



# *Sindh Abadgar's Sugar Mills Limited*



TRUSTED BRAND  
EXCELLENT QUALITY



## *35th Annual Report*

FOR THE YEAR ENDED SEPTEMBER 30,

# *2018*



## ***SINDH ABADGAR'S SUGAR MILLS LIMITED***

# **35th ANNUAL REPORT 2018**

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## COMPANY PROFILE

### DIRECTORS

Mr. Deoo Mal Essarani	Chairman
Dr. Tara Chand Essarani	Chief Executive
Mr. Dileep Kumar	Director
Mr. Pehlaj Rai	Director
Mr. Mohan Lal	Director
Dr. Besham Kumar	Director
Mr. Mahesh Kumar	Director
Dr. Shafaqat Ali Shah	Independent Director

### CHIEF FINANCIAL OFFICER

Mr. Syed Abid Hussain

### COMPANY SECRETARY

Mr. Aziz Ahmed

### BANKERS

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
MCB Bank Limited  
United Bank Limited  
Meezan Bank Limited  
HBL Foreign Exch. Bank Ltd

### AUDIT COMMITTEE

Dr. Shafaqat Ali Shah	Chairman
Mr. Pehlaj Rai	Member
Mr. Dileep Kumar	Member
Dr. Besham Kumar	Member

### HR AND REMUNERATION COMMITTEE

Mr. Mohan Lal	Chairman
Dr. Shafaqat Ali Shah	Member
Mr. Dileep Kumar	Member

### AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### LEGAL ADVISOR

Yasin Ali, Advocates

### REGISTERED OFFICE

209, 2nd Floor, Progressive Plaza, Beaumont Road, Karachi-Pakistan.

### MILLS

Deh: Deenpur,  
Taluka. Bulri Shah Karim,  
Distt. Tando Muhammad Khan,  
Sindh-73024.

### REGISTRAR

JWAFFS Registrar Services (Pvt) Ltd.  
407- 408, Al Ameera Centre, Shahrah e Iraq, Saddar, Karachi.

### EMAIL ADDRESS

sasm@unitedgroup.org.pk



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General meeting of the members of Sindh Abadgar's Sugar Mills Limited (the "company") will be held on January 18, 2019 (Friday) at 04:00 Pm at Pakistan Institute of International Affairs (PIIA) Near Sidco Avenue Centre, opposite Libra Autos CNG Pump, Mulana Deen Muhammad Wafai Road, Karachi., to transact the following businesses:

1. To confirm the Minutes of the Annual general Meeting held on 26th January, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2018 together with the Chairman's Review, Directors' and Auditors' reports thereon.
3. To approve Final Cash Dividend @16% (i.e. Rs.1.6/-) per Ordinary Share as recommended by the Board of Directors.
4. To appoint Statutory Auditors and fix their remuneration.
5. To transact any other business with the permission of the chair.
6. Special Business:
  - a) To consider and if deemed fit, to pass the following resolution as special Resolution, with or without modification, additions or deletions:

**RESOLVED** unanimously that approval of the members of Sindh Abadgar's Sugar Mills Limited be and is hereby accorded for transmission of Annual Audited Financial Statements to the members for future years commencing from the year 2019 through CD/DVD/USB/ instead of transmitting the same in hard copies, as allowed by securities and Exchange Commission of Pakistan vide its S.R.O 470(I)/2016 dated May 31, 2016.

**FURTHER RESOLVED** that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution.

By Order of the Board

**Aziz Ahmed**  
Company Secretary

Karachi.  
December 27, 2018

### NOTES:

### BOOK CLOSURE NOTICE:

The ordinary Shares Transfer Books of the Company will remain closed from 10-01-2019 to 18-01-2019 (both days inclusive) for entitlement of Cash Dividend (i.e. Rs.1.6/- per Ordinary Share) and attending and voting at Annual General Meeting. Physical transfer/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on January 09, 2019 at Share Registrar M/s JWAFFS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar , Karachi., will be considered in time for entitlement of Cash Dividend and attending of meeting.



**PROXIES**

A member eligible to attend and vote at this meeting may appoint another member his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting. The proxy shall produce his / her original valid CNIC or original passport at the time of meeting.

Shareholders are requested to immediately notify the Company of change in address, if any.

**DEDUCTION OF WITHHOLDING, TAX ON DIVIDEND**

Pursuant to the provisions of the Finance Act, 2017 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- Filer 15%
- Non-Filer 20%

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

**DEDUCTION OF WITHHOLDING TAX ON DIVIDEND IN CASE OF JOINT ACCOUNT HOLDERS**

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and joint-holders) in respect of shares held by them to our Share Registrar M/s JWAFS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar , Karachi . Otherwise each joint holder shall be assumed to have an equal number of Shares.

Name of the Company		Sindh Abadgar's Sugar Mills Limited
Folio No. / CDS A/C No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholders	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of primary Shareholder \_\_\_\_\_

#### **EXEMPTION OF WITHHOLDING TAX:**

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificates is made available to our Share Registrar Office, Share Registrar M/s JWAFSS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar , Karachi up to October January 9, 2019.

#### **SUBMISSION OF COPY OF CNIC (MANDATORY)**

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or the Company's Share Registrar. All shareholders are once again requested to send a copy of their valid CNIC to our Share Registrar, Share Registrar office M/s JWAFSS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar , Karachi. The shareholders while sending CNIC must quote their respective folio numbers and name of the Company.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)2012 dated July 05, 2012 issued by SECP and would be constrained under SECP's Order dated June 08, 2016 under section 251(2) of the Companies Ordinance, 1984 to withhold the payment of dividend warrants to such shareholders which will be released on submission of valid copy of CNIC.

#### **ZAKAT DECLARATION**

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat declarations under Zakat and usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, In case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDC-Sub Account or CDC Investor Account) or to our Share Registrar, M/s. JWAFSS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar , Karachi. The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective folio numbers.

Shareholders should also notify our Share Registrar, M/s. JWAFSS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar , Karachi., regarding any change in their addresses.

#### **MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:**

The provisions of section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of Shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company.



Folio No. / Investor Account Number/ CDC Sub Account No.																				
Title of Account																				
IBAN Number																				
Bank Name																				
Branch																				
Branch Address																				
Mobile Number																				
Name of Network (if Ported)																				
email Address																				

Signature of Shareholder \_\_\_\_\_

**TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:**

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email on a standard request form which is available at the Company's website i.e. [www.sasmltd.com](http://www.sasmltd.com) and send the form, duly signed by the shareholders, alongwith copy of his/her CNIC to the Company's Share Registrar M/s. JWAFS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar, Karachi.

**UNCLAIMED DIVIDEND / SHARES**

Shareholders who could not collect their dividend/Physical shares are advised to contact our Share Registrar to Collect/enquire about their unclaimed dividend or shares, if any. In compliance with section 244 of the Companies Act, 2017, after having completed the Stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Fedral Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

**VIDEO CONFERENCE FACILITY**

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the Annual General meeting. The request for video-link facility shall be received by Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting on the Standard Form placed in the annual report which is also available on the website of the Company.

**STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on January 18, 2019.



#### **CIRCULATION OF ANNUAL REPORTS THROUGH CD/DVD/USB:**

The securities and Exchange of Pakistan vide its S.R.O.470(I)/2016 dated May31, 2016 has allowed companies to circulate annual audited accounts to its members through CD/DVD/USB at their registered addresses, therefore, the Board of Directors of Sindh Abadgar's Sugar Mills Limited in their meeting held on December 21, 2018 has recommended for transmission of Annual Audited Accounts of the Company to its members through CD/DVD/USB at their registered addresses instead of transmitting the said accounts in hard copies , however, hard copies of the annual audited accounts will be supplied to the shareholders, on demand, at their registered addresses , free of cost, within one week of such demand.

If a member prefers to receive hard copies for all the future annual audited accounts, then such preference of the members shall be given to the Company in writing on the Standard Request Form available on the website of the Company and the Company will provide hard copies of all the future annual audited accounts to such member.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.



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## CHAIRMAN'S REPORT

The composition of the Board of Directors represents mix of varied back grounds and rich experience in the field of business, banking etc.

The Board provides strategic directions to the Company and give the management to achieve objectives and goals of the Company.

Annual evaluation of the Board of Directors as required under the code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the Company set at the beginning of the year and I report that:

1. The overall performance of the Board for the year under review was satisfactory.
2. The Board had full understanding of the vision and mission statements and frequently revisits them to update with the changing market conditions.
3. The Board members attended Board meetings during the year and participated in important Company's matter.
4. The Board undertook an overall review of business risks to ensure effectiveness of risk identification, risk management and internal controls to safeguard assets and interest of the company and shareholders.
5. The Board members regularly received reports on finances / budgets , production and other important matters which helped them take effective decisions.
6. The Board members were updated with regard to achievement of financial results through regular presentations by the management and accordingly received directions and oversight on a timely basis.

I would like to thank the Board members for their commitments and untiring efforts by overcoming the difficulties posed by the unstable market environments.

**Deomal Essarani**  
Chairman

KARACHI: 21st December, 2018

## چیرمین رپورٹ

- آپ کی کمپنی بورڈ آف ڈائریکٹرز کی سالانہ کارکردگی پیش کرتی ہے جو کہ کارپوریٹ انتظامیہ کے ضابطہ اخلاق کے تحت درکار ہے۔ اس کا اصل مقصد سال کے آغاز میں متعین کئے گئے مقاصد کے حصول کیلئے کارکردگی اور تاثیر کو جانچنا ہے اور میں بیان کرتا ہوں کہ:
- ۱۔ بورڈ آف ڈائریکٹرز کی مجملہ کارکردگی تسلی بخش رہی۔
  - ۲۔ بورڈ کے پاس ویژن اور مشن کے گوشواروں کے متعلق مکمل آگہی تھی اور باآسانی بارہا وہ مارکیٹ میں رونما ہونے والی تبدیلیوں کے بارے میں آگاہ رہے۔
  - ۳۔ سال کے دوران بورڈ کے تمام ممبران نے کمپنی کے اہم امور کے متعلق ہونے والی میٹنگ میں شرکت کی۔
  - ۴۔ بورڈ ممبران کے پاس حکمت عملی کے متعلق فیصلے کرنے کیلئے تمام درکار مہارت اور تفاوت موجود تھی۔
  - ۵۔ بورڈ ممبران کو تواتر کے ساتھ مالی امور / بجٹ، پیداوار اور دیگر اہم مسائل کے متعلق رپورٹ موصول کرتے رہے جو کہ موثر فیصلہ لینے میں مددگار ثابت ہوتا ہے۔
  - ۶۔ بورڈ ممبران مالی نتائج کے حصول کے متعلق بذریعہ لگاتار پریزنٹیشن منجانب انتظامیہ آگاہ رہے اور اس کے مطابق ہدایات اور خطا کی بروقت معلومات حاصل کرتے رہے۔
- میں تمام بورڈ ممبران کا شکر گزار ہوں جنہوں نے تندہی، محنت اور لگن کے ساتھ انتہک کوششیں کیں اور بہت سی مشکلات پر تقابلاً پایا جو کہ ناپائیدار کاروباری حالات کے سبب پیدا ہوئے۔

ڈیول ایسرانی

چیرمین

کراچی 21st December, 2018



## DIRECTORS' REPORT TO THE SHARE HOLDERS

**Dear Members - Assalam-o-Alekum**

On behalf of the Board of Directors and myself, I am pleased to welcome you all to the 35th Annual General Meeting of the Company and presenting before you the Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2018.

### Financial Results:

	2018 Rupees	2017 Rupees
<b>Profit / (loss) before taxation</b>	<b>125,472,507</b>	<b>(454,852,339)</b>
Taxation- net	<u>(57,261,917)</u>	<u>54,262,330</u>
Profit /(loss) after taxation	<b>68,210,590</b>	<b>(400,590,009)</b>
Transferred from surplus on Revaluation	<u>63,546,353</u>	<u>103,070,133</u>
	<b>131,756,943</b>	<b>(297,519,876)</b>
<b>Unappropriated (Loss) brought forward</b>	<b>(427,498,936)</b>	<b>(129,979,060)</b>
Accumulated (Loss) carried forward	<u>(295,741,993)</u>	<u>(427,498,936)</u>
Earning (loss) per share after taxation	<b>6.54</b>	<b>(38.43)</b>

Your Company earned profit Rs.68.210 million after taxation compared loss after tax Rs.400.590 million in the corresponding year. The earning per share stood at Rs.6.54 as compared to loss per share of Rs.(38.43) in 2017. The company purchased Sugarcane at Rs.160/- per 40kg which was fixed by the High Court of Sindh with the consent of representatives of the government of Sindh, growers and sugar Mills owners, whereas sugar sales price remained depressed throughout the year despite production was higher by 9.04%. Therefore the company opted to export 42,308 M.Tons of sugar during the year to increase the profitability of the company. The federal and provincial governments approved inland freight subsidy which was recorded on receipt basis..

### Operational Results

By the Grace of Allah, the growth during the current financial year in terms of expansion of capacity and modernization etc has been more than satisfactory which would not have been possible without the guidance and support of the Board of Directors and the efforts put in by the management and members of the staff at all levels. I also wish to extend my appreciation for the cooperation extended by the sugarcane growers at large, customers, bankers and all other stakeholders associated with the Company.

Summarized key operating results for last six years are as follows:

### COMPARATIVE STATISTICS

		2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Season Commenced		28-11-2017	15-11-2016	29-11-2015	08-12-2014	01-11-2013	16-12-2012
Season Closed		09-04-2018	20-03-2017	26-02-2016	22-03-2015	18-03-2014	20-03-2013
Days Worked		133	126	90	105	138/ 124	95
Sugarcane Crushed	Tons	660,055	593,036	490,605	474,511	505,185	384,319
Sugarcane Crushed	Mds	16,501,391	14,825,925	12,265,129	11,862,775	12,629,632	9,607,975
Daily Average Crushing	Tons	4,962	4,706	5,451	4,519	3,661	4,045
(on Net days)	Tons	6,227	5,757	5,703	5102	4,074	-
Capacity Utilization	%	62	78	92	76	61	67
Sugar Recovery	%	10.19	10.41	9.92	10.00	9.85	9.865
Sugar Production	Tons	67,244	61,670	48,671	47,460	49,866	37,855
Molasses Production	Tons	34,330	28,781	24,195	24,885	26,000	19,844

### Performance Review

Alhamdulillah, the overall operational performance of the Company remained satisfactory during the year.



Crushing operations commenced on 28-11-2017 and continued up to 09-04-2018 for 133 days as against 126 days in the preceding season. Sugarcane crushed during the current season was 660,055 M. Tons with average sucrose recovery of 10.19% and sugar production of 67,244 M.Tons, as compared to crushing of 593,036 M.Tons with average sucrose recovery of 10.41% and sugar production of 61,670 M. Tons during the preceding season.

I am pleased to inform the shareholders that the process of BMRE has been completed smoothly and its results are also encouraging and your company may reap benefits in growth in future.  
Contribution to National Exchange

Your Company contributed Rs.333.381 million (2017 Rs.142.450 million) into the Government treasury towards Income taxes, sales taxes and other govt levies. Further foreign exchange USD 15.085 million was also generated by export of Sugar during the year.

