BANDHI SUGAR MILLS LIMITED

Financial Statements

For the Year Ended
September 30, 2018

Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS
Parker Randall International

Bandhi Sugar Mills Limited

Directors' report to the members
For the year ended September 30, 2018

We are pleased to place before the Board of Directors the financial results of the company for the year ended September 30, 2018.

About the company
Bandhi Sugar Mills Limited (the Company) was incorporated in Pakistan as a private limited company on September, 2011 under the repealed Companies Ordinance, 1984. The company has however converted itself into public limited under the Companies Act, 2017 vide approval of Securities and Exchange Commission of Pakistan dated February 27, 2018.

The operation and financial performances are presented as under.

Operational performance

	2017- 2018	2016-17
Sugarcane crushed (M Tons)	484,794	709,987
Sugar produced (M Tons)	52,422	68,865
Sugar recovery percentage	10.813%	9.699%
Molasses produced (M Tons)	28,157	29,985
Electricity exported to WAPDA (M W)	6,066	7,854

Financial performance

	2017- 2018	2016-17
	.... Rupees in '000' ...	
Turnover (net)	3,115,398	5,139,224
Gross profit	456,325	783,245
Profit before tax	90,902	432,118
Profit after tax	79,402	176,805

The mill commenced crushing of sugarcane on November 30th 2017 which continued up to April 15th 2018. During the year, the company achieved a crushing of 484,794 tns of sugarcane as compared to 709,987 tns during the last year. Recovery of sucrose percentage in the area however improved to 10.813% from 9.699% producing sugar 52,422 M. tons of sugar as compared to 68,865 M. tons during the last year.

The Government of Sindh fixed minimum support price at Rs. 182/40kg of sugarcane vide SRO dated December 05, 2017. The industry agitated against the minimum support price as it was not justified in relation to the prevailing sugar price both in domestic and international markets. The sugar mills association filed a petition before the Honorable High Court of Sindh praying that minimum support price fixed by the Sindh Government was totally arbitrary and unjustified as it would result in financial loss to the sugar industry.

On January 30, 2018 the Honorable High Court of Sindh, with the consent of all the stakeholders, announced in the open Court that without prejudice to any right or claim of the parties, and subject to final decision of Honorable Supreme Court of Pakistan, in the aforesaid cases and the decision by this Court in the instant petitions, the mills will purchase the sugarcane @ Rs. 160/40kg from the growers for the crushing season 2017-18. The interim order was binding on all the stakeholders, i.e. growers, millers and Government of Sindh.

Bandhi Sugar Mills Limited

Considering surplus sugar stock in the country, the Economic Co-ordination Committee of the Cabinet (ECC) allowed export of 1,500,000 M.Tons of sugar with Inland Freight Subsidy of Rs.10.70 per kg on a sliding scale which was equally to be shared by the Federal Government and Provincial Government. In addition to the above, the Government of Sindh announced additional export subsidy of Rs. 9.30/kg for the sugar mills of Sindh on the export of 500,000 M.Tons of sugar with a maximum quantity of 20,000 M.Tons per mill.

Your company exported 20,000 M.Tons of sugar during the year. Significant amount of subsidy of Sindh Government has been received while the subsidy announced by the Federal Government is outstanding.

Future Outlook

For the season 2018-19, the Sindh Government vide SRO dated December 07, 2018 has fixed minimum support price of sugarcane at Rs. 182 per 40 kg. The crushing season 2018-19 once again will be most challenging as the global sugar glut continues. Your mill alongwith other sugar mills filed a petition before the Honorable High Court of Sindh praying that the minimum support price fixed by the Government of Sindh is totally arbitrary and unjustified. The High Court has taken up the case and notices are issued to the respondents.

Auditors

The present auditors M/s. Parker Randall-A.J.S., Chartered Accountants retired and have offered themselves for re-appointment.

Acknowledgment

We would like to thank all the financial institutions having business relationship with us and our customers for their continued support and cooperation. Finally the directors place on record their appreciation for devotion of duty and hard work of the executives, staff members and workers for smooth running of the company's affairs, meeting the objectives and targets in the current demanding environments and are confident that they will continue to demonstrate the same zeal and vigor in future under the blessing of our Creator. We would also like to share our deepest appreciation for our staff for their dedication, loyalty and hard work.

For and on behalf of Board

Agha Sher Shah
Karachi: April 08, 2018

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Parker Randall-A.J.S.
CHARTERED ACCOUNTANTS

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Independent Auditor's Report to the members of Bandhi Sugar Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Bandhi Sugar Mills Limited** (the Company), which comprise the statement of financial position as at September 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part there of conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 21.1 & 39 to the financial statements which describes the fact that subsequent to the reporting date, short-term financing facilities has been fully withdrawn by the Banks as a result of complaints filed against the Company. Our opinion is not qualified in this respect.

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

The management is responsible for the other information.

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Matter

The financial statements of **BANDHI SUGAR MILLS LIMITED** for the year ended September 30, 2017 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion on those statements vide their report dated January 04, 2018.

The engagement partner on the audit resulting in independent auditors' report is **Muhammad Shabbir Kasbati.**

Parker Randall-AJS

Chartered Accountants

Date: 08 APR 2019

Karachi.

BANDHI SUGAR MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	Note	30-09-2018	30-09-2017	30-09-2016 *(Restated)*
		----------(Rupees in '000') ----------		
ASSETS				
NON-CURRENT ASSETS				
Property, plant & equipment	5	**4,699,434**	4,713,770	4,673,953
Deferred taxation	6	**26,045**	15,556	197,410
Long-term deposits	7	**19,898**	24,444	50,004
		4,745,377	4,753,770	4,921,367
CURRENT ASSETS				
Biological assets	8	**411**	3,923	3,668
Stores, spares and loose tools		**126,513**	125,209	135,233
Stock-in-trade	9	**1,514,814**	1,693,417	2,033,709
Trade debts	10	**204,027**	10,857	-
Prepayments and advances	11	**85,100**	219,966	136,424
Other receivables	12	**279,000**	20,397	20,000
Tax refunds	13	**40,160**	40,160	29,928
Cash and bank balances	14	**48,639**	36,072	39,552
		2,298,664	2,150,001	2,398,514
		7,044,041	6,903,771	7,319,881
EQUITY AND LIABILITIES				
Authorised capital				
380,000,000 (2017: 13,000,000 of Rs. 100 each) ordinary shares Rs. 10 each	15	**3,800,000**	1,300,000	1,300,000
Share capital				
Issued, subscribed and paid-up capital	16	**1,197,000**	1,197,000	1,197,000
Capital reserves				
Revaluation surplus on property, plant & equipment	17	**344,495**	344,495	344,495
Revenue reserve - unappropriated profit		**89,971**	10,569	(166,236)
Directors' subordinated loan		**71,250**	71,250	71,250
		1,702,716	1,623,314	1,446,509
NON-CURRENT LIABILITIES				
Long-term financing	18	**1,208,016**	1,544,425	1,662,783
CURRENT LIABILITIES				
Trade and other payables	19	**2,448,813**	1,635,415	2,886,080
Accrued mark-up	20	**131,115**	142,963	136,109
Short-term financing	21	**1,545,536**	1,919,217	1,188,400
Current tax liability	22	**7,845**	38,437	-
		4,133,309	3,736,032	4,210,589
CONTINGENCIES AND COMMITMENTS	23			
		7,044,041	6,903,771	7,319,881

