



Progressing through changing Dynamics



Directors' Report

On behalf of the Board, I am pleased to present financial results for the half year ended March 31, 2018.

Operational Highlights	March 2018	March 2017
Season Started	27-11-2017	15-11-2016
Crushing- M.Tons	999,780	1,056,198
Capacity Utilization	84.41%	72.19%
Sucrose Recovery	11.49%	11.06%
Sugar Production- M.Tons	113,810	116,780
Molasses production- M.Tons	44,645	47,856
Molasses Recovery	4.47%	4.53%

Financial Highlights	March 2018	March 2017
	(Rupees in Thousand except EPS)	
Total Turnover	2,840,196	2,573,529
Sales tax /F.E.D	126,532	98,656
Gross profit	231,451	415,910
Gross Profit margin	8.53%	16.81%
Profit before tax	129,381	528,768
Profit before tax margin	4.77%	21.37%
Net Profit after tax	108,887	461,584
Net Profit margin	4.01%	18.65%
Earnings per share	3.40	14.41

This year was the first such in the last decade where crushing campaign continued beyond the first week of April. Hence, crushing and sugar production numbers were still inconclusive at the closing of the half year.

As at 31st March the sucrose recovery at 11.49% was comparatively better than last year's 11.06%. We are proud to report that this recovery is the highest in the history of the Company and one of the highest ever achieved by any mill in Pakistan.

Overall crushing and production went down marginally by 5.3% and 2.5% respectively. Capacity utilization improved from last year's 72.19% to 84.41% largely due to consistent crushing and regular availability of sugarcane.

Following factors were main contributors to the positive bottom line;

- Sales volume increased by 68% primarily due to exports.

- Selling price went down by 29%, thereby reducing Gross margin to 8.53% compared to 16.81% of last corresponding period.
- Freight support subsidy from Federal Government was booked though not still realised.
- Share of Profit from Unicol Limited amounted to Rs.136.81 Million as compared to Rs.53.38 Million showing an increase of 156%.
- Reduction in finance cost from Rs.74.65 million to Rs.61.96 million.
- Exchange Rate gains of Rs.38.73 million compared to Rs.4.19 million. This was primarily due to the recent decline in PKR by almost 10% against the USD.
- Increase in the sale of bagasse by 89% compared to corresponding period of previous year. Total Baggasse sold in this period is 37,000 Tons.
- Sale of power to the grid of 2.4 Million units amounting to Rs. 21.94 Million.

INDUSTRY PERSPECTIVE

In view of the huge carryover from the previous season and corresponding global surplus of sugar, the market domestically hit at a 5 year low going below Rs. 45/- with Sales Tax during the season. This low sugar price made it uneconomical for mills to pay The Minimum Notified Cane Price and due to consistent deadlock on the part of provincial government in reaching an amicable solution, mills had no option but to approach the Sindh High Court for remedy.

The Court after hearing all parties reached an amicable tripartite settlement of an interim price of Rs.160/40 Kgs and held the notified price of Rs.182/40 Kgs in abeyance till final disposal of the matter by the Honourable Supreme Court of Pakistan in relation to a case pending since 2015.

On the sugar front unlike the previous year where there was uncertainty on export policy this year the federal and provincial governments had put in place a workable export policy from the start of the season. The export allowance of 1.5 million metric tons with a subsidy of Rs.10.70/kg facilitated sugar mills to export their sugar internationally and generate funds to pay off farmers for sugarcane purchased in addition to generating precious foreign exchange for the country. Once the 1.5 M Tons is exported the country is expected to receive approximately USD half a billion.

During this period your mill was able to export 42,276 Tons of sugar at an average price of USD 343. As of March 31st the export quotas have been utilised of 1.044 Million M. Tons out of 1.5 Million M. Tons.

Huge amount of pending subsidies are a cause of concerns for mills which have exported sugar. Our exports from November have yet to receive the subsidy amount of Rs. 381 Million is pending against our exports while the figure for the overall industry is approximately Rs. 10 Billion.

The receipt of these subsidies is critical in ensuring all cane payments are made by the industry and to ensure farmers are motivated to plant sugarcane for the next year.

UNICOL LIMITED

The distillery operated satisfactorily during the period. Ethanol and CO₂ plants ran efficiently and at capacity. The international prices of ethanol showed improvement by a few percentage, however the main reason for the healthy bottom line this year has been the reasonable price of Molasses purchases which showed the 30 percent fall during the crushing season.

Unicol's CO₂ sales almost doubled from 2,668 metric tons to 5,319 metric tons due to capacity expansion, aggressive marketing and well thought out distribution. This would also enable the Company to enter into long term supply contracts with leading beverage makers.

Following are the key data related to Unicol Ltd:

Financial Highlights	Units	March 2018	March 2017
Sales	Rs. in '000	2,489,939	2,092,165
Gross Profit	Rs. in '000	681,267	367,849
Gross Profit %	%	27.36%	17.58%
Profit before tax	Rs. in '000	435,659	180,170
Profit after tax	Rs. in '000	410,429	160,170
Net Profit %	%	16.48%	7.66%
Earnings per share	Rs.	2.74	1.07

UNIFOOD INDUSTRIES LIMITED

The packaged cake plant located at Hub Industrial Estate has finally gone into commercial production in February 2018 after a successful trial run. The distribution setup is being established and products are slowly penetrating in the market. However its launch in IMT and LMT markets is presently being negotiated. As the current period falls under low demand period therefore full fledged marketing and publicity campaign has been put on hold. We are quite confident that after the launch of the marketing campaign, volume will show significant increase. On their part, shareholders are fully committed towards the project and have been injecting equity as and when required by the management. We have so far injected Rs. 127 million in the project. As at March 31, 2018 (9 months period) Unifood has incurred a loss of Rs.110.367 Million which was as per expectations for the first year.

FUTURE OUTLOOK

Continued increase in national production of sugar coupled with a sluggish international market is continually keeping local sugar market depressed. This will hurt the local industry whose high cost of production due to high cane cost makes exports uncompetitive. The Federal and Provincial Governments have helped the industry partially by extending subsidy. However, due to delay in realization of these subsidies, mills have experienced cash flow problems.

