



# **31<sup>st</sup> ANNUAL REPORT**

For the year ended 30th September, 2019

**Sakrand Sugar Mills Limited**



# SAKRAND SUGAR MILLS LIMITED

## **31st ANNUAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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## COMPANY PROFILE

### BOARD OF DIRECTORS

|                           |                          |
|---------------------------|--------------------------|
| Mr. Jamil Akberi          | Chairman/Director        |
| Mr. Dinshaw H. Anklesaria | Chief Executive/Director |
| Mr. Amad Uddin            | Director                 |
| Mr. Abdul Naeem Quraishi  | Director                 |
| Mr. Neville Mehta         | Director                 |
| Mrs. Fatma Gulamali       | Director                 |
| Dr. Jamshed H. Anklesaria | Director                 |

### AUDIT COMMITTEE

|                          |          |
|--------------------------|----------|
| Mr. Abdul Naeem Quraishi | Chairman |
| Mr. Jamil Akberi         | Member   |
| Mr. Neville Mehta        | Member   |

### HR COMMITTEE

|                   |          |
|-------------------|----------|
| Mr. Neville Mehta | Chairman |
| Mr. Jamil Akberi  | Member   |
| Mr. Amad Uddin    | Member   |

### CHIEF FINANCIAL OFFICER

Mr. Amad Uddin

### COMPANY SECRETARY

Mr. Farhan Ulhassan

### BANKERS

Allied Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Habib Bank Limited  
Meezan Bank Limited  
MCB Bank Limited  
National Bank Of Pakistan  
Soneri Bank Limited  
Sindh Bank Limited  
Summit Bank Limited  
United Bank Limited  
Al-Baraka Bank Pakistan Limited

### AUDITORS

UHY Hassan Naeem & Co.  
Chartered Accountants

### LEGAL ADVISOR

Mr. Abdul Naeem Quraishi

### REGISTRAR

M/s JWAFS Registrar Services (Pvt.) Ltd.  
407-408, Al Ameera Centre  
Shahrah-e-Iraq, Saddar  
Karachi-74400

### REGISTERED OFFICE

41-K, Block-6, P.E.C.H.S., Karachi  
Phone. 0092-21-35303291-2  
[www.sakrandsugar.com](http://www.sakrandsugar.com)

### FACTORY ADDRESS

Deh Tharo Unar, Taluka Sakrand  
District Shaheed Benazir Abad, Sindh.





## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of the shareholders of **SAKRAND SUGAR MILLS LIMITED** will be held on Tuesday, January 28, 2020 at 09:30 a.m. in Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

### ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on April 19, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2019 together with the Directors' report and the Auditors' report thereon.
3. To appoint auditors for the year ending September 30, 2020 and fix their remuneration. The present Auditors M/s UHY Hassan Naeem & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
4. Any other matter by the permission of the chair.

By order of the Board  
**Farhan Ulhassan**  
Company Secretary

Karachi  
Dated: January 8, 2020

### NOTES:

1. The Shares Transfer Book of the Company will remain closed from January 21, 2020 to January 28, 2020 (both day inclusive).
2. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan (SECP).



#### **A. For Attending the Meeting**

- i. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board's resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

#### **B. For Appointing Proxies**

- i. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- ii. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- v. In case of corporate entity, the Board's resolution/ power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

#### **4. Notice to Shareholders who have not provided CNIC:**

In terms of the directive of the Securities and Exchange Commission of Pakistan (SECP) the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person, except in the case of minor(s) and corporate shareholders, are required to be mentioned in the annual return filed by the Company with the SECP. Therefore, the shareholders who have not yet provided copies of their CNIC's are advised to provide at earliest the attested copies of their CNIC's (if not already provided) directly to our Independent Share Registrar, M/s JWAFS Registrar Services (Pvt.) Ltd., 407-408, Al Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi.

#### **5. Unclaimed/Unpaid Dividend and Share Certificates:**

Shareholders who could not collect their dividend / physical shares are advised to contact Share Registrar to enquire and collect their unclaimed dividend/shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such unclaimed dividend and shares for a period of 3 years or more from the date it is due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend, and in case of shares, shall be delivered to Securities and Exchange Commission of Pakistan (SECP).

6. Kindly quote your folio number in all correspondences with the Company.



## اطلاع برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ سکرٹڈ شوگر ملز لمیٹڈ کے حصص یافتگان کا اکتیسواں سالانہ اجلاس عام بروز منگل مورخہ 28 جنوری 2020 بوقت صبح 09:30 بجے بمقام بیچ لکٹری ہوٹل، مولوی تمیز الدین خان روڈ، کراچی میں منعقد ہوگا، جس میں درج ذیل امور طے پائیں گے۔

### عمومی امور

- 1- 19 اپریل 2019 کو منعقد ہونے والے سالانہ اجلاس عام کی کاروائی کی توثیق۔
- 2- 30 ستمبر 2019 کو اختتام پر ہونے والے سال کے لیے، کمپنی کے آڈٹ شدہ حسابات بمعہ ڈائریکٹرز اور آڈیٹرز رپورٹ کی وصولی، تجزیہ اور منظوری۔
- 3- 30 ستمبر 2020 کو ختم ہونے والے سال کے لیے آڈیٹرز کا تقرر اور ان کے معاوضہ کا تعین۔ موجودہ آڈیٹرز میسرز یو۔ ایچ۔ وائے۔ حسن نعیم اینڈ کو، چارٹرڈ اکاؤنٹینٹس، ریٹائر ہو رہے ہیں اور انہوں نے اپنی اہلیت کی بنیاد پر ایک مرتبہ پھر اپنی خدمات پیش کرنے کا ارادہ ظاہر کیا ہے۔
- 4- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ  
فرحان الحسن  
کمپنی سیکریٹری

کراچی

08 جنوری 2020ء

نوٹس:

- 1- کمپنی کی حصص منتقلی کی کتب 21 جنوری 2020 سے 28 جنوری 2020 تک بند رہیں گی (بشمول دونوں ایام)۔
- 2- نائب کی تقرری کی دستاویز، مختار نامہ، یا اس کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا شیئر رجسٹرار آفس کے دفتر میں موصول ہو جانی چاہیے۔
- 3- اراکین جنہوں نے اپنے حصص سی ڈی سی اکاؤنٹ میں جمع کروا رکھے ہیں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات پر عمل کریں۔



#### (الف) برائے شرکت اجلاس

- (i) افراد کی صورت میں اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرجن کی سیکورٹیز اور رجسٹریشن تفصیلات سی ڈی سی ضوابط کے مطابق اپ لوڈ (فراہم) کی گئی ہوں، اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ ہمراہ لائیں، جس کے مطابق بوقت اجلاس اپنی شناخت کرنا ہوگی۔
- (ii) کارپوریٹ ہستی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ بوقت میٹنگ کمپنی کو پیش کرنا ہوگی۔

#### (ب) پراکسی کی تقرری کے لیے

- (i) افراد کی صورت میں اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرجن کی سیکورٹیز اور رجسٹریشن تفصیلات سی ڈی سی ضوابط کے مطابق اپ لوڈ (فراہم) کی گئی ہوں، کو اپنے پراکسی فارم کمپنی ضوابط کے تحت جمع کروانے ہوں گے۔
- (ii) پراکسی فارم پر دو گواہان کے دستخط ہوں گے، جن کے نام، پتہ اور شناختی کارڈ نمبر فارم میں ظاہر کئے گئے ہوں۔
- (iii) پراکسی کو حقیقی حصص یافتہ کے قومی شناختی کارڈ اور پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ پیش کرنا ہوں گی۔
- (iv) پراکسی کو اجلاس کے موقع پر اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔
- (v) کارپوریٹ ہستی کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ پراکسی فارم کے ہمراہ کمپنی کو پیش کرنا ہوگی۔

#### 4- اُن حصص یافتہ گان کے لیے نوٹس جنہوں نے اپنا قومی شناختی کارڈ مہیا نہیں کیا:

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے اعلامیہ کے مطابق رجسٹرڈ حصص یافتگان اپنا کمپیوٹرائزڈ قومی شناختی کارڈ یا مجاز شخص کا ماسوائے نابالغان اور کارپوریٹ حصص یافتگان کے جمع کروانا لازمی قرار پایا ہے، چنانچہ ان حصص یافتہ گان کو جنہوں نے اپنے قومی شناختی کارڈ کی نقول فراہم نہیں کیں انہیں متنبہ کیا جاتا ہے کہ مصدقہ شناختی کارڈ کی نقول بنا کسی تاخیر کے درج ذیل پتہ پر شیئر رجسٹرار کو جمع کروائیں:

M/s. JWAFFS Registrar Services (Pvt.) Ltd.

407-408, Al Ameer Centre, Shahrah-e-Iraq, Saddar, Karachi.

#### 5- غیر وصول شدہ منافع منقسمہ:

ایسے حصص یافتگان جو کسی بھی وجہ سے تاحال منافع منقسمہ وصول نہیں کر سکے ہیں انہیں مشورہ دیا جاتا ہے کہ اپنے غیر موصول شدہ منافع منقسمہ اگر کوئی ہوں تو اس کی وصولیابی کے لئے ہمارے شیئر رجسٹرار سے رابطہ کریں کمینیز ایکٹ 2017 کی دفعہ 244 کی تعمیل کے مطابق، تمام مطلوبہ طریقہ کار کی تکمیل کے بعد تمام منافع منقسمہ جو تین سال یا اس سے زائد مدت سے واجب الادا ہوں اور تاحال غیر وصول ہوں تو وہ وفاقی حکومت کو منتقل کر دیئے جائیں گے۔

#### 6- برائے مہربانی کمپنی کے ساتھ تمام مراسلات میں اپنے فوئیو نمبر کا حوالہ دیں۔



# **VISION & MISSION STATEMENT**

## **VISION**

**To make a product of International Standard acceptable as a brand in the world market. To explore business opportunities available under the World Trade Organization regime.**

## **MISSION**

- **Sustained contribution to the National Economy by producing cost effective product.**
- **To ensure professionalism and healthy working environment.**
- **To create a reliable product through adoption of latest technology/ advancement.**
- **To promote research & development and provide technical know how to the growers for improvement of sugarcane yield/recovery.**





## DIRECTORS' REPORT

We are pleased to welcome you to the 31st Annual General Meeting of the Company and present the financial and operating results along with audited financial statements for the year ended September 30, 2019 together with the auditors' report thereon.

### SEASON START

The Company commenced its crushing season of 2018-19 on December 03, 2018. For the season, the Government of Sindh has fixed the sugarcane price at Rs.182 per 40 Kg. However, shortage of crop resulted in much higher cost of cane.

### RE-ORGANISATION

The re-organisation of the Company yielded good results, with the Company performing excellently in terms of milling operations and obtaining high sucrose recovery and earning a consistent gross margin.