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

BANDHI SUGAR MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	30-09-2018	30-09-2017
		--------(Rupees in '000') -------	
Sales - net	24	**3,115,398**	5,139,224
Cost of goods sold	25	**(2,659,073)**	(4,355,979)
Gross profit		**456,325**	783,245
Administrative and selling expenses	26	**(59,222)**	(37,340)
		397,103	745,905
Other income	27	**38,829**	2,244
Other charges	28	**(12,660)**	-
Operating profit		**423,272**	748,149
Financial charges	29	**(332,370)**	(316,031)
Profit before taxation		**90,902**	432,118
Taxation	30	**(11,500)**	(255,313)
Profit after taxation		**79,402**	176,805
Earning per share - basic and diluted (Rupees)	31	**0.66**	1.48

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

BANDHI SUGAR MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	30-09-2018	30-09-2017
	--------(Rupees in '000') -------	
Profit after taxation	**79,402**	176,805
Other comprehensive income	-	-
Total comprehensive income for the year	**79,402**	176,805

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

BANDHI SUGAR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2018 ***(Restated)***

	Share capital	Capital reserves	Revenue reserves	Director's subordinated loan	Total equity
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant & equipment	Unappropriated profit	Director's subordinated loan	Total equity
	(Rupees in '000')				
Balance as at 01-10-2016 as previously reported	1,197,000	-	(166,236)	71,250	1,102,014
Impact of change in accounting policy (note 3)	-	344,495	-	-	344,495
Restated balance as at 01-10-2016	1,197,000	344,495	(166,236)	71,250	1,446,509
Total comprehensive income for the year					
Profit for the year	-	-	176,805	-	176,805
Balance as at 30-09-2017	**1,197,000**	**344,495**	**10,569**	**71,250**	**1,623,314**
Total comprehensive income for the period					
Profit for the year	-	-	79,402	-	79,402
Balance as at 30-09-2018	**1,197,000**	**344,495**	**89,971**	**71,250**	**1,702,716**

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

BANDHI SUGAR MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	30-09-2018	30-09-2017
		------(Rupees in '000')------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**90,902**	432,118
Adjustments for non cash charges and other items:			
Depreciation		**121,075**	149,300
Sindh workers' welfare fund		**1,953**	-
Sindh workers' profit participation fund		**4,784**	-
Receivable written off		**2,000**	-
Change in fair values less cost to sale of standing crop		**3,923**	-
Amortisation of transaction cost		**10,138**	7,717
Exchange gain		**(32,496)**	-
Financial charges		**322,232**	308,314
		433,609	465,331
Net cash flows before working capital changes		**524,511**	897,449
WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Biological assets		**(411)**	(255)
Stores, spares and loose tools		**(1,304)**	10,024
Stock-in-trade		**178,603**	340,292
Trade debts		**(160,674)**	(10,857)
Other receivable		**(258,603)**	-
Prepayments and advances		**90,695**	(52,740)
		(151,694)	286,465
Increase / (decrease) in current liabilities			
Trade and other payables		**806,660**	(1,255,559)
Cash generated from / (used in) operations		**1,179,477**	(71,645)
Financial charges paid		**(334,080)**	(297,769)
Income taxes paid		**(52,581)**	(35,023)
		(386,661)	(332,792)
Net cash inflow / (outflow) from operating activities		**792,816**	(404,437)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(49,071)**	(17,381)
Long-term deposits		**4,546**	(16,611)
Net cash used in investing activities		**(44,525)**	(33,991)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing		**(391,466)**	(15,000)
Short-term financing		**(314,603)**	471,253
Finance lease obligations		**(29,655)**	(20,467)
Net cash (outflow) / inflow from financing activities		**(735,724)**	435,786
Net increase / (decrease) in cash and cash equivalents		**12,567**	(3,480)
Cash and cash equivalents at beginning of the period		**36,072**	39,552
Cash and cash equivalents at end of the period	14	**48,639**	36,072

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

BANDHI SUGAR MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

1 STATUS AND NATURE OF BUSINESS

Bandhi Sugar Mills Limited (the Company) was incorporated as a private limited company on September 27, 2011 in Pakistan, registered under the repealed Companies Ordinance, 1984, [Repealed with the enactment of Companies Act, 2017] and was subsequently converted into a public limited company as on February 27, 2018. The principal activity of the Company is production and sale of crystalline sugar, molasses, bagasse, electricity and allied business.

The geographical location and addresses of Company's business units, including mills is as under:

- The Company's registered office is located at 206, 2nd floor, Continental Trade Centre, Block-8, Clifton Karachi, Pakistan.
- The Mill is located at Bandhi city, District Nawabshah, Sindh, Pakistan.

1.1 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE CURRENT REPORTING PERIOD

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

1.1.1 The Company has changed its status to public from private as resolved in the extra ordinany general meeting held on November 30, 2017 and was converted into a public company with effect from February 27, 2018.

1.1.2 The Company has split the par value of its shares to Rs. 10 from Rs. 100 per share as disclosed in notes 15.2 & 16.3 to the financial statements.

1.1.3 The Company has increased its authorised share capital during the period. (Refer note 15.1)

1.1.4 During the period, the federal and provincial governments have allowed export subsidy for export of surplus sugar at Rs. 10.70 per kilogram and Rs. 9.30 per kilogram through notification No. 7(2) / 2012 - Exp.III dated 03.10.2017 & notification No. 8 (291) - (Ext) / 2017 dated 4.12.2017 / 2100 respectively.

1.1.5 The accounting policy with respect to revaluation of property, plant and equipment has changed during the year. As a result of retrospective application, the opening balance of affected component of equity earliest period has been adjusted as fully disclosed in note 3 to the financial statements.

1.1.6 First time adoption of Companies Act, 2017 (Refer note 1.2.3).

1.2 BASIS OF PREPARATION

1.2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

1.2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the following material items in the statement of financial position:

a) Inventories are carried at lower of cost or net realisable value;
b) Freehold land is stated at revalued amount.

These financial statements are prepared following accrual basis of accounting except for cash flow information.

1.2.3 Adoption of Companies Act, 2017

The Act has brought certain changes with regard to the preparation and presentation of these financial statements. The disclosure requirements contained in the Fifth Schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to particulars of immovable property, presentation of revaluation surplus on property, plant and equipment (refer note 5.1.1), change in threshold for identification of executives (refer note 32.2), additional disclosure requirements for related parties (refer note 4.27), comparision of sufficiency of tax provision (Refer note 30.2).

1.2.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Pakistan Rupee (Rs) which is the Company's functional and presentation currency.