Our area has been witnessing an increase in overall sugarcane production for last two years which was mainly due to prompt sugarcane payments by your and adjoining mills. However the dispute over Minimum Support Price, slower payments and a serious water crisis could affect sugarcane plantation in the next couple of years as growers may switch to other competing crops.

However, we at our end, will continue to play our role in improving varieties, controlling crop diseases and educating farmers in improving their per acre yield. Our cane team has been instrumental in application of latest techniques on plantation techniques and ways of cultivation as advised by our international consultants. Due to longer spell of dry warm weather and minimal rains in Sindh, water shortage is expected to play an important role in the lower future sugarcane crop.

Due to increase in national and international sugar production, we do not expect significant improvement in sugar selling price. Therefore it is imperative that minimum support price should be fixed keeping in view the sugar selling price. This is critical for the survival of the sugar industry.

Our continual efforts within the factory has been on efficiency in the process and energy conservation through steam efficiency. This was evident in substantial savings of bagasse. Our Waste Water Treatment Plant has been fully commissioned and automated. We are proud to have had a proper Fly Ash system since 5 years now and a Waste Water Treatment system and are pioneers in this technological advancement relating to cleaner environment and complying with all SEQS rules.

Our HP cogeneration project through a 100 percent owned SPV Mehran Energy has remained stalled during last few months. CPPA had filed a Review Petition with NEPRA over award of tariff which was eventually dismissed. However, they have now approached Islamabad High Court against NEPRA's verdict. Till such time as CPPA exhausts their legal options, work on development of the project may remain suspended. We at our end are still optimistic about this project and sincerely, look forward for its revival as it is vital for industry's long term sustainability.

Unicol Limited continues to contribute positively and shall continue to play an instrumental role in ensuring healthy financials for the remaining quarters as well. The capacity enhancement in CO₂ has strengthened profitability. Unicol's IPO has been delayed due to bearish conditions in the local bourse. However, management is fully geared to go public as and when the economic and investment situation becomes stable and the sentiment improves. Arrangements with bankers and consultants are in place and post election we shall review the decision.

Our long term investments in listed companies has been passing through a bearish spell. However, the recent down turn in the market has provided an opportunity to buy at lower levels and consolidate positions. In view of our investment in fundamentally strong scrips, we are quite hopeful for healthy long term returns.

Uni-Energy Limited, our wind power project has not made any headway's during the period under review. This is largely due to no clarity on the renewable framework by the GOP. We hope that post election there should be some positive development on this.

Overall sentiments in the global sugar market remains bearish largely due to a huge Indian and Thai crop yet. We however are hopeful that once 1.5 M Tons sugar is exported the market should stabilise locally. This should allow the company to post healthy numbers in the remaining half year. Our diversification policy into ethanol and other investments has been instrumental in stabilizing our operating results during a difficult cycle in the sugar industry.

We acknowledge the contribution of all concerned in achieving these results and hope that they would continue with the same zeal to achieve even better results by the end of the financial year.

For and on behalf of Board of Directors



Mohammed Ebrahim Hasham
Chief Executive Officer

Karachi: May 30, 2018

بنانے والا پلانٹ ETP مکمل طور پر تیار ہو چکا ہے جو کہ انتہائی جدید اور خودکار نظام ہے۔ ہم فخریہ طور پر کہہ سکتے ہیں کہ گزشتہ پانچ سال سے فضائیں اتنی راہ کو قابو کرنے کا نظام اور اب آلودہ پانی کو صاف کرنے کا پلانٹ بھی کامیابی سے چلا رہے ہیں۔

ہمارا اکیڈمک جزییشن پاور منصوبہ تھقل کا شکار ہے۔ CPPA نے ٹیرف کے ایوارڈ پر نظر ثانی کے لیے NEPRA کے ساتھ درخواست دی تھی جسے مسترد کر دیا گیا، تاہم اس فیصلے کے خلاف اسلام آباد ہائی کورٹ سے رجوع کیا گیا ہے اس لئے فی الحال اس منصوبے پر کام معطل ہے۔ ہم اب بھی اس منصوبے کی کامیابی کے لئے پُر امید ہیں اور اس کی بحالی کے لئے پُر امید ہیں یہ منصوبہ صنعت کے طویل المدتی استحکام کے لئے کلیدی حیثیت رکھتا ہے۔

یونی کول لیڈیڈ مسلسل مثبت نتائج دے رہا ہے اور کمپنی کے بقیہ ششماہی کے بہتر نتائج کے حصول میں بھی مددگار ثابت ہو گا۔ CO₂ کی پیداواری استعداد بڑھانے سے کمپنی کے منافع میں اضافہ ہوا ہے۔

اسٹاک مارکیٹ میں مندی کے باعث یونی کول کے IPO کو موخر کیا گیا ہے، تاہم جیسے ہی اس کے لئے حالات موافق ہونگے اس کو آگے بڑھایا جائے گا۔ بینکوں اور کنسلٹنٹ کے معاہدات اپنی جگہ قائم ہیں اور ایکشن کے بعد اس پر دوبارہ غور کیا جائے گا۔

ہماری لسٹڈ کمپنیوں کے حصص میں سرمایہ کاری مندی کا شکار ہے۔ موجودہ بحران میں ایک اچھا موقع ہے کہ ہم کم از کم قیمت پر حصص کی خریداری کر کے اپنی پوزیشن کو مستحکم کر لیں۔ چونکہ ہماری سرمایہ کاری بنیاد طور پر مستحکم کمپنیوں میں ہے اس لئے ہمیں امید ہے کہ بہتر طویل المدتی نتائج حاصل ہوں گے۔

یونی ازبجی لیڈیڈ، ہو اسے بجلی بنانے کا منصوبہ ہے جس میں متذکرہ عرصہ میں کوئی پیش رفت نہیں ہوئی۔ جس کی بنیاد دی وجہ قابل تجدید توانائی کے حوالے سے پالیسی فریم ورک نہ ہونا ہے۔ ہمیں امید ہے کہ ایکشن کے بعد اس میں کچھ مثبت پیش رفت ہوگی۔