### FINANCIAL RESULTS

The comparative financial results are as follows:

|                        | 2019                        | 2018        | Increase/<br>(Decrease) | % age |
|------------------------|-----------------------------|-------------|-------------------------|-------|
|                        | ..... Rupees in '000' ..... |             |                         |       |
| Sales                  | 3,387,534                   | 1,821,745   | 1,565,789               | 86%   |
| Cost of sales          | (2,877,233)                 | (1,318,198) | 1,559,035               | 118%  |
| Gross Profit           | 510,301                     | 503,547     | 6,754                   | 1%    |
| Profit before taxation | 223,350                     | 388,077     | (164,727)               | -42%  |
| Net Profit after tax   | 156,649                     | 268,232     | (111,583)               | -42%  |
| Earning per share      | 3.51                        | 6.01        | (2.50)                  | -42%  |

### OPERATING RESULTS

|                   |    | 2019    | 2018    | Increase/<br>(Decrease) | % age |
|-------------------|----|---------|---------|-------------------------|-------|
| Sugarcane crushed | MT | 335,136 | 367,222 | (32,086)                | -9%   |
| Sugar produced    | MT | 36,865  | 39,660  | (2,795)                 | -7%   |
| Sugar recovery    | %  | 11.00   | 10.80   | 0.20                    | 2%    |
| Molasses produced | MT | 19,435  | 26,047  | (6,612)                 | -25%  |
| Molasses recovery | %  | 5.08    | 5.50    | (0.42)                  | -8%   |



## **AUDITORS' REPORT**

The auditors of the Company have expressed a clean opinion on the financial statements. All previous qualifications have been properly cleared by concentrated and hectic efforts of management.

## **FUTURE OUTLOOK**

The Company's balance sheet now shows a healthy position. All short term loans have been repaid as well as grower's liabilities have been reduced as on reporting date and subsequent to the reporting date. The core financial issues have been addressed and working capital requirements fulfilled. A comprehensive internal control system has been implemented.

After a decade of operating in strict financial position and continuous losses, the Company has now steered its way out of hot waters and expects steady growth in the coming years and stable dividend stream to its shareholders.

## **CORPORATE SOCIAL RESPONSIBILITY AND HEALTH SAFETY ENVIRONMENT**

Sakrand Sugar Mills Limited (SSML) has always believed and has contributed towards betterment of the society.

SSML is committed towards health and safety of its employees, practically reducing potential hazards. All workforce are required to adhere to safety rules and regulations issued as per Health Safety Guidelines. All applicable regulations with regards to Health Safety and Environment are being followed with zero tolerance on negligence.

The Company provides medical facilities to its employees and availed medical coverage from Jubilee Health Insurance. Medical cards have been provided to executives and employees in order to facilitate them to avail medical facilities as and when required from the authorized hospitals. The Company also arranges medical camps on regular intervals and medical facilities are provided to the labourers and villagers free of cost.

SSML is also planning to increase the literacy rate in the surrounding areas and encourages farmers and employees to seek basic and advance level of education.

The Company is also not negligent on its duties towards conserving nature and environment. Go green activities are conducted throughout the year in which company plants trees in the surrounding areas. SSML has also taken substantial steps in reducing pollution and pollutant affluent especially in the water waste.

It gives us immense pleasure to announce that we have successfully produced Organic Compost fertilizer with minimal chemicals, thus giving boost to our Go-Green policy. It is free from any harmful chemical and is prepared from 99% organic materials.

The Company also takes pride in providing the employees with cleaner and better living conditions. Stress is emphasized on the employees also for partaking their share of duties in making the environment cleaner and greener.



## LABOUR MANAGEMENT RELATIONS

The management / labour relations remained cordial and helpful. I take this opportunity to thank and appreciate the spirit of understanding, goodwill and co-operation shown by the staff/workers and hope that the same will continue in future.

I thank the executives, officers and all the staff members of the Company and wish to place on record my appreciation for the devotion, sense of responsibility and loyalty.

## AUDITORS

The external auditors "M/s UHY Hassan Naeem & Co". Chartered Accountants, retire and being eligible, offer their services for the year 2019-2020.

## 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 operation, 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 There is no doubt on the going concern of the Company.
- 5 The Company maintains Provident Fund account for its employees. The value of investment of the fund as on June 30, 2019 is Rs. 61.257 million.
- 6 International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and departure there from if any, has been adequately disclosed.
- 7 The system of internal control is sound in design and has been effectively implemented and monitored.
- 8 Key operating and financial data for last six years in summarized form is annexed.
- 9 There has been no material departure from the best practices of Corporate Governance except those mentioned in the preamble of the statement.
- 10 Total number of directors are 7 as per the following,
  - a. Male: 6
  - b. Female: 1



11 The composition of the Board is as follows:

|                             |   |
|-----------------------------|---|
| i. Independent directors    | - |
| ii. Non-executive directors | 5 |
| iii. Executive directors    | 2 |
| iv. Female director         | 1 |

12 During the year, five meetings of the Board of Directors were held as detailed below:

| <b>Name of Director</b>   | <b><u>Number of meetings attended</u></b><br><b>BOD</b> |
|---------------------------|---|
| Mr. Dinshaw H. Anklesaria | 2   |
| Mr. Jamil Akberi          | 5   |
| Mr. Abdul Naeem Quraishi  | 5   |
| Mr. Neville Mehta         | 5   |
| Mrs. Fatma Gulamali       | 3   |
| Dr. Jamshed H. Anklesaria | 4   |
| Mr. Amad Uddin            | 5   |

13 The Board has formed Audit Committee comprising of members given below:

- i. Mr. Abdul Naeem Quraishi - Chairman
- ii. Mr. Jamil Akberi - Member
- iii. Mr. Neville Mehta - Member

| <b>Name of Members</b>   | <b><u>Number of meetings attended</u></b><br><b>Audit Committee</b> |
|--------------------------|---|
| Mr. Abdul Naeem Quraishi | 4   |
| Mr. Jamil Akberi         | 4   |
| Mr. Neville Mehta        | 4   |

14 The Board has formed HR Committee comprising of members given below:

- i. Mr. Neville Mehta - Chairman
- ii. Mr. Jamil Akberi - Member
- iii. Mr. Amad Uddin - Member

| <b>Name of Members</b> | <b><u>Number of meetings attended</u></b><br><b>HRCommittee</b> |
|------------------------|---|
| Mr. Neville Mehta      | 1   |
| Mr. Jamil Akberi       | 1   |
| Mr. Amad Uddin         | 1   |



15 The board has not arranged any training program for the Directors of the Company during the year.

16 No dividend has been announced during the year.

### **PATTERN OF SHARE HOLDING**

The pattern of share holding and additional information regarding pattern of shareholding as on September 30, 2019 is annexed.

### **CONCLUSION**

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

Thank you all,

for **SAKRAND SUGAR MILLS LIMITED**

**Amad Uddin**  
Executive Director

**Jamil Akberi**  
Director

**Abdul Naeem Qureshi**  
Director

Karachi: January 06, 2020





## ڈائریکٹرز کی رپورٹ

ہم آپ کو کمپنی کے اکتیسویں سالانہ اجلاس عام میں خوش آمدید کہتے ہیں ساتھ ہی پیش خدمت ہیں 30 ستمبر 2019ء کے مالیاتی اور کارکردگی کے نتائج اور آڈٹ شدہ مالیاتی گوشوارے بمع آڈیٹرز رپورٹ۔

### سین کا آغاز

کمپنی نے 2018-19 میں کرشنک سین کا آغاز 03 دسمبر 2018ء میں کیا۔ اس سین کے لئے حکومت سندھ نے گئے کی قیمت خرید 182 روپے فی 40 کلومیٹر کی تھی۔ لیکن گئے کی قلت، گئے کی قیمت خرید میں بدرجہ اضافہ کا سبب بنی۔

### تشکیل نو

کمپنی کی تشکیل نو کے عمدہ نتائج برآمد ہوئے۔ کمپنی کے تمام آپریشنز مزید عمدگی سے ادا ہو رہے ہیں جس سے سکرو کی ریکوری اور کمپنی کے مجموعی فائدہ (Gross profit) میں خاطر خواہ اضافہ ہوا ہے۔

### مالیاتی نتائج

تفصیلی مالیاتی نتائج درج ذیل ہیں۔

|                        | 2019            | 2018        | Increase/<br>(Decrease) | % age |
|------------------------|-----------------|-------------|-------------------------|-------|
|                        | Rupees in '000' |             |                         |       |
| Sales                  | 3,387,534       | 1,821,745   | 1,565,789               | 86%   |
| Cost of sales          | (2,877,233)     | (1,318,198) | 1,559,035               | 118%  |
| Gross Profit           | 510,301         | 503,547     | 6,754                   | 1%    |
| Profit before taxation | 223,350         | 388,077     | (164,727)               | -42%  |
| Net Profit after tax   | 156,649         | 268,232     | (111,583)               | -42%  |
| Earning per share      | 3.51            | 6.01        | (2.50)                  | -42%  |

### آپریٹنگ نتائج

|                   |    | 2019    | 2018    | Increase/<br>(Decrease) | % age |
|-------------------|----|---------|---------|-------------------------|-------|
| Sugarcane crushed | MT | 335,136 | 367,222 | (32,086)                | -9%   |
| Sugar produced    | MT | 36,865  | 39,660  | (2,795)                 | -7%   |
| Sugar recovery    | %  | 11.00   | 10.80   | 0.20                    | 2%    |
| Molasses produced | MT | 19,435  | 26,047  | (6,612)                 | -25%  |
| Molasses recovery | %  | 5.08    | 5.50    | (0.42)                  | -8%   |



## آڈیٹرز رپورٹ

کمپنی کے آڈیٹرز نے سالانہ اکاؤنٹس پر اپنی غیر مشروط رائے کا اظہار کیا ہے۔  
کمپنی کی انتظامیہ کی انتھک کوششوں کی بدولت تمام پرانے اعتراضات دور کر دیئے گئے ہیں۔

## مستقبل کا جائزہ

کمپنی کی بیلنس شیٹ اب ایک مستحکم پوزیشن بیان کر رہی ہے۔ تمام قلیل مدتی قرضہ جات ادا کر دیئے گئے ہیں اس کے ساتھ ساتھ کسانوں کے بقایات میں بھی مالیاتی سال کے اختتام اور اس کے بعد بھی مسلسل کمی واقع ہوئی ہے۔

## کارپوریٹ سماجی ذمہ داری اور کمپنی کے کاروبار کے ماحول پر اثرات

سکرٹری جنرل ملٹیٹڈ معاشرے کی فلاح و بہبود پر پورا یقین رکھتی اور بھرپور حصہ لیتی ہے۔

کمپنی ملازمین کی صحت اور حفاظت پر خصوصی توجہ دیتی ہے۔ خاص طور پر کام کے دوران ہونے والے ممکنہ حادثات کو روکنے کے لئے تمام اقدامات بروئے کار لائے جاتے ہیں۔ تمام ملازمین پر حفاظتی قوانین کی پاسداری لازم ہے اور اس میں ذرا سی بھی کوتاہی برداشت نہیں کی جاتی۔ کمپنی اپنے ملازمین کو میڈیکل کی سہولیات بھی مہیا کرتی ہے اور اس امر کے لئے کمپنی نے جو بی ہیلتھ انشورنس کمپنی کی خدمات حاصل کی ہوئی ہیں۔ اس کے ساتھ ساتھ کمپنی وقتاً فوقتاً ملازمین اور گرد و نواح کے گاؤں والوں کے لئے مفت میڈیکل کیمپ کا اہتمام کرتی رہتی ہے۔ تعلیم کی اہمیت کو مد نظر رکھتے ہوئے کمپنی اپنے ملازمین اور گرد و نواح کے افراد کو بنیادی اور ایڈوانس تعلیم کے حصول کا درس دیتی ہے اور اس مقصد کے حصول کے لئے ان کی ہر ممکن مدد کرتی ہے۔