2 STANDARDS, AMENDMENTS AND INTERPRETATIONS AND FORTH COMING REQUIREMENTS

Standards, amendments to published standards and interpretations that are effective in 2018 and are relevant to the Company

The following standards, interpretations and amendments to published accounting standards would be effective from the dates mentioned below against the respective standards or amendments:

Standards / amendments / interpretations		Effective date (accounting periods beginning on or after)
IAS 19	Employee Benefits (Amendments)	January 01, 2019
IAS 28	Investment in Associates and Joint Ventures	January 01, 2019
IAS 40	Investment Property (Amendments)	January 01, 2018
IFRS 2	Share-based Payment (Amendments)	January 01, 2018
IFRS 9	Financial Instruments	July 01, 2019
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019
IFRIC 22	Foreign Currency Transactions and Advance	January 01, 2018
IFRIC 23	Uncertainty over Income Tax	January 01, 2019

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively.

To help preparers of financial statements to develop consistency accounting policies and to assist parties to understand and interpret standards, the IASB has issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018, which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements.

The above standards, amendments and improvements to the standards are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - Revenue from Contracts with Customers. The Company is currently evaluating the impact of the said standard.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

- IFRS 1 First Time Adoption of International Financial Reporting Framework.
- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

2.1 Standards, amendments and interpretations adopted during the year

The Company has adopted the following standards and amendments to published accounting standards which became effective during the year and have been adopted by the Company.

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

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

2.2 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively, commencing from the period of revision.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these financial statements.

a) **Property, plant & equipment and intangibles**

The Company reviews the appropriateness of useful lives, method of depreciation / amortisation and residual values of property, plant & equipment and intangible asset on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant & equipment and intangible asset with a corresponding effect on the depreciation / amortisation charge and impairment.

b) **Provision for trade debts, advances and other receivables**

On an annual basis, the Company reviews the recoverability of its trade debts, advances and other receivables, to assess the amount required for provision of doubtful debts. Trade debts, advances and other receivables considered irrecoverable are written off. No provision is made in respect of the active customers who are considered good.

c) **Taxation**

The provision for taxation is accounted for by the Company after taking into account the current income tax laws and relevant decisions taken by appellate authorities. Accordingly, the recognition of deferred tax is also made, taking into account, the decisions and best estimates of future results of operations of the Company.

d) **Stores and spares**

The Company reviews the stores and spares for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.

e) **Stock-in-trade**

The Company reviews the net realisable value of stock-in-trade to assess any impairment in the respective carrying values. Net realisable value is estimated with reference to the estimated selling price in the ordinary course of business less estimated cost of completeness and estimated cost necessary to make the sale.

f) **Measurement of fair value for biological assets**

Management of the Company regularly reviews significant unobservable inputs and valuation adjustments used to arrive at fair value of biological assets. Any change in those inputs and valuation adjustment might affect valuation of biological assets and accordingly charged to the statement of profit or loss.

g) Contingencies

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

3 CHANGE IN ACCOUNTING POLICY

Accounting and reporting of surplus on revaluation of property, plant & equipment

The Companies Act, 2017 introduced changes in accounting and reporting of surplus on revaluation of property, plant and equipment. The Companies Act, 2017 which came into effect on May 30, 2017, did not carry forward Section 235 of the repealed Companies Ordinance, 1984. Section 235 specifies the accounting treatment and presentation of the revaluation surplus of fixed assets, which was not in accordance with the IFRS requirements.

With the omission of the said specific section, the accounting difference between the IFRS and corporate law relating to the revaluation surplus of fixed assets has been eliminated.

Previously, the repealed Companies Ordinance, 1984, allowed the deficit to be offset against surplus of any other asset. However, as per International Accounting Standard (IAS) 16, the deficit on revaluation can only be offset against previous surplus of the same asset.

This change is considered a change in accounting policy under IAS 8, "Accounting policies, change in accounting estimates and errors". Accordingly, the Company in accordance with the requirements of IAS 16, "Property, plant and equipment", has presented the revaluation surplus of fixed assets under equity if the related surplus of the same asset was not available to offset the particular category of asset.

Resultantly, the Company has changed its accounting policy for revaluation surplus on freehold land in these financial statements and applied the change retrospectively. The effect of the change is recognition of Rs. 344.495 million in respect of revaluation surplus on freehold land as a separate component of equity and derecognition of revaluation surplus on freehold land of the same amount, previously presented below equity, in the statement of financial position.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to all the period presented in these financial statements.

4.1 Property, plant & equipment

a) Owned

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land. Cost comprises of purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Subsequent costs are included in the asset's carrying amounts or are recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is charged to the statement of profit or loss by applying the reducing balance method, so as to write down the assets over their estimated useful lives at the rates specified in note 5.1 to these financial statements. The assets residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Freehold land is revalued by professionally qualified valuator with sufficient regularity to ensure that the net carrying amounts do not differ materially from their fair values.

Any revaluation increase arising on the revaluation of freehold land is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant & equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of freehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant & equipment relating to a previous revaluation increase of that asset. The surplus on revaluation in respect of freehold land to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

During the year, the Company changed its accounting policy with respect to the accounting and presentation of revaluation surplus on property, plant & equipment. Previously, the Company's accounting policy was in accordance with the provisions of the repealed Companies Ordinance, 1984. Those provisions and the previous policy of the Company was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in IAS 16 "Property, Plant & Equipment". However, the Companies Act, 2017 has not specified any accounting treatment and presentation requirements with respect to revaluation surplus on property, plant & equipment. Accordingly, the Company has changed the accounting policy and is now following the accounting treatment and presentation of revaluation surplus on property, plant & equipment as prescribed in IAS 16. The detailed information and impact of this change in policy is provided in note 3 above.

Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss. In case of sale or retirement of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to the unappropriated profit.

b) Assets acquired under finance lease

The Company accounts for assets acquired under finance lease by recording the asset and the related liability. The amounts are determined on the basis of discounted value of total minimum lease payments and residual value of the assets at the end of the lease period to be paid by the Company.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding amounts.

Depreciation on fixed assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Company.

4.2 Biological assets

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

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

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

4.3 Stores, spares and loose tools

These are valued at lower of cost or net realisable value except for items in transit, which are valued at cost comprising of invoice value and related expenses incurred thereon upto date of the statement of financial position. Cost is calculated on First In First Out (FIFO) basis. Obsolete and used stores, spares and loose tools are recorded at nil value.

4.4 Stock-in-trade

The basis of valuation has been specified against each:

Finished goods	Lower of cost or net realisable value
Work-in-process	Cost of raw material consumed and proportionate manufacturing expenses
Molasses	Net realisable value
Bagasse	Net realisable value

Provision for obsolete and slow moving stock are made as and when required. Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be included in order to make the sale.

4.5 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.6 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of tangible / intangible assets as and when the assets are available for intended use.

4.7 Provisions

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

4.8 Impairment

The carrying amounts of the assets are reviewed at each date of statement of the financial position to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the profit or loss account.

4.10 Taxation

Income tax expense comprises of current and deferred tax.

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that further taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits will be utilised.

Deferred tax is calculated at the rates that are expected to apply to the periods when the differences reverse based on tax rates that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand & bank balances.