چینی کی بین الاقوامی منڈی میں مندی کا رجحان ہے جس کی وجہ انڈیا اور تھائی لینڈ میں گئے کی پیداوار میں اضافہ ہے۔ ہمیں امید ہے کہ جیسے ہی 1.5 ملین ٹن چینی کی برآمد مکمل ہوگی مقامی منڈی میں چینی کی قیمتیں مستحکم ہو جائیں گی جس سے بقیہ ششماہی میں مالیاتی نتائج میں بہتری آئیگی۔ ہماری اینتھونل اور دوسری سرمایہ کاری اس طرح کے مشکل حالات میں ہماری مدد و معاون ثابت ہوتی ہیں جس سے کمپنی کے مالیاتی نتائج مستحکم رکھنے میں مدد ملتی ہے۔

ہم ان تمام افراد کو سراہتے ہیں جنہوں نے یہ نتائج حاصل کرنے کے لئے محنت کی اور امید ہے کہ مستقبل میں بھی وہ اسی جذبہ سے کام لیں گے جو کہ اس سال بہتر نتائج حاصل کرنے میں مددگار ثابت ہوئے۔

از طرف

یورڈ آف ڈائریکٹرز

Ahmed

محمد ابراہیم ہاشم
چیف ایگزیکٹو آفیسر

کراچی۔ 30 مئی 2018

یونی فوڈ انڈسٹریز لمیٹڈ

سر بند کیک بنانے کا کارخانہ جو کہ جب انڈسٹریل ایریا میں واقع ہے، نے اپنی آزمائشی پیداوار کی کامیابی کے بعد بلاآخر فروری 2018 سے کمرشل پیداوار کا آغاز کر دیا ہے۔ ڈسٹری بیوشن کا نظام قائم کر دیا گیا ہے جس کے بعد مصنوعات کی دستیابی مارکیٹ میں بڑھ رہی ہے۔ فی الحال بڑے اسٹوروں پر اس کی دستیابی کچھ تاخیر کا شکار ہے۔ جیسا کہ موجودہ دورانیہ طلب کے حوالے سے کچھ سست ہے اس لئے مارکیٹنگ کو کچھ عرصے کے لئے موخر کیا ہوا ہے۔ ہمیں بھرپور یقین ہے کہ جیسے ہی مارکیٹنگ شروع کی جائے گی سبز کا حجم بڑھنا شروع ہو جائے گا۔ جب بھی ضرورت ہو کمپنی کے حصص یافتگان اپنے حصے کا سرمایہ کمپنی میں لگانے کے لئے پر عزم ہیں۔ اب تک ہم نے اس منصوبہ میں 12 کروڑ ستر لاکھ روپے کی سرمایہ کاری کی ہے۔ 31 مارچ 2018 کو ختم ہونے والے نو ماہی مالیاتی نتائج کے مطابق کمپنی کو 110.367 ملین کا نقصان ہوا ہے جو کہ پہلے سال کیلئے توقع کے عین مطابق ہے۔

مستقبل کا منظر نامہ

قومی چینی کی پیداوار میں مسلسل اضافہ اور بین الاقوامی منڈی میں قیمتوں میں کمی کے رجحان کی وجہ سے چینی کی صنعت شدید دباؤ کا شکار ہے جس سے مقامی صنعت کو نقصان پہنچنے کا خدشہ ہے جو کہ گنے کی زیادہ قیمتوں کے باعث پیداواری لاگت میں اضافہ ہونے کی وجہ سے برآمدی منڈیوں میں مقابلہ نہیں کر پا رہیں۔ وفاقی اور صوبائی حکومتوں کی جانب سے اعلان کردہ سبسڈی نے جزوی طور پر صنعت کی مدد کی ہے۔ تاہم ان سبسڈیوں کی وصولی میں تاخیر کی وجہ سے ملوں کو مالی ادائیگیوں میں دشواری کا سامنا ہے۔

تاہم ہمارے علاقے میں گذشتہ چند برسوں میں گنے کی مجموعی پیداوار میں اضافہ دیکھنے میں آیا ہے جس کی بنیادی وجہ ہماری اور ارد گرد کی دوسری ملوں کی جانب سے کاشتکاروں پر وقت ادائیگیاں ہے۔

تاہم مقرر کردہ کم از کم امدادی قیمت کے تنازع، ادائیگیوں میں سست روی اور پانی کے سنگین مسائل اگلے چند سالوں میں گنے کی کاشت پر اثر انداز ہو سکتے ہیں اور کاشتکار دوسری نقد آمد اور فصل کی طرف جاسکتے ہیں۔

بہر حال ہم اپنے طور پر ورائٹی میں بہتری، فصل میں بیماریوں کی روک تھام اور کاشتکاروں کی تعلیم کے جس سے ان کی فی ایکڑ پیداوار میں اضافہ ہو، کے لئے اپنی کوششیں جاری رکھیں گے۔ اس سلسلے میں ہمارا کین ڈیپارٹمنٹ جدید طریقہ کا استعمال اور کاشت کے ان طریقوں کا استعمال جیسا کہ ہمارے بین الاقوامی ماہرین نے تجویز کیا ہے، گنے کے لئے بہت اہم کردار ادا کر رہا ہے۔ سندھ میں گرم اور خشک موسم کے دورانیہ میں اضافہ اور بارشوں میں کمی کی وجہ سے مستقبل میں گنے کی پیداوار میں کمی ہو سکتی ہے۔

قومی اور بین الاقوامی سطح پر چینی کی پیداوار میں اضافے کی وجہ سے ہم چینی کی قیمت فروخت میں بہتری کی توقع نہیں کر سکتے، لہذا یہ بات انتہائی ضروری ہے کہ گنے کی قیمت، چینی کی قیمت فروخت سے مشروط کی جائے۔ یہ چینی کی صنعت کی بقا کے لئے انتہائی اہم ہے۔