کمپنی ماحول کی بہتری کے لئے کئے جانے والے اقدامات اور ان کی اہمیت سے غافل نہیں ہے۔ یہی وجہ ہے کہ کمپنی خود اس طرح کے تمام اقدامات کا خیر مقدم کرتی اور اس بھرپور حصہ لیتی ہے۔ ماحول کی حفاظت اور خوبصورتی کو برقرار رکھنے کے لئے وقتاً فوقتاً شجر کاری کی مہم کا اہتمام کیا جاتا ہے۔ ماحولیاتی آلودگی کو کم کرنے کے لئے بھی کمپنی نے ضروری اقدامات کئے ہیں۔ ہمیں یہ بتاتے ہوئے بہت خوشی ہو رہی ہے کہ کمپنی نامیاتی کھاد بنانے میں کامیاب ہو گئی ہے جس سے کمپنی کی ماحول دوست پالیسی کو تقویت ملی ہے۔ یہ کھاد مضر کیمیکل سے پاک ہے اور 99 فیصد نامیاتی اجزاء سے تیار کی گئی ہے۔

یہ بات کمپنی کے لئے باعث فخر ہے کہ کمپنی اپنے ملازمین کو بہتر ماحول اور طرز رہائش مہیا کرنے میں کامیاب رہی ہے اور ملازمین کو بھی اس بات کی بھرپور تاکید کرتی ہے کہ وہ اپنے ماحول کو بہتر بنانے میں کلیدی کردار ادا کریں۔

## لیبر اور انتظامیہ کے تعلقات

انتظامیہ اور لیبر کے مابین تعلقات خوشگوار اور باہمی تعاون کی فضاء میں سازگار ہیں، میں تمام تر تعاون، تفہیم کی اس فضاء، خلوص اور اچھی ساکھ کے حامل تمام تر ملازمین اور کام کرنے والوں کا شکریہ ادا کرنا چاہتا ہوں اور امید کرتا ہوں کہ مستقبل میں بھی ہم سب اسی رویے کا برتاؤ کریں گے۔

میں شکر گزار ہوں تمام ایگزیکٹوز، افسران اور تمام اسٹاف اراکین کا، ان کی تمام تر وفاداری، احساس ذمہ داری اور کام سے بھرپور لگاؤ پر خراج تحسین پیش کرتے ہوئے اسے ریکارڈ کا حصہ بناتا ہوں۔



## آڈیٹرز

آڈیٹرز ”میسرز یو۔ ایچ۔ وائے۔ حسن نعیم اینڈ کو، چارٹرڈ اکاؤنٹنٹس“ ریٹائر ہو رہے ہیں۔ اور اس کے ساتھ ہی اہلیت کی بدولت آئندہ مالی سال کے لئے بحیثیت بیرونی آڈیٹرز اپنی خدمات پیش کرنے کا اظہار کر رہے ہیں۔

## کارپوریٹ اور مالیاتی رپورٹنگ کے ضابطہ (فریم ورک)

- ۱۔ کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے شفاف معاملات کو ظاہر کرتے ہیں، ایکوٹی میں تبدیلی، کیش (فنانس) کا بہاؤ اور آپریشن ایک شفاف طور سے چل رہے ہیں۔
- ۲۔ کمپنی کی جانب سے حساب کتاب کا مناسب انتظام ہے اور اکاؤنٹس کے تمام کھاتے کمپنی احسن طریقے سے تشکیل دیتی ہے۔
- ۳۔ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹس کے طریقے کار اپنائے جاتے ہیں، مالیاتی تفصیلات کی تیاری مناسب اور دانشمند فیصلوں پر مبنی ہوتی ہے۔
- ۴۔ کمپنی کے پاس اپنے آپریشنز کو جاری رکھنے کے لئے مناسب انتظام موجود ہے، اور اس بات میں کوئی شک نہیں ہے کہ مستقبل میں بھی ایسا ہی رہے گا۔
- ۵۔ کمپنی نے اپنے مستقل ملازمین کے لئے پراویڈنٹ فنڈ جاری کیا ہوا ہے، اس سرمایہ کاری کی لاگت 30 جون 2019ء کے مطابق 61.257 ملین روپے ہے۔
- ۶۔ مالیاتی گوشوارے کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی فنانشل رپورٹنگ اور اکاؤنٹنگ کے معیارات کی مکمل پیروی کی گئی ہے۔
- ۷۔ کمپنی میں اندرونی کنٹرول کے نظام کو موثر طریقے سے لاگو کیا گیا ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- ۸۔ کلیدی کارکردگی اور مالیاتی معلومات گذشتہ 6 سال کے ضمیمے میں مہیا کی گئی ہیں۔
- ۹۔ تمام قابل اطلاق کارپوریٹ گورننس کے بہترین اصولوں پر عمل کیا جا رہا ہے اور کسی بھی اصول کی عدم تعمیل نہیں کی گئی۔ بجز ان دفعات کے جن کا ذکر کارپوریٹ گورننس کی رپورٹ میں کیا گیا ہے۔

۱۰۔ کمپنی کے ڈائریکٹرز کی کل تعداد درج ذیل ہے۔

|   |             |
|---|-------------|
| 6 | - مرد حضرات |
| 1 | - خاتون     |

۱۱۔ بورڈ کی تشکیل درج ذیل ہے۔

|   |                          |
|---|--------------------------|
| - | انڈیپنڈنٹ ڈائریکٹر       |
| 5 | - نان ایگزیکٹو ڈائریکٹرز |
| 2 | - ایگزیکٹو ڈائریکٹرز     |
| 1 | - خاتون ڈائریکٹر         |



۱۲۔ سال رواں کے دوران بورڈ آف ڈائریکٹرز کے ۱۵ اجلاس منعقد ہوئے جن کی تفصیل درج ذیل ہے۔

ڈائریکٹرز کے اسمائے گرامی اجلاسوں میں شرکت کی تعداد

بورڈ آف ڈائریکٹرز

|   |                         |
|---|-------------------------|
| ۲ | جناب ڈنشا ایچ انگلسیریا |
| ۵ | جناب جمیل اکبری         |
| ۵ | جناب عبدالنعیم قریشی    |
| ۵ | جناب نیول مہتا          |
| ۳ | محترمہ فاطمہ غلام علی   |
| ۴ | جناب جشید ایچ انگلسیریا |
| ۵ | جناب عماد الدین         |

۱۳۔ بورڈ نے ایک آڈٹ کمیٹی بھی تشکیل دی ہوئی ہے جس کی تفصیل درج ذیل ہے۔

جناب عبدالنعیم قریشی۔ چیئرمین

جناب جمیل اکبری۔ ممبر

جناب نیول مہتا۔ ممبر

ممبرز کے اسمائے گرامی اجلاسوں میں شرکت کی تعداد

آڈٹ کمیٹی

|   |                      |
|---|----------------------|
| ۴ | جناب عبدالنعیم قریشی |
| ۴ | جناب جمیل اکبری      |
| ۴ | جناب نیول مہتا       |

۱۴۔ بورڈ نے ایک ”ایچ۔آر“ کمیٹی بھی تشکیل دی ہوئی ہے جس کی تفصیل درج ذیل ہے۔

جناب نیول مہتا۔ چیئرمین

جناب جمیل اکبری۔ ممبر

جناب عماد الدین۔ ممبر

ممبرز کے اسمائے گرامی اجلاسوں میں شرکت کی تعداد

ایچ آر کمیٹی

|   |                 |
|---|-----------------|
| ۱ | جناب نیول مہتا  |
| ۱ | جناب جمیل اکبری |
| ۱ | جناب عماد الدین |



۱۵۔ بورڈ نے اس سال کسی ڈائریکٹر تربیتی پروگرام کا اہتمام نہیں کیا۔

۱۶۔ اس سال کسی ڈیوڈیڈ کی سفارش نہیں کی گئی۔

### حصص داری کا خاکہ

30 ستمبر 2019ء کے حصص داری کا خاکہ، شیئر ہولڈنگ کی تفصیلات کے ضمیمہ میں درج ہے۔

### نتیجہ

آخر میں اللہ رب العزت کے حضور دعا گو ہوں کہ وہ ہمیں توفیق دے کہ ہم قومی ترقی میں اپنا حصہ ملا سکیں اور اپنی کمپنی کی بہتری کے لئے کام کر سکیں۔ آمین

بشکریہ

برائے سکریٹری شوگر ملز لمیٹڈ

A. Naeem Khan  
عبدالنعیم قریشی  
ڈائریکٹر

جمیل اکبری  
ڈائریکٹر

عماد الدین  
ایگزیکٹو ڈائریکٹر

کراچی: 06 جنوری 2020ء





## **CHAIRMAN'S REVIEW**

### **On Board's overall Performance u/s 192 of the Companies Act, 2017**

With utmost pleasure I present this report to the shareholders of Sakrand Sugar Mills Limited (the Company) pertaining to the overall performance of the Board and the effectiveness of its role in attaining the Company's aims and objectives.

Sakrand Sugar Mills Limited has implemented a strong governance framework supportive of an effective and prudent management of business matters which is regarded as instrumental in achieving long-term success of the Company.

The committees of the Board, continued to work with a great measure of diligence and proficiency during the year. The Audit Committee had focused in particular on the management and control of risks associated with the business. Similarly, the Human Resource and Remuneration Committee has ensured that the HR policies regarding performance management, HR recruitment, compensation and benefits are compatible with market, and are properly aligned not only with the Company's performance and shareholders' interests but also with the long-term planning of the Company.

The Board as a whole has reviewed the Annual Report and Financial Statements, and is pleased to confirm that in its view the report and financial statements, taken as a whole, are fair, balanced, and understandable.

The Board has the strategic vision of how the organisation should be evolving in the future and has identified key indicators for tracking its progress, taking into consideration the interests of its stakeholders. The overall effectiveness of the Board was assessed as satisfactory and areas that required improvement were duly considered and suitable action plans were framed.

The Board has established policies that cover all essential areas of board responsibility and operations of the Company. The Board is knowledgeable about the organisation's current business activities including strengths and weaknesses of each major activity, and has stressed on the fact for future planning and diversification of the business segments.

The Board members are familiar with the current vision, mission, and core values and found them appropriate for the organisation. The Board has created necessary policies which ensure that the organisation behaves in an equitable and legal manner towards stakeholders.

The composition of the Board is adequately sized to govern the Board procedures and the members are actively engaged in the work of the Board. The Board places great emphasis on meeting the requirements of Code of Corporate Governance and to equip all the Directors with the Directors' Training Program at the earliest.

In my opinion, I believe that the strategic direction of the Company for the future is clear and beneficial. Further, I would like to acknowledge the honest efforts and commitment of my fellow directors, key executives and overall staff towards the betterment and growth of the organisation.

**Jamil Akberi**

Chairman

Karachi, January 06, 2020



## **Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019**


### **For the Year ended September 30, 2019**

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


1. The total number of directors are 7 as per the following:
  - a. Male: 6
  - b. Female: 1
2. The composition of the Board is as follows:
  - i. Independent directors -
  - ii. Non-executive directors 5
  - iii. Executive directors 2
  - iv. Female directors 1
3. The directors have confirmed that none of them is serving as a director on more than seven 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. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. This year the Board could not arrange Directors' Training Program. The Board has although noted the requirements for compliance in the coming year at the earliest possible.
10. The Board has approved appointment of Company Secretary, including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. No new appointment of Chief Financial Officer and Head of Internal Audit was made during the year.
11. Chief Financial Officer and two Directors duly endorsed the financial statements before approval of the Board.



