tons	1,056,198	940,626
Capacity Utilization	72.19%	81.44%
Sucrose Recovery	11.06%	11.31%
Sugar Production- M.Tons	116,780	106,400
Molasses production- M.Tons	47,856	38,160
Molasses Recovery	4.53%	4.06%
Financial Highlights	2016-2017	2015-2016
	(Rupees in Thousands except EPS)	
Turnover	2,573,529	2,920,051
Sales tax /F.E.D	98,656	198,117
Gross profit	415,909	612,577
Gross Profit margin	16.81%	22.51%
Profit before tax	528,767	506,226
Profit before tax margin	21.37%	18.60%
Profit after tax	461,583	375,225
Profit after tax margin	18.65%	13.79%
Earnings per share	14.41	11.71

The sucrose recovery was recorded at 11.06%. This was lower than the corresponding period of last year's 11.31%. The provincial average was 9.85% which is 1.21% lower than Mehran. Pakistan's overall sucrose recovery touched 9.86% which is 1.2% lower than Mehran. Overall nationwide recoveries this year have been lower than the previous year. We as a mill are proud that despite a lower recovery than last year we still were able to achieve the highest recovery achieved by any mill in the country.

Overall our crushing and production showed an improvement of 12.3% and 9.8% respectively. We are pleased to report that we again cleared 100% growers' payment immediately after the end of crushing season. We feel this policy along with higher cane prices paid by mills in Sind should lead to an exponential increase in cane crop for next year.

We are quite satisfied with our plant operation. The plant operated efficiently as well as consistently. One our main targets was reducing our steam demand and saving excessive Baggasse. We were able to achieve this with Baggasse saving increasing to more than 30,000 Tons this year.

Factors responsible for achieving these healthy results are enumerated below;

- Contribution of exports sales of 19,516 metric tons compared to Nil in the last corresponding period.

- Significant contribution from Equities Portfolio in the shape of Capital Gains & Dividends amounting to Rs.284.78 million compared to Rs.2.05 million same period last year.
- Increase in average selling price of sugar and molasses.
- Increase in the sale of bagasse due to measures taken for improvement in the energy efficiency.
- Lower taxation due to investment credit in plant & Machinery and exports.
- Reduction of distribution overheads.

Despite difficult circumstances, we achieved a PBT of Rs.528 Million which is the highest in the history of the Company for half year period. Our EPS at Rs.14.41 is also a record for half year period. Similarly, our market capitalization at one point also crossed the Rs. 7.0 Billion valuation. This reflects the long term confidence of our shareholder.

Our Equities Portfolio performed exceptionally well and we realized capital gains amounting to Rs. 252 Million while Dividend Income also improved from Rs.21.01 Millions in the previous period to Rs.32 Million.

Our power export to HESCO during the crushing season reduced to 2,760,880 Units from 5,158,832 units of last year. Majority amount of power receivables have been realized. This reduction in power sales was due to higher saving of Baggasse which we sold. The value of Baggasse sale increased from Rs.36.05 Million to Rs.49.47 Million. Further Baggasse sales in the next quarter will further increase overall volume and numerical figure.

The Retail Division has performed well and volumes of packaged sugar have shown improvement. Change in Distributors at Lahore and Islamabad has shown better results in terms of volumes and reduction in Distribution costs. We are now covered in all major outlets of 3 major cities such as Karachi, Lahore and Islamabad.

INDUSTRY REVIEW

The crushing campaign started amidst conflicting estimates about sugarcane crop. During most of the season the biggest challenge was to predict the overall crop size especially that in Punjab. Eventually and much to the surprise of the industry the overall crop and especially growth in Punjab's crop surpassed all previous estimates. Area under cultivation and per acre yield both showed improvements.

Mills in Punjab were therefore able to procure sugarcane at Notified price. On the other hand, crop in Sindh showed marginal improvement and thus sugarcane procurement price recorded an upward trend. The eventual price difference between Sind and Punjab was around 10% which caused a variation in cost of production. The larger share of cane crushed also have some mills a large advantage in terms of economies of scale. This trend put Sindh mills at a disadvantage compared to Punjab whose cost of production was considerably lower. Overall national sugar production totalled 7.1 Million metric tons which was 50% higher than last year's production of 5.2 Million metric tons.

The higher than expected crop size and thus national production has been a huge burden on the market. It has created a sugar glut to a proportion not seen previously by the industry. The eventual solution is a continual export policy which would allow prices to stabilise since they have fallen by 15-20 percent since their highs during the season.

As regards the export policy the Federal Government had initially announced an export of 225,000 metric tons of sugar without any subsidy or incentive. When the first policy was announced the world sugar market was buoyant which allowed mills to aggressively sell product in the world market. Sindh mills primarily exported through sea route while Punjab and KPK mills opted for exports through land route mostly to Afghanistan. Recently another quota of 200,000 metric tons has been announced. However, declining trend in commodities price internationally has made exports more challenging. Total exports from the country during the current year stood at 375,174 metric tons so far. The present need is for exports to cross 1.2 Million Tons as local consumption is estimated at 5.5 Million Tons.

Utilities Store Corporation (USC) has been directed to procure their requirements directly from sugar mills. They have issued four tenders for procurement of 85,000 metric tons. However, due to abundance availability of sugar in the market, this quantity will not impact market sentiment.

UNICOL LIMITED

The distillery operated satisfactorily during the period. Ethanol and CO₂ plants ran efficiently and at capacity. The international prices remained consistent and so were the volumes. We were thus able to maintain profitability at the healthy level seen last year.

Following are the key data related to Unicol Ltd:

Sales	Rs. in '000	2,092,164
Gross Profit	Rs. in '000	367,848
Gross Profit margin	%	12.67%
Profit after tax	Rs. in '000	160,169
Net Profit margin	%	12.54%
Earnings per share	Rs.	1.07

Work on capacity enhancement for CO₂ production has nearly completed and we expect the new plant to be online by June 2017. Subsequent to this Unicol shall be able to produce 18,000 metric tons per annum. This would also enable the Company to enter into long term supply contracts with leading beverage makers.

Plans for the listing of Unicol on the Pakistan Stock Exchange are going as per schedule. This transaction is expected to be completed before the end of this financial year.

FUTURE OUTLOOK

Record national production of sugar coupled with declining international price is expected to keep local sugar market depressed. This will affect the local industry particularly in Sindh whose high cost of production and render them less competitive and may reduce their profitability. The industry has been persuading the Federal Government to increase the quantum of exports. A viable export policy could help turnaround the negative market sentiment and glut in the sugar market.

We at Mehran' are constantly trying to ensure that we can grow our company and thus our profitability.