گذشتہ کچھ سالوں سے پروسس کی صلاحیت کو بہتر بنانے اور بھاپ کی بچت کرنے پر بھرپور توجہ دی جا رہی ہے جس کی وجہ سے بگاس کی کھپت میں نمایاں کمی واقع ہوئی اور اچھی تعداد میں بگاس کی بچت ہوئی۔ ہمارا آلودہ پانی کو قابل استعمال

مزید یہ کہ ملک کے لئے قیمتی زرمبادلہ حاصل کیا جاسکے۔ پندرہ لاکھ ٹن برآمدات مکمل ہوتے ہی ملک کو پچاس کروڑ (50 کروڑ) ڈالرز زر مبادلہ حاصل ہوگا۔

آپ کی مل اس دوران 42,276 ٹن چینی برآمد کر چکی ہے جس کی اوسط قیمت 343 ڈالر ہے۔ 31 مارچ تک 1.5 ملین ٹن برآمدی کوٹہ میں سے 1.044 ملین ٹن کے برآمدی آرڈر حاصل کئے جا چکے ہیں۔

اس وقت برآمد کنندگان کے لئے سب سے بڑا مسئلہ سبڈی کی عدم ادائیگی ہے۔ نومبر سے اب تک ہماری سبڈی 381 ملین روپے واجب الوصول ہیں جبکہ مجموعی رقم جو کارخانہ داروں نے وصول کرنے ہیں وہ دس (10) ارب روپے ہیں۔

یہ سبڈی کاشتکاروں کو مکمل ادائیگی کے لئے بہت اہم ہے جس سے کاشتکاروں کو آئندہ سالوں میں گنا کاشت کرنے کے لئے ہمت افزائی ہوگی۔

یونی کول

متذکرہ ششماہی کے دوران کمپنی کی کارکردگی اطمینان بخش رہی۔ ہتھنول اور کاربن ڈائی آکسائیڈ (CO₂) پلانٹ کی کارکردگی اور پیداواری صلاحیت کا استعمال موثر رہا۔ عالمی منڈی میں ہتھنول کی قیمتوں میں بہتری ہوئی لیکن منافع میں اضافہ کی بنیادی وجہ مولیسس کی کم قیمت پر خریداری ہے جہاں قیمتوں میں 30% تک کمی ریکارڈ کی گئی۔

پیداواری صلاحیت میں اضافے اور بہتر مارکنگ کے نتیجے میں کاربن ڈائی آکسائیڈ (CO₂) کی فروخت 2,668 میٹرک ٹن سے 5,319 میٹرک ٹن ہو گئی ہے جو کہ تقریباً دوگنی ہے۔ جو کہ کمپنی کو معروف مشروبات بنانے والوں کے ساتھ طویل المدتی معاہدوں کے لئے مددگار ثابت ہوگا۔

مالیاتی معلومات (فنانشل ہائی لائنس)		مارچ 2018	مارچ 2017
فروخت	روپے ہزاروں میں	2,489,939	2,092,165
مجموعی منافع	روپے ہزاروں میں	681,267	367,849
مجموعی منافع کی شرح	فیصد	27.36%	17.58%
قبل از ٹیکس منافع	روپے ہزاروں میں	435,659	180,170
بعد از ٹیکس منافع	روپے ہزاروں میں	410,429	160,170
خالص منافع کی شرح	فیصد	16.48%	7.66%
فی تحصص آمدن	روپے	2.74	1.07

مندرجہ ذیل عوامل بہتر نتائج حاصل کرنے میں کارفرما رہے:

- برآمدات کی وجہ سے چین کی فروخت کے حجم میں %68 کا اضافہ ہوا۔
- چین کی قیمت فروخت میں %29 کی کمی واقع ہوئی جس کی وجہ سے خالص منافع کی شرح %8.53 رہی جو کہ گذشتہ اسی عرصے کے دوران %16.81 تھی۔
- وفاقی حکومت کی جانب سے برآمدی چین کی نقل و حمل کی مد میں دی گئی سبسڈی ریکارڈ کی گئی باوجود اس کے کہ ابھی ادائیگی نہیں ہوئی۔
- یونی کول لیڈٹ سے حاصل ہونے والے منافع کا حصہ 136.81 ملین روپے رہا جبکہ گذشتہ اسی عرصے میں یہ %53.38 ملین روپے تھا اس طرح سے اضافے کا تناسب %156 رہا۔
- مالیاتی اخراجات 74.65 ملین روپے سے کم ہو کر 61.96 ملین روپے رہے۔
- کرنسی کی شرح مبادلہ کی مد میں ہونے والا منافع 38.73 ملین روپے رہا جو کہ پچھلے سال 4.119 ملین روپے تھا جس کی وجہ پاکستانی روپے کی قدر میں حالیہ ہونے والی %10 کی کمی ہے۔
- بگاس کی فروخت کی مد میں پچھلے سال کی نسبت %89 کا اضافہ ہوا۔ اس سال بگاس کی فروخت کا حجم 37,000 ٹن رہا۔
- گرڈ کو بجلی کی ترسیل 2.4 ملین یونٹ رہی جس کی قیمت 21.94 ملین روپے تھی۔

چینی کی صنعت

ملک میں موجود پچھلے سال کے ذخائر اور عالمی منڈی میں چینی کے وافر ذخائر کی وجہ سے مقامی منڈی میں چینی کی قیمت پچھلے پانچ سالوں میں کم ترین سطح یعنی پینتالیس (45) روپے فی کلو گرام (بمعدہ سبز ٹیکس) تک گر گئی تھی۔ قیمتوں میں اس قدر کمی نے کارخانہ داروں کے لئے کاشتکاروں کو گنے کے مقرر کردہ کم از کم نرخ ادا کرنا ناممکن بنا دیا تھا اور حکومت سندھ کا اس سلسلے میں مسئلے کو تمام فریقین کو قابل قبول حل نہ کرنے کی وجہ سے ہمیں مجبوراً سندھ ہائی کورٹ سے رجوع کرنا پڑا۔