#### **Dividend**

The Board of Directors' in their meeting held on 21st December, 2018 recommended 16% final cash dividend for the year ended 30th September, 2018 approval of which will be sought in AGM to be held on 18th January, 2019.

#### **Corporate Social Responsibility Activities (CSRA)**

Your company remains committed towards improving the life style of people inhabitated in the vicinity of Mills. The company contributed and helped the needy people by providing them free health care, frequent free meal, free education etc.

#### **Impact on Environment**

Your company has built waste water lagoons to store waste water which after evaporation converted into solid waste used as fertilizer. As such No flow / gush waste water goes into nearby surrounding areas to hazard inhabitants or create pollution in environment. Further, more than 300k trees have been distributed to local area growers and planted in surrounding the Mills to keep the environment remains unpolluted.

#### **Future Prospects**

The coming season is anticipated to be difficult for the sugar industry as the Government of Sindh has issued notification regarding the minimum sugarcane prices for the ensuing season 2018-2019 at Rs.182/- per 40 kg. hence making it difficult for the sugar industry to match cost of sugar with selling prices of Sugar which will be disastrous for the Sugar industry in general and in lower part of Sindh in particular where the crop and recovery both are comparatively lesser and have wide difference as compared to upper Sindh. There is a strong need on the part of the government to bail out the sugar industry from the crisis particularly sugarcane price once which constitutes major part of cost of production of sugar. Government has allowed sugar industry to export 1.100 million M.Tons of sugar for the current season 2018-19 without announcing any export subsidy thereon which the industry will export only if global price of sugar increases.

#### **Code of Corporate Governance**

The Company has adopted the Code of Corporate Governance promulgated by the Securities & Exchange Commission of Pakistan. We have implemented all the mandatory provisions and welcome the Government's step to get fully disclosed financial statements to closely monitor the corporate sector. We hope it will go a long way in confidence building of small investors and will boost corporate investment.

#### **Directors Training program**

We are pleased to inform that one of the eight directors on the board of the Company (i.e. Dr. Tara Chand Essarani) has already obtained the said certification from the Pakistan Institute of Corporate Governance (PICG) in the year 2013. While remaining three directors have possessed education and experience to fulfil the requirements of this regulations.

## Statement on Corporate and Financial Reporting Framework

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the Financial Statements, Changes, if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and deviation there from if any, has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored regularly.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. The value of investment in provident fund was Rs.58.974 million as on 30-06-2018 based on un-audited accounts of the Provident Fund Trust.
9. Key operating and financial data for last six years, in summarized form, is given on page 21.
10. Information about the taxes and levies is given in the notes to the financial statements.
11. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 66 and 67.
12. During the year 2017-2018 four (4) meetings of the Board of Directors were held.

Attendance of each Director was as under:

No. of Name of Directors	Meetings attended
Mr. Deoo Mal Essarani	4
Dr. Tara Chand Essarani	4
Mr. Dileep Kumar	2
Mr. Pehlaj Rai	4
Mr. Mohan Lal	2
Dr. Besham Kumar	4
Mr. Mahesh Kumar	4
Mr. Shafaqat Ali Shah	4

The leave of absence was granted to the Directors who could not attend the meeting due to their pre-occupation.

No shares were traded by Directors, C.E.O., C.F.O., Company Secretary and/or their spouses and minor children.

### Code of Conduct & Ethics

It is the Company's policy to conduct its operations in accordance with the highest business ethical considerations, to comply with all statutory regulations and to conform to the best accepted standards of good corporate citizenship. This policy applies to all directors and employees of the Company regardless of function, grade or standing.

1. The Company's activities and operations are carried out in strict compliance with all applicable laws and the highest ethical standards. The directors and employees ensure that the company deals in all fairness with its customers, suppliers and competitors.
2. In its relations with governmental agencies, customers and suppliers, the Company does not, directly or indirectly, engage in any corrupt business practices.
3. The directors and employees do not take advantage of the Company's information or property or their position with the Company to develop inappropriate gains or opportunities.

### **Director Remuneration Policy**

The Board has approved a Directors' Remuneration Policy, which described in detail the objectives and transparent procedure for the remuneration packages of individual director for attending meeting of the Board and its committee.

### **Director Remuneration**

Detail of aggregate amount of executive and non-executive directors are disclosed in note 32 to the financial statement.

### **Health, Safety and Security**

The Company is fully committed to meet all standards in respect of health, safety, security and environment.

### **Composition of Board**

Total Number of Directors

(a)	Male	8
(b)	Female	0

Composition:

Independent Director	Dr. Shafaqat Ali Shah
Other non-executive Director	Mr. Deoo Mal Essarani Mr. Pehlaj Rai Mr. Mohan Lal Dr. Besham Kumar Mr. Dileep Kumar
Executive Directors	Dr. Tara Chand Essarani Mr. Mahesh Kumar

### **Audit Committee**

The audit committee of the Company comprises of the following members:

Dr. Shafaqat Ali Shah	...	Chairman
Mr. Pehlaj Rai	...	Member
Dr. Besham Kumar	...	Member
Mr. Dileep Kumar	...	Member



### **HR and Remuneration Committee**

The HR and Remuneration Committee of the Company comprises of the following members:

Mr. Mohan Lal	...	Chairman
Dr. Shafaqat Ali Shah	...	Member
Mr. Dileep Kumar	...	Member

### **Statutory Auditors**

The present auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board's Audit Committee has recommended appointment of M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as auditors for the ensuing year, also.

### **Conclusion**

At the end, let us pray to Almighty Allah to guide us in all our pursuits for national development and for the betterment of your organization - Ameen.

### **On behalf of the Board of Directors**

\_\_\_\_\_  
**Dr. Tara Chand Essarani**  
Chief Executive Officer

-----  
**Mahesh Kumar**  
Director

Dated: 21st December, 2018

## ڈائریکٹرز رپورٹ برائے حصص داران

پیارے ممبران - اسلام علیکم!

بورڈ آف ڈائریکٹرز اور میری جانب سے، میں انتہائی مسرت کے ساتھ آپ تمام کو کمپنی کی 35 ویں سالانہ جنرل میٹنگ میں خوش آمد کرتا ہے اور آپ کے سامنے کمپنی کی سالانہ رپورٹ اور محاسباتی مالی گوشوارے برائے سال اختتام پذیر 30 ستمبر، 2018 پیش کر رہا ہوں۔

2018 Rupees	2017 Rupees	مالیاتی نتائج:
125,472,507	(454,852,339)	نفع / (نقصان) ماقبل ٹیکس
(57,261,917)	54,262,330	ٹیکس منجملہ
68,210,590	(400,590,009)	نفع / (نقصان) مابعد ٹیکس
63,546,353	103,070,133	قدر و قیمت کی تعیین نو سے حاصل شدہ منافع منتقل کیا گیا
131,756,943	(297,519,876)	غیر مختص (نقصان) سامنے لایا گیا
(427,498,936)	(129,979,060)	حاصل سابق جمع شدہ (نقصان)
<u>(295,741,993)</u>	<u>(427,498,936)</u>	فی شیئر کمائی / (نقصان) مابعد ٹیکس
6.54	(38.43)	

آپ کی کمپنی نے ممال سال میں مابعد ٹیکس مبلغ 400.590 ملین روپے کے نقصان کے مقابلے میں اس سال مبلغ 68.210 ملین روپے کمائی کی۔ اس طرح سال 2017 میں نقصان فی شیئر (38.43) روپے کے مقابلے میں اس سال کمائی فی شیئر 6.54 روپے پر قائم رہی۔ کمپنی نے فی 40 کلو گرام مبلغ 160 روپے پر خرید کیا جس کی قیمت عدالت عالیہ سندھ کی جانب سے حکومت سندھ کے نمائندے، کسانوں اور شوگر ملز مالکان کی مرضی سے طے کی گئی، جبکہ پورے سال چھٹی کی فروختگی قیمت تزلزل کا شکار رہی حالانکہ چینی کی پیداوار 9.04 فیصد زیادہ رہی۔ لہذا رواں سال کمپنی نے اپنی توجہ 42,308 ملین ٹن چینی کی برآمدات پر مرکوز رکھی تاکہ کمپنی کا منافع بڑھایا جائے۔ وفاقی اور صوبائی حکومتوں کی جانب سے ان لینڈ فریٹ سبسڈی منظور کی گئی جو کہ رسیدی بنیادوں پر ریکارڈ کی گئی تھی۔

### عملیاتی نتائج

اللہ سبحانہ و تعالیٰ کی رحمت سے، حالیہ مالی سال کے دوران، استعداد کی وسعت اور تجدید نو وغیرہ توقع سے زیادہ رہی، جو کہ بورڈ آف ڈائریکٹرز کی رہبری اور ہر سطح پر عملہ کے اراکین اور انتظامیہ کی کوششوں کے بغیر ممکن نہ تھا۔ میں مزید پیانے پر معاون کرنے کیلئے گئے کے کسانوں، صارفین، بینکرز اور دیگر شراکت داران جو کہ کمپنی سے منسلک ہیں، کو سراہوں گا۔

خلاصہ کیے گئے چھ سالہ کلیدی عملیاتی نتائج درج ذیل ہیں:-

تقابلی اعداد و شمار

	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	
	28-11-2017	15-11-2016	29-11-2015	08-12-2014	01-11-2013	16-12-2012	آغاز سیزن
	09-04-2018	20-03-2017	26-02-2016	22-03-2015	18-03-2014	20-03-2013	اختتام سیزن
	133	126	90	105	138/ 124	95	کام کے دن
Tons	660,055	593,036	490,605	474,511	505,185	384,319	گنے کی پیسائی ٹن
Mds	16,501,391	14,825,925	12,265,129	11,862,775	12,629,632	9,607,975	گنے کی پیسائی من
Tons	4,962	4,706	5,451	4,519	3,661	4,045	روزانہ اوسط پیسائی ٹن
Tons	6,227	5,757	5,703	5102	4,074	-	(کل دنوں میں) ٹن
%	62	78	92	76	61	67	استعمال کی گئی تعداد %
%	10.19	10.41	9.92	10.00	9.85	9.865	شکر کی وصولی %
Tons	67,244	61,670	48,671	47,460	49,866	37,855	شکر کی پیداوار ٹن
Tons	34,330	28,781	24,195	24,885	26,000	19,844	گرٹھ کی پیداوار ٹن

کارکردگی کا جائزہ

الحمد للہ، سال رواں کے دوران کمپنی کی منجملہ عملی کارکردگی مطمئن بخش رہی۔

پیسائی کا عمل مورخہ 28-11-2017 کو شروع ہوا اور 09-04-2018 تک یعنی 133 دن جاری رہا، اس کے مقابلے میں پچھلے سال یہ عمل 126 یوم رہا تھا۔ حالیہ سیزن کے دوران 660,055 ملین ٹن گنے کی پیسائی کی گئی جس سے تقریباً 10.19 فیصد سکروز حاصل ہوا اور چینی کی پیداوار 67,244 ملین ٹن رہی، جبکہ گزشتہ سیزن کے دوران سکروز کا تناسب 10.41 فیصد یعنی 593,036 ملین ٹن اور چینی کی پیداوار 61,670 ملین ٹن تھی۔

میں مسرت کے ساتھ اپنے حصص داران کو آگاہ کرنا چاہوں گا کہ BMRE کا عمل آسانی کے ساتھ مکمل ہو چکا ہے اور اس کے نتائج برآمد ہونا شروع ہو گئے ہیں جبکہ آپ کی کمپنی کو آئندہ بھی اس سے ترقیاتی فائدے حاصل کرنے کی توقعات ہیں۔

قومی خزانے میں معاونت

آپ کی کمپنی نے مبلغ 333.381 ملین روپے (جو کہ سال 2017 میں مبلغ 142.450 ملین روپے تھے)، اٹک ٹیکس، سیلز ٹیکس اور دیگر حکومتی ٹیکسوں کی مد میں حکومت خزانے میں جمع کرائے۔ اس کے علاوہ مبلغ 15.085 ملین امریکی ڈالرز کا زرمبادلہ بھی سال رواں کے دوران چینی کی برآمدات سے حاصل ہوا۔

منقسمہ

بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 21 دسمبر 2018 میں 16 فیصد حتمی نقد منقسمہ (Final Cash Dividend) برائے سال اختتام پذیر 30 ستمبر 2018 کی تجویز دی ہے جس کی منظوری سالانہ جنرل میٹنگ جو کہ 18 جنوری 2019 کو منعقد ہوگی، میں حاصل کی جائے گی۔

### کارپوریٹ سماجی سرگرمیاں (CSRA)

آپ کی کمپنی ہمیشہ سے ملز کے قریبی باشندوں کے طرز زندگی بہتر بنانے کا اعادہ کیے ہوئے ہے لہذا آپ نے کمپنی نے مفت طبی سہولیات، متواتر غذائی فراہمی اور مفت تعلیم وغیرہ فراہم کرتے ہوئے ضرورت مند لوگوں کی امداد کر رہی ہے۔

### ماحولیاتی اثرات

آپ کی کمپنی نے ضائع ہونے والے پانی کیلئے واٹر لگوز تعمیر کیے ہیں جس سے جمع شدہ پانی عمل تیخیر (ایواپوریشن) کے بعد ٹھوس فضلے میں منتقل ہو جاتا ہے جو کہ عمل زرخیزی میں استعمال ہوتا ہے۔ اس طرح کوئی بہاؤ/بہتا ہوا گنداپانی اردگرد کے علاقوں میں نہیں پہنچتا جو کہ باشندوں کو نقصان پہنچائے یا پھر ماحول میں آلودگی پیدا کرے۔ مزید، 300 کروڑ سے زائد درخت مقامی آبادکاروں کو تقسیم کیے گئے ہیں اور ملز کے اردگرد پودے لگائے گئے ہیں تاکہ ماحول کو غیر آلودر کھا جائے۔

### مستقبل کے امکانات

آنے والا سیزن چینی کی صنعت کیلئے دشوار گزار نظر آ رہا ہے جیسا کہ گورنمنٹ نے گئے کی کم از کم قیمت کیلئے نوٹیفکیشن جاری کیا ہے تاکہ 2018-2019 کے سیزن میں گئے کی قیمت -182 روپے/40 کلو پیٹی بنائے جائے۔ لہذا یہ چینی کی صنعت کیلئے مشکل ہے کہ وہ چینی کی قیمت، چینی کی فروختگی قیمت کے ساتھ مطابقت پیدا کرے، جو کہ عمومی سطح پر چینی کی صنعت کیلئے خطرہ کی علامت ہے اور خصوصی طور پر سندھ کے نچلے حصوں میں جہاں فصل اور وصولیابی دونوں نسبتاً کم ہیں اور بالائی سندھ کے مقابلے میں بڑا فرق موجود ہے۔ یہاں حکومت کی جانب سے سخت ضرورت ہے کہ وہ چینی کی صنعت کو مسائل سے نکالے خصوصاً گئے کی قیمت میں جو کہ چینی کی پیداوار کا اہم جزو ہے۔ حکومت نے چینی کی صنعت کو حالیہ سیزن 2018-19 میں 1.100 ملین ٹن چینی برآمد کرنے کی اجازت دی ہے جس پر کوئی برآمدی سبسڈی نہیں دی گئی ہے، جس کی وجہ سے صنعت صرف اس صورت میں برآمدات کر سکتی ہے کہ جب بین الاقوامی سطح پر چینی کے نرخ میں اضافہ ہو۔