Last year's BMRE focused on bringing efficiency in the process by reducing losses and steam consumption. This was evident through substantial savings of bagasse which we think will become a strong profit center and will ensure sustainable raw material for the Power project. Work on our

Waste Water Treatment was slightly behind schedule however it is now under trial and testing. This will make Mehran, the first sugar mill in the country, to have a proper Fly Ash emission and Waste Water Treatment systems thus complying fully with the Sind Environment standards.

In the cane field we realise that continual varietal change is critical. This is for the mutual benefit of the mills and growers. In this context we continue to invite local/international sugarcane experts to study our area and suggest ways and means to bring further improvement. Our cane team has started applying their suggestions on plantation techniques and ways of cultivation.

Our HP cogeneration project through our 100 % subsidiary Mehran Energy has achieved certain milestones and is currently awaiting consent from CPPA for purchase of power. This consent would pave the way for issuance of Generation License and Tariff. Current Tariff for bagasse based project expires on May 27, 2017. We seem confident that despite the challenge we shall be able to meet this tariff deadline.

Unicol Limited continues to contribute positively. The capacity enhancement in Co2 is expected to further consolidate their profitability. Unicol intends to go public by issuing their shares through Pakistan Stock Exchange. Arrangements in this respect have been finalized with bankers and consultants.

The Equities Portfolio has performed very well recently and we foresee its continuity in view of continuous rise in PSX index which has become choice buy for both locals and foreigners. Recent inclusion of PSX in the MSCI is a step forward in this direction.

Non availability of the Grid and non-issuance of a tariff by NEPRA has somewhat stalled work on Uni Energy Limited. Management is using all its abilities for pursuing the matter at all relevant forums. As regards financing arrangements, local financing option has been agreed in principle by the lead bank however, foreign financing option is also being explored for seeking priority in grid allocation.

Work on Uni Foods Limited (joint venture Food project) is progressing as per schedule. We expect the company to start commercial production by January 2018 inshallah.

The next six months remain challenging for the company. This is largely due to an expectation of lower sugar prices due to the glut in the market. Despite unfavorable circumstances in worldwide and the domestic commodities market, we are hopeful for maintaining profitability similar to last year. Our diversification policy has also been instrumental in stabilizing our financial results during these difficult days.

We acknowledge the contribution of all concerned in achieving these results and look forward to a future of growth and prosperity.

For and on behalf of the Board of Director



Mohammed Ebrahim Hasham
Chief Executive Officer

Karachi: May 26, 2017

ہم ان نتائج کو حاصل کرنے میں تمام متعلقہ افراد کی شراکت کو سراہتے ہیں اور مستقبل میں ترقی و خوشحالی کے لئے پر امید ہیں۔

فصل کا سروے ظاہر کرتا ہے کہ گنے کی پیداوار کم و بیش پچھلے سال کی مانند رہنے کی توقع ہے، سکروز ریکوری جیسا کہ پہلے بیان کیا گیا ہے بارشیں کم ہونے اور موسمی حالات کی وجہ سے کم ہوگی۔

مہران کی پیداوار توقع ہے کہ پچھلے سال کے مانند رہے گی جبکہ سکروز ریکوری کم ہو سکتی ہے چینی کی قیمتوں میں اضافے کی توقع ہے تاکہ ہم اچھے آپریٹنگ نتائج حاصل کرنے کے قابل ہوں۔

یونی کول اینڈ اٹمیٹاٹو بزنس کارکردگی کی وجہ سے کمپنی کے منافع میں مناسب حصہ ڈال رہا ہے اسی طرح پاکستان اسٹاک ایکسچینج کی حالیہ کارکردگی کو مد نظر رکھتے ہوئے ہمیں امید ہے کہ ہماری حصص میں سرمایہ کاری سے بھی بہتر نتائج برآمد ہوں گے۔

از طرف
بورڈ آف ڈائریکٹرز

محمد ابراہیم ہاشم
چیف ایگزیکٹو آفیسر

کراچی 26 مئی 2017

یونی کول لمیٹڈ

رواں مالی سال ڈسٹری کی کارکردگی تسلی بخش رہی، لہذا ہم نے اس سال بھی گذشتہ سال کی طرح منافع برقرار رکھا۔

یونی کول لمیٹڈ سے متعلق اہم اعداد و شمار مندرجہ ذیل ہیں:

مجموعی فروخت	روپے ہزاروں میں	2,092,164
خالص منافع	روپے ہزاروں میں	367,848
خالص منافع کی شرح	%	12.67
قبل از ٹیکس منافع	روپے ہزاروں میں	180,169
قبل از ٹیکس منافع کی شرح	%	12.54
فی حصص آمدنی	روپے	1.07

CO₂ کی پیداواری صلاحیت بڑھانے پر کام تقریباً مکمل کر لیا ہے اور ہم نئے پلانٹ کو جون 2017 تک شروع کرنے کے قابل ہو جائیں گے اس کی وجہ سے یونی کول 18,000 میٹرک ٹن سالانہ پیدا کرنے کے قابل ہو جائے گا یہ یونی کول کو، معروف مشروب ساز کمپنیوں سے طویل المدتی معاہدے کرنے کے قابل کر دے گا۔

پاکستان اسٹاک ایکسچینج میں یونی کول کے حصص کی فروخت کے لئے شیڈول کے مطابق کام جاری ہے۔ یہ ٹرانزیکشن اس مالی سال کے اختتام سے قبل مکمل ہونے کی توقع ہے۔

مستقبل کا منظر نامہ

ریکارڈ چینی کی پیداوار نے بین الاقوامی سطح پر چینی کے نرخ کو کم کر دیا ہے جس کی وجہ سے مقامی مارکیٹ بھی گراؤ کا شکار ہے یہ گراؤ خاص طور پر سندھ کو متاثر کرے گی جہاں پر چینی کی پیداواری لاگت نسبت دوسرے صوبوں کے زیادہ ہے یہ چیز ان کے منافع کو کم کر سکتی ہے۔ چینی کی برآمدات کی مقدار کو بڑھانے کے لئے وفاقی حکومت کو قائل کیا جا رہا ہے ایک قابل عمل برآمدی پالیسی پر عمل کرتے ہوئے ہم منفی مارکیٹ کو کسی حد تک کنٹرول کر سکتے ہیں۔

مہران اس بات کو یقینی بنانے کی کوشش کر رہی ہے کہ ہم اپنی کمپنی اور منافع کو بہتر بنا سکیں۔

گزشتہ سال کی BMRE کا مقصد دوران آپریشن ہونے والے نقصانات اور بھاپ کی کھپت کو کم کرتے ہوئے پیداواری عمل میں بہتری لانا، اس طرح سے ہم بگاس کی بہتر چھت کرنے میں کامیاب رہیں گے اور بجلی کے منصوبے کے لئے پائیدار خام مال دستیاب ہوگا۔ ہمارے ویسٹ واٹر ٹریٹمنٹ پر کام مقرر کردہ اوقات میں مکمل نہ ہو سکا تھا تاہم اب یہ ٹیسٹنگ اور ٹرانزیکشن بنیادوں پر کام کر رہا ہے۔