سندھ ہائی کورٹ نے تمام فریقین کو سننے کے بعد تمام فریقین کے لئے ایک قابل قبول فیصلہ دیتے ہوئے مقررہ قیمت 182 روپے فی 40 کلو گرام سے کم کر کے ایک عبوری قیمت 160 روپے فی 40 کلو گرام مقرر کی جب تک کہ سپریم کورٹ میں 2015 سے جاری اسی نوعیت کے ایک اور کیس کا فیصلہ نہیں ہو جاتا۔

پچھلے سال کی نسبت اس سال وفاقی اور صوبائی حکومتوں نے سیزن کے شروع میں ہی ایک قابل عمل برآمدی پالیسی کا اعلان کر دیا تھا۔ چینی کا برآمدی کوٹہ 1.5 ملین میٹرک ٹن مقرر کیا گیا جس پر دس روپے ستر پیسے فی کلو گرام کے حساب سے سبسڈی مقرر کی گئی تاکہ چینی کی بیرون ملک فروخت میں مدد مل سکے اور کسانوں کو باآسانی ادائیگی ہو سکے

ڈائریکٹرز رپورٹ

میں مارچ 2018 کو ختم ہونے والے ششماہی کے مالی نتائج آپ کی خدمت میں پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

مارچ 2017	مارچ 2018	آپریٹل معلومات
15-11-2016	27-11-2017	سیزن شروع ہونے کی تاریخ
1,056,198	999,780	گنے کی کرشنگ (میٹرک ٹن)
72.19%	84.41%	پیداواری صلاحیت کا استعمال
11.06%	11.49%	سکروز %
116,780	113,810	چینی کی پیداوار (میٹرک ٹن)
47,856	44,645	مولیسس کی پیداوار (میٹرک ٹن)
4.53%	4.47%	مولیسس %

مارچ 2017	مارچ 2018	مالیاتی معلومات (فنانشل ہائی لائٹس)
		(رقم ہزاروں میں ماسوائے فی حصص آمدنی کے)
2,573,529	2,840,196	کل فروخت (ٹرن اوور)
98,656	126,532	ایف ای ڈی / سیلز ٹیکس
415,910	231,451	خالص منافع
16.81%	8.53%	منافع کی شرح خالص
528,768	129,381	قبل از ٹیکس منافع
21.37%	4.77%	قبل از ٹیکس منافع کی شرح
461,584	108,887	بعد از ٹیکس منافع
18.65%	4.01%	بعد از ٹیکس منافع کی شرح
14.41	3.40	فی حصص آمدنی

گذشتہ ایک دہائی میں یہ پہلا موقع ہے کہ جب اپریل کے پہلے ہفتے کے بعد تک بھی کرشنگ جاری رہی۔ لہذا اوپر دیئے گئے کرشنگ اور پیداواری اعداد و شمار ختمی نہیں۔

ششماہی کے اختتام پر سکروز ریکوری %11.49 رہی جو کہ پچھلے سال کی %11.06 سے بہت بہتر ہے، جو کہ کمپنی کی تاریخ میں سب سے زیادہ ہے اور ملک میں اب تک کسی بھی مل کی طرف سے حاصل کی گئی سکروز ریکوری میں سب سے زیادہ ہے۔

کرشنگ اور پیداوار میں بالترتیب %5.3 اور %2.5 کی معمولی کمی ہوئی، اس عرصے کے دوران ہماری پیداواری صلاحیت %84.41 رہی جو کہ پچھلے سال %72.19 تھی اس کی بڑی وجہ گنے کی لگاتار فراہمی اور بغیر کسی وقفے کے کرشنگ تھی۔

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Mehran Sugar Mills Limited (the Company)** as at 31 March 2018, the related condensed interim statement of profit and loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts (here-in-after referred to as "interim financial information") for the six month period then ended. Management is responsible for the preparation and fair 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 condensed 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 condensed 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 note 13.1 to the condensed interim financial information which describes the uncertainty relating to the outcome of the lawsuits and appeals filed by / against the Company. Our opinion is not qualified in respect of these matters.

Chartered Accountants

Review Engagement Partner: Arif Nazeer

Place: Karachi

Condensed Interim Statement of Financial Position

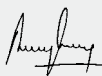
As at March 31, 2018

ASSETS	Note	March 31, 2018 (Un-audited) Rupees	September 30, 2017 (Audited) Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,144,820,539	2,188,132,989
Long-term investments	7	1,018,177,103	977,676,351
Long-term deposits		<u>792,170</u>	<u>1,113,170</u>
		3,163,789,812	3,166,922,510
CURRENT ASSETS			
Biological assets		4,613,103	17,662,000
Stores and spare parts		99,673,305	83,880,941
Stock-in-trade	8	2,869,028,602	1,205,456,973
Trade debts		290,611,821	174,514,430
Loans and advances		83,137,049	148,344,754
Trade deposits and short-term prepayments		29,527,966	7,753,808
Other receivables		6,292,436	4,493,899
Short-term investments	9	1,148,566,381	830,319,250
Taxation – net		70,131,948	54,617,134
Cash and bank balances		<u>83,774,200</u>	<u>28,761,062</u>
		4,685,356,811	2,555,804,251
		7,849,146,623	5,722,726,761
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
50,000,000 ordinary shares of Rs.10/- each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital			
32,031,245 ordinary shares of Rs.10/- each		320,312,450	320,312,450
Reserves		<u>2,115,993,242</u>	<u>1,897,941,949</u>
		2,436,305,692	2,218,254,399
NON-CURRENT LIABILITIES			
Long-term financing	10	858,521,752	448,747,505
Liabilities against assets subject to finance leases		21,094,917	31,686,538
Market committee fee payable		64,396,604	65,974,256
Deferred liability		4,803,167	4,878,275
Deferred taxation		<u>275,318,834</u>	<u>288,210,549</u>
		1,224,135,274	839,497,123
CURRENT LIABILITIES			
Trade and other payables		1,938,158,489	1,088,931,575
Accrued mark up		27,658,487	32,324,757
Short-term borrowings	12	1,860,029,188	1,117,039,706
Current portion of long-term financing		176,154,964	156,023,610
Current portion of liabilities against assets subject to finance leases		22,873,711	24,434,897
Current portion of market committee fee payable		3,757,652	3,757,652
Provision for market committee fee		29,966,045	19,968,245
Provision for quality premium	11	119,290,919	119,290,919
Taxation – net		-	-
Sales tax and federal excise duty payable		<u>10,816,202</u>	<u>103,203,878</u>
		4,188,705,657	2,664,975,239
CONTINGENCIES AND COMMITMENTS			
	13		
TOTAL EQUITY AND LIABILITIES		7,849,146,623	5,722,726,761