### کارپوریٹ طرز حکمرانی کے ضابطے

کمپنی نے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کی جانب سے لاگو کردہ تنظیمی طرز حکمرانی کے ضابطے کو اختیار کیا ہے۔ ہم نے تمام ترازمی ضوابط پر عملدرآمد کیا ہے اور کارپوریٹ سیکٹر کی نگرانی کیلئے اٹھائے گئے حکومتی اقدام کہ مالیاتی گوشواروں کو واضح انداز میں منظر عام پر لایا جائے، کا خیر مقدم کرتی ہے۔

### ڈائریکٹرز کا تربیتی پروگرام

ہم انتہائی مسرت کے ساتھ آپ کو آگاہ کرتے ہیں کہ کمپنی کے بورڈ میں موجود آٹھ ڈائریکٹرز میں سے ایک ڈائریکٹر (یعنی ڈاکٹر تارا چندا بھیرانی) نے پہلے ہی سال 2013 میں پاکستان انسٹیٹیوٹ برائے کارپوریٹ گورننس (PICG) سے مطلوبہ شوقلیٹ حاصل کر لیا ہے۔ باقی ماندہ 3 ڈائریکٹران اپنی تعلیم اور تجربے کی بنیاد پر اس ریگولیشن کی کپرائزنگ پر پورے اترتے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر گوشوارہ:-

- (1) کمپنی کی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی گوشوارے، شفافیت کے ساتھ، اس کے اعمال، نقد کا بہاؤ اور شیئرز میں تبدیلیاں پیش کرتے ہیں۔
- (2) کمپنی کے اکاؤنٹس کی باضابطہ کتب برقرار رکھی گئی ہیں۔
- (3) مالیاتی گوشواروں کی تیاری میں توازن کے ساتھ مناسب اکاؤنٹنگ پالیسی لاگو کی گئی ہے، تبدیلیاں، اگر کوئی ہوں، انہیں ٹھیک طور پر واضح کیا جاتا ہے اور محاسبہ تخمینہ کاری معقول اور دانشمندانہ فیصلوں پر مبنی ہے۔
- (4) بین الاقوامی معیارات، جو کہ پاکستان میں لاگو ہیں، مالیاتی گوشواروں کی تیاری میں پاسداری کی گئی ہے اور اس میں اگر کوئی انحراف ہے تو اسے ٹھیک انداز میں منظر عام پر لایا گیا ہے۔
- (5) اندرونی نظم و نسق کا نظام موثر طرز سے ترتیب دیا گیا ہے اور اس پر موثر انداز میں عملدرآمد و نگرانی جاری ہے۔
- (6) کمپنی کی صلاحیت پر کوئی قابل ذکر شک و شبہات موجود نہیں اور اس کا کاروباری جاری و ساری ہے۔
- (7) درج مندرج ضوابط میں تفصیل کردہ، کارپوریٹ گورننس کی پاسداری میں کوئی ٹھوس انحراف موجود نہیں ہے۔
- (8) پروویڈنٹ فنڈ میں سرمایہ کاری کی قدر مورخہ 30-06-2018 تک مبلغ 58.974 ملین روپے تھی، جب کہ یہ پروویڈنٹ فنڈ ٹرسٹ کے قدر غیر محاسبہ اکاؤنٹس پر منحصر ہے۔
- (9) چھ سالہ کلیدی اعمال اور مالیاتی اعداد و شمار، مختصر انداز میں، صفحہ نمبر 21 پر موجود ہیں۔
- (10) ٹیکس اور دیگر مراعات کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- (11) حصص داری کا خاکہ اور حصص داری کے خاکے سے متعلق مزید معلومات صفحہ نمبر 66 اور 67 پر موجود ہے۔
- (12) رواں سال 2017-2018 میں بورڈ آف ڈائریکٹرز کی چار (4) میٹنگ منعقد کی گئیں:-

ہر ایک ڈائریکٹر کی حاضری ذیل مطابق ہے:-

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
جناب دیول ایسرانی	4
ڈاکٹر تارا چند ایسرانی	4
جناب دلپ کمار	2
جناب پہلاج رائے	4
جناب موہن لال	2
ڈاکٹر پیشام کمار	4
جناب مہیش کمار	4
جناب شفاقت علی شاہ	4

ایسے ڈائریکٹرز جو کہ اپنے ذاتی مصروفیات کی بناء پر میٹنگ میں حاضر نہ ہو سکے، انہیں رخصت عنایت کی گئی تھی۔  
ڈائریکٹرز، C.F.O.C.E.O، کمپنی کے سیکریٹری اور ایان کے ازواج اور چھوٹے بچوں نے کوئی شیئر کاروبار نہیں کیا ہے۔

### طرز عمل اور اخلاقی ضابطے

یہ کمپنی کی پالیسی ہے کہ وہ اپنے اعمال عمدہ ترین کاروباری اخلاقیات کو زیرِ غور لاتے ہوئے سرانجام دیتی ہے، تاکہ تمام قانونی ضوابط کی پاسداری کی جائے اور اچھی کاروباری اہلیت کے معیارات کو اچھے انداز میں قبول کرنے کو یقینی بنایا جائے۔ فرائض، عہدہ یا حیثیت کو خاطر میں لائے بغیر اس پالیسی کا اطلاق تمام ڈائریکٹرز اور کمپنی کے ملازمین پر ہوتا ہے۔

- (1) کمپنی کی سرگرمیاں اور اعمال تمام لاگو قوانین اور بہترین اخلاقی معیارات کی پاسداری میں سرانجام دی گئیں۔
- (2) حکومتی اداروں، صارفین اور سپلائرز کے ضمن میں، کمپنی بلا واسطہ یا بلواسطہ کسی بدعنوان کاروباری اعمال میں ملوث نہیں رہی۔
- (3) ڈائریکٹرز اور کمپنی کے ملازمین نے، کمپنی کی معلومات یا جائیداد یا کمپنی کے ساتھ ان کے عہدے سے کسی قسم کا کوئی فائدہ حاصل نہیں کیا ہے کہ جس کے ذریعے نامعقول فائدے یا مواقع تخلیق کیے جائیں۔

### ڈائریکٹرز کی تنخواہ جاتی پالیسی

بورڈ نے ڈائریکٹرز کی تنخواہ جاتی پالیسی منظور کی ہے، جو کہ انفرادی ڈائریکٹرز کیلئے تنخواہ کے پکیج کی تفصیلاً وضاحت اور شفاف طریقہ کار بیان کرتی ہے۔ کمپنی نے کسی نان ایگزیکٹو ڈائریکٹر کو تنخواہ ادا نہیں کی ہے ماسوائے بورڈ کی میٹنگ اور اس کی کمیٹی میں حاضر ہونے کیلئے۔ تاہم، ایگزیکٹو ڈائریکٹرز کو تنخواہ ادا کی گئی ہے جو کہ سالانہ تشخیص پر مبنی ہے۔

### ڈائریکٹرز کی تنخواہ

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کی تنخواہ کی منجملہ رقم مالیاتی گوشوارے کے نوٹ 32 میں ظاہر کی گئی ہے۔

### صحت، سلامتی اور سیکورٹی

کمپنی نے صحت، سلامتی، سیکورٹی اور ماحولیات کے سلسلے میں تمام تر معیارات پر پورا اترنے کیلئے بھرپور اعمال سرانجام دیے ہیں۔

### بورڈ کا مرکب

#### ڈائریکٹرز کی کل تعداد

(الف)	مرد	8
(ب)	زن	0

#### مرکب:

خود مختار ڈائریکٹر	ڈاکٹر شفاقت علی شاہ
دیگر نان ایگزیکٹو ڈائریکٹرز	جناب دیول ایسرانی
	جناب پہلاج رائے
	جناب موہن لال
	ڈاکٹر بیدشام کمار
	جناب دلپ کمار
ایگزیکٹو ڈائریکٹرز	ڈاکٹر تارا چند ایسرانی
	جناب مہیش کمار

آڈٹ کمیٹی:

کمپنی کی آڈٹ کمیٹی درج ذیل اراکین پر مشتمل ہے:-

چیئر مین	ڈاکٹر شفاقت علی شاہ
ممبر	جناب بیٹام کمار
ممبر	ڈاکٹر دلپ کمار
ممبر	جناب پہلاج رائے

ایچ آر اور تنخواہ جاتی کمیٹی

ایچ آر اور تنخواہ جاتی کمیٹی درج ذیل اراکین پر مشتمل ہے:-

چیئر مین	جناب موہن لال
ممبر	ڈاکٹر شفاقت علی شاہ
ممبر	جناب دلپ کمار

قانونی آڈیٹرز

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹراکاؤنٹنٹس، سکدوش ہوئے جو کہ با اہل ہیں، انہوں نے دوبارہ تقرری کیلئے اپنی پیشکش کی ہے۔ آڈٹ کمیٹی کے بورڈ نے بھی آئندہ مالی سال کیلئے بحیثیت آڈیٹرز، میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹراکاؤنٹنٹس کی تقرری کی تجویز دی ہے۔

اختتام:-

آخر میں، ہم اللہ سبحانہ تعالیٰ کے حضور دعا گو ہیں کہ وہ ہماری قومی ترقی کیلئے جدوجہد اور ہمارے ادارے کی بہتری کیلئے ہماری رہنمائی فرمائے۔ آمین۔

بورڈ آف ڈائریکٹرز کی جانب سے

مہیش کمار  
ڈائریکٹر

ڈاکٹر تارا چندا ایرانی  
چیف ایگزیکٹو آفیسر

تاریخ : 21 دسمبر 2018



## SIX YEARS AT A GLANCE

	2018 (Rupees)	2017 (Rupees)	2016 (Rupees)	2015 (Rupees)	2014 (Rupees)	2013 (Rupees)
<b>Profit &amp; Loss Account:</b>						
Turnover	4,216,372,059	2,015,771,967	3,160,906,955	2,100,602,765	2,212,511,073	2,326,655,780
Gross profit/(loss)	349,185,653	(259,158,512)	145,381,784	82,722,749	92,575,629	44,278,106
Operating profit / (loss)	158,330,432	(385,221,878)	53,682,380	(13,795,936)	(53,145,599)	(87,266,264)
Profit / (loss) before tax	125,472,507	(454,852,339)	1,313,833	(47,121,548)	(96,350,377)	(106,235,956)
Profit / (loss) after tax	68,210,590	(400,590,009)	(25,036,905)	(39,636,418)	(85,547,632)	(135,555,820)

### Balance Sheet:

Fixed assets at WDV	2,801,755,471	1,932,954,585	2,012,259,205	1,353,513,590	1,458,875,323	1,497,147,427
Long term loans, advances and deposits etc.	2,800,805	1,065,256	1,106,473	1,201,703	930,794	1,691,091
Current assets	646,227,439	1,558,721,131	594,957,278	868,488,337	580,449,809	352,203,521
	<b>3,450,783,715</b>	<b>3,492,740,972</b>	<b>2,608,322,956</b>	<b>2,223,203,630</b>	<b>2,040,255,926</b>	<b>1,851,042,039</b>
Shareholders' equity	(191,491,993)	(323,248,936)	(25,729,060)	(48,028,517)	(7,220,680)	13,344,992
Surplus on revaluation of fixed assets	1,476,249,189	812,179,558	915,249,691	403,466,946	430,504,817	472,743,091
Long term liabilities & current maturity thereof	1,039,166,667	1,108,958,837	889,000,000	719,000,000	635,000,000	583,000,000
Deferred liabilities / Deferred Income	817,545,784	489,029,469	566,434,415	369,811,130	355,818,980	378,565,811
Current liabilities excluding current maturity of long term liabilities	309,314,068	1,405,822,044	263,367,910	778,954,071	626,152,809	403,388,145
	<b>3,450,783,715</b>	<b>3,492,740,972</b>	<b>2,608,322,956</b>	<b>2,223,203,630</b>	<b>2,040,255,926</b>	<b>1,851,042,039</b>

### Statistics and Ratios

Gross profit to Sales	8.28	(12.86)	4.60	3.94	4.18	1.90
Profit / (Loss) before tax to Sales	2.98	(22.56)	0.04	(2.24)	(4.35)	(4.57)
Profit / (Loss) after tax to Sales	1.62	(19.87)	(0.79)	(1.89)	(3.87)	(5.83)
Fixed Assets/Turnover (Times)	0.66	0.96	0.64	0.64	0.66	0.64
Inventory/Turnover (Times)	0.24	0.50	0.01	0.11	0.11	0.04
Earning / (Loss) per Share (Rs.)	6.54	(38.43)	(2.40)	(8.21)	(8.21)	(13.00)
Gross Dividend (%)	16%	-	-	-	-	-
Dividend per Share (Rs.)	1.60	-	-	-	-	-

## *Vision*

- To be a sustainable, growth and customer oriented company with professionalism to remain competitive and contributing to society in the barrier free economy.

## *Mission*

- To build the company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs by utilizing blend of state of the art technologies.
- To accomplish excellent financial results which can benefit all the stakeholders including members and employees of the company.
- To fulfill obligations towards the society being a good corporate citizen.



## **REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

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

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **September 30, 2018**.

Karachi.

Date:

**Rahman Sarfaraz Rahim Iqbal Rafiq**  
Chartered Accountants



## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of the Company: **SINDH ABADGAR'S SUGAR MILLS LIMITED**  
Year Ending: **30.09.2018**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 08 as per the following:
  - a. Male: 08
  - b. Female: 00
2. The composition of Board of Directors (BOD) is as follows:
  - a) Independent Director Dr. Shafaqat Ali Shah
  - b) Other non-executive Director Mr. Deoo Mal Essarani  
Mr. Pehlaj Rai  
Mr. Mohan Lal  
Dr. Besham Kumar  
Mr. Dileep Kumar
  - c) Executive Directors Dr. Tara Chand Essarani  
Mr. Mahesh Kumar
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. BOD has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained
6. All the powers of BOD have been duly exercised and decisions on relevant matters have been taken by BOD/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of BOD were presided over by the Chairman and, in his absence, by a director elected by BOD for this purpose. BOD has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of BOD.
8. The BOD have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. BOD has not arranged Directors' Training program during the year.
10. BOD has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of BOD.
12. BOD has formed committees comprising of members given below:
  - a) Audit Committee:

Dr. Shafaqat Ali Shah	Chairman
Mr. Pehlaj Rai	Member
Mr. Dileep Kumar	Member
Dr. Besham Kumar	Member

b) HR and Remuneration Committee:

Mr. Mohan Lal  
Dr. Shafaqat Ali Shah  
Mr. Dileep Kumar

Chairman  
Member  
Member

13. Terms of reference of aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
  - a) Audit Committee: 4 Quarterly meetings were held during the year ended 30.09.2018.
  - b) HR and Remuneration Committee; 1 meeting of HR Remuneration was held.
15. BOD has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight BOD of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

**(Deoo Mal Essarani)**  
Chairman

**Rahman Sarfaraz Rahim Iqbal Rafiq**

Chartered Accountants

Plot No. 180, Block-A,

S.M.C.H.S.