مہران شوگر ملز پاکستان میں پہلی ملز ہوگی جس میں فلانی بلش کا مکمل بندوبست اور ویسٹ واٹر ٹریٹمنٹ پلانٹ ہوگا، یہ پلانٹ مہران شوگر ملز کو سندھ محکمہ ماحولیات کے مقرر کردہ معیار کے عین مطابق کر دے گا۔

گنے کی فیلڈ میں گنے کی اقسام کی مسلسل تبدیلی ایک ضروری عمل ہے یہ ملوں اور کاشتکاروں کے باہمی مفاد میں ہے اس تناظر میں ہم مختلف طریقوں سے ہمارے علاقے کا مطالعہ اور مشورہ کرنے کے لئے مقامی / بین الاقوامی گنے ماہرین کو مدعو کرتے ہیں تاکہ مزید بہتری لائی جاسکے۔ ہماری کین ٹیم تراکیب اور کاشت کے طریقوں پر ان کی تجاویز کو لاگو کرنے میں کاشتکاروں کی مدد کرتی ہے۔

ہمارا ایچ پی کو جزییشن پروڈیکٹ مہران انرجی جو کہ 100 فیصد مہران کا ذیلی ادارہ ہے، HP جزییشن منصوبے نے مخصوص سنگ میل حاصل کر لیا ہے اور یہ اس وقت CPPA سے اجازت کا منتظر ہے۔ یہ رضامندی جزییشن لائسنس اور ٹیرف کے اجراء کی راہ ہموار کرے گا۔

بگاس پر مبنی موجودہ منصوبے کے لئے موجودہ ٹیرف 27 مئی 2017 کو ختم ہو رہے ہیں لیکن ہمیں یقین ہے کہ اس چیلنج کے باوجود ہم یہ ٹیرف ڈیڈ لائن تک پورا کرنے کے قابل ہو جائیں گے۔

یونی کول لمیٹڈ، کمپنی کے منافع میں مناسب حصہ شام لکیر رہا ہے اور اور 20C میں صلاحیت بڑھانے سے منافع میں مزید اضافہ کی امید ہے۔ یونی کول لمیٹڈ پاکستان اسٹاک ایکسچینج کے ذریعے اپنے حصص عوام تک پہنچانے کا ارادہ رکھتی ہے۔ اس سلسلے میں تمام انتظامات، بینکاروں اور کسٹومرز کے ساتھ معاملات کو چھٹی شکل دے دی گئی ہے۔

ایکویٹیور پورٹ فولیو نے حال ہی میں بہت اچھی کارکردگی کا مظاہرہ کیا ہے اور پی ایس اینڈیکس میں مسلسل اضافہ کے پیش نظر ہم مقامی اور غیر ملکیوں دونوں کے لئے ایک انتخاب بن گئے ہیں۔، ایم ایس سی آئی میں پی ایس اینڈیکس کی حالیہ شمولیت اس سمت میں مثبت قدم ہے۔

گرڈ کی غیر دستیابی اور نیپرا کی طرف سے ٹیرف کی عدم اجراء کی وجہ سے کسی حد تک یونی انرجی لمیٹڈ پر کام رک گیا ہے۔ اس مقصد کے لئے مینجمنٹ تمام متعلقہ فورمز تک رسائی کے لیے اپنی تمام صلاحیتوں کو استعمال کر رہا ہے۔ جہاں تک فنانسنگ انتظامات کا تعلق ہے، لیڈ بینک کی جانب سے مقامی فنانسنگ آپشن پر اصولی اتفاق کیا گیا جبکہ غیر ملکی فنانسنگ آپشن کو بھی ترجیحی بنیادوں پر گرڈ کو مختص کرنے کے لئے رکھا گیا ہے۔

یونی فوڈ لمیٹڈ (مشترکہ فوڈ منصوبہ) پر کام شیڈول کے مطابق چل رہا ہے۔ ہم توقع رکھتے ہیں کہ کمپنی کی طرف سے جنوری 2018 تک انشالہ تجارتی بنیادوں پر پیداوار شروع ہو جائے گا۔

آنے والے چھ ماہ کمپنی کے لئے چیلنج بنے ہوئے ہیں، مارکیٹ میں چینی کی بہتات سے قیمتوں میں کمی کا امکان ہے، دنیا بھر میں اور ملکی سطح پر اجناس کی مارکیٹ کے لئے حالات سازگار نہ ہونے کے باوجود، ہم گزشتہ سال کی طرح اپنے منافع کو پچھلے سال کی سطح تک برقرار رکھنے کے لئے پر امید ہیں۔ ہماری متنوع سرمایہ کاری بھی ان مشکل دنوں کے دوران ہمارے مالیاتی نتائج کو مستحکم کرنے میں اہم کردار ادا کر رہی ہے۔

کے اختتام کے ساتھ ہی مکمل کی۔ جلد ادائیگی اور سندھ کے کاشتکاروں کو گنے کی اضافی قیمت ملنے کی وجہ سے ہم سمجھتے ہیں کہ آنے والے سال میں گنے کی پیداوار میں مزید اضافہ متوقع ہے۔

ہم اپنے ملز کے آپریشن عمل سے بہت زیادہ مطمئن رہے۔ دوران آپریشن ہم اپنے پلانٹ کی کارکردگی کو مسلسل جانچتے رہے اور اس کو بہتر بناتے ہوئے اس سے بہترین نتائج حاصل کئے۔ ہمارا اولین مقصد اسٹیم کی ضروریات کو کم کرنا اور بگاس کی اضافی مقدار حاصل کرنا تھا۔ نتیجے کے طور پر اس سال ہم نے 30,000 ٹن سے زیادہ بگاس حاصل کی۔

بہتر نتائج حاصل کرنے میں مندرجہ ذیل عوامل کارفرما رہے:

- 19,515 میٹرک ٹن برآمدات رہی۔
- اسٹاک مارکیٹ کے ذریعے حصص میں سرمایہ کاری سے 284.78 ملین کی آمدنی جو کہ پچھلے سال صرف 59.28 ملین روپے تھی
- چینی اور مولا سس کی اوسط قیمت فروخت میں اضافہ
- اسٹیم کی بچت کے لئے اٹھائے گئے اقدامات کی بدولت بگاس کی بچت میں اضافہ اور اسکے نتیجے میں اسکی فروخت میں اضافہ
- برآمدات اور پلانٹ اور مشینری میں سرمایہ کاری پر دیا جانے والا کریڈٹ کی وجہ سے ٹیکس کی شرح میں کمی
- مال کی تقسیم کے اخراجات میں کمی۔