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Profit and Loss

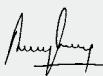
For the period ended March 31, 2018 (Un-Audited)

Note	Half year ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees	Rupees	Rupees	Rupees
Turnover - net	2,713,664,216	2,474,872,783	1,584,214,118	1,606,456,989
Cost of sales	(2,482,213,094)	(2,058,963,028)	(1,295,005,708)	(1,339,487,647)
Gross profit	231,451,122	415,909,755	289,208,410	266,969,342
Distribution expenses	(65,171,008)	(30,169,776)	(47,611,856)	(25,402,222)
Administrative expenses	(128,153,439)	(124,041,834)	(76,982,579)	(78,175,619)
Other expenses	(18,523,429)	(16,859,017)	-	(9,468,419)
Other income	70,699,768	314,186,542	54,854,300	140,734,927
	(141,148,108)	143,115,915	(69,740,135)	27,688,667
Operating profit	90,303,014	559,025,670	219,468,275	294,658,009
Finance costs	(71,222,661)	(80,111,177)	(37,726,883)	(65,935,991)
Share of profit from associates – net of tax	110,300,745	49,853,423	79,028,117	27,739,344
Profit before taxation	129,381,098	528,767,916	260,769,509	256,461,362
Taxation				
- Current	(33,386,236)	(62,697,478)	(21,944,349)	(49,622,420)
- Prior	-	(6,509,331)	-	(5,758,497)
- Deferred	12,891,715	2,022,703	(53,831,466)	718,178
	(20,494,521)	(67,184,106)	(75,775,815)	(54,662,739)
Net profit for the period	108,886,577	461,583,810	184,993,694	201,798,623
Earnings per share- Basic and diluted (Rupees)	3.40	14.41	5.78	6.30

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Comprehensive Income

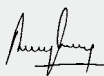
For the period ended March 31, 2018 (Un-Audited)

	Half year ended		Quarter ended	
	March 31, 2018 Rupees	March 31, 2017 Rupees	March 31, 2018 Rupees	March 31, 2017 Rupees
Net profit for the period	108,886,577	461,583,810	184,993,694	201,798,623
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	84,230,564	115,480,381	105,134,841	(57,049,877)
Reclassification to profit and loss account for (gain) / loss upon sale of investments	24,934,151	(84,121,338)	16,827,013	14,666,053
	109,164,715	31,359,043	121,961,854	(42,383,824)
Total comprehensive income for the period	<u>218,051,292</u>	<u>492,942,853</u>	<u>306,955,548</u>	<u>159,414,799</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Cash Flow Statement

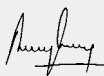
For the period ended March 31, 2018 (Un-Audited)

	Note	March 31, 2018 Rupees	March 31, 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		129,381,098	528,767,916
Adjustment for:			
Depreciation		80,650,649	72,607,231
Share of profit from associates		(110,300,745)	(49,853,423)
Provision for market committee fee		9,997,800	10,561,982
Gain on disposal of fixed assets		(2,301,201)	(2,235,414)
loss/(gain) on sale of short term investments		9,246,165	(252,591,867)
Finance costs		71,222,661	80,111,177
		58,515,329	(141,400,314)
Working capital changes	14	(967,747,589)	(4,332,120,268)
		(779,851,162)	(3,944,752,666)
Gratuity paid		(75,108)	(301,866)
Taxes paid		(48,901,048)	(109,935,251)
Finance costs paid		(75,888,931)	(30,217,881)
Market committee fee paid		(1,577,652)	(2,180,000)
Long term deposits		321,000	(40,000)
Net cash used in operating activities		(905,972,901)	(4,087,427,664)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(37,908,262)	(167,743,537)
Investments made during the period – net		(932,326,724)	(1,632,470,111)
Proceeds from disposal of short term investments		658,798,141	1,917,691,420
Dividend received from associated companies		124,999,993	
Proceeds from disposal of fixed assets		2,871,264	3,410,000
Net cash (used in) / generated from investing activities		(183,565,588)	120,887,772
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing – net		429,905,601	215,070,979
Short term borrowings – net		742,989,482	3,880,330,291
Lease rentals paid		(12,152,806)	(16,314,750)
Dividends paid		(16,190,650)	(120,117,646)
Net cash generated from financing activities		1,144,551,627	3,958,968,874
Net increase / (decrease) in cash and cash equivalents		55,013,138	(7,571,018)
Cash and cash equivalents at beginning of the period		28,761,062	34,438,332
Cash and cash equivalents at end of the period		83,774,200	26,867,314

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Statement of Changes in Equity

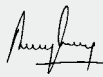
For the period ended March 31, 2018 (Un-Audited)

	Reserves					Total eserves	Total	
	Issued, subscribed and paid-up capital	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, 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>
Balance as at October 01, 2017	320,312,450	63,281,250	85,000,000	86,899,497	2,654,285	1,660,106,919	1,897,941,950	2,218,254,400
Net profit for the period	-	-	-	-	-	108,886,577	108,886,577	108,886,577
Other comprehensive income	-	-	-	109,164,715	-	-	109,164,715	109,164,715
Total comprehensive Income	-	-	-	109,164,715	-	108,886,577	218,051,292	218,051,292
Balance as at March 31, 2018	<u>320,312,450</u>	<u>63,281,250</u>	<u>85,000,000</u>	<u>196,064,212</u>	<u>2,654,285</u>	<u>1,768,993,496</u>	<u>2,115,993,242</u>	<u>2,436,305,692</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Notes to the Financial Statements

For the period ended March 31, 2018 (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 and then under the Companies Ordinance, 1984, which is now superceded by the Companies Act, 2017. 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.