4.12 Post retirement benefits

4.12.1 Defined contribution plan - provident fund

The Company operates a provident fund scheme for its permanent employees. Obligation for contributions to the fund are recognised as an expense in the statement of profit or loss when they are due. A trust has been established and its approval has been obtained from the Commissioner of Income Tax. Monthly contributions are made at the rate of 10% of basic salary both by the Company and its employees to the Fund as per the Company policy. The Company has 87 permanent employees as at September 30, 2018 (2017: 87 employees).

	30-09-2018 (Unaudited)	30-09-2017 (Audited)
	---------(Rupees in '000')---------	
Details of provident fund:		
Size of the fund	20,699	14,087
Cost of investment	12,000	1,124
Percentage of investment	58%	8%
Break up of investments:		
Mutual funds	12,000	1,124
Break up of investments (percentage):		
Mutual funds	58%	8%

The figures for 2017 are based on the audited financial statements of the provident fund. The investments in collective mutual funds and saving accounts out of aforementioned funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

4.13 Insurance plan

The Company operates an insurance plan covering all its employees for which arrangements have been made with an insurance company.

4.14 Trade and other payables

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

4.15 Mark-up bearing borrowings

Mark-up bearing borrowings are recognised initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognised amounts (as reduced by periodic payments) and redemption value is recognised in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

4.16 Directors' subordinated loan

The Company has adopted Technical Release - 32 (Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan. In accordance with TR- 32, directors' interest free, unsecured loans that are repayable at the discretion of the Company have been accounted for in equity and presented separately as "Directors' subordinated loan".

4.17 Loans, advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the date of statement of financial position. Balances considered bad and irrecoverable are written off when identified.

4.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying capital asset under construction are capitalised and added to the project cost until such time the asset is substantially ready for their intended use, i.e., when they are capable of commercial production. All other borrowing costs are recognised as an expense in the statement of profit or loss in the period in which they are incurred.

4.19 Foreign currency transaction

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing on the date of the statement of financial position. Exchange differences arising from the settlement of such transactions, and from the translation of monetary items at the end of the year exchange rates, are charged to the statement of profit or loss.

4.20 Finance lease obligations

Finance lease obligations are accounted for at the net present value of minimum payments under the lease arrangements.

Finance charges under lease arrangements are allocated to periods during the lease term so as to produce a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

4.21 Financial instruments

Financial assets

The management of the Company determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

a) Financial assets 'at fair value through profit or loss'

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets at fair value through profit or loss category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, cash and bank balances and other receivables in the statement of financial position.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity.

d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity and (c) financial assets 'at fair value through profit or loss'.

4.21.1 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the assets. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value while the transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

4.21.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the statement of financial position at fair values. Net gains and losses arising on changes in fair values of these financial assets are taken to the statement of profit or loss in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried in the statement of financial position at fair values. Net gains and losses arising on changes in fair values of these financial assets are recognised in the other comprehensive income.

For financial assets that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business in the statement of financial position.

Unquoted financial assets, where the fair value cannot be reliably determined, are recognised at cost less impairment, if any. Provision for impairment in value is taken to the statement of profit or loss.

b) Financial assets classified as 'loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are subsequently carried at amortised cost.

4.22 Impairment

The Company assesses at each date of statement of financial position whether there is an objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a financial asset below its cost / amortised cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets is taken to the statement of profit or loss.

4.23 Financial liabilities

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

4.24 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of profit or loss.

4.25 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of discounts and applicable taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement of management with the goods and the amount of revenue can be measured reliably on the following basis:

- Local sales are recognised when goods are lifted by the customer.
- Export sales are recognised when the goods are on board the shipping vessel.
- Revenue from sales of electricity is recognised upon the output delivered at rates specified under the agreement with Hyderabad Electric Supply Company (HESCO).
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised using effective interest method on an accrual basis.
- Government grants relating to export subsidy are recognised when there is a reasonable assurance that the Company will comply with the conditions attached to it and the grant will be received.

4.26 Dividend

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised as a liability in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

4.27 Related party transactions

All transactions between the Company and related parties are recorded at arm's length. Prices are determined in accordance with comparable uncontrolled price method, except for the allocation of expenses such as electricity, gas, water, repairs and maintenance that are shared with the associated companies based on actual. Following are the related parties of the Company:

Name of related party	Basis of relationship	(%) of shareholding
- Habib Bank Limited	Common directorship	-
- Bandhi Powergen (Pvt.) Ltd.	Common directorship	-
- HBL Asset Management Ltd.	Common directorship	-
- Attock Cement Pakistan Ltd.	Common directorship	-
- Thatta Cement Company Ltd.	Common directorship	-
- Triton LPG (Pvt.) Ltd.	Common directorship	-
- Mr. Agha Shershah	Key management personal	-
- Mr. Ahsan Mukhtar	Key management personal	-
- Mr. Ali Muhammad	Key management personal	-
- Mr. Muhammad Ashraf	Key management personal	-
- Mr. Imran Ali Khan	Key management personal	-

4.28 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set–off the recognised amounts and the Company intends to either settle on net basis or to realise the assets and settle the liability simultaneously.

4.29 Earning per share

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

5 PROPERTY, PLANT & EQUIPMENT

	Note	30-09-2018	30-09-2017
		--------(Rupees in '000')--------	
Operating fixed assets	5.1	4,699,434	4,542,860
Capital work-in-progress	5.2	-	170,910
		4,699,434	4,713,770

5.1 OPERATING FIXED ASSETS

Description	Freehold land	Building on freehold land	Computers and accessories	Office equipments	Furniture and fixtures	Generators	OWNED: Plant and machinery	OWNED: Vehicles	LEASED: Plant and machinery	LEASED: Vehicles	Total
	----------Rupees in '000'----------										
COST											
Balance as at 01-10-2016	186,825	478,179	6,377	6,870	3,472	10,070	3,964,209	16,273	58,876	11,859	4,743,010
Additions	-	2,969	42	102	-	-	15,093	-	-	-	18,206
Revaluation surplus	344,495	-	-	-	-	-	-	-	-	-	344,495
Transfer from leased to owned	-	-	-	-	-	-	-	2,963	-	(2,963)	-
Balance as at 30-09-2017	**531,320**	**481,148**	**6,419**	**6,972**	**3,472**	**10,070**	**3,979,302**	**19,236**	**58,876**	**8,896**	**5,105,711**
Balance as at 01-10-2017	531,320	481,148	6,419	6,972	3,472	10,070	3,979,302	19,236	58,876	8,896	5,105,711
Additions *	42,171	10,349	56	747	-	-	32,692	5,227	-	15,497	106,739
Transfer from capital work-in-progress	-	-	-	-	-	-	-	-	170,910	-	170,910
Transfer from leased to owned	-	-	-	-	-	-	58,876	-	(58,876)	-	-
Balance as at 30-09-2018	**573,491**	**491,497**	**6,475**	**7,719**	**3,472**	**10,070**	**4,070,870**	**24,463**	**170,910**	**24,393**	**5,383,360**
Accumulated depreciation											
Balance as at 01-10-2016	-	45,550	1,816	1,880	936	3,194	337,589	5,106	10,921	6,559	413,551
Transfer from leased to owned	-	-	-	-	-	-	-	2,138	-	(2,138)	-
Charge for the year	-	21,770	460	509	254	688	119,928	2,233	2,398	1,060	149,300
Balance as at 30-09-2017	**-**	**67,320**	**2,276**	**2,389**	**1,190**	**3,882**	**457,517**	**9,477**	**13,319**	**5,481**	**562,851**
Balance as at 01-10-2017	-	67,320	2,276	2,389	1,190	3,882	457,517	9,477	13,319	5,481	562,851
Transfer from leased to owned	-	-	-	-	-	-	13,319	-	(13,319)	-	-
Charge for the period	-	20,989	420	495	228	619	89,711	2,855	2,492	3,266	121,075
Balance as at 30-09-2018	**-**	**88,309**	**2,696**	**2,884**	**1,418**	**4,501**	**560,547**	**12,332**	**2,492**	**8,747**	**683,926**
Carrying amount - 30-09-2018	**573,491**	**403,188**	**3,779**	**4,835**	**2,054**	**5,569**	**3,510,323**	**12,131**	**168,418**	**15,646**	**4,699,434**
Carrying amount - 30-09-2017	**531,320**	**413,828**	**4,143**	**4,583**	**2,282**	**6,188**	**3,521,785**	**9,759**	**45,557**	**3,415**	**4,542,860**
RATE OF DEPRECIATION	**-**	**5%**	**10%**	**10%**	**10%**	**10%**	**2.5%**	**20%**	**2.5%**	**20%**	