12. The Board has formed committees comprising of members given below:
  - a. Audit Committee  
Mr. Abdul Naeem Quraishi - Chairman  
Mr. Jamil Akberi  
Mr. Neville Mehta
  - b. HR and Remuneration Committee  
Mr. Neville Mehta - Chairman  
Mr. Jamil Akberi  
Mr. Amad Uddin
13. The terms of reference of the 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 04
  - b. HR and Remuneration Committee 01
15. The Board has set up an effective internal audit function.
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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, Company secretary or director of the Company.
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; and
18. We confirm that all requirements of regulations 3, 7, 8, 32, 33 and 36 of the Regulations have been complied with.

  
**Jamil Akberi**  
Chairman

  
**Amad Uddin**  
Director

  
**Abdul Naeem Qureshi**  
Director

Karachi: January 06, 2020



## INDEPENDENT AUDITORS' REVIEW REPORT TO MEMBERS OF SAKRAND SUGAR MILLS LIMITED

### **Review report on the statement of compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred to as 'the Regulations'), prepared by the Board of Directors of **Sakrand Sugar Mills Limited** (the Company) for the year ended 30 September 2019 in accordance with the requirements of the Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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.

Following instances of non-compliance with the regulations were observed which are not stated in the Statement of Compliance:

- Auditors were not invited in any meeting of the audit committee.
- During the year, the head of internal audit has resigned and the position was vacant at the year end.



Based on our review, except for the matters stated above 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 30 September 2019.

Further, we highlight below instances of non-compliances with the requirements of Regulations reflected in the paragraph reference where it stated in the compliance report.

- Paragraph 2, no independent director exist in the Company;
- Paragraph 9, no program for directors training; and
- Paragraph 12, the audit committee and HR remuneration committee was not headed by independent director.

Umy Hasan Naem . C

Chartered Accountants

Place: Karachi

Date: January 06, 2020





**PATTERN OF SHAREHOLDING  
OF THE SHARES HELD BY THE SHAREHOLDERS  
AS AT SEPTEMBER 30, 2019**

| NUMBER OF<br>SHAREHOLDERS | FROM     | SHARE HOLDING | TO       | TOTAL<br>SHARES HELD |
|---------------------------|----------|---------------|----------|----------------------|
| 399                       | 1        | -             | 100      | 25,251               |
| 650                       | 101      | -             | 500      | 246,115              |
| 379                       | 501      | -             | 1000     | 338,284              |
| 485                       | 1001     | -             | 5000     | 1,274,136            |
| 161                       | 5001     | -             | 10000    | 1,248,052            |
| 58                        | 10001    | -             | 15000    | 735,886              |
| 28                        | 15001    | -             | 20000    | 513,270              |
| 14                        | 20001    | -             | 25000    | 330,500              |
| 14                        | 25001    | -             | 30000    | 390,500              |
| 9                         | 30001    | -             | 35000    | 299,000              |
| 11                        | 35001    | -             | 40000    | 425,760              |
| 6                         | 40001    | -             | 45000    | 254,500              |
| 7                         | 45001    | -             | 50000    | 337,840              |
| 3                         | 50001    | -             | 55000    | 154,669              |
| 5                         | 55001    | -             | 60000    | 297,000              |
| 2                         | 60001    | -             | 65000    | 124,516              |
| 2                         | 65001    | -             | 70000    | 137,200              |
| 3                         | 70001    | -             | 75000    | 221,500              |
| 2                         | 75001    | -             | 80000    | 153,800              |
| 2                         | 80001    | -             | 85000    | 167,000              |
| 1                         | 85001    | -             | 90000    | 87,000               |
| 1                         | 90001    | -             | 95000    | 92,500               |
| 4                         | 95001    | -             | 100000   | 400,000              |
| 2                         | 100001   | -             | 105000   | 205,000              |
| 2                         | 105001   | -             | 110000   | 219,480              |
| 1                         | 110001   | -             | 115000   | 115,000              |
| 1                         | 120001   | -             | 125000   | 121,500              |
| 1                         | 140001   | -             | 145000   | 142,000              |
| 1                         | 145001   | -             | 150000   | 150,000              |
| 1                         | 155001   | -             | 160000   | 157,500              |
| 1                         | 180001   | -             | 185000   | 185,000              |
| 1                         | 195001   | -             | 200000   | 198,000              |
| 1                         | 205001   | -             | 210000   | 207,092              |
| 1                         | 275001   | -             | 280000   | 276,300              |
| 1                         | 340001   | -             | 345000   | 340,500              |
| 2                         | 410001   | -             | 415000   | 826,770              |
| 1                         | 420001   | -             | 425000   | 424,700              |
| 1                         | 465001   | -             | 470000   | 468,820              |
| 1                         | 530001   | -             | 535000   | 534,500              |
| 1                         | 595001   | -             | 600000   | 600,000              |
| 1                         | 680001   | -             | 685000   | 681,400              |
| 1                         | 715001   | -             | 720000   | 715,600              |
| 1                         | 795001   | -             | 800000   | 800,000              |
| 1                         | 1000001  | -             | 1005000  | 2,004,108            |
| 1                         | 1545001  | -             | 1550000  | 1,545,826            |
| 1                         | 1555001  | -             | 1560000  | 1,559,960            |
| 1                         | 1795001  | -             | 1800000  | 1,800,000            |
| 1                         | 1905001  | -             | 1910000  | 1,905,045            |
| 1                         | 2060001  | -             | 2065000  | 2,063,000            |
| 1                         | 2760001  | -             | 2765000  | 2,761,742            |
| 1                         | 4195001  | -             | 4200000  | 4,200,000            |
| 1                         | 11150001 | -             | 11155000 | 11,152,878           |
| <b>2,278</b>              |          |               |          | <b>44,616,000</b>    |



**PATTERN OF SHAREHOLDING  
OF THE SHARES HELD BY THE SHAREHOLDERS  
AS AT SEPTEMBER 30, 2019**

| S.No. | Category               | No. of<br>Shareholders | Total Shares<br>Held | Percentage<br>% |
|-------|------------------------|------------------------|----------------------|-----------------|
| 1     | INDIVIDUAL             | 2,238                  | 40,218,153           | 90.14           |
| 2     | FINANCIAL INSTITUTION  | 15                     | 2,303,160            | 5.16            |
| 3     | INSURANCE COMPANY      | 2                      | 227,592              | 0.51            |
| 4     | INVESTMENT COMPANY     | 3                      | 136,310              | 0.31            |
| 5     | JOINT STOCK COMPANY    | 16                     | 841,093              | 1.89            |
| 6     | MODARABA COMPANY       | 1                      | 198,000              | 0.44            |
| 7     | LEASING COMPANY        | 1                      | 40                   | 0.00            |
| 8     | CO-OPERATIVE SOCIETIES | 1                      | 10,252               | 0.02            |
| 9     | MUTUAL FUND            | 1                      | 681400               | 1.53            |
|       |                        | <u>2,278</u>           | <u>44,616,000</u>    | <u>100.00</u>   |



**PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2019  
AS PER REQUIREMENTS OF  
THE CODE OF CORPORATE GOVERNANCE**

| Category   | Number of shares held | Category wise No. of shareholders | Category wise shares held | Percentage %  |
|--|-----------------------|-----------------------------------|---------------------------|---------------|
| JOINT STOCK COMPANIES  |                       | 16                                | 841,093                   | 1.89          |
| INVESTMENT COMPANIES   |                       | 3                                 | 136,310                   | 0.31          |
| DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN |                       | 8                                 | 19,322,923                | 43.31         |
| JAMSHED HOSHANG ANKLESARIA                                     | 1,000                 |                                   |                           |               |
| DINSHAW H. ANKLESARIA  | 11,152,878            |                                   |                           |               |
| AMAD UDDIN   | 1,905,045             |                                   |                           |               |
| FATMA GULAMALI   | 800,000               |                                   |                           |               |
| JAMIL AKBARI   | 1,001,000             |                                   |                           |               |
| ABDUL NAEEM QURAISHI   | 600,000               |                                   |                           |               |
| NEVILLE MEHTA  | 2,063,000             |                                   |                           |               |
| ROXANNE MEHTA  | 1,800,000             |                                   |                           |               |
| BANKS,DFIS,NBFIS,INSURANCE COMPANIES, MODARABA & MUTUAL FUNDS  |                       | 20                                | 3,410,192                 | 7.64          |
| CO-OPERATIVE SOCIETIES   |                       | 1                                 | 10,252                    | 0.02          |
| INDIVIDUALS  |                       | 2,230                             | 20,895,230                | 46.83         |
|  |                       | <b>2,278</b>                      | <b>44,616,000</b>         | <b>100.00</b> |

**SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY**

| Name of Shareholder       | No. of Shares held | Percentage   |
|---------------------------|--------------------|--------------|
| MR. DINSHAW H. ANKLESARIA | 11,152,878         | 25.00        |
| MUHAMMAD FAROOQ           | 4,200,500          | 9.41         |
| YASIR GUL                 | 2,761,742          | 6.19         |
|                           | <b>18,115,120</b>  | <b>40.60</b> |



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAKRAND SUGAR MILLS LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statement of **Sakrand Sugar Mills Limited**, which comprise the statement of financial position as at **September 30, 2019** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flow 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, 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, 2019 and of the loss for the year then ended; 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (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 Matters

Key audit matters are those that, in our professional judgment were of most significance in our audit of 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:

| Key Audit Matter   | How our audit addressed the key audit matter   |
|--|--|
| <b>Trade Debts</b>   |  |
| <p>As disclosed in note 11 of the accompanying financial statements, the Company has trade debts amounting to Rs 845 million.</p> <p>We considered the recoverability of trade debts as a key audit matter due to judgement and materiality of trade debts related to the overall statement of financial position of the Company.</p>  | <p>Our audit procedure to verify trade debts included the following:</p> <p>We sought external confirmation for the amount that remained outstanding during the year and compare replies to the request.</p> <p>Where responses to external confirmation were not received we have checked that subsequent to year end the Company received amount due from debtors.</p> <p>Obtain an understanding of the Company's process for assessing provision against trade debts.</p> <p>Evaluated the appropriateness of the Company's methodology for assessing provision against trade debts.</p> <p>Assessed the relevant disclosures made in the financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.</p> |
| <b>Contingencies</b>   |  |
| <p>The Company is under litigations in respect of various matters including industry wide matters as disclosed in note 26 of the accompanying financial statements.</p> <p>We have considered it to be a key audit matter due to the reason because it involves management's judgment for recognition and measurement of provisions that may be required against such contingencies.</p> | <p>Our audit procedures include the following:</p> <p>We have assess the management's process to identify new possible litigations and changes in existing obligations by examining minutes of Board meetings.</p> <p>We have obtained confirmation from the legal counsel of the Company and evaluate the status of pending litigations by considering the opinion of Company's legal counsel.</p>  |





### **Information other than financial statements and Auditor's report thereon**

Management is responsible for other information. The other information comprises the information included in the Annual Report but does not include the auditor's report thereon.

Our opinion on the financial statement does not cover the other information and we do not express any form of assurance 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 otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirement of Companies Act, 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 operation, 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 skepticism throughout the audit. We also:

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

#### **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;
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 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.

#### **Other Matter**

Last year's financial statements were audited by another auditor, who issued a qualified opinion issued on 11<sup>th</sup> April 2019.

The engagement partner on the audit resulting in this independent auditor's report is **Imran Iqbal**.