Karachi.

## **INDEPENDENT AUDITORS' REPORT**

**To the members of Sindh Abadgar's Sugar Mills Limited**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the annexed financial statements of Sindh Abadgar's Sugar Mills Limited (the Company), which comprise the statement of financial position as at September 30, 2018, and the statement of profit or loss, the statement of 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 ('the financial statements'), 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2018 and of the profit 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.

### **Key Audit Matter(s)**

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

Following is the Key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
01.	<p><b>New requirements under the Companies Act, 2017 (Refer note 3.5)</b></p> <p>The provisions of the third and fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements which replaced previously applicable fourth schedule to the repealed Companies Ordinance 1984.</p> <p>The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company.</p> <p>In view of the extensive impacts in the annexed financial statements due to first time application of the third and fourth schedule to the Act, we considered it as a key audit matter.</p>	<p>We reviewed the requirements of the Fourth schedule to the Act and carried out the following audit procedures to ensure that the financial statements were prepared in accordance with new requirements:</p> <ul style="list-style-type: none"> <li>● As part of transition to new requirements, the management performed a gap analysis to identify additional requirements of disclosure for the current financial reporting framework. We reviewed the management's process to identify the necessary amendments required in the Company's financial statements;</li> <li>● We evaluated the results of management's analysis and key decisions taken in respect of the transition; and</li> <li>● We assessed the adequacy and appropriateness of the additional disclosures made in the annexed financial statements based on the new requirements.</li> </ul>

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the financial statements of the company and our auditor's 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, on other information obtained prior to the date of this auditor's report, 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 are 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of 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).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Waseem.

**Rahman Sarfaraz Rahim Iqbal Rafiq**  
Chartered Accountants  
Karachi

Date:



**STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2018**

	Notes	2018 Rupees	2017 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital 65,000,000 (2017 : 65,000,000) ordinary shares of Rs. 10/- each		<u>650,000,000</u>	<u>650,000,000</u>
Issued, subscribed and paid-up capital	5	104,250,000	104,250,000
Revaluation surplus on property, plant and equipment-net	6	1,476,249,189	812,179,558
Accumulated losses		(295,741,993)	(427,498,936)
		<u>1,284,757,196</u>	<u>488,930,622</u>
Subordinated loans	7	260,000,000	260,000,000
		<u>1,544,757,196</u>	<u>748,930,622</u>
<b>Non current liabilities</b>			
Long term finance - secured	8	595,833,335	697,002,219
Deferred liabilities	9	817,545,784	489,029,469
		<u>1,413,379,119</u>	<u>1,186,031,688</u>
<b>Current liabilities</b>			
Trade and other payables	10	288,633,855	481,512,249
Short term borrowing	11	-	878,677,673
Unclaimed dividend		3,316,162	3,316,162
Accrued mark-up	12	17,364,051	42,315,960
Current maturity of long term finance	8	183,333,332	151,956,618
		<u>492,647,400</u>	<u>1,557,778,662</u>
<b>Contingencies and commitments</b>	13		
		<u>3,450,783,715</u>	<u>3,492,740,972</u>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	14	2,801,755,471	1,932,954,585
Long term loans	15	2,008,278	272,729
Long term deposits		792,527	792,527
		<u>2,804,556,276</u>	<u>1,934,019,841</u>
<b>Current assets</b>			
Stores and spares	16	149,300,766	183,147,991
Stock in trade	17	9,292,544	1,012,996,017
Trade debts - unsecured	18	252,395,262	105,621,289
Short term loans and advances	19	57,615,068	112,024,506
Trade deposits and short term prepayments	20	3,389,617	3,011,970
Other receivables	21	76,028,636	76,028,636
Tax refunds due from government		72,443,658	45,870,909
Cash and bank balances	22	25,761,888	20,019,813
		<u>646,227,439</u>	<u>1,558,721,131</u>
		<u>3,450,783,715</u>	<u>3,492,740,972</u>

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

Chief Executive

Director

Chief Financial Officer



**STATEMENT OF PROFIT OR LOSS ACCOUNT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Notes	2018 Rupees	2017 Rupees
Net sales	23	4,216,372,059	2,015,771,967
Cost of sales	24	<u>(3,867,186,406)</u>	<u>(2,274,930,479)</u>
Gross profit / (loss)		349,185,653	(259,158,512)
Administrative expenses	25	<u>(101,344,685)</u>	<u>(107,146,757)</u>
Selling and distribution costs	26	<u>(89,510,536)</u>	<u>(18,916,609)</u>
		<u>(190,855,221)</u>	<u>(126,063,366)</u>
Operating profit / (loss)		158,330,432	(385,221,878)
Finance costs	27	<u>(116,132,891)</u>	<u>(135,137,686)</u>
		42,197,541	(520,359,564)
Other income	28	93,741,083	65,507,225
Other expenses	29	<u>(10,466,117)</u>	<u>-</u>
<b>Profit / (loss) before taxation</b>		125,472,507	(454,852,339)
Taxation - net	30	<u>(57,261,917)</u>	<u>54,262,330</u>
<b>Profit / (loss) after taxation</b>		<u><u>68,210,590</u></u>	<u><u>(400,590,009)</u></u>
Earning / (loss) per share - basic and diluted	31	<u><u>6.54</u></u>	<u><u>(38.43)</u></u>

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

Chief Executive

Director

Chief Financial Officer



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Notes	2018 Rupees	2017 Rupees
Profit / (loss) after taxation		68,210,590	(400,590,009)
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
Revaluation increase recognised during the year		898,658,980	-
Deferred tax on above		(202,375,479)	-
		696,283,501	-
Reversal of deferred tax liability on revaluation surplus due to change in tax rate		31,332,483	-
		727,615,984	-
<b>Total comprehensive income / (loss) for the year</b>		<b>795,826,574</b>	<b>(400,590,009)</b>

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

Chief Executive

Director

Chief Financial Officer



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit / (loss) before taxation</b>		125,472,507	(454,852,339)
Adjustments for:			
- Depreciation	14.1.1	184,344,916	195,923,983
- Finance costs		116,132,891	135,137,686
- Provision for Workers' Welfare Fund		3,669,186	-
- Provision for Workers' Profit Participation Fund		6,796,931	-
- Provision for quality premium payable		122,522,828	-
- Gain on disposal of property, plant and equipment	14.1.2	(116)	(11,503,141)
		<u>433,466,636</u>	<u>319,558,528</u>
Operating profit / (loss) before working capital changes		558,939,143	(135,293,811)
<b>Changes in working capital</b>			
Decrease / (increase) in current assets			
- Stores and spares		33,847,225	(3,211,389)
- Stock in trade		1,003,703,473	(980,032,744)
- Trade debts - unsecured		(146,773,973)	(78,278,433)
- Short term loans and advances		54,409,438	(16,377,073)
- Trade deposits and short term prepayments		(377,647)	(2,876,477)
- Other receivables		-	59,223,952
		944,808,516	(1,021,552,164)
(Decrease) / increase in current liabilities			
- Trade and other payables		(203,344,511)	234,019,030
<b>Net cash generated from / (used in) operations</b>		1,300,403,148	(922,826,945)
Taxes paid		(48,884,175)	(28,529,310)
Finance costs paid		(153,160,475)	(105,380,255)
		<u>(202,044,650)</u>	<u>(133,909,565)</u>
<b>Net cash generated from / (used in) operating activities</b>		1,098,358,498	(1,056,736,510)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(143,674,031)	(117,735,222)
Proceeds from sale of property, plant and equipment		1,263,000	12,619,000
Long term loans - net		(1,735,549)	41,217
<b>Net cash used in investing activities</b>		(144,146,580)	(105,075,005)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term finance		(186,833,333)	(163,000,000)
Long term finance obtained		117,041,163	382,958,837
<b>Net cash (used in) / generated from financing activities</b>		(69,792,170)	219,958,837
<b>Net increase / (decrease) in cash and cash equivalents</b>		884,419,748	(941,852,678)
Cash and cash equivalents at the beginning of the year		(858,657,860)	83,194,818
<b>Cash and cash equivalents at the end of the year</b>	38	<u>25,761,888</u>	<u>(858,657,860)</u>

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

Chief Executive

Director

Chief Financial Officer



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Issued, subscribed and paid up capital	Revaluation surplus on property, plant and equipment	Accumulated loss	Total
	----- Rupees -----			
Balance as at October 01, 2016	104,250,000	915,249,691	(129,979,060)	889,520,631
Total comprehensive income for the year ended September 30, 2017				
Loss after taxation	-	-	(400,590,009)	(400,590,009)
Other comprehensive income	-	-	(400,590,009)	(400,590,009)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	(102,484,799)	102,484,799	-
Surplus realized on disposal of fixed asset - net of deferred tax	-	(585,334)	585,334	-
<b>Balance as at September 30, 2017</b>	<b>104,250,000</b>	<b>812,179,558</b>	<b>(427,498,936)</b>	<b>488,930,622</b>
Total comprehensive income for the year ended September 30, 2018				
Profit after taxation	-	-	68,210,590	68,210,590
Other comprehensive income	-	727,615,984	68,210,590	795,826,574
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	(63,546,353)	63,546,353	-
<b>Balance as at September 30, 2018</b>	<b>104,250,000</b>	<b>1,476,249,189</b>	<b>(295,741,993)</b>	<b>1,284,757,196</b>

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

Chief Executive

Director

Chief Financial Officer



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2018

### 1 THE COMPANY AND ITS OPERATIONS

Sindh Abadgar's Sugar Mills Limited ("the Company") is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984. The shares of the Company are quoted on Pakistan Stock Exchange Limited ("the Exchange"). The principal activity of the Company is to manufacture and sell sugar. The Company's registered office is situated at 209, Progressive Plaza, Beaumont Road, Karachi, Pakistan. The Company's plant is located at Deh Deenpur, District tando Muhammad Khan, Sindh, Pakistan.

### 2 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

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

- The Company has recorded revaluation surplus on property, plant and equipment amounting to Rs. 899 million.
- The Company has incurred capital expenditure amounting to Rs. 143.67 million.

### 3 BASIS OF PREPARATION

#### 3.1 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 such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), 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.

#### 3.2 Basis of measurement

These financial statements have been prepared under the basis of historical cost convention except land, buildings and plant and machinery which are stated at revalued amounts.

#### 3.3 Functional and presentation currency

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

#### 3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are involved or where judgment was exercised in application of accounting policies are as follows:

- Provision for taxation
- Useful lives, residual and revalued amounts of property, plant and equipment
- Provision of slow moving and obsolete stores and spares
- Provision against loans to growers

### **3.5 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018**

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include, but are not limited to, particulars of immovable assets of the Company, management assessment of sufficiency of tax provision in the financial statements, change in salary threshold for identification of executives, additional disclosure requirements for related parties etc.

### **3.6 Amendments / interpretations to existing standards and forthcoming requirements**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property'-effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The Company is currently in the process of analyzing the potential impact of changes on adoption of the standard.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently in the process of analyzing the potential impact of changes on adoption of the standard.
- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in its revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected credit loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements" - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 “Income Taxes” - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 “Borrowing Costs” - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective for annual periods beginning on or after 1 January 2019 and are not likely to have an impact on the Company’s financial statements.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **4.1 Short term borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

##### **4.2 Trade and other payables**

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

##### **4.3 Provisions**

Provisions are recognized when the 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 balance sheet date and adjusted to reflect the current best estimate.

##### **4.4 Foreign currency transactions and translation**

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

##### **4.5 Taxation**

Income tax expense comprises of current and deferred tax.

###### ***Current***

Provision of current taxation is based on the taxable income at the current rates of taxation after taking into account available tax credits, rebates and tax losses, or minimum tax, whichever is higher. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for the current tax also includes adjustments, where necessary relating to prior year.

### ***Deferred***

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to other comprehensive income or equity, in which case it is included in other comprehensive income or equity.

## **4.6 Property, plant and equipment**

### *Operating assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any, except freehold land, building and plant and machinery which are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss as and when incurred except major repairs which are capitalized.

Depreciation on all property, plant and equipment is charged using reducing balance method in accordance with the rates specified in note 14 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date. Depreciation on additions is charged from the date when the assets become available for use till the date of disposal.

Any revaluation increase arising on the revaluation of buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity 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 land, buildings and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profit. The surplus realized on disposal of revalued fixed assets is credited directly to retained earnings.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

Gains / losses on disposal of property, plant and equipment are charged to the statement of profit or loss.

### *Capital work - in - progress*

Capital work - in - progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when assets are available for use.

#### **4.7 Stores and spares**

Stores and spares (excluding items in transit) are valued at lower of average cost and net realizable value.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date.

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

#### **4.8 Stock-in-trade**

Stock-in-trade is valued at the lower of cost and net realisable value.

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

Cost of finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads. Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

Cost is determined as follows:

Finished goods (sugar)	: at average manufacturing cost including manufacturing overheads
Work in process	: at average raw material cost
Molasses	: at net realizable value

#### **4.9 Trade and other receivables**

Trade and other receivables are carried at original invoice amount / cost, which is the fair value of the consideration to be received, less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and previous repayment pattern. Balance considered bad and irrevocable are written off.

#### **4.10 Cash and cash equivalents**

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

#### **4.11 Revenue recognition**

Revenue arising from the sale of goods is recognised when all of the following criteria have been satisfied:

- the Company has transferred to the customer the significant risks and rewards of ownership;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company and;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

All the above referred criteria for revenue recognition are deemed to be satisfied upon the lifting of sugar (in case of local sales) or when the goods are on-board the shipping vessel (in case of exports). Revenue is measured at the fair value of the consideration received or receivable.

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

#### **4.12 Staff retirement benefits - *Defined contribution plan***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution and will have no legal or constructive obligation to pay further amounts. Obligations for the defined contributions plans are recognized as an employee benefit expense in profit or loss when they are due.

The Company operates a recognized provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 12% of basic salary. The Company's contribution are charged to profit and loss account.

#### **4.13 Borrowing costs**

Borrowing costs are recognized as an expense in the year in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

#### **4.14 Dividend and appropriation to reserve**

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

#### **4.15 Financial instruments**

##### **4.15.1 Classification of Financial assets**

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

##### *a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term.

##### *b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

##### *c) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

##### *d) Held -to- maturity*

Held -to- maturity financial assets are those with fixed or determinable payments and fixed maturity, where management has the positive intention and ability to hold till maturity. These are carried at amortized cost.