مشکل حالات کے باوجود ہم نے قبل از ٹیکس منافع 528 ملین روپیہ حاصل کیا جو کہ کسی بھی ششماہی میں کمپنی کی تاریخ میں بلند ترین ریکارڈ تھا۔ ہمارا فی حصص آمدنی 14.41 رہی جو کہ کسی بھی ششماہی میں سب سے زیادہ تھا اسی طرح سے ہماری مارکیٹ کیپٹلائزیشن ایک موقع پر 7 ارب روپیہ سے بھی تجاوز کر گئی جو کہ کمپنی کے حصص داران کا کمپنی پر اعتماد کا مظہر ہے۔

اسٹاک مارکیٹ ذریعے حصص میں سرمایہ کاری نے غیر معمولی نتائج دیئے جس سے ہم نے 252 ملین روپے منافع حاصل کیا 32 ملین روپے کا منافع ڈیویڈنڈ کی صورت میں بھی حاصل ہوا جو کہ پچھلے سال 21.01 ملین روپے تھا۔

اس سال حیسکو کو بجلی کی فروخت 2760880 یونٹ رہی جو کہ پچھلے سال 158832 یونٹ تھی واجب الوصول رقم کا زیادہ حصہ وصول کیا جا چکا ہے بجلی کی پیداوار میں کمی کی بنیادی وجہ بگاس کی زیادہ بچت ہے جو کہ ہم نے فروخت کی، بگاس کی فروخت 36.05 ملین سے بڑھ کر 49.47 ملین روپے ہو گئی مزید بگاس اگلی سہ ماہی میں فروخت کی جائیگی، جس سے کمپنی کے منافع میں مزید اضافہ ہوگا۔

ہمارے ریٹیل ڈویژن نے بھی بہتر کام کیا جس کی وجہ سے پیکیجڈ چینی میں بھی بہتری دکھائی دی۔ لاہور اور اسلام

آباد میں ڈسٹری بیوٹرز کی تبدیلی سے فروخت کی مقدار میں اضافہ اور اخراجات میں نمایاں کمی واقع ہوئی۔ اس وقت ہمارے پاس کراچی، لاہور اور اسلام آباد تین بڑے فروخت کے مراکز ہیں۔

انڈسٹری کا مشاہدہ

سہ کرٹنگ سیزن گنے کی فصل کے بارے میں متضاد اندازوں کے درمیان شروع ہوا، سیزن کے دوران سب سے بڑا چیلنج مجموعی طور پر فصل کے سائز کی پیشین گوئی کرنا تھا خاص طور پر پنجاب میں۔ حیران کن طور پر گنے کی فصل میں نمایاں بہتری نظر آئی خاص طور پر پنجاب میں تمام سابقہ اندازوں کے برخلاف فی ایکڑ پیداوار اور زیر کاشت رقبہ دونوں میں نمایاں اضافہ ہوا۔

چونکہ گنے کی وافر مقدار کے باعث پنجاب کی ملیں حکومت کی جانب سے مقرر کردہ نرخ پر لینے کے قابل تھیں، تو دوسری جانب سندھ میں گنے کی فصل میں معمولی اضافہ دیکھنے میں آیا اور اس طرح گنے کی قیمت میں اضافہ کا رجحان ریکارڈ کیا، سندھ اور پنجاب کے درمیان ممکنہ قیمت کا فرق تقریباً 10 فیصد رہا جس کی وجہ سے چینی کی پیداواری قیمت میں واضح فرق آگیا، اس رجحان کا سندھ کی شوگر ملز کو پنجاب کے مقابلے میں نقصان ہوا جن کی پیداواری لاگت کافی کم تھی مجموعی طور پر قومی سطح پر چینی کی پیداوار 7.1 ملین میٹرک ٹن رہی جو کہ پچھلے سال 5.2 ملین میٹرک ٹن تھی، جو 50 فیصد زائد ہے۔

توقع سے زیادہ گنے کی پیداوار اور قومی سطح پر زائد چینی کی پیداوار نے مارکیٹ پر بڑا بوجھ ڈال دیا جس کی وجہ سے ماضی کے برعکس مارکیٹ میں چینی کی بہتات ہے، اس کا ممکنہ حل برآمد کی مسلسل پالیسی ہے جو قیمتوں کو مستحکم کرے گی جو کہ سیزن کے دوران ہی 15 سے 20 فیصد تک گر گئی ہیں۔

وفاقی حکومت نے ابتدائی طور پر کسی بھی سبسڈی یا ترغیب کے بغیر 225000 میٹرک ٹن چینی کی برآمد کی اجازت دی تھی، جب اجازت ملی تو دنیا میں چینی کی مارکیٹ بہتر تھی جس کی وجہ سے عالمی مارکیٹ میں چینی فروخت ہوئی۔ سندھ کی شوگر ملز نے ابتدائی طور پر سمندری جبکہ پنجاب اور کے پی کے کی شوگر ملیں زمینی راستے (افغانستان) سے برآمد کرتی ہیں حال ہی میں حکومت کی جانب سے 2 لاکھ میٹرک ٹن چینی برآمد کرنے کی اجازت ملی ہے مجموعی طور پر چینی کی قیمتوں میں کمی کے بین الاقوامی رجحان کی وجہ سے برآمد مشکل ہو گئی ہے۔ اس سال مجموعی طور پر چینی کی ملکی برآمد اب تک 375174 میٹرک ٹن رہی ضرورت اس بات کی ہے کہ 1.2 ملین ٹن چینی فوری برآمد کی جائے کیونکہ مقامی ضرورت تقریباً 5.5 ملین ٹن ہے۔

یوٹیلیٹی اسٹور کارپوریشن کو کہا گیا ہے کہ وہ شوگر ملز سے براہ راست چینی کی خریداری کریں انہوں نے 85,000 میٹرک ٹن چینی خریدنے کے لئے 4 ٹینڈر جاری کئے ہیں تاہم مارکیٹ میں چینی کی بہتات کے باعث یہ مقدار مارکیٹ پر اثر انداز نہیں ہوگی۔

ڈائریکٹرز رپورٹ

میں 31 مارچ 2017 کو ختم ہونے والی ششماہی کے مالی نتائج کو آپ کی خدمت میں پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