These condensed interim financial statements are separate interim financial statements of the Company.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act, 2017. 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 annual financial statements of the Company for the year ended September 30, 2017.

The figures of the condensed interim statement of profit and loss account for the quarters ended March 31, 2018 and March 31, 2017 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the half year ended March 31, 2018 and March 31, 2017.

4. SIGNIFICANT 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, 2017 except that the Company has adopted the following amendments to IFRSs which became effective for the current period:

IAS 7 – Statement of Cash flows: Disclosures – Disclosure initiative(Amendment)

IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any material impact on these condensed interim financial information of the Company. The Company has not early adopted any other standard, amendment or interpretation that has been issued by the International Accounting Standards Board (IASB) but is not yet effective.

In addition to the above, improvements to various accounting standards have also been issued by the IASB. Such improvements to the standards do not have any material impact on the interim financial information of the Company.

5. 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.

Condensed Notes to the Financial Statements

For the period ended March 31, 2018 (Un-Audited)

	Note	March 31, 2018 (Un-audited) Rupees	September 30, 2017 (Audited) Rupees
6. PROPERTY, PLANT AND EQUIPMENT			
Operating assets			
- Owned	6.1	2,021,864,254	1,903,861,373
- Leased	6.2	79,026,787	88,033,597
		<u>2,100,891,041</u>	<u>1,991,894,970</u>
Capital work-in-progress (CWIP)	6.3	43,929,498	196,238,019
		<u>2,144,820,539</u>	<u>2,188,132,989</u>
6.1 Operating assets – owned			
Book value at the beginning of the period / year		1,903,861,373	1,597,486,768
Additions during the period / year	6.1.1	24,932,336	39,273,005
Transfer from CWIP during the period / year	6.3	165,284,447	401,578,184
		<u>2,094,078,156</u>	<u>2,038,337,957</u>
Less:			
Disposal during the period / year		390,900	7,147,806
Depreciation charged during the period / year		71,823,002	127,328,778
		<u>72,213,902</u>	<u>134,476,584</u>
		<u>2,021,864,254</u>	<u>1,903,861,373</u>
6.1.1 Additions during the period / year			
Plant, machinery and equipment		12,361,061	26,792,878
Vehicles		1,043,000	2,058,000
Computers		61,300	1,522,487
Electric installation		10,255,844	3,052,383
Air-conditioners and refrigerators		683,130	756,394
Furniture and fittings		100,001	111,500
Factory building		-	4,859,863
Office equipment		380,000	103,000
Weighbridge and scales		48,000	16,500
		<u>24,932,336</u>	<u>39,273,005</u>
6.2 Operating assets – leased			
Book value at the beginning of the period / year		88,033,597	59,915,793
Additions during the period / year – vehicles		-	49,417,490
		<u>88,033,597</u>	<u>109,333,283</u>
Less:			
Disposals during the period / year		796,000	2,215,100
Depreciation charged during the period / year		8,210,810	19,084,586
		<u>9,006,810</u>	<u>21,299,686</u>
		<u>79,026,787</u>	<u>88,033,597</u>

Condensed Notes to the Financial Statements

For the period ended March 31, 2018 (Un-Audited)

6.3 Capital work-in-progress

	Opening balance	Additions during the period / year	Transfers to operating fixed assets	Closing balance
	----- Rupees -----			
Civil works	46,152,924	3,791,915	(19,389,150)	30,555,689
Plant, machinery and equipment	150,085,095	9,184,011	(145,895,297)	13,373,809
March 31, 2018	<u>196,238,019</u>	<u>12,975,926</u>	<u>(165,284,447)</u>	<u>43,929,498</u>
September 30, 2017	<u>295,521,966</u>	<u>302,294,237</u>	<u>(401,578,184)</u>	<u>196,238,019</u>

	% of holding	March 31, 2018 (Un-audited) Rupees	September 30, 2017 (Audited) Rupees
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7. LONG TERM INVESTMENTS

Subsidiary – unquoted

Mehran Energy Limited

4,000,000 Ordinary shares of Rs. 10 each 100 40,000,000 40,000,000

Associates – unquoted

Unicol Limited

49,999,997 (2017: 49,999,997) Ordinary shares of Rs. 10 each 33 864,221,949 852,412,955

UniEnergy Limited

1,999,998 (2017: 1,999,998) Ordinary shares of Rs. 10 each 25 19,905,557 19,925,667

UniFoods Industries Limited

12,720,000 (2017: 7,200,000) Ordinary shares of Rs. 10 each 24 94,049,597 65,337,729

<u>978,177,103</u>	<u>937,676,351</u>
<u>1,018,177,103</u>	<u>977,676,351</u>

8. STOCK-IN-TRADE

Manufactured sugar

- Work-in-process	40,087,287	2,519,343
- Finished goods	2,763,921,702	1,202,937,630

2,804,008,989 1,205,456,973

Molasses

45,769,613 -

19,250,000 -

<u>2,869,028,602</u>	<u>1,205,456,973</u>
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9. SHORT-TERM INVESTMENTS

Held to maturity

Term deposit certificates 3,300,000 3,300,000

Available for sale

Listed equity securities	1,145,266,381	827,019,250
	<u>1,148,566,381</u>	<u>830,319,250</u>

Condensed Notes to the Financial Statements

For the period ended March 31, 2018 (Un-Audited)

10. LONG TERM FINANCING – secured

There is no change noted in the terms and conditions of long term financing as disclosed in the Company's annual audited financial statements for the year ended 30th September 2017, except that during the current period, the Company has obtained additional long term loan facility from a commercial bank amounting to Rs. 500 million. The facility carries a markup rate of 3 months' KIBOR plus 0.4% per annum repayable in sixteen equal quarterly installments commencing from September 2018 and is secured first pari passu hypothecation Company's fixed assets.