##### **4.15.2 Recognition, measurement and derecognition**

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

Financial assets are initially recognized at fair value plus transaction costs for all financial assets that are not carried at fair value through profit and loss. Financial assets that are carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. In case of available for-sale-financial assets, the change in fair value is recognised in other comprehensive income and, in case of financial assets classified as fair value through profit and loss, the change is recognised in profit and loss account for the year.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to profit and loss account as a reclassification adjustment.

#### **4.15.3 Financial liabilities**

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

#### **4.15.4 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements, when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously.

#### **4.16 Impairment**

##### *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

##### *Non- financial assets*

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## 14.1 Operating assets

	Free hold Land	Free hold land Factory Building	Non factory building on free hold land	Plant and Machinery	Office, tools fire fighting and laboratory equipments	Furniture & fixture	Computer & allied	Vehicles	Tents and Tarpaulins	Tools and Tackles	Total
-----Rupees-----											
<b>As at September 30, 2016</b>											
Cost / Revalued amount	108,000,000	258,427,889	120,007,285	2,311,529,357	17,205,647	6,680,618	11,118,789	57,674,765	7,429,152	8,815,644	2,906,889,146
Accumulated depreciation	-	(76,510,761)	(54,914,757)	(713,768,454)	(13,217,028)	(5,566,561)	(9,729,827)	(29,263,391)	(6,948,162)	(7,530,989)	(917,449,930)
Net book value	<u>108,000,000</u>	<u>181,917,128</u>	<u>65,092,528</u>	<u>1,597,760,903</u>	<u>3,988,619</u>	<u>1,114,057</u>	<u>1,388,962</u>	<u>28,411,374</u>	<u>480,990</u>	<u>1,284,655</u>	<u>1,989,439,216</u>
<b>Year ended September 30, 2017</b>											
Opening net book value	108,000,000	181,917,128	65,092,528	1,597,760,903	3,988,619	1,114,057	1,388,962	28,411,374	480,990	1,284,655	1,989,439,216
Additions during the year	-	4,207,782	-	69,746,626	1,141,331	1,497,275	304,189	8,998,760	180,293	300,386	86,376,642
Disposals / transfers											
Cost	-	-	-	(5,952,249)	(120,000)	-	-	(1,120,000)	-	-	(7,192,249)
Accumulated depreciation	-	-	-	5,107,684	41,268	-	-	927,438	-	-	6,076,390
Net book value	-	-	-	(844,565)	(78,732)	-	-	(192,562)	-	-	(1,115,859)
Depreciation for the year	-	(18,244,078)	(6,509,253)	(163,030,609)	(422,420)	(148,042)	(463,858)	(6,412,807)	(204,035)	(488,881)	(195,923,983)
Closing net book value	<u>108,000,000</u>	<u>167,880,832</u>	<u>58,583,275</u>	<u>1,503,632,355</u>	<u>4,628,798</u>	<u>2,463,290</u>	<u>1,229,293</u>	<u>30,804,765</u>	<u>457,248</u>	<u>1,096,160</u>	<u>1,878,776,016</u>
<b>As at September 30, 2017</b>											
Cost / Revalued amount	108,000,000	262,635,671	120,007,285	2,375,323,734	18,226,978	8,177,893	11,422,978	65,553,525	7,609,445	9,116,030	2,986,073,539
Accumulated depreciation	-	(94,754,839)	(61,424,010)	(871,691,379)	(13,598,180)	(5,714,603)	(10,193,685)	(34,748,760)	(7,152,197)	(8,019,870)	(1,107,297,523)
Net book value	<u>108,000,000</u>	<u>167,880,832</u>	<u>58,583,275</u>	<u>1,503,632,355</u>	<u>4,628,798</u>	<u>2,463,290</u>	<u>1,229,293</u>	<u>30,804,765</u>	<u>457,248</u>	<u>1,096,160</u>	<u>1,878,776,016</u>
<b>Year ended September 30, 2018</b>											
Opening net book value	108,000,000	167,880,832	58,583,275	1,503,632,355	4,628,798	2,463,290	1,229,293	30,804,765	457,248	1,096,160	1,878,776,016
Additions during the year	-	6,110,562	9,567,789	186,691,980	816,150	124,926	812,461	5,449,409	19,632	335,366	209,928,275
Revaluation	200,812,500	45,843,471	115,576,992	536,426,017	-	-	-	-	-	-	898,658,980
Disposals / transfers											
Cost	-	-	-	-	-	-	-	(4,745,963)	-	-	(4,745,963)
Accumulated depreciation	-	-	-	-	-	-	-	3,483,079	-	-	3,483,079
Net book value	-	-	-	-	-	-	-	(1,262,884)	-	-	(1,262,884)
Depreciation for the year	-	(16,943,793)	(5,858,328)	(154,750,352)	(524,331)	(252,957)	(520,902)	(4,864,416)	(165,190)	(464,647)	(184,344,916)
Closing net book value	<u>308,812,500</u>	<u>202,891,072</u>	<u>177,869,728</u>	<u>2,072,000,000</u>	<u>4,920,617</u>	<u>2,335,259</u>	<u>1,520,852</u>	<u>30,126,874</u>	<u>311,690</u>	<u>966,879</u>	<u>2,801,755,471</u>
<b>As at September 30, 2018</b>											
Cost / Revalued amount	308,812,500	314,589,704	245,152,066	3,098,441,731	19,043,128	8,302,819	12,235,439	66,256,971	7,629,077	9,451,396	4,089,914,831
Accumulated depreciation	-	(111,698,632)	(67,282,338)	(1,026,441,731)	(14,122,511)	(5,967,560)	(10,714,587)	(36,130,097)	(7,317,387)	(8,484,517)	(1,288,159,360)
Net book value	<u>308,812,500</u>	<u>202,891,072</u>	<u>177,869,728</u>	<u>2,072,000,000</u>	<u>4,920,617</u>	<u>2,335,259</u>	<u>1,520,852</u>	<u>30,126,874</u>	<u>311,690</u>	<u>966,879</u>	<u>2,801,755,471</u>
Annual rates of depreciation	<u>0%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>30%</u>	<u>20%</u>	<u>35%</u>	<u>35%</u>	

## 5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2018 (Number of shares)	2017		2018 Rupees	2017 Rupees
<u>10,425,000</u>	<u>10,425,000</u>	Ordinary shares of Rs.10/- each fully paid in cash	<u>104,250,000</u>	<u>104,250,000</u>

5.1 There is no agreement with shareholders for voting rights, board selection, rights of first refusal and block voting.

	Note	2018 Rupees	2017 Rupees
<b>6 REVALUATION SURPLUS ON PROPERTY PLANT AND EQUIPMENT -net</b>			
<b>On freehold land</b>			
Gross surplus			
Balance as at 01 October		87,465,000	87,465,000
Revaluation increase recognized during the year		200,812,500	-
		<u>288,277,500</u>	<u>87,465,000</u>
<b>On buildings / plant and machinery</b>			
Gross surplus			
Balance as at 01 October		1,064,854,988	1,182,549,559
Revaluation increase recognized during the year		697,846,480	-
Surplus realized on disposal of assets		-	(836,191)
Incremental depreciation transferred to retained earnings		(89,501,906)	(116,858,380)
		<u>1,673,199,562</u>	<u>1,064,854,988</u>
Related deferred tax charge			
Balance as at 01 October		(340,140,430)	(354,764,868)
Effect of change in tax rate		31,332,483	-
Revaluation increase recognized during the year		(202,375,479)	-
Deferred tax on surplus realized on disposal of assets		-	250,857
Incremental depreciation transferred to retained earnings		25,955,553	14,373,581
		<u>(485,227,873)</u>	<u>(340,140,430)</u>
		<u>1,187,971,689</u>	<u>724,714,558</u>
		<u>1,476,249,189</u>	<u>812,179,558</u>



	Note	2018 Rupees	2017 Rupees
<b>7 SUBORDINATED LOANS</b>			
Directors		183,000,000	183,000,000
Sponsors		77,000,000	77,000,000
	5.1	<u>260,000,000</u>	<u>260,000,000</u>

**7.1** These are unsecured and interest-free loans obtained from the Company's directors and sponsors. The Company's agreements with its bankers stipulate that the financing availed by the Company from such banks are extinguished in full before any payment is made against the subordinated loans.

## 8 LONG TERM FINANCE - SECURED

Mark-up based financing from conventional banks

	Askari Bank Ltd. TF-II	Bank Alfalah Ltd. TF-I	Bank Alfalah Ltd. TF-II	MCB Bank Ltd. DF	Total 2018	Total 2017
	Rupees					
Opening balance	60,000,000	6,000,000	382,958,837	400,000,000	848,958,837	629,000,000
Obtained during the year	-	-	117,041,163	-	117,041,163	382,958,837
	<u>60,000,000</u>	<u>6,000,000</u>	<u>500,000,000</u>	<u>400,000,000</u>	<u>966,000,000</u>	<u>1,011,958,837</u>
Less: Payment made during the year	(60,000,000)	(6,000,000)	(20,833,333)	(100,000,000)	(186,833,333)	(163,000,000)
	-	-	479,166,667	300,000,000	779,166,667	848,958,837
Less: current maturity shown under current liabilities	-	-	(83,333,332)	(100,000,000)	(183,333,332)	(151,956,618)
	-	-	<u>395,833,335</u>	<u>200,000,000</u>	<u>595,833,335</u>	<u>697,002,219</u>
Limit (Rs.)	150 million	120 million	500 million	500 million		
Total number of installments	10	20	24	10		
Installment payment mode	Semi-annualy	Quarterly	Quarterly	Semi-annualy		
Amount of installment (Rs)	15,000,000	6,000,000	20,833,333	50,000,000		
Date of first installment	Oct. 08, 2014	Feb. 28, 2013	Jul. 31, 2018	Dec. 03, 2016		
Markup rate	6 month	3 month	3 month	6 month		
	KIBOR + 1%	KIBOR + 2%	KIBOR + 0.5%	KIBOR + 1.5%		
Date of maturity	Oct. 08, 2019	Nov. 30, 2017	Apr.. 30, 2024	Dec. 03, 2020		
Sub note number	8.1	8.2	8.2	8.3		

- 8.1 These facilities have been availed to meet capital expenditure requirements of the Company. The facilities are secured against joint pari passu charge of Rs.390 million with 30% margin over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan and personal guarantee of directors.
- 8.2 These facilities have been availed to meet capital expenditure requirements of the Company. The facilities are secured against first joint pari passu charge over all assets amounting to Rs.250 million and personal guarantee of directors.
- 8.3 These facilities have been availed to meet capital expenditure requirements of the Company. The facilities are secured against joint pari passu charge of Rs. 589 million with 15% margin over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan, personal guarantee of directors and cross-company guarantee of M/s. United Agro Chemicals. The loan amount of Rs.260 million from directors and sponsors (see note 7), is subordinate to it and will be repaid after prior approval of MCB Bank Limited.

	Note	2018 Rupees	2017 Rupees
<b>9 DEFERRED LIABILITIES</b>			
Quality premium	9.1	276,372,514	153,849,686
Deferred taxation - net	9.2	540,817,209	334,823,722
Gratuity payable		356,061	356,061
		<u>817,545,784</u>	<u>489,029,469</u>

- 9.1 In March 2018, the Honourable Supreme Court of Pakistan announced its final verdict on the Civil Appeals No. 334 to 344 of 2004 which were filed against the earlier judgment passed by the Honourable High Court of Sindh, in March 2003, with respect to the various constitutional petitions filed, by sugar mills, challenging the legality of the notification of quality premium payable issued by the Government of Sindh under clause (v) of section 16 of the Sugar Factories Control Act, 1950 in relation to the crushing season 1998-99 ('the impugned notification'). The Honourable Supreme Court of Pakistan, in its aforesaid verdict, upheld the said judgement of the Honourable High Court of Sindh.

Hence, in view of the above, management deems it appropriate to recognize the quality premium payable for the crushing season 2017-18 amounting to Rs. 122.523 million, and retain earlier provision relating to crushing seasons 2002-03 and 2003-04 amounting, in aggregate, to Rs. 153.85 million.

#### 9.2 Deferred taxation - net

Deferred tax liability in respect of:			
- Surplus on revaluation of fixed assets		485,227,873	340,140,430
- Accelerated tax depreciation		93,651,506	65,745,454
		578,879,379	405,885,884
Deferred tax asset in respect of:			
- Provision for slow moving stores and spares		(5,075,000)	(5,250,000)
- Provision for gratuity		(103,258)	(106,818)
- Provision for doubtful trade debts		(164,965)	(170,654)
- Unused tax losses		(32,718,947)	(65,534,690)
		(38,062,170)	(71,062,162)
		540,817,209	334,823,722

	Note	2018 Rupees	2017 Rupees
<b>10 TRADE AND OTHER PAYABLES</b>			
<b>Creditors</b>			
For sugarcane		206,448,977	180,819,923
For other supplies		55,746,660	103,176,079
		<u>262,195,637</u>	<u>283,996,002</u>
<b>Other payables</b>			
Advances from customers		-	174,695,941
Income tax payable		89,053	89,053
Accrued expenses		10,067,111	8,602,899
Sales tax payable		-	9,679,908
Income tax deducted at source		60,840	92,872
Workers' Welfare Fund		4,270,043	600,857
Workers' Profit participation fund		6,867,491	70,560
Contractor's retention money		57,612	6,871
Others		5,026,068	3,677,286
		<u>288,633,855</u>	<u>481,512,249</u>

#### 11 SHORT TERM BORROWING - Secured

##### Bank Al-Falah Limited

- Cash finance	11.1	-	-
- Running finance	11.2	-	169,667,794
		-	<u>169,667,794</u>

##### Meezan Bank Limited

- Cash finance	11.3	-	-
- Running finance	11.4	-	200,000,000
		-	<u>200,000,000</u>

##### Askari Bank Limited

- Cash finance	11.5	-	352,577,500
- Running finance	11.6	-	156,432,379
		-	<u>509,009,879</u>

		-	<u>878,677,673</u>
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- 11.1** This represents short term cash finance facility obtained from Bank Al-Falah Limited for the purpose of procurement of sugarcane as well as to meet working capital requirements. The limit of liability is Rs. 500 million ( 2017: Rs. 500 million). The facility carries markup at the rate of 3 month kibar + 1% (2017: 3 month kibar +1% per annum) and is secured by pledge over stocks with 10% margin under effective control of bank's approved muccadam.
- 11.2** This represents short term running finance facility obtained from Bank Al-Falah Limited to meet working capital requirements. The limit of liability is Rs. 200 million ( 2017: Rs. 200 million). The facility carries markup at the rate of 3 month kibar + 1% (2017: 3 month kibar +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over sugar and book debts for Rs. 266.667 million.
- 11.3** This represents short term cash finance facility obtained from Meezan Bank Limited for the purpose of procurement of sugarcane as well as to meet working capital requirements. The limit of liability is Rs. 800 million ( 2017: Rs. 800 million). The facility carries markup at the rate of 3 month kibar + 1% (2017: 3 month kibar +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over sugar and book debts for Rs. 266.667 million.