Karachi

Date: January 06, 2020



## STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

|   | Note | 2019                        | 2018             |
|---|------|-----------------------------|------------------|
|   |      | ..... Rupees in '000' ..... |                  |
| <b>ASSETS</b>   |      |                             |                  |
| <b>Non-Current Assets</b>   |      |                             |                  |
| Property, plant and equipment   | 5    | 3,250,459                   | 3,099,364        |
| Intangible asset  | 6    | 3,293                       | 4,915            |
| Long-term loans   | 7    | 745                         | 323              |
| Long-term deposits  | 8    | 2,098                       | 2,098            |
|   |      | <u>3,256,595</u>            | <u>3,106,700</u> |
| <b>Current Assets</b>   |      |                             |                  |
| Stores, spares and loose tools  | 9    | 61,579                      | 42,073           |
| Stock-in-trade  | 10   | 49,192                      | 518,655          |
| Trade debts   | 11   | 845,561                     | 94               |
| Loans and advances  | 12   | 27,498                      | 18,874           |
| Prepayments and other receivables   | 13   | 46,410                      | 150,391          |
| Short-term investment   | 14   | -                           | 30,000           |
| Tax refundable  | 15   | 8,017                       | 27,446           |
| Cash and bank balances  | 16   | 4,478                       | 46,439           |
|   |      | <u>1,042,735</u>            | <u>833,972</u>   |
| <b>Total Assets</b>   |      | <u>4,299,330</u>            | <u>3,940,672</u> |
| <b>EQUITY AND LIABILITIES</b>   |      |                             |                  |
| <b>Share Capital and Reserves</b>   |      |                             |                  |
| <b>Authorized share capital</b>   |      |                             |                  |
| 60,000,000 ordinary shares of Rs. 10 each                                   |      | <u>600,000</u>              | <u>600,000</u>   |
| <b>Share capital</b>  |      |                             |                  |
| Issued, subscribed and paid-up capital                                      | 17   | 446,160                     | 446,160          |
| <b>Revenue reserves</b>   |      |                             |                  |
| Accumulated loss  |      | (387,383)                   | (566,148)        |
| <b>Capital reserves</b>   |      |                             |                  |
| Surplus on revaluation of property, plant and equipment-net of deferred tax | 18   | 1,768,672                   | 1,789,432        |
| <b>Directors'/Sponsors' subordinated loan</b>                               | 19   | 92,767                      | 92,767           |
|   |      | <u>1,920,216</u>            | <u>1,762,211</u> |
| <b>Non-Current Liabilities</b>  |      |                             |                  |
| Deferred taxation   | 20   | 417,538                     | 377,921          |
| Long term financing - secured   | 21   | 763,849                     | 921,937          |
| Deferred liabilities  | 22   | 79,001                      | 76,811           |
|   |      | <u>1,260,388</u>            | <u>1,376,669</u> |
| <b>Current Liabilities</b>  |      |                             |                  |
| Trade and other payables  | 23   | 837,179                     | 618,993          |
| Unclaimed dividend  |      | 6,427                       | 7,852            |
| Unpaid dividend   |      | 204                         | 1,459            |
| Accrued mark-up   | 24   | 41,155                      | 26,466           |
| Current maturity of long-term financing                                     |      | 205,319                     | 124,909          |
| Taxation - net  | 25   | 28,442                      | 22,113           |
|   |      | <u>1,118,726</u>            | <u>801,792</u>   |
| <b>Contingencies &amp; Commitments</b>                                      | 26   |                             |                  |
|   |      | <u>4,299,330</u>            | <u>3,940,672</u> |

The annexed notes from 1 to 48 form an integral part of these financial statements

**Jamil Akberi**  
Director

**Amad Uddin**  
Chief Financial Officer

**Abdul Naeem Qureshi**  
Director

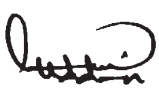



## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2019

|  | Note | 2019<br>..... Rupees in '000' ..... | 2018        |
|--|------|-------------------------------------|-------------|
| <b>Sales - net</b>                           | 27   | 3,387,534                           | 1,821,745   |
| Cost of sales                                | 28   | (2,877,233)                         | (1,318,198) |
| <b>Gross profit</b>                          |      | 510,301                             | 503,547     |
| <b>Operating expenses</b>                    |      |                                     |             |
| Administrative expenses                      | 29   | (105,943)                           | (97,510)    |
| Selling and distribution cost                | 30   | (5,764)                             | (5,494)     |
|  |      | (111,707)                           | (103,004)   |
| <b>Operating profit</b>                      |      | 398,594                             | 400,543     |
| Finance cost                                 | 31   | (158,967)                           | (106,201)   |
| Other charges                                | 32   | (16,564)                            | (33,324)    |
| Default surcharge and penalty                | 33   | (150)                               | (12,292)    |
| Loss on loan amortisation                    | 34   | -                                   | (4,189)     |
| Other income                                 | 35   | 437                                 | 143,540     |
|  |      | (175,244)                           | (12,466)    |
| <b>Profit before taxation</b>                |      | 223,350                             | 388,077     |
| Taxation                                     | 36   | (66,701)                            | (119,845)   |
| <b>Profit after taxation</b>                 |      | 156,649                             | 268,232     |
| <b>Earning per share - basic and diluted</b> | 37   | 3.51                                | 6.01        |

The annexed notes from 1 to 48 form an integral part of these financial statements

  
**Jamil Akberi**  
 Director

  
**Amad Uddin**  
 Chief Financial Officer

  
**Abdul Naeem Qureshi**  
 Director





## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2019

|  | 2019<br>..... Rupees in '000' ..... | 2018<br>..... Rupees in '000' ..... |
|--|-------------------------------------|-------------------------------------|
| <b>Profit after taxation</b>                           | 156,649                             | 268,232                             |
| <b>Other comprehensive income for the year</b>         |                                     |                                     |
| Items that will not be reclassified to profit or loss: |                                     |                                     |
| Actuarial gain during the year                         | 1,356                               | -                                   |
| Other comprehensive income for the year - net of tax   | 1,356                               | -                                   |
| <b>Total Comprehensive Income for the year</b>         | <u>158,005</u>                      | <u>268,232</u>                      |

The annexed notes from 1 to 48 form an integral part of these financial statements

  
**Jamil Akberi**  
Director

  
**Amad Uddin**  
Chief Financial Officer

  
**Abdul Naeem Qureshi**  
Director





## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2019

|   | Note | 2019<br>..... Rupees in '000' | 2018<br>.....    |
|---|------|-------------------------------|------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                 |      |                               |                  |
| Cash generated from/ (utilized in) operations                 | 38   | 375,261                       | (286,418)        |
| Zakat paid  |      | -                             | (4,360)          |
| Taxes paid  |      | (1,325)                       | (40,501)         |
| Finance cost paid   |      | (142,502)                     | (72,701)         |
| <b>Net cash generated from/(used in) operating activities</b> |      | <b>231,434</b>                | <b>(403,980)</b> |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                |      |                               |                  |
| Purchase of property, plant and equipment                     |      | (232,089)                     | (142,468)        |
| Addition to intangible asset                                  |      | -                             | (7,336)          |
| Capital work-in-progress                                      |      | 11,250                        | (83,534)         |
| Short term investment   |      | 30,000                        | 56,000           |
| Proceed from encashment of DSCs                               |      | -                             | 174,400          |
| Long term deposits  |      | -                             | (471)            |
| Long term loans   |      | (422)                         | 21               |
| <b>Net cash used in investing activities</b>                  |      | <b>(191,260)</b>              | <b>(3,388)</b>   |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                |      |                               |                  |
| Long term financing - secured                                 |      | (79,455)                      | 329,836          |
| Dividend paid   |      | (2,680)                       | (17,804)         |
| <b>Net cash generated from/(used in) financing activities</b> |      | <b>(82,135)</b>               | <b>312,032</b>   |
| <b>Net decrease in cash and cash equivalents</b>              |      | <b>(41,961)</b>               | <b>(95,336)</b>  |
| <b>Cash and cash equivalents at the beginning of the year</b> |      | <b>46,439</b>                 | <b>141,775</b>   |
| <b>Cash and cash equivalents at the end of the year</b>       | 16   | <b>4,478</b>                  | <b>46,439</b>    |

The annexed notes from 1 to 48 form an integral part of these financial statements

  
**Jamil Akberi**  
Director

  
**Amad Uddin**  
Chief Financial Officer

  
**Abdul Naeem Qureshi**  
Director



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2019


| Share capital                                   | Capital reserve   | Revenue reserve                                   | Directors' /<br>Sponsors'<br>subordinated<br>loan | Total |
|---|---|---|---|-------|
| Issued,<br>subscribed<br>and paid-up<br>capital | Surplus on<br>revaluation<br>of property,<br>plant and<br>equipment | Un-appropriated<br>profit/<br>Accumulated<br>loss |   |       |

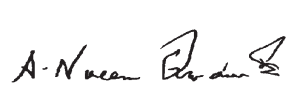
..... Rupees in '000' .....

|   |                |                  |                  |               |                  |
|---|----------------|------------------|------------------|---------------|------------------|
| Balance as at October 01, 2017  | 446,160        | 1,811,584        | (824,289)        | 92,767        | 1,526,222        |
| Profit after taxation   | -              | -                | 268,232          | -             | 268,232          |
| Other comprehensive income for the year   | -              | -                | -                | -             | -                |
| Total comprehensive income for the year   | -              | -                | 268,232          | -             | 268,232          |
| Transaction with owners recorded directly<br>in equity-distributions  |                |                  |                  |               |                  |
| Interim dividend at 20% (i.e Rs 2 per share)<br>for the interim year ended March 31, 2018                                       | -              | -                | (32,243)         | -             | (32,243)         |
| Transferred from revaluation surplus on property,<br>plant and equipment on account of incremental<br>depreciation - net of tax | -              | (22,152)         | 22,152           | -             | -                |
| <b>Balance as at September 30, 2018</b>   | <b>446,160</b> | <b>1,789,432</b> | <b>(566,148)</b> | <b>92,767</b> | <b>1,762,211</b> |
| Balance as at October 01, 2018  | 446,160        | 1,789,432        | (566,148)        | 92,767        | 1,762,211        |
| Profit after taxation   | -              | -                | 156,649          | -             | 156,649          |
| Other comprehensive income for the year   | -              | -                | 1,356            | -             | 1,356            |
| Total comprehensive income for the year   | -              | -                | 158,005          | -             | 158,005          |
| Transferred from revaluation surplus on property,<br>plant and equipment on account of incremental<br>depreciation - net of tax | -              | (20,760)         | 20,760           | -             | -                |
| <b>Balance as at September 30, 2019</b>   | <b>446,160</b> | <b>1,768,672</b> | <b>(387,383)</b> | <b>92,767</b> | <b>1,920,216</b> |

The annexed notes from 1 to 48 form an integral part of these financial statements

  
**Jamil Akberi**  
 Director

  
**Amad Uddin**  
 Chief Financial Officer

  
**Abdul Naeem Qureshi**  
 Director





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

### 1 STATUS AND NATURE OF BUSINESS

Sakrand Sugar Mills Limited was incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984 [Repealed with the enactment of Companies Act, 2017], on March 02, 1989 and its shares are quoted on Pakistan Stock Exchange. The principal business of the Company is to manufacture and sell white sugar. The registered office of the Company is situated in 41-K, Block-6, P.E.C.H.S, Karachi while the Company's mill is situated at Deh Tharo Unar, Taluka Sakrand, District Shaheed Benazirabad, Sindh, Pakistan.

#### 1.1 Summary of significant transaction and event that have affected the Company's financial position and performance during the year.