2015-2016	2016-2017	آپریٹنگ ہائی لائنس
27-03-2017	07-03-2016	سیزن کا آغاز
105	133	سیزن کا دورانیہ
940,626	1,056,198	کرشنگ (میٹرک ٹن)
81.44%	72.19%	پیداواری صلاحیت کا استعمال
11.31%	11.06%	سنگروں کی ریکوری
106,400	116,780	چینی کی پیداوار (میٹرک ٹن)
38,160	47,856	مولاسس کی پیداوار (میٹرک ٹن)
4.06%	4.53%	مولاسس کی ریکوری
2015-16	2016-17	مالیاتی معلومات (فنانشل ہائی لائنس)
(روپے ہزاروں میں ماسوائے فی حصص آمدنی)		
2,920,051	2,573,529	مجموعی فروخت (ٹوٹل ٹرن اوور)
198,117	98,656	سیلز ٹیکس / ایف ای ڈی
612,577	415,909	خالص منافع
22.51%	16.81%	خالص منافع کی شرح
506,226	528,767	قبل از ٹیکس منافع
18.60%	21.37%	قبل از ٹیکس منافع کی شرح
375,225	461,583	بعد از ٹیکس منافع
13.79%	18.65%	بعد از ٹیکس منافع کی شرح
11.71	14.41	فی حصص آمدنی

چینی کی ریکوری اس سال 11.06 فیصد رہی جبکہ اس سے پچھلے سال اسی عرصہ کے دوران ریکوری 11.31 فیصد تھی۔ ریکوری کی صوبائی اوسط 9.85 تھی، جو کہ مہران کی ریکوری سے 1.21 فیصد کم تھی۔ پاکستان میں چینی کی مجموعی طور پر ریکوری کی سطح 9.86 فیصد تھی، جو کہ مہران کی ریکوری سے 1.2 فیصد کم تھی۔ اس سال پاکستان میں چینی کی مجموعی ریکوری گذشتہ سال کی نسبت کم رہی۔ بحیثیت ملز ہمیں اس بات پر بجا طور پر فخر ہے کہ پورے ملک میں چینی کی ریکوری میں کمی کے رجحان کے باوجود ہم نے ملکی سطح پر دیگر تمام ملز سے بہتر ریکوری حاصل کی۔

مجموعی طور پر کرشنگ اور پروڈکشن میں 12.3 فیصد اور 9.8 فیصد اضافہ ہوا۔ اس سال بھی ہم نے ہمیشہ کی طرح کاشتکاروں کو اُن کے گنے کی بروقت ادائیگی کے اصول پر عمل کرتے ہوئے گنے کی رقوم کی 100 فیصد ادائیگی سیزن



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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Mehran Sugar Mills Limited** (the Company) as at 31 March 2017, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "Interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to the contents of note 11.1 to the condensed interim financial statements in respect of contingencies. The ultimate outcome of the matters referred therein cannot presently be determined with certainty and, hence, no provision for any liability that may arise from such matters has been made in the condensed interim financial statements. Our conclusion is not qualified in respect of these matters.


Chartered Accountants

Engagement Partner: Khurram Jameel

Date: 26 May 2017

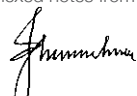
Place: Karachi

Condensed Interim Balance Sheet

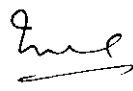
as at March 31, 2017

	Note	31 March 2017 (Un-audited) Rupees	30 September 2016 (Audited) Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,096,301,987	1,952,924,527
Long-term investments	6	888,689,398	765,563,846
Long-term deposits		893,170	853,170
		<u>2,985,884,555</u>	<u>2,719,341,543</u>
CURRENT ASSETS			
Biological assets		9,214,159	43,848,243
Stores and spare parts		81,228,208	72,254,949
Stock-in-trade	7	4,340,199,652	412,035,787
Trade debts		230,491,279	10,559,935
Loans and advances		55,307,462	108,221,611
Trade deposits and short-term prepayments		32,806,528	6,519,310
Other receivables		3,158,291	3,717,367
Short-term investments	8	1,035,253,526	1,105,801,019
Taxation – net		18,526,304	-
Cash and bank balances		26,867,314	34,438,332
		<u>5,833,052,723</u>	<u>1,797,396,553</u>
TOTAL ASSETS		<u>8,818,937,278</u>	<u>4,516,738,096</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital		500,000,000	500,000,000
50,000,000 ordinary shares of Rs.10/- each			
Issued, subscribed and paid-up capital		320,312,450	320,312,450
32,031,245 ordinary shares of Rs.10/- each			
Reserves		2,375,928,212	2,003,103,005
		<u>2,696,240,662</u>	<u>2,323,415,455</u>
Non-Current Liabilities			
Long-term financing	9	533,918,473	304,848,460
Liabilities against assets subject to finance leases		41,443,124	21,210,474
Market committee fee payable		77,560,519	70,334,256
Deferred liability		4,344,856	4,646,722
Deferred taxation		324,615,838	322,643,511
Provision for quality premium		119,290,919	119,290,919
		<u>1,101,173,729</u>	<u>842,974,342</u>
Current Liabilities			
Trade and other payables		875,674,961	1,113,134,038
Accrued mark up		58,734,885	8,841,589
Short-term borrowings	10	3,880,330,291	-
Current portion of long-term financing		153,717,175	167,716,209
Current portion of liabilities against assets subject to finance leases		27,997,235	15,128,895
Current portion of market committee fee payable		3,757,652	3,757,652
Provision for market committee fee		10,561,982	9,406,263
Taxation – net		-	22,202,133
Sales tax and federal excise duty payable		10,748,706	10,161,520
		<u>5,021,522,887</u>	<u>1,350,348,299</u>
Contingencies and Commitments			
	11		
TOTAL EQUITY AND LIABILITIES		<u>8,818,937,278</u>	<u>4,516,738,096</u>

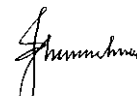
The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



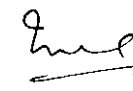
Child Executive Officer



Director



Child Executive Officer



Director

Condensed Interim Profit and Loss Account

For the half year ended March 31, 2017 (Un-Audited)

	Half year ended		Quarter ended	
	March 31, 2017 Rupees	March 31, 2016 Rupees	March 31, 2017 Rupees	March 31, 2016 Rupees
Turnover - net	2,474,872,783	2,721,933,054	1,606,456,989	599,402,651
Cost of sales	<u>(2,058,963,028)</u>	<u>(2,109,355,141)</u>	<u>(1,339,487,647)</u>	<u>(262,900,737)</u>
Gross profit	415,909,755	612,577,913	266,969,342	336,501,914
Distribution expenses	(30,169,776)	(24,349,251)	(25,402,222)	(14,757,554)
Administrative expenses	(124,041,834)	(100,034,999)	(78,175,619)	(60,732,998)
Other expenses	(16,859,017)	(71,286,997)	(9,468,419)	(49,410,254)
Other income	314,186,542	64,126,682	140,734,927	40,610,853
	<u>143,115,915</u>	<u>(131,544,565)</u>	<u>27,688,667</u>	<u>(84,289,953)</u>
Operating profit	559,025,670	481,033,348	294,658,009	252,211,961
Finance costs	(80,111,177)	(51,376,044)	(65,935,991)	(39,055,303)
Share of profit from associates – net of tax	49,853,423	76,569,168	27,739,344	39,416,725
Profit before taxation	528,767,916	506,226,472	256,461,362	252,573,383
Taxation				
- Current	(62,697,478)	(106,843,458)	(49,622,420)	(67,298,659)
- Prior	(6,509,331)	(757,582)	(5,758,497)	-
- Deferred	2,022,703	(23,399,640)	718,178	(6,649,104)
	<u>(67,184,106)</u>	<u>(131,000,680)</u>	<u>(54,662,739)</u>	<u>(73,947,763)</u>
Net profit for the period	461,583,810	375,225,792	201,798,623	178,625,620
Earnings per share- Basic and diluted (Rupees)	14.41	11.71	6.30	5.58