5.1.1 Freehold land and building on freehold land is situated at Deh Nusrat 61 & 62, Bandhi, Taluka Daur, District Shaheed Benazirabad, Sindh, Pakistan, measuring 132.83 acres which has been duly registered in the name of the Company. The property is utilised as manufacturing facility for production of sugar.

* This piece of land measuring 16 acres has been duly transferred in the name of the Company during the reporting period situated adjacent to the manufacturing facility of the Company.

5.1.2 The forced sale value of the revalued freehold land has been assessed at Rs. 531.320 million as at September 13, 2016

5.1.3 Had the revaluation not been carried out, the book value of the freehold land would be Rs.186.830 million (2017: Rs. 186.830) million as on September 13, 2016.

5.1.4 Revaluation of freehold land has been carried out by an independent valuator Tracom (Private) Limited as on September 30, 2016, an approved professional valuator on the panel of Pakistan Banks' Association (PBA). This revaluation on free hold land resulted in net surplus of Rs. 344.495 million.

		Note	30-09-2018	30-09-2017
			--------(Rupees in '000')--------	
5.1.5	**Depreciation for the period has been allocated as under:**			
	Cost of goods sold	25.1	**119,313**	148,077
	Administrative and selling expenses	26	**1,762**	1,223
			121,075	149,300
5.2	**Capital work-in-progress**			
	Plant and machinery			
	Opening		**170,910**	-
	Additions during the period		**-**	170,910
	Transferred to property, plant & equipment		**(170,910)**	-
			-	170,910
6	**DEFERRED TAXATION**			
	Taxable temporary differences			
	Accelerated tax depreciation		**635,272**	549,718
	Amortisation of long-term financing		**6,758**	1,282
	Deductible temporary differences		**-**	
	Finance lease obligations		**(47,815)**	(45,275)
	Minimum taxes paid		**(23,663)**	-
	Carried forward tax losses		**(596,597)**	(521,281)
			(668,075)	(566,556)
			(26,045)	(15,556)
7	**LONG-TERM DEPOSITS**			
	Lease key money		**18,577**	23,123
	Electricity		**1,193**	1,193
	Others		**128**	128
			19,898	24,444
8	**BIOLOGICAL ASSETS**			
	Dairy farm		**411**	-
	Sugarcane - mature	8.1	**-**	2,517
	Rice - mature	8.1	**-**	1,406
			411	3,923
8.1	**Movement during the year**			
	Carrying value at beginning of the year		**3,923**	3,668
	Increase due to cultivation		**-**	2,309
	Change in fair values less cost to sale of standing crop		**(3,923)**	748
			-	6,725
	Reduction due to harvesting		**-**	(2,802)
	Carrying value at the end of the year		**-**	3,923

		Note	30-09-2018	30-09-2017
			--------(Rupees in '000')--------	
9	**STOCK-IN-TRADE**			
	Finished goods			
	Sugar	9.1	**1,482,765**	1,630,939
	Molasses		**-**	40,846
	Bagasse		**30,889**	19,924
	Work-in-process			
	Sugar		**1,160**	1,635
	Molasses		**-**	73
			1,160	1,708
			1,514,814	1,693,417

9.1 Stock of sugar in hand represent stock pledged with commercial banks (Refer note 21.1 & 39).

		Note	30-09-2018	30-09-2017
			--------(Rupees in '000')--------	
10	**TRADE DEBTS**			
	Unsecured - considered good			
	Sugar		**191,710**	-
	Molasses		**4,250**	
	Fertilisers		**-**	10,857
	Export	10.1	**8,067**	-
			204,027	10,857

10.1 Export sales debtor geographical jurisdiction-wise are as follows:

	Against confirmed letter of credit		
	United Arab Emirates	**8,067**	-

11	**PREPAYMENTS AND ADVANCES**			
	Unsecured - considered good			
	Prepayments		**2,074**	4,014
	Advance against purchase of land		**-**	42,171
	Advance to cane growers		**76,173**	170,455
	Advances to staff			
	- against salaries		**6,465**	3,163
	- against expenses		**388**	163
			85,100	219,966
12	**OTHER RECEIVABLES**	**Note**		
	Unsecured - considered good			
	Export subsidy	12.1	**275,975**	-
	Performance guarantee margin with bank		**-**	18,000
	Related party - Bandhi Powergen (Private) Limited	12.2	**3,021**	2,393
	Other financial assets		**4**	4
			279,000	20,397

12.1 This includes export subsidy on export of sugar, as announced by the federal and provincial government of Pakistan.

12.2 This represents unsecured, interest free advances granted to related party which is recoverable on demand.

		Note	30-09-2018	30-09-2017
			--------(Rupees in '000')--------	
13	**TAX REFUNDS**			
	Income tax refundable		**10,442**	10,442
	Sales tax refundable		**29,718**	29,718
			40,160	40,160
14	**CASH AND BANK BALANCES**			
	Cash in hand		**1,194**	4,635
	Cash at bank - in current accounts		**47,397**	31,389
	- in saving accounts	14.1	**48**	48
			48,639	36,072

14.1 These carry mark-up at rates at the rate of 3.7 % (2017: 3.6 %) per annum.

15 AUTHORISED CAPITAL

15.1 The Company has increased its authorised capital to Rs. 3,800 million. The board of directors in their meeting held on October 27, 2017 had approved the aforesaid increase.

15.2 Persuant to a special resolution passed by members at an Extra Ordinary General Meeting held in September 15, 2017, the Company has split the par value of its shares to Rs. 10 from Rs. 100 per share.