- 11.4** This represents short term running finance facility obtained from Meezan Bank Limited to meet working capital requirements. The limit of liability is Rs. 200 million ( 2017: Rs. 200 million). The facility carries markup at the rate of 3 month kibar + 1% (2017: 3 month kibar +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over sugar and book debts for Rs. 266.667 million.
- 11.5** This represents short term cash finance facility obtained from Askari Bank Limited for the purpose of procurement of sugarcane. The limit of liability is Rs. 550 million ( 2017: Rs. 550 million). The facility carries markup at the rate of 3 month kibar + 1% (2017: 3 month kibar +1% per annum) and is secured by pledge over stocks with 10% margin under effective control of bank`s approved muccadum.
- 11.6** This represents short term running finance facility obtained from Askari Bank Limited to meet working capital requirements. The limit of liability is Rs. 200 million ( 2017: Rs. 200 million). The facility carries markup at the rate of 3 month kibar + 1% (2017: 3 month kibar +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over sugar and book debts for Rs. 266.667 million.
- 11.7** As at 30 September 2018, the Company has unavailed financing facilities of Rs. 2.45 billion.

	Note	2018 Rupees	2017 Rupees
<b>12 ACCRUED MARK-UP</b>			
<b>Mark-up accrued on:</b>			
Long term financing		2,290,530	25,959,773
Short term borrowings		15,073,521	16,356,187
		<u>17,364,051</u>	<u>42,315,960</u>

### 13 CONTINGENCIES AND COMMITMENTS

#### Contingencies

- 13.1** In January 2001, the Company filed a constitutional petition in the Honourable High Court of Sindh ('the High Court') vide CP No. 123/ 2001 challenging the introduction of section 3(1A) in the Sales Tax Act, 1990 (vide Finance Act, 1998) as invalid and unconstitutional. The High Court passed an order whereby supplies made to a wholesaler who is liable to be registered under the law would not attract the provisions of further tax under section 3(1A) of the Sales Tax Act, 1990 and, hence, further tax, if any, so charged, collected and deposited into the government treasury would be refundable. Subsequently in September 2001, the Collector of Sales Tax and Central Excise (WEST), [the Department], Karachi filed an appeal to the Honourable Supreme Court of Pakistan ('the Apex Court') against the aforesaid order of the High Court. The Apex Court set aside the order of the High Court and issued directions to the Department to proceed against the Company in accordance with the provisions of law.

Subsequent to the above verdict of the Apex Court, in the year 2005, the Department issued two notices upon the Company whereby a demand of further tax amounting to Rs. 13.168 million (in relation to the financial year 2000-01) and Rs. 18 million (in relation to the financial year 2001-02) was created ('the impugned notices'). These demand notices were then challenged by the Company before the Commissioner Inland Revenue (Appeals) and the Appellate Tribunal Inland Revenue ('the Appellate Tribunal'). After the Appellate Tribunal announced its decision in the Company's favour in 2006, the Department filed a Reference Application with the High Court u/s 47(1) of the Sales Tax Act, 1990 which is yet pending for adjudication.

The Company's legal counsel is of the opinion that the impugned notices are bad in law and the aforesaid demand is not maintainable. Hence, in view of the above, no provision has been recognized in these financial statements.

**13.2** The Company has filed a suit before Honorable High Court of Sindh on August 25, 2010, against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act, 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory value of total production for the period beginning January 1, 2009 to June 1, 2010. The Company is of the view that demand notifications so raised are without any lawful authority under PSQCA Act, 1996 and are in violation of the Constitution of Pakistan. The Honorable High Court of Sindh in its interim injunction suspended the operation of the impugned notifications in the year 2010 as the petitioner case is that the standard is not applicable to locally made sugar but to imports and exports. The Honorable High Court via its order dated December 04, 2012 dismissed the petition as not maintainable on the ground that as per Articles 137 and 142(c) of the constitution of Islamic Republic of Pakistan, 1973, neither the Federal Government nor any other entity has any executive or legislative authority to prescribe the standards or to regulate licensing, marking or levying of any fee in respect of the matter related to "agricultural produce" including the refined sugar as the agricultural goods falls under domain of provincial government. PSQCA has filed an appeal against the decision on March 11, 2013 and the case is now pending in the Honorable Supreme Court of Pakistan. The Company has not made any provision as, in view of its legal counsel, no liability is likely to arise in the matter.

**13.3** In 2008, the Company received a notice from Taluka Municipality, Bulri Shah Karim, District Tando Muhammad Khan ('the Municipality'), demanding trade license fee / annual tax at the rate of Rs. 250,000 per annum. Against the aforesaid notice, the Company preferred an appeal before the Civil Court, Tando Muhammad Khan which passed a decree against the Company in March 2011. In the same year, the Company challenged the decree before the Honorable High Court of Sindh, Hyderabad vide Revision Appeal No. 167 / 2011. Subsequently, in June 2012, the Company received another demand notice from the Municipality demanding the aforesaid fee, amounting to Rs. 1.75 million, in respect of the financial years ended September 30, 2006 to 2012).

Currently, the matter is yet pending for adjudication before the Honorable High Court of Sindh, Hyderabad. The Company's legal counsel is of the view that the Company has a strong case and, hence, the demand raised is likely to be annulled. Accordingly, no provision has been recognized in these financial statements.

**13.4** The Company is contesting the case filed by the Tax department with Honorable Supreme Court of Pakistan in respect of tax demand of Rs. 53.8 million on account of quality premium liability remain unpaid related to the tax years 2008 and 2009. The Company has not made any provision of amount then since both the Appellate Tribunal Inland Revenue Karachi and the Honorable Sindh High Court have dismissed the contention of the Department and the counsel of the Company is of the opinion that the company has a good case on merit likely to be decided in its favour.

The Additional Commissioner Inland Revenue has amended assessment for the Tax Year 2012 u/s 122(5A) of the Income Tax Ordinance, 2001 on 29-10-2013 creating a demand of Rs.13,389,053/- . The Company has subjudice the matter for adjudication before the Commissioner Inland Revenue (Appeals). The assessment has not attained finality. The Company is hopeful that the demand is likely to be reversed hence no provision has been made.

**13.5** In December 2013, the Deputy Commissioner Inland Revenue vide its order No. 01/16/2014 issued, upon the Company, a show cause notice thereby creating a demand of Rs. 14,661,827/- (excluding penalty of Rs. 733,091 and default surcharge) which represented short payment of federal excise duty (FED) on local supplies for the period February-March 2013 and August 2013. As per the said show cause notice, the Company had wrongly availed the benefit of lower rate FED (as notified vide SRO 77(1) / 2013) since all the conditions mentioned in the said notification had not been complied with. Being aggrieved with the subsequent proceedings, in December 2014, the Company filed a Constitutional petition no. CPD-719/ 2014 with the Honourable High Court of Sindh ('the High Court') whereby it challenged the said demand. The High Court, in its order dated February 17, 2014, granted an interim stay and restrained the Department from taking any coercive action against the Company. Currently, the suit is pending for adjudication before the High Court.

The Company's legal counsel is of the view that the case setup in the petition is strong and there are reasons to expect a favourable outcome. Hence, in view of the above, no provision for the aforesaid demand has been recognized in these financial statements.

**13.6** In February 2014, the Deputy Commissioner Inland Revenue, issued upon the Company, a show cause notice thereby creating a demand of Rs. 5.722 million for advance income tax to be collected at source on supplies made to distributors, dealers or wholesalers (under section 236G of the Income Tax Ordinance, 2001) pertaining to the period from July 2013 to December 2013. Subsequently, in June 2014, the Company filed a Constitutional Petition with the Honourable High Court of Sindh ('the High Court') whereby it challenged the insertion of section 236G in the Income Tax Ordinance, 2001 vide Finance Act, 2013.

The matter is, currently, pending for adjudication before the High Court. The Company's legal counsel is of the view that the case setup in the petition is strong and there are reasons to expect a favourable outcome. Hence, in view of the above, no provision for the aforesaid demand has been recognized in these financial statements.

	Note	2018 Rupees	2017 Rupees
<b>14</b>			
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	14.1	2,801,755,471	1,878,776,016
Capital work in progress	14.2	-	54,178,569
		<u>2,801,755,471</u>	<u>1,932,954,585</u>
<b>14.1.1 Allocation of depreciation</b>			
Cost of goods sold	24.2	165,910,424	176,331,585
Administrative expenses	25	18,434,492	19,592,398
		<u>184,344,916</u>	<u>195,923,983</u>

**14.1.2** Details of disposals made during the year are as follows :

Particulars	Cost / Revalued amount	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of Buyer
-----Rupees-----							
Toyota Hilux- CS8895	2,425,000	2,124,267	300,733	750,000	449,267	Negotiation	Mr.Mumtaz Ali None
Suzuki Mehran- ARN 157	430,769	379,064	51,705	504,000	452,295	Negotiation	EFU General Insurance None
Toyota Corolla- BDS329	1,854,500	956,503	897,997	-	(897,997)	Negotiation	Mrs. Ashraf Bano Ex-employee's relative
Motor Bike- KGY7793	35,694	23,245	12,449	9,000	(3,449)	Negotiation	Mr. Zaib Ali None
<b>Total</b>	<b>4,745,963</b>	<b>3,483,079</b>	<b>1,262,884</b>	<b>1,263,000</b>	<b>116</b>		

**14.1.3** Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Type of immovable property	Total Area (acres)	Covered Area (acres)
Land	205.875	205.875
Factory Area	45	45

**14.1.4** The latest revaluation of freehold land, building and plant and machinery was carried out by an independent valuer, M/s. MYK Associates as at September 30, 2018.

Had this and all prior revaluations not been carried out, the carrying amount of freehold land, factory and non-factory buildings and plant and machinery would have been as follows:

Particulars	September 30 2018			September 30 2017		
	Cost	Accumulated Depreciation	Written Down value	Cost	Accumulated Depreciation	Written Down value
- Freehold Land	20,535,000	-	20,535,000	20,535,000	-	20,535,000
- Factory Building	196,511,703	(114,327,512)	82,184,191	190,401,141	(105,195,935)	85,205,206
- Non - Factory Building	48,225,383	(35,602,344)	12,623,039	38,657,594	(34,199,784)	4,457,810
- Plant and Machinery	1,668,998,068	(984,244,060)	684,754,008	1,482,306,088	(893,833,772)	588,472,316
	<u>1,934,270,154</u>	<u>(1,134,173,916)</u>	<u>800,096,238</u>	<u>1,731,899,823</u>	<u>(1,033,229,491)</u>	<u>698,670,332</u>

**14.1.5** The forced sale value of the land, building, plant and machinery has been assessed at September 30, 2018 amounting to Rs. 2.02 billion.

	Note	2018 Rupees	2017 Rupees
<b>14.2 Capital work in progress</b>			
Opening balance		54,178,569	22,819,989
Addition during the year			
- Machinery		98,992,927	28,148,312
- Civil works		1,183,266	1,117,745
		100,176,193	29,266,057
Borrowing cost capitalized		12,075,675	2,092,523
Transferred to operating assets		(166,430,437)	-
		<u>-</u>	<u>54,178,569</u>
<b>15 LONG TERM LOANS</b>			
Considered good- secured			
Due from employees		2,684,061	713,794
Less: Current maturity shown under current assets	19	(675,783)	(441,065)
		<u>2,008,278</u>	<u>272,729</u>
15.1	These represent interest-free loans provided to the employees of the Company for the purchase of vehicles. The loans are recoverable over a period of five years through deduction from monthly salaries.		
	Note	2018 Rupees	2017 Rupees
<b>16 STORES AND SPARES</b>			
Stores	16.1	48,052,218	52,634,788
Spares		118,748,548	148,013,203
		166,800,766	200,647,991
Provision for slow moving and obsolete items		(17,500,000)	(17,500,000)
		<u>149,300,766</u>	<u>183,147,991</u>
16.1	This includes stores in transit amounting to Rs. Nil (2017: Rs. 16.03 million).		
<b>17 STOCK IN TRADE</b>			
Sugar in process		9,292,544	11,351,217
Finished goods - sugar		-	1,001,644,800
		<u>9,292,544</u>	<u>1,012,996,017</u>
<b>18 TRADE DEBTS- unsecured</b>			
Considered good			
- Receivable against Sale of Sugar		104,186,636	12,741,887
- Receivable against Sale of Molasses		142,981,993	57,626,464
- Receivable against Sale of Bagasse		5,226,633	35,252,938
		252,395,262	105,621,289
Considered doubtful		568,846	568,846
		252,964,108	106,190,135
Provision against doubtful trade debts		(568,846)	(568,846)
		<u>252,395,262</u>	<u>105,621,289</u>
18.1	As of the reporting date, there were no outstanding trade debts in respect of export sales ( 2017: None).		

	Note	2018 Rupees	2017 Rupees
<b>19</b>			
<b>SHORT TERM LOANS AND ADVANCES</b>			
Loan to growers - unsecured	19.1	-	-
Advance against supplies and expenses	19.2	55,921,701	110,458,875
Due from employees-secured and interest free		1,017,584	1,124,566
Current portion of long term loan to employees	15	675,783	441,065
		<u>57,615,068</u>	<u>112,024,506</u>

**19.1 Loans to growers - unsecured**

Considered doubtful	19.1.1	137,833,341	137,833,341
Provision for loans considered doubtful		(137,833,341)	(137,833,341)
		<u>-</u>	<u>-</u>

**19.1.1** These loans had been provided to sugar cane growers for their capital requirements related to cultivation and development. Management has initiated recovery efforts for outstanding amount of loans together with interest thereon. However, adjustment of outstanding balance of loans has been slow in view of the volatile market situation where procurement of cane has been difficult over the past few years in the Province of Sindh owing to various factors including dezoning. In view of the uncertainty of the recoverability of these loans, the management has made the provision against the whole amount outstanding.

These loans carried mark up rate of Rs. 51 paisa per thousand rupees per day. However, in view of the uncertainty of receipt of interest from growers, the same has not been accrued since the year 2004.

	Note	2018 Rupees	2017 Rupees
<b>19.2</b>			
<b>Advance against supplies and expenses - unsecured</b>			
Considered good		55,921,701	110,458,875
Considered doubtful		15,461,745	15,461,745
		<u>71,383,446</u>	<u>125,920,620</u>
Provision for loans considered doubtful		(15,461,745)	(15,461,745)
		<u>55,921,701</u>	<u>110,458,875</u>

**20 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**

Trade deposits	20.1	3,001,500	2,546,000
Short term prepayments		388,117	465,970
		<u>3,389,617</u>	<u>3,011,970</u>

**20.1** This represents bid money paid to Utility Stores Corporation of Pakistan (Pvt) Limited against sale of sugar.



24.1 During the crushing season 2017-18, the Company purchased sugarcane from the growers at the rate of Rs. 160 per 40 kg. These procurements were made in compliance with the interim order passed, in January 2018, by the Honourable High Court of Sindh ('the High Court') in the Constitutional Petitions No. D-8666 of 2017, 7951 of 2017, 219 of 2018 and 440 of 2018. The Board of Directors of the Company have, in the light of sale of sugar produced therefrom, considered the above transactions of procurement of sugarcane made during the crushing season 2017-18 and resolved that, for all purposes, the entire transactions have attained finality as past and closed transactions and, so far, there is no likelihood of any further payments to be made to the growers against sugarcane procured during the crushing season 2017-18.