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Comprehensive Income

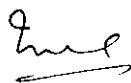
For the half year ended March 31, 2017 (Un-Audited)

	Half year ended		Quarter ended	
	March 31, 2017 Rupees	March 31, 2016 Rupees	March 31, 2017 Rupees	March 31, 2016 Rupees
Net profit for the period	461,583,810	375,225,792	201,798,623	178,625,620
Other comprehensive income				
Items to be classified to profit and loss account in subsequent periods				
Unrealised gain / (loss) on revaluation of investments – net of tax	115,480,381	(1,382,936)	(57,049,877)	6,443,064
Reclassification to profit and loss account for (gain) / loss upon sale of investments	(84,121,338)	8,940,420	14,666,053	4,289,255
	31,359,043	7,557,484	(42,383,824)	10,732,319
Total comprehensive income for the period	492,942,853	382,783,276	159,414,799	189,357,939

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director

Condensed Interim Cash Flow Statement

For the half-year ended March 31, 2017 (Un-Audited)

	Note	March 31, 2017 Rupees	March 31, 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		528,767,916	506,226,472
Adjustment for:			
Depreciation		72,607,231	67,205,343
Share of profit from associates		(49,853,423)	(53,509,595)
Provision for market committee fee		10,561,982	9,406,263
Gain on disposal of fixed assets		(2,235,414)	(3,424,133)
(Gain) / loss on sale of short term investments		(252,591,867)	18,957,601
Finance costs		80,111,177	51,376,044
		(141,400,314)	90,011,523
Working capital changes	13	(4,332,120,268)	(2,020,654,624)
		(3,944,752,666)	(1,424,416,629)
Gratuity paid		(301,866)	(308,676)
Taxes paid		(109,935,251)	(20,998,331)
Finance costs paid		(30,217,881)	(36,660,649)
Market committee fee paid		(2,180,000)	-
Long term deposits		(40,000)	-
Net cash used in operating activities		(4,087,427,664)	(1,482,384,285)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(167,743,537)	(178,261,215)
Investments made during the period		(1,632,470,111)	(371,704,437)
Proceeds from disposal of short term investments		1,917,691,420	191,502,638
Proceeds from disposal of fixed assets		3,410,000	6,601,946
Net cash generated from / (used in) investing activities		120,887,772	(351,861,068)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing – net		215,070,979	127,117,918
Short term borrowings – net		3,627,000,000	1,728,061,229
Lease rentals paid		(16,314,750)	11,168,984
Dividends paid		(120,117,646)	(88,086,431)
Net cash generated from financing activities		3,705,638,583	1,778,261,700
Net decrease in cash and cash equivalents		(260,901,309)	(55,983,653)
Cash and cash equivalents at beginning of period		34,438,332	45,554,037
Cash and cash equivalents at end of period		(226,462,977)	(10,429,616)
Cash and cash equivalents comprise of:			
Cash and bank balances		26,867,314	13,555,667
Short term running finances		(253,330,291)	(23,985,283)
		(226,462,977)	(10,429,616)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer



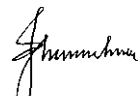
Director

Condensed Interim Statement of Changes in Equity

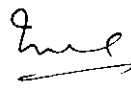
For the half year ended March 31, 2017 (Un-Audited)

	Issued, subscribed and paid-up capital	Reserves					Total reserves	Total
		Capital reserve – Share premium	General Reserve	Unrealised gain on revaluation of investments	Actuarial gain / (loss) on defined benefit plan	Unappropriated profit		
Rupees								
Balance as at October 01, 2015	320,312,450	63,281,250	85,000,000	46,860,780	(667,641)	1,346,978,499	1,541,452,888	1,861,765,338
Final dividend @ Re. 1.5 per share for the year September 30, 2015	-	-	-	-	-	(48,047,287)	(48,047,287)	(48,047,287)
Interim dividend @ Re. 1.25 per share for the year September 30, 2016	-	-	-	-	-	(40,039,142)	(40,039,142)	(40,039,142)
Net profit for the period	-	-	-	-	-	375,225,792	375,225,792	375,225,792
Other comprehensive income	-	-	-	7,557,484	-	-	7,557,484	7,557,484
Total comprehensive income	-	-	-	7,557,484	-	375,225,792	382,783,276	382,783,276
Balance as at March 31, 2016	<u>320,312,450</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>54,418,264</u>	<u>(667,641)</u>	<u>1,634,117,862</u>	<u>1,836,149,735</u>	<u>2,156,462,185</u>
Balance as at October 01, 2016	320,312,450	63,281,250	85,000,000	146,743,887	3,473,393	1,704,604,475	2,003,103,005	2,323,415,455
Final dividend @ Rs. 2.25 per share for the year September 30, 2016	-	-	-	-	-	(72,070,387)	(72,070,387)	(72,070,387)
Interim dividend @ Re. 1.25 per share for the year September 30, 2017	-	-	-	-	-	(48,047,259)	(48,047,259)	(48,047,259)
Net profit for the period	-	-	-	-	-	461,583,810	461,583,810	461,583,810
Other comprehensive income	-	-	-	31,359,043	-	-	31,359,043	31,359,043
Total comprehensive income	-	-	-	31,359,043	-	461,583,810	492,942,853	492,942,853
Balance as at March 31, 2017	<u>320,312,450</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>178,102,930</u>	<u>3,473,393</u>	<u>2,046,070,639</u>	<u>2,375,928,212</u>	<u>2,696,240,662</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director

Condensed Notes to the Financial Statements

For the half year ended March 31, 2017 (Un-Audited)

1. THE COMPANY AND ITS OPERATIONS

Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company on December 22, 1965 under the Companies Act, 1913 (now Companies Ordinance, 1984). The shares of the Company are quoted on Pakistan Stock Exchange. The Company is principally engaged in the manufacturing and sale of sugar. The registered office of the Company is situated at 14th floor, Dolmen City Executive Tower, Marine Drive, Block 4, Clifton, Karachi. The mill of the Company is located at Distt. Tando Allahyar, Sindh.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements are unaudited but subject to limited scope review by auditors, except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended March 31, 2017 and March 31, 2016. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) – 34, “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended September 30, 2016.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended September 30, 2016 except that the Company has adopted the following amendments to IFRSs which became effective for the current period:

- IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

The adoption of the above amendments did not have any effect on these condensed interim financial statements.