		Note	30-09-2018	30-09-2017
			--------(Rupees in '000')--------	
16	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**			
	Issued, subscribed and paid-up capital	16.1	**1,197,000**	1,197,000

16.1 The break-up of ordinary share capital is as follows:

30-09-2018	30-09-2017			
Number of shares				
119,700	**119,700**		**1,197,000**	1,197,000

16.2 All ordinary shares rank equally with regard to residual assets of the Company. The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction. As at reporting date, all shares are held by directors of the Company.

16.3 As mentioned in note 15.2, the issued, subscribed and paid-up capital of the Company is subdivided from 11.970 million ordinary shares of Rs. 100 per share to 119.700 million ordinary shares of Rs. 10 per share each.

17 REVALUATION SURPLUS ON PROPERTY, PLANT & EQUIPMENT

	Note	30-09-2018	30-09-2017
		--------(Rupees in '000')--------	
Revaluation surplus on freehold land	17.1	**344,495**	344,495

17.1 The revaluation surplus is restated and now presented as a separate capital reserve in these financial statements as mentioned to in note 3 and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

18 LONG-TERM FINANCING

	Note	30-09-2018	30-09-2017
		--------(Rupees in '000')--------	
Loan from banking companies - secured	18.1	**1,403,648**	1,784,976
Finance lease obligations	18.2	**164,878**	179,037
		1,568,526	1,964,013
Current portion of long-term financing shown under current liabilities	21	**(360,510)**	(419,588)
		1,208,016	1,544,425

18.1 Borrowings - under mark-up arrangements

Opening balance	**1,426,952**	1,818,418
Transaction costs incurred	**(70,966)**	(70,966)
Transaction costs amortised		
-opening balance	**37,524**	29,807
-during the year	**10,138**	7,717
	47,662	37,524
	1,403,648	1,784,976
Overdue instalments	**-**	(119,801)
Current portion shown under current liabilities	**(328,361)**	(271,666)
	1,075,287	1,393,509

18.1.1 This represents restructured syndicated term finance facility obtained from a consortium of four banks amounting to Rs. 1,818 million to finance capital expenditure required for setting up sugar manufacturing plant. The principal amount is repayable semi-annually in 6 years from facility effective date carrying mark-up at the rate of 6 months KIBOR plus 3% p.a payable semi annually. This facility is secured against first parri passu hypothecation charge over all present and future moveable fixed assets (excluding leased assets), registered mortgage over freehold land and building on freehold land, any other immoveable property with 25% margin over the facility amount, pledge of 51% shares and personal guarantee of all sponsors & directors of the Company.

18.2 FINANCE LEASE OBLIGATIONS

Finance lease obligations payable are as follows:

	30-09-2018		30-09-2017	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	----------Rupess in '000'----------			
Not later than one year	46,724	32,149	42,768	28,121
Later than 1 year but not later than 5 years	140,105	132,729	179,148	150,916
Total minimum lease payments	**186,829**	**164,878**	**221,916**	**179,037**
Amount representing finance charges	(21,951)	-	(42,880)	-
Present value of minimum lease payments	164,878	164,878	179,036	179,037
Current portion - present value	(32,149)	(32,149)	(28,121)	(28,121)
	132,729	**132,729**	**150,915**	**150,916**

This represents finance lease entered into between Sindh Leasing Company Limited (SLCL) and the Company. The minimum lease payments have been discounted at an implicit interest rate ranging from 13.16% to 15.01% (2017: 13.16% to 15.01%) per annum to arrive at their present value. Rentals are paid on monthly instalments. Taxes, repairs and insurance costs are to be borne by the Company.

	Note	30-09-2018	30-09-2017
		--------(Rupees in '000')--------	
19 TRADE AND OTHER PAYABLES			
Sugar cane and others		**394,101**	257,231
Accrued liabilities		**6,734**	3,480
Advance from customers - unsecured		**1,936,528**	1,213,051
Payable to employees' provident fund		**1,673**	11,797
Sindh workers' welfare fund		**1,953**	-
Sindh workers' profit participation fund		**4,784**	-
Due to related party - director	19.1	**5,635**	5,635
Others		**97,405**	144,222
		2,448,813	1,635,415

19.1 This carries mark-up at the rate of 9.55% (2017: Nil) and is repayable on demand.

20 ACCRUED MARK-UP

Mark-up on long-term financing	**97,472**	106,524
Mark-up on short-term financing	**33,111**	36,439
Mark-up on due to related party	**532**	-
	131,115	142,963

	Note	30-09-2018	30-09-2017
		--------(Rupees in '000')--------	
21 SHORT-TERM FINANCING			
Under mark-up arrangement			
From banking companies - secured			
Current portion of long-term financing	18	**360,510**	419,588
Cash finance	21.1	**1,185,026**	1,499,629
		1,545,536	1,919,217

21.1 These represent cash finance facilities amounting in aggregated to Rs. 1,550 million (2017: Rs. 1,600 million) obtained by the Company from various commercial banks to meet working capital requirements. These facilities carry mark-up at the rate of 3 to 6 months KIBOR plus spread ranging from 3% to 3.5% payable on quarterly basis. These facilities are secured against pledge of finished goods with 25% margin and personal guarantee of all sponsoring directors of the Company. Subsequent to the reporting date, these facilities has been fully withdrawn by the Banks as disclosed in note 39 to these financial statements.

	Note	30-09-2018	30-09-2017
		--------(Rupees in '000')--------	
22 CURRENT TAX LIABILITY			
Opening balance		**38,437**	-
Provision for current tax liability	30	**21,989**	73,460
Advance income tax		**(52,581)**	(35,023)
		7,845	38,437

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Subsequent to the verdict issued by the Honorable Supreme Court of Pakistan (SCP) dated March 03, 2018 in favour of grant of quality premium to cane growers at the rate of 50 paisas per 40 kg cane for each 0.1 percent of excess sucrose recovery above the benchmark rate, the Company based on advice from its legal advisor has taken the position that since no valid notification for quality premium under section 16 (v) of the Sugar Factories Control Act, 1950 could have been issued by the Provincial Government, no liability for the payment of quality premium has arisen between the crushing season 1998-1999 till the date of the decree. The Company has also considered additional payments made to the cane grower over and above minimum support price fixed by the Provincial Government which are considered to be inclusive of quality premium. Therefore, no provision in respect of quality premium payable has been made in these financial statements.

23.1.2 The Government of Sindh (GOS) during the year issued notification no. 18(142)/S.O (EXT) 2017 fixing the minimum price of sugarcane at the rate of Rs.182 per 40 kgs for the crushing season 2017-2018. Various Sugar Mills (the Petitioners) has filed a Constitution Petition (CP) in High Court of Sindh (the Court) challenging the said notification. The Court in its judgement fixed the minimum price of sugarcane at the rate of Rs.160 per 40 for crushing season 2017-2018 and the balance of Rs. 22 per 40 kg to be decided by the Honorable Supreme Court of Pakistan which is currently pending. The management of the Company believes that the matter will ultimately be decided in favour of the Company, therefore, no provision in respect of rate differential amounting Rs. 266.637 million has been made in these financial statements.