	Note	2018 Rupees	2017 Rupees
<b>24.2 Manufacturing expenses</b>			
Salaries, wages and other benefits	24.2.1	107,993,196	109,547,181
Production stores consumed		43,394,083	40,936,440
Fuel and power		4,184,758	4,200,390
Repairs and maintenance		30,502,248	53,972,390
Vehicles running		1,512,460	1,571,131
Insurance		5,933,283	5,369,168
Depreciation	14.1.1	165,910,424	176,331,585
Others	24.2.2	6,111,095	6,068,814
		<u>365,541,547</u>	<u>397,997,099</u>

24.2.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 1.99 million (2017: Rs. 2.30 million)

24.2.2 This includes expenses for removal of bagasse, removal of mud and boiler clinker amounting to Rs. 4.34 million (2017: Rs.3.64 million)

	Note	2018 Rupees	2017 Rupees
<b>25 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	25.1	55,305,640	57,979,984
Rent, rates and taxes		674,925	817,435
Insurance		2,019,289	2,432,941
Utilities		516,497	530,040
Printing and stationery		1,655,210	1,470,112
Postage, fax and telephone		1,891,174	1,693,238
Vehicle running and maintenance		2,805,719	2,642,921
Repair and maintenance		3,048,041	3,898,157
Traveling and conveyance		690,184	711,510
Subscriptions, books and periodicals		1,637,499	1,700,012
Legal and professional		4,642,162	979,500
Entertainment expense		2,008,176	1,720,797
Advertisement expense		-	1,041,675
Depreciation	14.1.1	18,434,492	19,592,398
Charity and donation	25.2	1,230,480	3,961,375
Auditors remuneration	25.3	1,025,000	1,053,950
Others	25.4	3,760,197	4,920,712
		<u>101,344,685</u>	<u>107,146,757</u>

**25.1** Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 1.76 million (2017: Rs.1.81 million).

**25.2** None of the directors or their spouses had any interest in the donees institutions.

	2018 Rupees	2017 Rupees
<b>25.3 Auditors' remuneration</b>		
Audit fee	700,000	625,000
Certification charges	125,000	125,000
Half yearly review	200,000	200,000
Out of pocket expenses	-	103,950
	<u>1,025,000</u>	<u>1,053,950</u>

**25.4** These mainly include share registrar fees and expenses related to printing/publishing of financial statements.

## **26 SELLING AND DISTRIBUTION COSTS**

Loading, stacking and handling	7,269,839	5,847,749
Advertisement	18,810	12,000
Export expenses	79,175,080	12,947,558
Others	3,046,807	109,302
	<u>89,510,536</u>	<u>18,916,609</u>

## **27 FINANCE COSTS**

Long term finance	48,881,068	52,188,639
Short term borrowings	66,345,207	81,476,105
	<u>115,226,275</u>	<u>133,664,744</u>
Bank charges	906,616	1,472,942
	<u>116,132,891</u>	<u>135,137,686</u>

## **28 OTHER INCOME**

Profit on savings account	626,217	407,233
Realised exchange gain	13,922,960	3,859,333
Sale of bagasse	57,690,942	46,094,999
Gain on disposal of property, plant and equipment	116	11,503,141
Liabilities no longer payable written back	18,868,150	-
Others	2,632,698	3,642,519
	<u>93,741,083</u>	<u>65,507,225</u>

## **29 OTHER EXPENSES**

Workers' Profit Participation Fund	6,796,931	-
Workers' Welfare Fund	3,669,186	-
	<u>10,466,117</u>	<u>-</u>

<b>30 TAXATION - NET</b>	2018 Rupees	2017 Rupees
Current	26,915,241	23,142,616
Prior	(4,603,815)	-
Deferred:		
- due to origination and reversal of temporary differences	38,479,937	(77,404,946)
- due to change in tax rate	(3,529,446)	-
	<u>34,950,491</u>	<u>(77,404,946)</u>
	<u>57,261,917</u>	<u>(54,262,330)</u>

**30.1** Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2018. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

**30.2** The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year and comparative year in these financial statements as the total income of the Company for the current year and comparative year attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

**30.3** According to management, the tax provision made in the financial statements is sufficient. A comparison of income tax provision with tax assessment for last three years is presented below:

Accounting Year	Tax Year	Provision for taxation	Tax assessed
2016-17	2018	<u>23,142,616</u>	<u>18,538,801</u>
2015-16	2017	<u>33,765,931</u>	<u>32,697,271</u>
2014-15	2016	<u>21,917,016</u>	<u>14,646,959</u>

**30.4** Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 5% of accounting profit before tax on every public company other than a scheduled bank or modaraba, that derives profit for a tax year but does not distribute at least 20% of accounting profit after tax through cash dividend within six months of the end of said tax year.

Therefore, in case the Company distributes cash dividend amounting to Rs. 13.642 million within six months of the close of the year it would not be liable to tax. Therefore, recognition of any liability in this respect is contingent to distribution of cash dividend by the company as of March 31, 2019.

<b>31 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED</b>	2018 Rupees	2017 Rupees
<b>31.1 Basic earnings / (loss) per share</b>		
Profit / (loss) after taxation	<u>68,210,590</u>	<u>(400,590,009)</u>
	Number	
Weighted average number of ordinary shares outstanding	<u>10,425,000</u>	<u>10,425,000</u>
Earnings / (loss) per share - basic	<u>6.54</u>	<u>(38.43)</u>

### 31.2 Diluted earnings per share

There is no dilutive effect on the basic earnings / loss per share of the Company, since there are no convertible instruments in issue as at September 30, 2018 and September 30, 2017.

### 32 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

Particulars	2018				2017			
	Chief Executives	Director	Executives	Total	Chief Executives	Director	Executives	Total
----- Rupees -----								
Basic salary	1,500,000	1,125,000	4,422,500	7,047,500	1,687,500	1,218,750	8,669,075	11,575,325
Other prerequisites	1,027,899	675,000	4,158,629	5,861,528	1,124,891	731,250	7,869,086	9,725,227
Vehicle expenses	50,330	-	849,303	899,633	62,622	-	1,740,255	1,802,877
<b>Total</b>	<b>2,578,229</b>	<b>1,800,000</b>	<b>9,430,432</b>	<b>13,808,661</b>	<b>2,875,013</b>	<b>1,950,000</b>	<b>18,278,416</b>	<b>23,103,429</b>
No. of persons	1	1	3	5	1	1	9	11

32.1 In addition, Chief Executive, Directors and all the Executives of the Company have been provided with free use of Company owned and maintained cars and other benefits in accordance with their terms of employment / services.

### 33 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of Staff provident fund, major shareholders, directors, key management personnel of the Company and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the chief executive, directors and executives is disclosed in note 32 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

	Note	2018 Rupees	2017 Rupees
<b>Transactions during the year</b>			
Contribution to staff provident fund		3,758,515	3,902,162
<b>Balances at year end</b>			
Loan from directors		183,000,000	183,000,000
Loan from sponsors		77,000,000	77,000,000
		<u>260,000,000</u>	<u>260,000,000</u>

33.1 During the year, the Company has transferred one of its vehicles to Mrs. Ashraf Bano Virani, the widow of its deceased employee, Mr. Nisar H. Virani. The vehicle was previously in use of Mr. Nisar H. Virani and was transferred to his widow for no consideration.

### 34 PROVIDENT FUND DISCLOSURES

The Company operates an approved funded contributory provident fund for both its management and non-management employees. Details of net assets and investments of the fund as per its unaudited financial statements for the year ended as at June 30, 2018 are as follows:

	2018 (un-audited) Rupees	2017 (un-audited) Rupees
Size of the fund	58,974,278	68,893,765
Cost of investment made	43,818,988	56,248,150
Percentage of investment made	74%	82%
Fair value of investments	43,818,988	56,248,150

### 34.1 Break-up of investments is as under

	September 2018 (un-audited)		September 2017 (un-audited)	
- Defence Saving Certificates	22.8%	10,000,000	40.3%	22,685,944
- Faysal Asset Management	25.1%	11,000,000	-	-
- Faysal Saving Fund	0.0%	-	9.1%	5,106,457
- Faysal Islamic Fund	0.0%	-	10.7%	6,038,563
- Alfalah GHP	13.7%	6,000,000	10.3%	5,798,348
- Pak Oman Investment Company	11.4%	5,000,000	8.6%	4,811,408
- JS Investments Limited	13.7%	6,000,000	10.4%	5,842,230
- UBL Funds Managers	12.0%	5,272,629	9.4%	5,269,386
- National Investment Trust	0.1%	64,920	0.1%	83,740
- Nafa Multi Asset Fund	1.1%	481,439	1.1%	612,074
	<u>100%</u>	<u>43,818,988</u>	<u>100%</u>	<u>56,248,150</u>

34.2 The investments out of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules / regulations formulated for this purpose.

## 35 OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

35.1 Revenue from sale of sugar represents 93.18% (2017: 87.10%) of the total revenue whereas remaining represent revenue from sale of molasses and bagasse.

35.2 35% (2017: 48%) revenue of the Company relates to customers outside Pakistan.

35.3 All non-current assets of the Company at September 30, 2018 are located in Pakistan.

## 36 FINANCIAL INSTRUMENT DISCLOSURES

### 36.1 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk). The Company's overall risk management program focuses on the unpredictability of markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties 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. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

**Exposure to credit risk**

Credit risk of the Company arises from long term loans, long term deposits, trade debts, short term loans, trade deposits, other receivables and bank balances. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	2018 Rupees	2017 Rupees
Long term loans	2,008,278	272,729
Long term deposits	792,527	792,527
Trade debts - unsecured	252,395,262	105,621,289
Short term loans	1,693,367	1,565,631
Trade deposits	3,001,500	2,546,000
Other receivables	1,530,028	1,530,028
Bank balances	25,520,767	19,777,781
	<u>286,941,729</u>	<u>132,105,985</u>

The aging analysis of the trade debts as at the reporting date is as follows:

	2018		2017	
	Gross Value	Impairment (Rupees)	Gross Value	Impairment
Not past due	147,342,279	-	105,621,289	-
Past due 3 months -1 year	105,621,829	-	-	-
Past due 1 year to 3 year	-	-	568,846	(568,846)
More than 3 year	-	-	-	-
	<u>252,964,108</u>	<u>-</u>	<u>106,190,135</u>	<u>(568,846)</u>

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment except for which has already been provided. None of the other financial assets are either past due or impaired.

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

Short term rating	2018 Rupees	2017 Rupees
A-1+	25,500,968	19,744,571
A-1	19,799	33,210
	<u>25,520,767</u>	<u>19,777,781</u>

Due to the Company's long standing business relationships with the counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by the counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities:

Non-Derivative Financial liabilities	September 30, 2018			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Long term finance - secured	779,166,667	851,699,167	200,773,332	650,925,835
Trade and other payables	277,346,428	277,346,428	277,346,428	-
Accrued mark-up	17,364,051	17,364,051	17,364,051	-
Short term borrowings	-	-	-	-
	<u>1,073,877,146</u>	<u>1,146,409,646</u>	<u>495,483,811</u>	<u>650,925,835</u>

Non-Derivative Financial liabilities	September 30, 2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Long term finance	848,958,837	909,850,600	163,314,733	746,535,867
Trade and other payables	470,978,999	481,512,249	481,512,249	-
Accrued mark-up	42,315,960	42,315,960	42,315,960	-
Short term borrowings	878,677,673	878,677,673	878,677,673	-
	<u>2,240,931,469</u>	<u>2,312,356,482</u>	<u>1,565,820,615</u>	<u>746,535,867</u>

**c) Market risk**

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk, interest rate risk and other price risk. The market risks associated with the Company's business activities are discussed as under:

**i) Foreign currency risk**

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk as there are no foreign currency denominated receivables / payables as of the reporting date.

**ii) Interest rate risk**

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2018 Effective interest rate in percentage	2017 Effective interest rate in percentage	2018 Carrying amounts in Rupees	2017 Carrying amounts in Rupees
<b>Financial liabilities</b>				
Long term financing	8.82% - 10.32%	6.65% - 7.66%	779,166,667	848,958,837
Short term borrowings	9.32%	7.15%	-	878,677,673
<b>Financial Assets</b>				
Cash at bank (deposit accounts)	4% - 5%	3.5% - 3.75%	13,894,920	13,696,027

*Fair value sensitivity analysis for fixed rate instruments*

As at reporting date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rate at the reporting date would have affected profit or loss for the year by Rs. 7.65 million ( 2017: Rs. 17.13 million). This analysis assumes that all other variables remain constant. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings

**iii) Other price risk**

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. As of the reporting date, the Company is not exposed to any price risk.

### 36.2 Fair value estimates

The Company measures the fair value of its financial and non-financial assets using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of assets that are traded in active markets are based on quoted market prices. For all other assets the Company determines fair values using valuation techniques.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 2	Level 3	Total
<b>September 30, 2018</b>	Rupees			
- Property, plant and equipment	-	2,801,755,471	-	-
	-	2,801,755,471	-	-
<b>September 30, 2017</b>	Level 1	Level 2	Level 3	Total
	Rupees			
- Property, plant and equipment	-	1,932,954,585	-	-
	-	1,932,954,585	-	-

### 36.3 Financial instruments by categories

	2018 Rupees	2017 Rupees
<b>FINANCIAL ASSETS- loans and receivables</b>		
Long term loans	2,008,278	272,729
Long term deposits	792,527	792,527
Trade debts - unsecured	252,395,262	105,621,289
Short term loans	1,693,367	1,565,631
Trade deposits	3,001,500	2,546,000
Other receivables	1,530,028	1,530,028
Cash and bank balances	25,761,888	20,019,813
	<u>287,182,850</u>	<u>132,348,017</u>
<b>FINANCIAL LIABILITIES- at amortised cost</b>		
Long term finance - secured	779,166,667	848,958,837
Trade and other payables	277,346,428	470,978,999
Short term borrowing	-	878,677,673
Accrued mark-up	17,364,051	42,315,960
	<u>1,073,877,146</u>	<u>2,240,931,469</u>

### 37 CAPITAL MANAGEMENT

The Company's objectives when managing capital are 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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet). Following is the quantitative analysis of capital managed by the Company.

	2018 Rupees	2017 Rupees
Total borrowings	779,166,667	1,727,636,510
Total equity	<u>68,508,007</u>	<u>(63,248,936)</u>
Total capital	<u><u>847,674,674</u></u>	<u><u>1,664,387,574</u></u>

### 38 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the statement of financial position as follows:

	2018 Rupees	2017 Rupees
Cash and bank balances	25,761,888	20,019,813
Short term borrowings	<u>-</u>	<u>(878,677,673)</u>
	<u><u>25,761,888</u></u>	<u><u>(858,657,860)</u></u>

### 39 NUMBER OF EMPLOYEES

The total number of employees at the year end and average number of employees during the year were as follows:

	2018 Number	2017 Number
Total employees of the Company at the year end	<u>271</u>	<u>274</u>
Average employees of the Company during the year	<u>307</u>	<u>343</u>
Employees working in the Company's factory at the year end	<u>256</u>	<u>256</u>
Average employees working in Company's factory during the year	<u>291</u>	<u>326</u>



	2018 M.tons	2017 M.tons
<b>40 PLANT CAPACITY AND ACTUAL PRODUCTION</b>		
Sugarcane crushing capacity	1,280,000	960,000
Sugarcane crushed	660,056	593,037
Sugar produced	67,245	61,670

The estimated production capacity is based on 160 days of crushing. However, the actual crushing days were only 133 days (2017: 126 days) due to non-availability of sugar cane.