Condensed Notes to the Financial Statements

For the half year ended March 31, 2017 (Un-Audited)

4. SEASONALITY OF OPERATIONS

The Company's production process is seasonal in nature because of the cultivation and reaping of sugarcane due to which production is carried out in the first half of the financial year.

	Note	March 31, 2017 (Un-audited) Rupees	September 30, 2016 (Audited) Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets			
- Owned	5.1	1,780,681,337	1,597,486,768
- Leased	5.2	99,738,125	59,915,793
		<u>1,880,419,462</u>	<u>1,657,402,561</u>
Capital work-in-progress (CWIP)	5.3	215,882,525	295,521,966
		<u>2,096,301,987</u>	<u>1,952,924,527</u>
5.1 Operating assets – owned			
Book value at the beginning of the period / year		1,597,486,768	1,551,016,745
Additions during the period / year	5.1.1	23,272,995	61,848,006
Transfer from CWIP during the period / year	5.3	224,109,983	129,310,520
		<u>1,844,869,746</u>	<u>1,742,175,271</u>
Less:			
Disposal during the period / year		1,174,586	21,296,520
Depreciation charged during the period / year		63,013,823	123,391,983
		<u>64,188,409</u>	<u>144,688,503</u>
		<u>1,780,681,337</u>	<u>1,597,486,768</u>
5.1.1 Additions during the period / year			
Plant, machinery and equipment		18,518,883	38,464,775
Vehicles		2,058,000	877,650
Computers		1,462,987	1,194,044
Electric installation		751,447	-
Air-conditioners and refrigerators		355,878	2,607,064
Furniture and fittings		125,800	981,900
Factory building		-	7,031,914
Freehold land		-	5,958,487
Office premises		-	411,507
Office equipment		-	826,500
Weighbridge and scales		-	3,494,165
		<u>23,272,995</u>	<u>61,848,006</u>
5.2 Operating assets – leased			
Book value at the beginning of the period / year		59,915,793	50,148,107
Additions during the period / year – vehicles		49,415,740	25,035,400
		<u>109,331,533</u>	<u>75,183,507</u>
Less:			
Disposals during the period / year		-	1,248,870
Depreciation charged during the period / year		9,593,408	14,018,844
		<u>9,593,408</u>	<u>15,267,714</u>
		<u>99,738,125</u>	<u>59,915,793</u>

Condensed Notes to the Financial Statements

For the half year ended March 31, 2017 (Un-Audited)

5.3 Capital work-in-progress

	Opening balance	Additions during the period / year	Transfers to operating fixed assets	Closing balance
----- Rupees -----				
Civil works	55,807,969	24,144,892	(7,538,981)	72,413,880
Plant, machinery and equipment	239,713,997	120,325,650	(216,571,002)	143,468,645
31 March 2017	295,521,966	144,470,542	(224,109,983)	215,882,525
30 September 2016	47,909,487	376,922,999	(129,310,520)	295,521,966

	% of holding	March 31, 2017 (Un-audited) Rupees	September 30, 2016 (Audited) Rupees
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6. LONG TERM INVESTMENTS

Subsidiary – unquoted

Mehran Energy Limited

3 ordinary shares of Rs. 10/- each
Advance for future issue of shares

100	-	-
	23,272,129	-
	<u>23,272,129</u>	-

Associates – unquoted

Unicol Limited

49,999,998 (September 2016: 23,059,573)
Ordinary shares of Rs. 10 each

33	799,018,540	745,628,638
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UniEnergy Limited

2,500,000 (September 2016: 2,500,000)
Ordinary shares of Rs. 10 each

25	19,977,437	19,935,208
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UniFoods Industries Limited

5,000,000 Ordinary shares of Rs. 10 each

24	46,421,292	-
	<u>865,417,269</u>	<u>765,563,846</u>
	<u>888,689,398</u>	<u>765,563,846</u>

7. STOCK-IN-TRADE

Manufactured sugar

- Work-in-process
- Finished goods

	2,532,822	2,702,374
	<u>4,296,066,830</u>	<u>409,333,413</u>
	4,298,599,652	412,035,787
	<u>41,600,000</u>	-
	<u>4,340,199,652</u>	<u>412,035,787</u>

Molasses

Condensed Notes to the Financial Statements

For the half year ended March 31, 2017 (Un-Audited)

	% of holding	March 31, 2017 (Un-audited) Rupees	September 30, 2016 (Audited) Rupees
8. SHORT-TERM INVESTMENTS			
Held to maturity			
Term deposit certificates		3,300,000	3,300,000
Available for sale			
Listed equity securities		<u>1,031,953,526</u>	<u>1,102,501,019</u>
		<u>1,035,253,526</u>	<u>1,105,801,019</u>
	Note	March 31, 2017 (Un-audited) Rupees	September 30, 2016 (Audited) Rupees
9 LONG TERM FINANCING – secured			
From banking companies			
Diminishing Musharaka			
Al Baraka Bank Pakistan Limited		62,816,713	82,195,140
Bank Islami Pakistan Limited		31,247,503	35,414,169
Meezan Bank Limited		-	12,812,500
		<u>94,064,216</u>	<u>130,421,809</u>
Term loans			
Bank Al Habib Limited		279,285,716	313,571,430
MCB Bank Limited		14,285,716	28,571,430
Bank Alfalah Limited	9.1	300,000,000	-
		<u>593,571,432</u>	<u>342,142,860</u>
Less: Current portion shown under current liabilities		<u>153,717,175</u>	<u>167,716,209</u>
		<u>533,918,473</u>	<u>304,848,460</u>
	Note	March 31, 2017 (Un-audited) Rupees	September 30, 2016 (Audited) Rupees
9.1			
The loan carries mark-up rate of 6 month's KIBOR + 0.5% per annum repayable in 20 equal quarterly installments by 2023 and is secured by first pari passu charge over fixed assets (land, building, plant and machinery) along with 25% margin.			
10. SHORT-TERM BORROWINGS – secured			
Short term running finances	10.1	253,330,291	-
Short term finance	10.2	3,627,000,000	-
		<u>3,880,330,291</u>	<u>-</u>

Condensed Notes to the Financial Statements

For the half year ended March 31, 2017 (Un-Audited)