23.2 Commitments

There were no commitments as at September 30, 2018 (2017: Nil).

24	SALES - NET	Note	30-09-2018	30-09-2017
			--------(Rupees in '000')--------	
	Sales			
	- Sugar - local		**1,730,041**	5,102,832
	- Sugar - exports	24.1	**1,148,335**	-
	- Electricity		**55,503**	71,853
	- Molasses		**188,625**	158,853
	- Bagasse		**58,024**	37,624
	- Fertilisers		**123,401**	290,998
			3,303,929	5,662,160
	Sales tax		**(188,531)**	(522,936)
			3,115,398	5,139,224

24.1 This includes export subsidy amounting to Rs. 400.000 million (2017: Nil).

25	COST OF GOODS SOLD	Note	30-09-2018	30-09-2017
			--------(Rupees in '000')--------	
	Opening stock - finished goods		**1,691,709**	2,031,881
	Cost of goods manufactured	25.1	**2,481,018**	4,015,807
	Closing stock - finished goods		**(1,513,654)**	(1,691,709)
	Cost of goods sold		**2,659,073**	4,355,979
25.1	**Cost of goods manufactured**			
	Wages, salaries and other benefits	25.1.1	**128,177**	123,366
	Sugarcane consumed including road cess		**1,939,177**	3,331,632
	Purchases of fertilisers		**118,214**	263,480
	Cartage and conveyance		**44,166**	16,412
	Stores, spares and loose tools consumed	25.1.2	**94,008**	94,009
	Utilities		**13,597**	8,968
	Vehicle running and maintenance		**3,626**	3,124
	Entertainment		**1,655**	1,374
	Insurance		**11,834**	16,733
	Depreciation	5.1.5	**119,313**	148,077
	Other overheads		**6,703**	8,511
			2,480,470	4,015,686
	Sugar			
	Opening work-in-process		**1,708**	1,829
	Closing work-in-process		**(1,160)**	(1,708)
			548	121
			2,481,018	4,015,807

25.1.1 Salaries, wages and other benefits include contributions of Rs. 1.941 million (2017:Rs. 3.723 million) in respect of defined contribution plan.

		Note	30-09-2018	30-09-2017
			--------(Rupees in '000')--------	
25.1.2	**Stores, spares and loose tools consumed**			
	Opening balance		**125,209**	135,233
	Purchases during the year		**95,312**	83,985
	Closing balance		**(126,513)**	(125,209)
			94,008	94,009
26	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Salaries wages and other benefits	26.1	**31,098**	26,687
	Traveling and conveyance		**1,210**	457
	Fuel and power		**826**	1,081
	Printing and stationery		**298**	831
	Legal and professional		**14,485**	2,366
	Rent, rates and taxes		**5,987**	2,376
	Insurance		**1,047**	608
	Repairs and maintenance		**647**	311
	Auditors' remuneration	26.2	**1,326**	800
	Depreciation	5.1.5	**1,762**	1,223
	Others		**536**	600
			59,222	37,340

26.1 Salaries, wages and other benefits includes contribution of Rs. 1.068 million (2017: Rs. 1.271 million) in respect of defined contribution plan.

		30-09-2018	30-09-2017
		--------(Rupees in '000')--------	
26.2	**Auditors' remuneration**		
	Audit services		
	Statutory audit fee	**800**	800
	Audit of half yearly financial statements	**400**	-
	Out of pocket expenses	**126**	-
		1,326	800
27	**OTHER INCOME**		
	Fair value adjustment of agricultural assets	**-**	748
	Scrap sales	**5,243**	1,496
	Exchange gain	**32,496**	-
	Dairy income	**1,090**	-
		38,829	2,244
28	**OTHER CHARGES**		
	Sindh workers' welfare fund	**1,953**	-
	Sindh workers' profit participation fund	**4,784**	-
	Receivable written-off	**2,000**	-
	Change in fair values less cost to sale of standing crop	**3,923**	-
		12,660	-

		Note	30-09-2018	30-09-2017
			--------(Rupees in '000')--------	
29	**FINANCIAL CHARGES**			
	Mark-up on long-term financing		**165,805**	164,990
	Mark-up on short-term financing		**135,221**	139,634
	Amortisation of transaction cost		**10,138**	7,717
	Mark-up on finance lease obligations		**15,626**	2,854
	Mark-up on due to related party		**532**	-
	Bank charges		**5,048**	836
			332,370	316,031
30	**TAXATION**			
	Provision for current taxation	30.1	**21,989**	73,460
	Deferred		**(10,489)**	181,853
			11,500	255,313

30.1 The relationship between income tax expense and accounting profit has not been presented in these financial statements as the provision for taxation for the current year is based on final tax on exports and minimum tax under section 113 of the Income Tax Ordinance, 2001.

30.2 Income tax assessments of the Company have been completed upto the tax year 2018 (accounting year ended September 30, 2017) which are deemed to have been assessed under section 120 of the Income Tax Ordinance, 2001.

30.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available which can be analysed as follows;

	Provision as per accounts	Tax return
	------(Rupees in '000')------	
Accounting year 2017 (Tax year 2018/2017)	73,460	73,460
Accounting year 2016 (Tax year 2017/2016)	21,995	21,995
Accounting year 2015 (Tax year 2016/2015)	18,144	18,144

31 EARNINGS PER SHARE – BASIC AND DILUTED

Earnings per share has been computed by dividing the profit for the year after taxation by the weighted average number of shares outstanding during the year.

	30-09-2018	30-09-2017
	---------(Rupees in '000')---------	
Profit for the period	**79,402**	176,805
Weighted average number of ordinary shares	**119,700**	119,700
Basic earning per share	**0.66**	1.48

31.1 There is no dilutive effect on the basic earnings per share as the Company has no potential convertible ordinary shares in issue as at the end of the reporting period.

31.2 Earning per share for the prior period presented has been adjusted retrospectively as a result of shares split during the period as disclosed in note 15.2 & 16.3 to these financial statements.

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	30-09-2018			30-09-2017	
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Executives
	(Rupees in '000')				
Managerial remuneration	8,710	6,702	2,572	12,000	1,350
Bonus	-	566	245	-	-
House rent allowance	3,919	3,140	1,360	-	-
Utilities	871	723	343	-	-
Company's contribution to provident fund	97	513	220	-	339
Medical	-	75	123	-	-
Others	-	150	246	-	-
	13,597	11,869	5,109	12,000	1,689
Number of persons	1	7	1	1	10

32.1 Certain directors and executives are also provided with Company's maintained cars.

32.2 Comparative figures have been restated to reflect changes in definition of executive as per Companies Act, 2017.

33 TRANSACTIONS WITH RELATED PARTIES

Details of transactions with related parties other than remuneration to the chief executive officer, directors and executives of the Company under their terms of employment and those which have been specifically disclosed elsewhere in these financial statements are as follows:

Names of related parties	Nature of transaction	Relationship and (%) of holding	30-09-2018	30-09-2017
			(Rupees in '000')	
Bandhi Powergen (Private) Limited	Annual license fee	Common directorship	628	628
Staff retirement benefit	Contribution paid	Others	3,010	1,180

34 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

Financial assets		
Long-term deposits	19,898	24,444
Trade debts	204,027	10,857
Other receivables	279,000	20,397
Bank balances	47,445	31,437
	550,370	87,135

	30-09-2018	30-09-2017
	--------(Rupees in '000')--------	
Financial liabilities		
Long-term financing	**1,208,016**	1,544,425
Trade and other payables	**512,285**	422,364
Accrued mark-up	**131,115**	142,963
Short-term financing	**1,545,536**	1,919,217
Current tax liability	**7,845**	38,437
	3,404,797	4,067,406

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

The board of directors have an overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents the information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Company's activities.