During the year the Company made a sale of compost fertilizer (by-product) amounting to Rs. 1,195.74 million which is significant to the total sale of the Company.

### 2 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.1 Basis of measurement

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

- a) Inventories are carried at lower of cost or net realisable value;
- b) Financial assets / liabilities are carried in accordance with the requirements of IFRS-09 "Financial Instruments";
- c) Freehold land, factory and non-factory building on freehold land, plant and machinery are stated at revalued amounts; and
- d) Staff retirement benefit plan which is carried at present value of defined benefit obligation net of fair value of plan assets as prescribed in IAS-19 "Employee Benefits".



## **2.2 Significant accounting judgements, assumptions and estimates**

The preparation of financial statements in conformity with the approved accounting standard requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates, assumptions and judgements which are significant to the financial statements:

- a) Determining the residual values and useful lives of property, plant and equipment (Note 5);
- b) Impairment/ adjustment of inventories to their net realizable value ( Note 10);
- c) Accounting for staff retirement benefits (Note 22.2);
- d) Recognition of taxation and deferred tax (Note 20 and 25); and
- e) Contingencies and commitments ( Note 26).

## **3 INITIAL APPLICATION OF STANDARDS, AMMENDMENTS OR AN INTERPRETATION TO EXISTING STANDARDS**

### **3.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year**

The following standards, ammendments and interpretations to accounting and reporting standards that became effective for the first time and relevant to the Company:

IFRS 9- Financial Instruments; and  
IFRS-15 Revenue from contracts with customers.

### **3.2 IFRS 09- Financial Instruments**

IFRS 9 replaces IAS 39 bringing together aspects of the accounting for financial instruments classification, measurement and impairment.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognised in un-appropriated profit as of October 1 , 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's financial statments are described below:

#### **Classification and measurment**

The Company initially measures a financial asset at its fair value plus, in case of a financial asset not at fair value through profit or loss, transaction costs.



Under IFRS 9, financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represents solely payments of principal and interest (SPPI) on the principal amount outstanding.

At transition date to IFRS 9, the Company had financial asset measured at amortized cost, the new classification and measurement of the Company's financial assets are as follows:

Debt instrument at amortised cost for the financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet SPPI criterion.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

### **Impairment**

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECL for all financial assets other than debts instruments classified as FVPL and equity instruments classified as FVOCI.

### **3.3 IFRS- 15 Revenue from contracts with customers**

IFRS 15 revenue from contract with customers supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts which are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking in to consideration all relevant facts and circumstances when applying steps of the model to contracts with their customers.

The Company is engaged in sale of goods. The Company has assessed that significant performance obligations in contracts with customers for sale of goods is based on transfer of control of related goods and is discharged at that point of time. The Company's transfer of goods take place upon delivery of goods to customers.

The adoption of IFRS 15 does not have any significant impact on these financial statements of the Company. However related changes to the accounting policies have been made in these financial statements.

### **3.4 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year but are not relevant**

The Company has adopted the following amendments, improvements to accounting standards and interpretations of IFRSs which became effective for the current year:



IFRS 2- Share Based Payments- Classification and Measurement of share -based payments transactions- ( Amendments);

IFRS-04 Insurance contracts: Applying IFRS 9 Financial Instruments with IFRS 04 Insurance contracts- (Amendments);

IAS 40- Investment Property: Transfer of Investment Property (Amendments); and

IFRIC 22- Foreign Currency Transactions and Advance Consideration.

The adoption of the above amendments, improvements and interpretations of IFRSs did not have any effect on the financial statements of the Company.

### **3.5 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**

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

|  |   | Effective date<br>(accounting periods<br>beginning on or after) |
|--|---|---|
| Standards/ amendments/ interpretations |   |   |
| IFRS 3                                 | Definition of a Business  | January 01, 2020  |
| IFRS 3                                 | Business combinations; previously held interests in a joint operation                           | January 01, 2019  |
| IFRS 9                                 | Prepayment features with Negative compensation  | January 01, 2019  |
| IAS 19                                 | Employee Benefits (Amendments)  | January 01, 2019  |
| IAS 28                                 | Investment in Associates and Joint Ventures (Amendments)  | January 01, 2019  |
| IFRS 16                                | Leases  | January 01, 2019  |
| IAS 23                                 | Borrowing costs- Borrowing cost eligible for capitalization                                     | January 01, 2019  |
| IAS 12                                 | Income Taxes: Income tax consequences of payments on financial instruments classified as equity | January 01, 2019  |
| IFRIC 23                               | Uncertainty over Income Tax   | January 01, 2019  |

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

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



The above standards, amendments and improvements to the standards are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 16- Leases. The Company is currently evaluating the impact of the said standard.

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

#### **Standards**

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

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

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

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

### **4.1 Property, plant & equipment**

#### **a) Owned**

Fixed assets are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any, except for freehold land, factory and non-factory building on freehold land and plant & machinery that are recorded at revalued amount less any accumulated depreciation. Cost comprises purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

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

Depreciation is charged to statement of profit or loss by applying the reducing balance method except for plant & machinery on which units of production method has been applied so, as to write down the assets over their estimated useful lives at the rates specified in note 5 to these financial statements. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Freehold land, factory and non factory building on freehold land and plant & machinery are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amounts do not differ materially from their fair values.



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

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

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

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

**b) Assets acquired under finance lease**

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

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

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

**4.2 Intangible asset and amortisation**

Intangible asset represents the cost of computer software acquired and is stated at cost less accumulated amortisation and any identified impairment loss.

Amortisation is charged to the statement of profit or loss on the written down basis so as to write off the cost of an asset over its estimated useful life. Amortisation on additions is charged from the quarter in which an asset is acquired or capitalised while no amortisation is charged for the quarter in which the asset is disposed off. Amortisation is being charged at the rate disclosed in note 6 to the financial statements.





#### **4.3 Stores, spares and loose tools**

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

#### **4.4 Stock-in-trade**

The basis of valuation has been specified against each:

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

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

#### **4.5 Trade debts**

Trade debts are carried at original invoice amount being the fair value, less an allowance for uncollectible amounts, if any. The Company applies IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses the life time expected loss allowance for trade debts.

#### **4.6 Capital work-in-progress**

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

#### **4.7 Provisions**

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

#### **4.8 Impairment**

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





## **4.9 Taxation**

Income tax expense comprises of current and deferred tax.

### **Current**

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

### **Deferred**

Deferred tax is recognised using the statement of financial position liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

After the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date.

## **4.10 Cash and cash equivalents**

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

## **4.11 Share capital**

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds received.



#### **4.12 Subordinated loan from directors**

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

#### **4.13 Post retirement benefits**

##### **4.13.1 Defined contribution plan - provident fund**

The Company operates a provident fund scheme for its permanent employees. Obligation for contributions to the fund are recognised as an expense in the statement of profit or loss when they are due. A trust has been established and its approval has been obtained from the Commissioner of Income Tax. Monthly contributions are made at the rate of 8.33% of basic salary both by the Company and its employees to the Fund as per the Company's policy.

##### **4.13.2 Defined benefit plan - staff gratuity**

The Company operates an unfunded gratuity scheme for all of its eligible employees who have completed the minimum qualification period of service. The contribution to the scheme are made in accordance with actuarial valuation using "Projected Unit Credit Method".

#### **4.14 Trade and other payables**

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

#### **4.15 Loans, advances and deposits**

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

#### **4.16 Borrowing costs**

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

#### **4.17 Contingencies**

Contingencies are disclosed when the Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.



#### **4.18 Foreign currency transactions**

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

#### **4.19 Finance lease obligations**

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

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

#### **4.20 Financial instruments**

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **4.21 Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for arranging financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flow will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date the Company commits to purchase or sell the asset.



## **Subsequent measurement**

For purposes of subsequent measurement, the Company classifies its financial assets in to following categories:

- Financial assets at amortised cost (debt instrument);
- Financial assets designated at fair value through other comprehensive income (FVCOI) with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss (FVPL).

### **a) Financial assets at amortised cost (debt instruments)**

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cashflows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gain and losses are recognised in profit and loss when asset is derecognised, modified or impaired.

### **b) Financial assets designated at FVOCI ( equity instruments)**

Upon initial recognition , the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 financial instruments : Presentation and are not held for trading. The Classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.



#### **c) Financial assets at FVPL**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are required for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss

This category also includes derivative instruments and listed equity instruments which the Company had not irrevocably elected to classify at FVOCI. Dividend on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established. The Company has not designated any financial asset as at FVPL.

#### **Derecognition**

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed the Company's statement of financial position) when:

- the rights to receive Cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risk and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### **4.22 Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified as financial liabilities at FVPL, loan and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transactions costs.



## **Subsequent measurement**

### **a) Financial liabilities at FVPL**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

### **b) Financial liabilities at amortised cost**

After initial recognition, borrowing and payables are subsequently measured at amortized cost using EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

## **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as the derecognition of original liability and the recognition of new liability. The difference in the respective carrying amounts is recognised in profit or loss.

## **4.23 Impairment**

### **Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECL) for all the debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to contractual terms.





ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ( a 12- month ECL). for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit loss expected over the remaining life of the exposure, irrespective of the timing of the default (a life time ECL)

For financial assets other than trade debts , the Company applies general approach in calculating ECL. It is based on difference between the contractual cash fows due in accordance with the contract and all cashflows that the Company expect to receive discounted at the approximation of the original effective interest rate. The Expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the comapy applies a simplified approach where applicable in calculating ECL. Therefore the Company doesnot track the changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has establised a provision matrix for large portfolio of customer having similar charatersticis and default rates based on the credit rating of custoers from which the receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However in certain cases, the Company may also consider a financial asset to be in default when internal or external information indictaes that the Company is unlikely to recive the outstanding contractual amounts in full before taking in to cinsideration any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflows.

#### **4.24 Revenue recognition**

Revenue is recognised when control of the asset is transferred to the customer. Revenue is measured at fair value of the consideration received or receivable and is recognised on the following basis:

- Local sales are recognised when goods are lifted by the customer.
- Export sales are recognised when the goods are on board the shipping vessel.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised using effective interest method on an accrual basis.
- Government grants relating to export subsidy are recognised when there is a reasonable assurance that the Company will comply with the conditions attached to it and the grant will be received.

#### **4.25 Related party transactions**

Related party comprises of major shareholders, associated companies with common directorship, directors of the Company, key management personal and their close family members. The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rates agreed under a contract / agreement / arrangement.





Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Directors, Company Secretary and departmental heads to be its key management personnel.