- 10.1** Represent short term running finance facilities amounting to Rs.975 million obtained with mark-up rates ranging from 3 month's KIBOR + 0.75% to 3 month's KIBOR + 1% per annum. The facilities are secured by pledge of sugar stocks, stores, spares parts, moveable and receivables of the Company.
- 10.2** Represent short term loan facilities amounting to Rs.4,650 million obtained with mark-up rates ranging from 3 month's KIBOR + 0.6% to 3 month's KIBOR + 1% per annum. The facilities are secured by pledge of sugar stocks, fixed assets (land, building, plant and machinery), moveable and receivables of the Company.
- 11. CONTINGENCIES AND COMMITMENTS**
- 11.1 Contingencies**
- (i) Contribution demanded by Sindh Employees Social Security Institution amounting to Rs. 3.28 million (September 30, 2016: Rs. 3.28 million), for the period July 1987 to August 1990, had been disputed by the Company. The case is currently pending decision before the Honorable High Court of Sindh (the Court). The Company and its legal counsel are hopeful of favorable outcome of the case and hence, no provision has been made against the above demand in these condensed interim financial statements.
- (ii) Directorate General of Defense Purchase (DGDP) risk purchase claim amounting to Rs. 38.58 million (September 30, 2016: Rs. 38.58 million), was disputed by the Company on the grounds that the goods were delivered in time, however, the DGDP failed to lift the goods thereby indulging in breach of the contract. DGDP also withheld tender money paid by the Company amounting to Rs. 8.19 million during the year 1995 and 1996. The Company has filed a counter claim of Rs. 25.81 million (September 30, 2016: Rs. 25.81 million) against the said breach of contract. The said cases are pending before the Honorable Supreme Court of Pakistan and the Honorable Lahore High Court. The management and legal counsel of the Company are confident that no liability will arise in respect of the risk purchase claim, and hence no provision has been made for the same in these condensed interim financial statements.
- (iii) The Company filed an appeal before the Court and was granted a stay against the order of Customs, Excise and Sales Tax Appellate Tribunal, Karachi, upholding allegation of non-payment of sales tax on advances etc., amounting to Rs. 11.087 (September 30, 2016: Rs. 11.087) million. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these condensed interim financial statements.
- (iv) The Company has filed an appeal before Customs, Excise and Sales Tax Appellate Tribunal, Karachi, which is pending for hearing, against the order of the Deputy Collector, Collectorate of Customs, Excise and Sales Tax (Adjudication), Hyderabad to pay off alleged demand of Rs.10.07 (September 30, 2016: Rs. 10.07) million along with additional tax and penalty. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision has been made in these condensed interim financial statements.
- (v) Pakistan Standards and Quality Control Authority (PSQCA) had demanded a fee payment at the rate of 0.1 percent of ex-factory price for the year 2008-09 amounting to Rs. 2.2 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. Based on the advise of the legal advisor, the management is confident that it would not be liable to pay the said marking fee and hence no provision is made in these condensed interim financial statements.

Condensed Notes to the Financial Statements

For the half year ended March 31, 2017 (Un-Audited)

- (vi) During the year ended September 30, 2015, the Company filed an appeal before the Honorable Commissioner Appeals against the order of the Deputy Commissioner Enforcement and Collection whereby sales tax liability along with penalty amounting to Rs. 18 million has been established for claiming inadmissible input tax adjustment. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these condensed interim financial statements.
- (vii) The Company made down payment in respect of purchase of Thatta Sugar Mills (the Mill) and other cost incurred in running the Mill amounting to Rs. 42.5 million from November 1992 up to July 1993, when the Mill was forcibly taken over by the Government of Sindh (GoS) without paying any amount. The Company filed a law suit for Rs. 166 million being the amount of down payment, expenses incurred (including payment to workers) and loss of profits. The GoS made a counter claim of Rs. 402 million against the Company. The case is currently pending in the Court for recording of evidences. While the Company's suit for recovery of compensation is pending in the Court, the GoS invited bids for the sale of the Mill through Sindh Privatization Commission but it could not succeed. The GoS is now trying to privatize it through the Federal Privatization Commission. The representative of the GoS has also admitted the fact that the Mill was taken over by the GoS without making any payment to the Company. However, the Company has made provision against the aforesaid receivable of Rs. 42.5 million as a matter of prudence and the fact that the debt is outstanding for a considerable period.

	March 31, 2017 (Un-audited)	September 30, 2016 (Audited)
11.2 Commitments		
Capital commitments	<u>65,560,577</u>	<u>52,356,908</u>
Commitments in respect of equity investment in an associate	<u>150,000,000</u>	<u>838,519,000</u>
Commitments in respect of operating lease rentals for farms	<u>-</u>	<u>1,181,250</u>

12. OTHER INCOME

Includes gain on sale of short term investments amounting to Rs. 253 million (2016: Nil).

	March 31, 2017 (Un-audited) Rupees	March 31, 2016 (Un-audited) Rupees
13. WORKING CAPITAL CHANGES		
Increase in current assets		
Biological assets	34,634,084	34,865,266
Stores and spare parts	(8,973,259)	31,632,668
Stock-in-trade	(3,928,163,865)	(2,869,091,949)
Trade debts	(219,931,344)	(2,853,614)
Loans and advances	52,914,149	4,871,696
Trade deposits and short-term prepayments	(26,287,218)	(14,997,712)
Other receivables	559,076	1,281,780
	<u>(4,095,248,377)</u>	<u>(2,814,291,865)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	<u>(237,459,077)</u>	<u>869,953,914</u>
Sales tax and federal excise duty payable	<u>587,186</u>	<u>(76,316,673)</u>
	<u>(236,871,891)</u>	<u>793,637,241</u>
	<u>(4,332,120,268)</u>	<u>(2,020,654,624)</u>

Condensed Notes to the Financial Statements

For the half year ended March 31, 2017 (Un-Audited)

14. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiary [Mehran Energy Limited], associates [Pakistan Molasses Company (Private) Limited, Mogul Tobacco Company (Private) Limited, Unicol Limited, UniEnergy Limited, Unifoods Industries Limited, Usman Memorial Hospital Foundation, Hasham Foundation], retirement funds, directors and key management personnel. Transactions with related parties, other than those disclosed elsewhere in the condensed interim financial statements, are as follows:

	March 31, 2017 (Un-audited) Rupees	March 31, 2016 (Un-audited) Rupees
Associates		
Sales	<u>393,361,648</u>	<u>300,007,218</u>
Insurance premium	<u>-</u>	<u>9,253,129</u>
Expenses shared	<u>523,278</u>	<u>541,582</u>
Donations paid	<u>5,000,000</u>	<u>6,000,000</u>
Key management personnel		
Salaries and allowances	<u>37,467,156</u>	<u>29,388,264</u>
Bonus	<u>16,402,524</u>	<u>12,808,124</u>
Retirement benefit plans		
Contribution to Provident Fund	<u>2,431,506</u>	<u>1,981,219</u>

15. GENERAL

These condensed interim financial statements have been authorized for issue on May 26, 2017 by the Board of Directors of the Company.


Chief Executive Officer


Director

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