35.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparty, obtaining advances against sales and continually assessing the creditworthiness of counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The maximum exposure to credit risk at the reporting date is:

	30-09-2018	30-09-2017
	--------(Rupees in '000')--------	
Long-term deposits	**19,898**	24,444
Trade debts	**204,027**	10,857
Other receivables	**279,000**	20,397
Bank balances	**47,445**	31,437
	550,370	87,135

35.1.1 Bank balances

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

Name of banks		Ratings Long-term	Ratings Short-term	Date of Rating	30-09-2018
National Bank of Pakistan	PACR	AAA	A1+	16-07-2018	**3,166**
United Bank Ltd.	JCR-V	AAA	A-1+	16-07-2018	**8,141**
Sindh Bank Ltd.	JCR-V	AA	A-1+	16-07-2018	**5,911**
Habib Bank Ltd.	JCR-V	AAA	A-1+	16-07-2018	**9,414**
Summit Bank Ltd.	JCR-V	A-	A-1	16-07-2018	**456**
MCB Bank Ltd.	PACR	AAA	A1+	16-07-2018	**2,282**
Meezan Bank Ltd.	JCR-V	AA+	A-1+	16-07-2018	**3,365**
Bank Al-Habib Ltd.	PACR	AA+	A1+	16-07-2018	**14,710**
					47,445

35.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity risk by ensuring as far as possible to always have sufficient liquid assets to meet its liabilities when they fall due. In addition, the Company has obtained financing facilities from various commercial banks to meet any deficit, if required to meet the liquidity commitments. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	As at 30-09-2018			
	Upto 6 months	More than six months and upto one year	More than one year and upto five years	Total
	Rupees in '000'			
Long-term financing	-	-	1,208,016	**1,208,016**
Short-term financing	1,365,281	180,255	-	**1,545,536**
Trade and other payables	315,234	197,051	-	**512,285**
Accrued mark-up	131,115	-	-	**131,115**
Current tax liability	7,845	-	-	**7,845**
	1,819,475	**377,306**	**1,208,016**	**3,404,797**

	As at 30-09-2017			
	Upto 6 months	More than six months and upto one year	More than one year and upto five years	Total
	Rupees in '000'			
Long-term financing	-	-	1,544,425	**1,544,425**
Short-term borrowings	1,695,380	223,837	-	**1,919,217**
Trade & other payables	259,901	162,463	-	**422,364**
Accrued mark-up	142,963	-	-	**142,963**
Current tax liability	38,437	-	-	**38,437**
	2,136,681	**386,300**	**1,544,425**	**4,067,406**

35.3 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and equity prices.

35.3.1 Foreign exchange risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transactions or receivables or payables that exist due to transactions in foreign currency. As at reporting date, the Company is not exposed to material foreign exchange risk.

35.3.2 Interest / mark-up rate risk

Interest rate risk is the risk that fair value of future cash flows of the financial instruments will fluctuate due to changes in the market interest rates. The Company interest rate risk arises from long-term financing and short-term financing obtained with floating rates. As at the date of statement of financial position, the interest rate profile of the Company's significant interest bearing financial instruments are as follows:

	30-09-2018	30-09-2017
	Carrying amount	
	-------(Rupees in '000')--------	
Financial liabilities		
Variable rate instruments		
Long-term financing	**1,208,016**	1,544,425
Short-term financing	**1,545,536**	1,919,217
	2,753,552	3,463,642

Sensitivity analysis

Fair value sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit or loss 100 bp	
	increase	decrease
Financial liabilities	-------(Rupees in '000')-------	
As at 30-09-2018		
Cash flow sensitivity	(27,536)	27,536
As at 30-09-2017		
Cash flow sensitivity	(34,636)	34,636

35.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Whether those changes caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at reporting date.

35.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short-term in nature or repriced periodically.

International Financial Reporting Standard 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. As at reporting date, the Company only has certain freehold land measured at revalued amount using level 2 valuation techniques. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

35.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures which commensurate to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

	30-09-2018	30-09-2017
	-------(Rupees in '000')--------	
Long-term financing	**1,208,016**	1,544,425
Short-term financing	**1,545,536**	1,919,217
Total debts	**2,753,552**	3,463,642
Cash and bank balances	**(48,639)**	(36,072)
	2,704,913	3,427,570
Total equity	**1,702,716**	1,623,314
Total debt and equity	**4,407,629**	5,050,884
Gearing ratio	**61%**	68%

36 CAPACITY AND PRODUCTION

	30-09-2018	30-09-2017
	-------Metric Tons-------	
Installed crushing capacity	**7,000**	7,000
Number of days of production	**135**	134
Capacity utilised	**3,591 TCD**	5,298 TCD
Actual cane crushing	**484,794**	709,987
Percentage of capacity attained	**51%**	76%
Total sugar bagged	**52,422**	68,865

The sugar production plant capacity is based on crushing of sugarcane on daily basis in a season and sugar production is dependent on various factors which mainly includes sucrose content recovery. The change in actual crushing is due to supply and demand situation in market.

37 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. however, there were no material reclassification other than the following;

Reclassified from	Reclassified to	Note	--Rupees in -- '000'
Long-term deposits	Prepayments and advances	11	42,171
Advance to suppliers	Advance to cane growers	11	170,455
Prepayments	Sales tax payable	11	5,125

	30-09-2018	30-09-2017
38 NUMBER OF EMPLOYEES		
Total employees of the Company as at reporting date	**303**	315
Average employees of the Company during the year	**309**	310
Employees working in the Company's factory at the reporting date	**291**	299
Average employees working in Company's factory during the year	**295**	294

39 EVENT SUBSEQUENT TO THE REPORTING DATE

Subsequent to the reporting date, Sindh Bank Limited and National Bank of Pakistan Limited (the "Banks") demanded complete settlement of their cash finance facilities amounting in aggregated to Rs. 811.526 million as at reporting date which were secured against pledge stock of finished goods (the "Stock"). The Banks filed complaints in court for the same.

The Company paid the full outstanding amount to the Banks along with mark-up, following which both complaints were withdrawn and dismissed by the Court. Both the Banks have issued no dues and clearance certificate to the Company. Further, the Company has to pay Rs. 155 million in sales tax to the Federal Board of Revenue (FBR).

40 AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 08 APR 2019 by the board of directors of the Company.

41 GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

CHIEF EXECUTIVE OFFICER **DIRECTOR**