The followings are the related parties of the Company:

| Name of related party   | Basis of relationship    | (%) of shareholding |
|---|--------------------------|---------------------|
| Dinshaw Real Estate Development Corporation (Private) Limited | Common directorship      | -                   |
| Pak Armoring (Private) Limited                                | Common directorship      | -                   |
| Indus Corporation (Private) Limited                           | Common directorship      | -                   |
| Mr. Dinshaw H. Anklesaria                                     | Key management personnel | -                   |
| Mr. Jamil Akberi  | Key management personnel | -                   |
| Mrs Fatma Gulamali  | Key management personnel | -                   |
| Mr. Abdul Naeem Quraishi                                      | Key management personnel | -                   |
| Mr. Neville Mehta   | Key management personnel | -                   |
| Mr. Jamshed Hoshang Anklesaria                                | Key management personnel | -                   |
| Mr. Amad Uddin  | Key management personnel | -                   |
| Mr. Rana Nazeer   | Key management personnel | -                   |
| Mr. Muhammad Haroon Arain                                     | Key management personnel | -                   |

#### 4.26 Off-setting of financial assets and liabilities

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

#### 4.27 Earning per share

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

#### 4.28 Unclaimed dividend

The Company recognised unclaimed dividend which was declared and remained unclaimed that date it was due and payable. The dividend declared and remained unpaid from the date it was due and payable is recognised as unpaid dividend.

|  | Note | 2019<br>..... Rupees in '000' | 2018<br>.....    |
|--|------|-------------------------------|------------------|
| <b>5 PROPERTY, PLANT AND EQUIPMENT</b> |      |                               |                  |
| Operating fixed assets                 | 5.1  | 3,178,175                     | 3,015,830        |
| Capital work-in-progress               | 5.3  | 72,284                        | 83,534           |
|  |      | <u>3,250,459</u>              | <u>3,099,364</u> |



## 5.1 Operating Fixed Assets

|                           | Cost/ revalued amount    |                           |                           |           | Accumulated depreciation |                 |                           |  |
|---------------------------|--------------------------|---------------------------|---------------------------|-----------|--------------------------|-----------------|---------------------------|--|
|                           | As at<br>Oct 01,<br>2018 | Additions/<br>(Deletions) | As at<br>Sept 30,<br>2019 | RATE<br>% | As at<br>Oct 01,<br>2018 | For the<br>year | As at<br>Sept 30,<br>2019 | Book Value<br>As At<br>September 30,<br>2019 |
|                           |                          |                           |                           |           |                          |                 |                           |  |
|                           | ( Rupees in '000')       |                           |                           |           |                          |                 |                           |  |
| Freehold land             | 510,900                  | -                         | 510,900                   | -         | -                        | -               | -                         | 510,900                                      |
| Factory building          | 366,115                  | 4,058                     | 370,174                   | 5         | 31,129                   | 16,608          | 47,737                    | 322,437                                      |
| Non-factory building      | 330,736                  | -                         | 330,736                   | 5         | 137,252                  | 9,494           | 146,747                   | 183,989                                      |
| Plant and machinery       | 2,639,684                | 220,031                   | 2,859,715                 | UoP       | 695,542                  | 37,868          | 733,410                   | 2,126,305                                    |
| Office equipment & others | 15,803                   | 5,698                     | 21,501                    | 10        | 8,941                    | 887             | 9,828                     | 11,673                                       |
| Furniture and fixtures    | 8,959                    | 229                       | 9,189                     | 10        | 6,267                    | 281             | 6,547                     | 2,642  |
| Vehicles                  | 65,382                   | 2,071                     | 67,453                    | 20        | 42,921                   | 4,518           | 47,437                    | 20,015                                       |
| Tents and tarpaulins      | 2,321                    | -                         | 2,321                     | 33        | 2,204                    | 34              | 2,238                     | 83   |
| Tools and tackles         | 4,343                    | -                         | 4,343                     | 33        | 4,158                    | 54              | 4,212                     | 131  |
|                           | 3,944,243                | 232,087                   | 4,176,330                 |           | 928,414                  | 69,744          | 998,155                   | 3,178,175                                    |

|                           | Cost/revalued amount     |                           |                           | RATE<br>% | Accumulated depreciation |                 |                           | Book Value<br>As At<br>September 30,<br>2018 |
|---------------------------|--------------------------|---------------------------|---------------------------|-----------|--------------------------|-----------------|---------------------------|--|
|                           | As at<br>Oct 01,<br>2017 | Additions/<br>(Deletions) | As at<br>Sept 30,<br>2018 |           | As at<br>Oct 01,<br>2017 | For the<br>year | As at<br>Sept 30,<br>2018 |  |
|                           | (Rupees in '000')        |                           |                           |           |                          |                 |                           |  |
| Freehold land             | 510,900                  | -                         | 510,900                   | -         | -                        | -               | -                         | 510,900                                      |
| Factory building          | 366,115                  | -                         | 366,115                   | 5         | 13,730                   | 17,399          | 31,129                    | 334,986                                      |
| Non-factory building      | 330,736                  | -                         | 330,736                   | 5         | 127,203                  | 10,049          | 137,252                   | 193,484                                      |
| Plant and machinery       | 2,509,893                | 129,791                   | 2,639,684                 | UoP       | 666,517                  | 29,025          | 695,542                   | 1,944,142                                    |
| Office equipment & others | 13,461                   | 2,342                     | 15,803                    | 10        | 8,272                    | 669             | 8,941                     | 6,862  |
| Furniture and fixtures    | 8,350                    | 609                       | 8,959                     | 10        | 6,024                    | 243             | 6,267                     | 2,692  |
| Vehicles                  | 55,656                   | 9,726                     | 65,382                    | 20        | 37,783                   | 5,138           | 42,921                    | 22,461                                       |
| Tents and Tarpaulins      | 2,321                    | -                         | 2,321                     | 33        | 2,153                    | 51              | 2,204                     | 117  |
| Tools and tackles         | 4,343                    | -                         | 4,343                     | 33        | 4,078                    | 80              | 4,158                     | 185  |
|                           | 3,801,775                | 142,468                   | 3,944,243                 |           | 865,760                  | 62,654          | 928,414                   | 3,015,830                                    |



**Note**                      **2019**                      **2018**  
 ..... Rupees in '000' .....

## 5.2 Depreciation for the year has been allocated as follows :-

|                         |      |               |               |
|-------------------------|------|---------------|---------------|
| Cost of sales           | 28.1 | 54,530        | 46,504        |
| Administrative expenses | 29   | 15,214        | 16,150        |
|                         |      | <u>69,744</u> | <u>62,654</u> |

## 5.3 Capital work-in-progress

|  |                  |                  |
|--|------------------|------------------|
| Balance as at October 01                           | 83,534           | -                |
| Capital expenditure incurred during the year       | 208,781          | 213,325          |
| Transferred to plant and machinery during the year | <u>(220,031)</u> | <u>(129,791)</u> |
| Balance as at September 30                         | <u>72,284</u>    | <u>83,534</u>    |

## 5.4 Had there been no revaluation, the figures of the revalued assets would have been as follows:

| Particulars          | 2019                        |                          |                    | 2018               |
|----------------------|-----------------------------|--------------------------|--------------------|--------------------|
|                      | Cost                        | Accumulated depreciation | Written down value | Written down value |
|                      | ..... Rupees in '000' ..... |                          |                    |                    |
| Free hold land       | 7,602                       | -                        | 7,602              | 7,602              |
| Factory building     | 102,973                     | 69,786                   | 33,187             | 30,811             |
| Non-factory building | 20,272                      | 19,026                   | 1,245              | 1,310              |
| Plant & machinery    | 1,465,417                   | 768,372                  | 697,045            | 509,997            |
|                      | <u>1,596,264</u>            | <u>857,184</u>           | <u>739,079</u>     | <u>549,720</u>     |

**2019**                      **2018**  
 ..... Rupees in '000' .....

## 6 INTANGIBLE ASSET

|                   |              |              |
|-------------------|--------------|--------------|
| Computer software | <u>3,293</u> | <u>4,915</u> |
|-------------------|--------------|--------------|



|  | Note | 2019<br>..... Rupees in '000' ..... | 2018          |
|--|------|-------------------------------------|---------------|
| <b>6.1 Net carrying amount</b>   |      |                                     |               |
| Opening net book value   |      | 4,915                               | -             |
| Addition during the year   |      | -                                   | 7,336         |
| Amortisation charged   |      | (1,622)                             | (2,421)       |
| Closing net book value   |      | <u>3,293</u>                        | <u>4,915</u>  |
| Amortisation rate (%)  |      | <u>33%</u>                          | <u>33%</u>    |
| <b>6.2</b> The entire amortisation has been allocated to 'Administrative expenses'.  |      |                                     |               |
| <b>7 LONG TERM LOANS</b>   |      |                                     |               |
| <b>Secured - considered good</b>   |      |                                     |               |
| Vehicle loans to employees   | 7.1  | 888                                 | 437           |
| Less: Current portion of long term loans<br>shown under current assets   |      | <u>(143)</u>                        | <u>(114)</u>  |
|  |      | <u>745</u>                          | <u>323</u>    |
| <b>7.1</b> These are interest free loans given to employees for the purchase of vehicles other than directors and executives of the Company. The loan is recoverable in 60 to 84 installments from the date of disbursement and is secured by registration of vehicles in the name of the Company. |      |                                     |               |
|  |      | 2019<br>..... Rupees in '000' ..... | 2018          |
| <b>8 LONG TERM DEPOSITS</b>  |      |                                     |               |
| <b>Unsecured - interest free</b>   |      |                                     |               |
| Utilities  |      | 1,273                               | 1,273         |
| Rent   |      | 818                                 | 818           |
| Others   |      | <u>7</u>                            | <u>7</u>      |
|  |      | <u>2,098</u>                        | <u>2,098</u>  |
| <b>9 STORES, SPARES AND LOOSE TOOLS</b>  |      |                                     |               |
| Stores   |      | 15,222                              | 10,400        |
| Spares   |      | 44,014                              | 30,072        |
| Loose tools  |      | <u>2,343</u>                        | <u>1,601</u>  |
|  |      | <u>61,579</u>                       | <u>42,073</u> |



|                          | Note | 2019<br>..... Rupees in '000' | 2018<br>.....  |
|--------------------------|------|-------------------------------|----------------|
| <b>10 STOCK IN TRADE</b> |      |                               |                |
| Finished goods           |      | 21                            | 117,758        |
| Sugar in process         |      | 3,887                         | 2,729          |
| Molasses                 |      | -                             | 418            |
| Compost fertilizer       |      | 44,239                        | 391,642        |
| Bagasse                  |      | 1,045                         | 6,108          |
|                          |      | <u>49,192</u>                 | <u>518,655</u> |

## 11 TRADE DEBTS

|                                  |      |                |           |
|----------------------------------|------|----------------|-----------|
| <b>Considered good-Unsecured</b> |      | 845,561        | 94        |
| Provision for doubtful debts     |      | -              | -         |
|                                  | 11.1 | <u>845,561</u> | <u>94</u> |

### 11.1 Ageing analysis of trade debts

|                    |  |                |           |
|--------------------|--|----------------|-----------|
| less than one year |  | 845,561        | 94        |
| Above one year     |  | -              | -         |
|                    |  | <u>845,561</u> | <u>94</u> |

**11.2** All the amount in trade debtors are outstanding for less than 1 year and the Company is expected to receive all the amount due, therefore no loss allowance is recognized as per IFRS-9.

|   | Note | 2019<br>..... Rupees in '000' | 2018<br>..... |
|---|------|-------------------------------|---------------|
| <b>12 LOANS AND ADVANCES</b>              |      |                               |               |
| Current portion of long term loans        | 7    | 143                           | 114           |
| <b>Unsecured considered good</b>          |      |                               |               |
| Loan to growers                           |      | 5,774                         | 5,783         |
| Advance to suppliers and contractors      |      | 16,737                        | 10,161        |
| Advance against expenses                  |      | 2,654                         | 1,097         |
| Advance against salaries                  |      | 2,190                         | 1,720         |
|   |      | <u>27,355</u>                 | <u>18,760</u> |
|   |      | 27,498                        | 18,874        |
| <b>Considered Doubtful</b>                |      |                               |               |
| Loan to growers                           |      | 9,506                         | 9,506         |
| Advance to supplier, contractors & others |      | 17,473                        | 17,473        |
|   |      | 26,979                        | 26,978        |
| Less: Provision for doubtful advances     |      | (26,979)                      | (26,978)      |
|   |      | <u>27,498</u>                 | <u>18,874</u> |



|  | Note | 2019<br>..... Rupees in '000' | 2018<br>.....  |
|--|------|-------------------------------|----------------|
| <b>13 PREPAYMENTS AND OTHER RECEIVABLES</b>      |      |                               |                |
| Prepayments                                      |      | 1,113                         | 1,089          |
| Government subsidy receivable on export of sugar | 13.1 | 36,624                        | 130,940        |
| Sales tax  | 13.2 | 6,465                         | 6,465          |
| Other receivables                                |      | 2,208                         | 11,897         |
|  |      | <u>46,410</u>                 | <u>150,391</u> |

**13.1** This represents export subsidy on export of sugar as announced by the Federal and Provincial governments of Pakistan.