#### 41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 21 December, 2018 by the Board of Directors of the Company.

#### 42 SUBSEQUENT EVENT

- 42.1 The Board of Directors in their meeting held on 21 December, 2018 has proposed a final cash dividend for the year 2017-18, amounting to Rs. 16,680,000 (i.e. Rs. 1.60 per share) (2016-17: Nil) which is to be approved by the members of the Company in the forthcoming Annual General Meeting to be held on 18 January, 2019.

These financial statements do not include the effect of the aforesaid proposed final cash dividend. The same will be accounted for in the financial statements for the year ending September 30, 2019.

#### 43 GENERAL

- 43.1 Figures have been rounded off to the nearest rupee.
- 43.2 The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. A major reclassification of corresponding figures made in the financial statements is as follows:

Reclassified from component	Reclassified to component	— Rupees —
Trade and other payables	Unclaimed dividend (Disclosed on the face of statement of financial position)	3,316,162

Chief Executive

Director

Chief Financial Officer



**PATTERN OF SHAREHOLDING  
AS AT SEPTEMBER 30, 2018**

NUMBER OF SHARES HOLDERS	SHAREHOLDING		TOTAL NUMBER OF SHARES HELD
	FROM	TO	
1,287	1	100	53,303
414	101	500	127,439
127	501	1,000	109,888
125	1,001	5,000	296,146
23	5,001	10,000	175,350
5	10,001	15,000	66,390
2	15,001	20,000	36,300
1	20,001	25,000	21,000
1	55,001	60,000	57,000
1	65,001	70,000	70,000
1	95,001	100,000	98,500
1	180,001	185,000	184,600
2	195,001	200,000	400,000
1	555,001	560,000	559,500
1	595,001	600,000	599,200
1	720,001	725,000	721,765
1	725,001	730,000	725,600
1	785,001	790,000	790,000
2	815,001	820,000	1,635,400
1	835,001	840,000	837,400
1	905,001	910,000	906,200
1	945,001	950,000	946,815
1	1,005,001	1,010,000	1,007,300
<b>2,001</b>			<b>10,425,096</b>

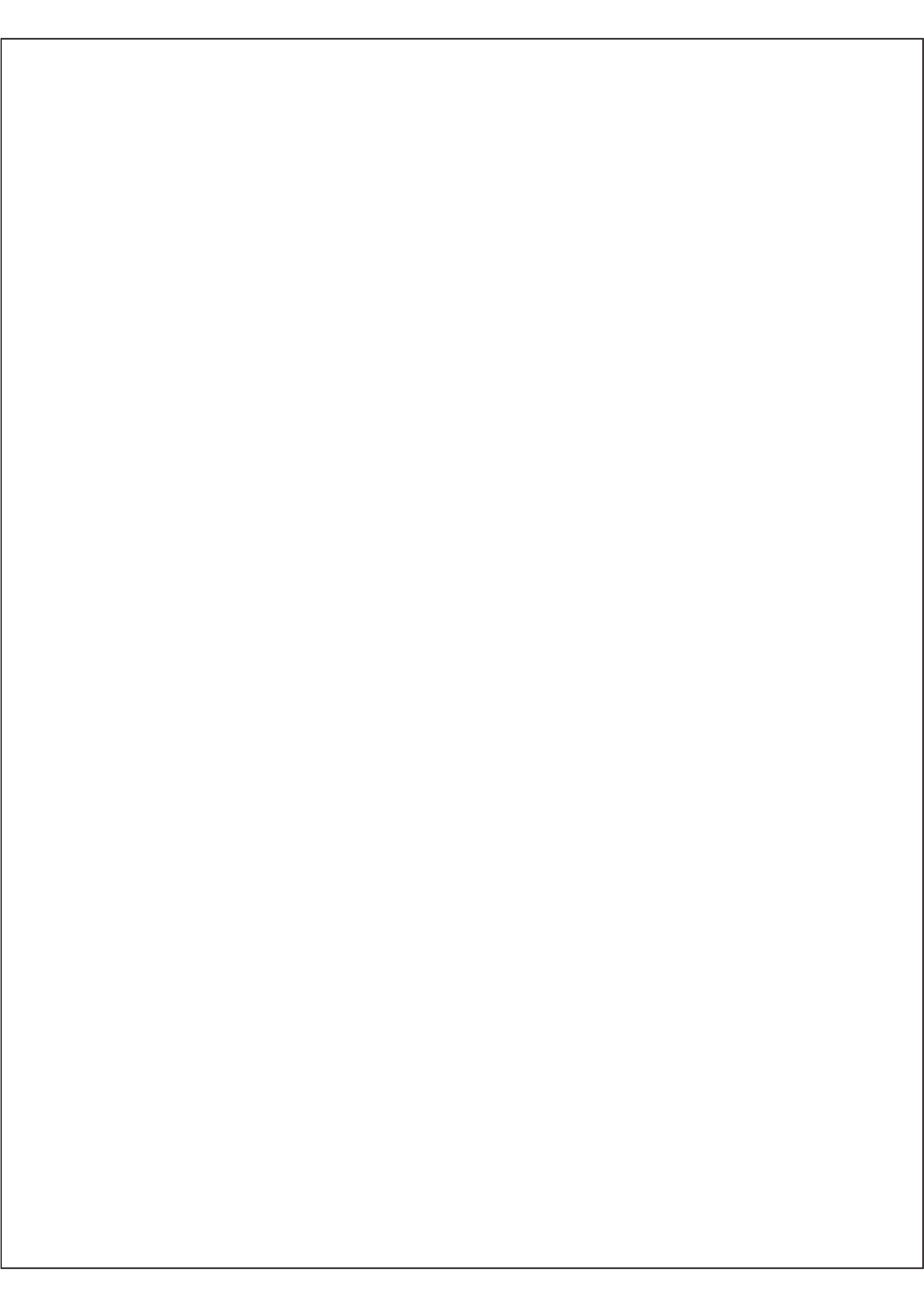
CATEGORIES	NUMBERS OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
INDIVIDUALS	1,986	9,196,689	88.22%
INVESTMENT COMPANIES	2	4,900	0.05%
INSURANCE COMPANIES	2	283,100	2.72%
JOINT STOCK COMPANIES	5	14,001	0.13%
FINANCIAL INSTITUTIONS	4	925,300	8.88%
MODARABA COMPANIES	1	600	0.01%
OTHERS	1	410	0.00%
<b>TOTAL</b>	<b>2,001</b>	<b>10,425,000</b>	<b>100.00%</b>



## PATTERN OF SHARES HELD BY SHARE HOLDERS AS AT SEPTEMBER 30, 2018

Combined pattern of CDC & Physical Shareholding as at 30th September 2017

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHARES HELD CDC ACCOUNTS	CATEGORY WISE NO. OF FOLIOS/ SHARES	CATEGORY WISE SHARES	PERCENTAGE
1	<b>INDIVIDUALS</b>	-	1,973	973,209	9.34
2	<b>INVESTMENT COMPANIES</b> PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD. INVESTMENT CORPORATION OF PAKSITAN	3,700 1,200	2	4,900	0.05
3	<b>INSURANCE COMPANIES</b> STATE LIFE INSURANCE CORP. OF PAKSITAN PAKISTAN INSURANCE COMPANY LIMITED	184,600 98,500	2	283,100	2.72
4	<b>JOINT STOCK COMPANIES</b> MAPLE LEAF CAPITAL LIMITED Z.A. GHAFAR SECURITIES (PRIVATE) LTD. MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) MRA SECURITIES LIMITED - MF WASI SECURITIES (SMC-PVT) LTD.	1 6,000 400 7,500 100	5	14,001	0.13
5	<b>DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN</b> MR. DEOO MAL DR. BESHAM KUMAR MR. PEHLAJ RAI MR. MOHAN LAL DR. TARA CHAND MR. MAHESH KUMAR MR. DILEEP KUMAR MR. SHAFQAAT ALI SHAH	946,815 837,400 817,900 817,500 725,600 559,500 1,007,300 500	8	5,712,515	54.80
6	<b>FINANCIAL INSTITUTIONS (BANKS,DFIS,NBFI)</b> NATIONAL INVESTMENT TRUST LIMITED NATIONAL DEVELOPMENT FINANCE CORPORATION NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT.	17,300 200 1,600	3	19,100	0.18
7	<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b> MR. JUGDESH KUMAR MR. HASSANAND (MR. HASSOMAL) MR. ASHOK KUMAR MR. CHETAN MAL MR. DOULAT RAM	790,000 721,765 599,200 200,000 200,000	5	2,510,965	24.09
8	<b>MODARABAS &amp; MUTUAL FUNDS</b> FIRST CRESCENT MODARABA	600	1	600	0.01
9	<b>FOREIGN INVESTORS</b> ISLAMIC DEVELOPMENT BANK	906,200	1	906,200	8.69
10	<b>OTHERS</b> THE SECRETARY	- 410	1	410	0.00
	<b>TOTAL</b>		<b>2,001</b>	<b>10,425,000</b>	<b>100.00</b>





**FORM OF PROXY**

No. of Shares

Please Quote Folio No.

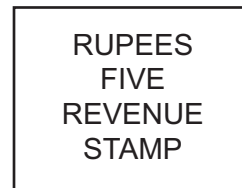
I/We .....of..... a member of **SINDH ABADGAR'S SUGAR MILLS LIMITED** and holding ..... ordinary shares, as per Register Folio No..... hereby appoint Mr.....of..... or failing him.....of..... who is also a member of the company vide Register Folio No. .... as my proxy to vote for me and on my behalf at the Thirty Fifth Annual General Meeting of the Company to be held on January 18, 2019 at 16:00 hours at the Auditorium of the Pakistan Institute of International Affairs (PIIA), Near Sidco Avenue Centre, Opposite: Libra Autos CNG Pump, Mulana Deen Muhammad Wafai Road, Karachi and at an adjournment thereof.

As witness my hand this ..... day of..... 2019.

Witness

Signature: \_\_\_\_\_

Name : \_\_\_\_\_



SIGNATURE OF MEMBER

1. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.
2. The proxies shall be lodged with the company not later than 48 hours before the time for holding of the meeting and must be duly stamped, signed and witnessed.
3. The instrument appointing a Proxy should be signed by the member or his/her attorney duly authorized in writing, if the member is a corporate Body should be signed either under the Common Seal or under the hand of an officer or attorney so authorized.

## سندھ آبادگار شوگر ملز لمیٹڈ

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کمپنی کے اجلاس عام / سالانہ / غیر معمولی اجلاس (یا جو بھی صورت حال ہو) جو بتاریخ \_\_\_\_\_ ۱۸ جنوری ۲۰۱۹ء بروز  
جمعہ \_\_\_\_\_ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

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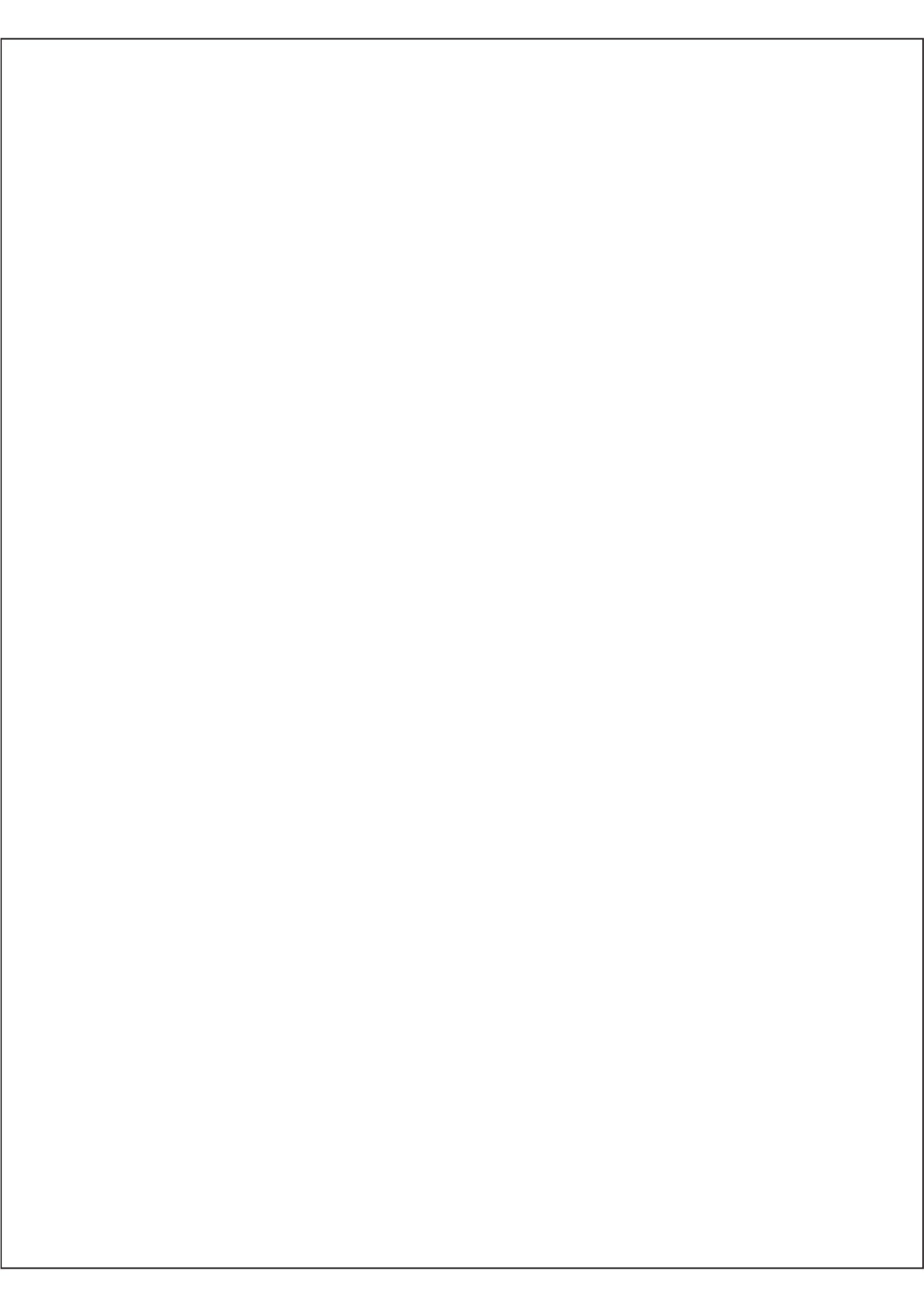


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