11. PROVISION FOR QUALITY PREMIUM

Under the Sugar Factories Control Act, 1950 (SFC Act), every sugar mill in Sindh is required to pay quality premium to cane growers at the rate of 50 paise per 40 Kg cane for each 0.1 percent of excess sucrose recovery above the benchmark of 8.7 percent.

The Company had challenged the levy of quality premium before the Sindh High Court (SHC) under Section 16(v) of the Act along with other sugar mills of Sindh, however, the matter was decided against the Company via a Judgment of SHC dated 27 March 2003. Thereafter, the Company filed an appeal with Honorable Supreme Court of Pakistan (SCP) which initially granted stay to the Company, while admitting the appeal against the impugned judgment of SHC. Since the matter was under litigation, however, the Company has recorded full provision for quality premium for years 1999 till 2008, as a matter of prudence.

Based on the verdict issued by the SCP dated 05 March 2018 and advice from the legal advisor of the Company, the Company is of the view that since no valid notification for quality premium under section 16(v) could have been issued by the Provincial Government, no liability for payment of quality premium has arisen between the crushing season 1998-1999 till the date of the Judgement. However, as a matter of abundant precaution, the Company has not reversed this provision until further clarification from the Provincial Government.

March 31, 2018 (Un-audited) Rupees	September 30, 2017 (Audited) Rupees
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12. SHORT-TERM BORROWINGS – secured

Short term running finances	4,529,188	182,539,706
Short term finance	<u>1,855,500,000</u>	<u>934,500,000</u>
	<u>1,860,029,188</u>	<u>1,117,039,706</u>

- 12.1 There is no change in the terms and conditions of the short term running finances and short term finance facility as disclosed in the annual audited financial statements of the Company for the year ended 30 September 2017 except for a new short term finance facility obtained from a local commercial bank amounting to USD 10 Million with a markup of 6 months LIBOR + 0.25%. The facility is secured by pledge of sugar stocks, Hypothecation charges on fixed assets and Mortgages of the Company.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- Contribution demanded by SESSI amounting to 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 Court. The Company and its legal counsel are hopeful for a favorable outcome of the case and hence, no provision has been made against the above demand in these condensed interim financial statements.
- DGDP's risk purchase claim amounting to Rs. 38.58 million, was disputed by the Company on

Condensed Notes to the Financial Statements

For the period ended March 31, 2018 (Un-Audited)

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 filed a counter claim of 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 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 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 advice 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
- (vi) The Company filed an appeal before the 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. During the current year, the Commissioner Appeals has remanded back the case to Deputy Commissioner Enforcement and Collection which is pending for hearing. 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) Represents down payment made in respect of purchase of Thatta Sugar Mills (the Mill) and other costs incurred in running the Mill 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 Honorable High Court of Sindh (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. 42.510 million as a matter of prudence and the fact that the debt is outstanding for a considerable period.

Condensed Notes to the Financial Statements

For the period ended March 31, 2018 (Un-Audited)

March 31, 2018 (Un-audited) Rupees	September 30, 2017 (Audited) Rupees
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13.2 Commitments

Capital commitments	<u>165,190,000</u>	<u>49,885,762</u>
Commitments in respect of equity investment in an associate	<u>48,800,000</u>	<u>838,000,000</u>
Commitments in respect of operating lease rentals for farms	<u>21,703,500</u>	<u>5,622,750</u>
Commitments in respect of finance lease obligation for vehicles	<u>43,968,628</u>	<u>56,121,435</u>

14. OTHER INCOME

Includes exchange gain amounting to Rs. 38.7 million (2017: Rs. 4.1 million) and income from sale of electricity to HESCO amounting to Rs. 18 million (2017: Rs. 21.2 million).

March 31, 2018 (Un-audited) Rupees	March 31, 2017 (Un-audited) Rupees
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15. WORKING CAPITAL CHANGES

(Increase)/decrease in current assets

Biological assets	13,048,897	34,634,084
Stores and spare parts	(15,792,364)	(8,973,259)
Stock-in-trade	(1,663,571,629)	(3,928,163,865)
Trade debts	(116,097,391)	(219,931,344)
Loans and advances	65,207,705	52,914,149
Trade deposits and short-term prepayments	(21,774,158)	(26,287,218)
Other receivables	(1,798,537)	559,076
	<u>(1,740,777,477)</u>	<u>(4,095,248,377)</u>

(Decrease) / increase in current liabilities

Trade and other payables	<u>865,417,564</u>	<u>(237,459,077)</u>
Sales tax and federal excise duty payable	<u>(92,387,676)</u>	<u>587,186</u>
	<u>773,029,888</u>	<u>(236,871,891)</u>
	<u>(967,747,589)</u>	<u>(4,332,120,268)</u>

Condensed Notes to the Financial Statements

For the period ended March 31, 2018 (Un-Audited)


16. TRANSACTIONS WITH RELATED PARTIES

The related parties include group companies, associated companies staff retirement funds and key management personnel. Details of transactions with related parties during the period other than disclosed elsewhere in the condensed interim financial information, are as follows:

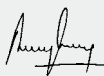
	March 31, 2018 (Un-audited) Rupees	March 31, 2017 (Un-audited) Rupees
Associates		
Sales	<u>249,656,531</u>	<u>393,361,648</u>
Expenses shared	<u>555,524</u>	<u>523,278</u>
Donations paid	<u>8,200,000</u>	<u>5,000,000</u>
Key management personnel		
Salaries and allowances	<u>35,406,000</u>	<u>37,467,156</u>
Bonus	<u>10,952,415</u>	<u>16,402,524</u>
Retirement benefit plans		
Contribution to Provident Fund	<u>2,317,143</u>	<u>2,431,506</u>

17. GENERAL

These condensed interim financial statements have been authorised for issue on May 30, 2018 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer










Director










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*Mobile apps are also available for download for android and ios devices



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