**13.2** This represents the amount of sales tax paid by the Company in the year ended 2001 against the demand raised by the collectorate of sales tax. The Company had adjusted further sales tax paid earlier by it on its sales against the output tax on its subsequent sales following the judgment of High Court of Sindh on the issue declaring further tax charge as unlawful. The Company's suit for the recovery of the same is pending in the High Court of Sindh.

|                                 | 2019<br>..... Rupees in '000' | 2018<br>..... |
|---------------------------------|-------------------------------|---------------|
| <b>14 SHORT TERM INVESTMENT</b> |                               |               |
| Term deposit receipt            | -                             | 30,000        |
|                                 | <u>-</u>                      | <u>30,000</u> |

|                               |              |               |
|-------------------------------|--------------|---------------|
| <b>15 TAXATION REFUNDABLE</b> |              |               |
| Income tax refundable         | -            | 19,429        |
| Sales tax refundable          | 8,017        | 8,017         |
|                               | <u>8,017</u> | <u>27,446</u> |

|                                  |              |               |
|----------------------------------|--------------|---------------|
| <b>16 CASH AND BANK BALANCES</b> |              |               |
| Cash in hand                     | 359          | 77            |
| <b>Cash at banks:</b>            |              |               |
| in current accounts              | 4,109        | 46,352        |
| in saving accounts               | 10           | 10            |
|                                  | <u>4,119</u> | <u>46,362</u> |
|                                  | <u>4,478</u> | <u>46,439</u> |



## 17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2019                         | 2018          |   | 2019                        | 2018           |
|------------------------------|---------------|---|-----------------------------|----------------|
| Number of shares<br>in '000' |               |   | ..... Rupees in '000' ..... |                |
| 16,900                       | 16,900        | Fully paid ordinary shares of Rs. 10<br>each issued for cash        | 169,000                     | 169,000        |
| 5,408                        | 5,408         | Fully paid ordinary shares of Rs. 10<br>each issued as bonus shares | 54,080                      | 54,080         |
| 22,308                       | 22,308        | Fully paid ordinary shares of Rs. 10<br>each issued as right shares | 223,080                     | 223,080        |
| <u>44,616</u>                | <u>44,616</u> |   | <u>446,160</u>              | <u>446,160</u> |

Note 2019 2018  
..... Rupees in '000' .....

## 18 SURPLUS ON REVALUATION OF FIXED ASSETS

### Surplus on revaluation:

|   |      |                  |                  |
|---|------|------------------|------------------|
| As at October 01  |      | 2,433,546        | 2,464,746        |
| Transferred to retained earnings in respect of incremental<br>depreciation charged during the year- net of deferred tax |      | (29,240)         | (31,200)         |
| As at September 30  |      | <u>2,404,306</u> | <u>2,433,546</u> |
| Related deferred tax on revaluation surplus   | 18.1 | 635,634          | 644,114          |
| As at September 30  |      | <u>1,768,672</u> | <u>1,789,432</u> |

**18.1** The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.

## 19 DIRECTORS' / SPONSORS' SUBORDINATED LOANS

These represent unsecured, interest free loan which are repayable at the discretion of the Company. These loans are also subordinated to syndicated long-term financing facility (SLTFF). The Company's agreement with the syndicate stipulates that the financing availed by the Company are to be extinguished in full before any payment is made against the subordinated loans as disclosed in note 21.2.



2019                      2018  
..... Rupees in '000' .....

## 20 DEFERRED TAXATION

**Deferred Tax arises due to following elements:**

**Deferred tax liability arises due to :**

|   |         |         |
|---|---------|---------|
| Accelerated depreciation                              | 136,024 | 115,966 |
| Surplus on revaluation of property, plant & equipment | 635,634 | 644,114 |
| Amortisation of long-term financing                   | 15,757  | 3,090   |
|   | 787,415 | 763,170 |

**Deferred tax asset arises due to :**

|   |           |           |
|---|-----------|-----------|
| Loans & advances  | 7,824     | 7,824     |
| Provision for staff gratuity                              | 6,537     | 5,901     |
| Carried forward tax losses, minimum taxes and tax credits | 355,516   | 371,524   |
|   | (369,877) | (385,249) |
| Deferred tax liability                                    | 417,538   | 377,921   |

## 21. LONG TERM FINANCING - SECURED

| PARTICULARS                          | NBP<br>DF                   | SMBL<br>SLTFF | September<br>2019 | September<br>2018 |
|--------------------------------------|-----------------------------|---------------|-------------------|-------------------|
|                                      | ..... Rupees in '000' ..... |               |                   |                   |
| Opening balance                      | 57,500                      | 989,346       | 1,046,846         | 700,154           |
| Obtained during the year             | -                           | -             | -                 | 570,000           |
| Unwinding of charges                 | -                           | 1,776         | 1,776             | 1,776             |
| Amortization                         | -                           | -             | -                 | 7,248             |
|                                      | 57,500                      | 991,121       | 1,048,622         | 1,279,178         |
| Repaid during the year               | (34,000)                    | (45,455)      | (79,455)          | (80,514)          |
| Settled through encashment of DSCs   | -                           | -             | -                 | (159,649)         |
| Loss on early settlement of loan     | -                           | -             | -                 | 7,831             |
|                                      | 23,500                      | 945,667       | 969,167           | 1,046,845         |
| Current portion                      | (23,500)                    | (181,818)     | (205,319)         | (124,909)         |
| Closing liability as at September 30 | -                           | 763,849       | 763,849           | 921,937           |
|                                      | 21.1                        | 21.2          |                   |                   |





## 21.1 National Bank of Pakistan-DF

This represents long-term finance facility obtained by the Company from a commercial bank. This facility was created by conversion of short-term running finance facility as a result of restructuring agreement reached between the Bank and the Company dated June 12, 2017. This facility carries mark-up at the rate of 3 months KIBOR + 2.5% p.a. The principal amount and mark-up thereon is repayable in 11 quarterly equal installments effective from the date of agreement. This facility is secured by way of first pari passu hypothecation charge over plant & machinery, first equitable mortgage over land and buildings thereon and personal guarantees of all the directors of the Company.

## 21.2 Syndicated long term finance facility (SLTFF)

This represent long-term finance facility obtained by the Company from syndicate of Summit Bank Limited and Sindh Bank Limited (the Banks) for working capital purpose amounting to Rs. 1,000 million. This carries mark-up at the rate of 3 months KIBOR plus 3% (2018: KIBOR plus 3%) per annum payable quarterly. The principal amount is repayable in 22 equal quarterly installments after 18 months grace period.

This facility is secured by way of pari passu hypothecation charge over all present and future fixed assets of the Company, first pari passu charge over immovable property, lien on current assets and personal guarantees of all sponsors / directors of the Company along with subordinated loan agreements.

|                                | Note | 2019<br>..... Rupees in '000' ..... | 2018          |
|--------------------------------|------|-------------------------------------|---------------|
| <b>22 DEFERRED LIABILITIES</b> |      |                                     |               |
| Quality premium                | 22.1 | 56,461                              | 56,461        |
| Gratuity                       | 22.2 | 22,540                              | 20,350        |
|                                |      | <u>79,001</u>                       | <u>76,811</u> |

**22.1** Subsequent to the verdict issued by the Honorable Supreme Court of Pakistan (SCP) dated March 03, 2018 relating to quality premium, the Company based on advice from its legal advisor has taken the position that since no valid notification for quality premium under section 16(v) of the Sugar Factories Control Act, 1950 could have been issued by the Provincial Government, no liability for the payment of quality premium has arisen between the crushing season 1998-1999 till the date of the decree. The Company has also considered additional payments made to the cane grower over and above minimum support price fixed by the Provincial Government which are considered to be inclusive of quality premium. However, as a matter of prudence, the Company carries full provision in respect of quality premium payable pertaining to years 2003 and 2004 in these financial statements.

## 22.2 Staff gratuity

Contributions to the fund are made based on actuarial recommendations. The last actuarial valuation was carried out as at September 30, 2019 using the Projected Unit Credit Method.



|  | 2019                        | 2018                        |
|--|-----------------------------|-----------------------------|
|  | ..... Rupees in '000' ..... | ..... Rupees in '000' ..... |
| <b>Principal assumptions</b>                                       |                             |                             |
| Discount rate  | 12.50% p.a                  | 8.00% p.a                   |
| Expected rate of eligible salary increase in future year-long term | 12.50% p.a                  | 8.00% p.a                   |
| <b>Changes in defined benefit liabilities are:</b>                 |                             |                             |
| Opening defined benefit obligation                                 | 20,350                      | 19,609                      |
| Expense for the year / current service cost                        | 1,511                       | 741                         |
| Interest cost  | 2,035                       | -                           |
| Actuarial Gains  | (1,356)                     | -                           |
| Benefit paid by the Company  | -                           | -                           |
| Closing defined benefit obligation                                 | <u>22,540</u>               | <u>20,350</u>               |
| <b>Liability for gratuity arose in the following manner:</b>       |                             |                             |
| Opening net liability  | 20,350                      | 19,609                      |
| Expense for the year   | 3,546                       | 741                         |
| Other comprehensive expense  | (1,356)                     | -                           |
| Closing net liability  | <u>22,540</u>               | <u>20,350</u>               |

2019 2018  
..... Rupees in '000' .....

## 23 TRADE AND OTHER PAYABLES

|   |                |                |
|---|----------------|----------------|
| <b>Trade payables</b>   |                |                |
| Sugar cane and others   | 171,828        | 203,234        |
| Accrued expenses  | 31,852         | 31,500         |
| <b>Other payables</b>   |                |                |
| Advance from customers  | 355,507        | 332,228        |
| Sales tax and excise duty payable                                 | 185,842        | 358            |
| Payable to FBR in respect of dividend distribution                | 4,747          | 4,747          |
| Payable to central zakat fund in respect of dividend distribution | 757            | 757            |
| Workers' welfare fund   | 15,232         | 10,430         |
| Workers' profit participation fund                                | 37,318         | 25,555         |
| Others  | 34,096         | 10,184         |
|   | <u>633,499</u> | <u>384,259</u> |
|   | <u>837,179</u> | <u>618,993</u> |



**2019**                      **2018**  
..... Rupees in '000' .....

**24 ACCRUED MARK UP**

|  |               |               |
|--|---------------|---------------|
| National Bank of Pakistan - Demand finance | 1,205         | 1,437         |
| Syndicate Long Term Finance                | 39,950        | 25,029        |
|  | <u>41,155</u> | <u>26,466</u> |

**25 TAXATION - NET**

|               |               |
|---------------|---------------|
| <u>28,442</u> | <u>22,113</u> |
|---------------|---------------|

**26 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

- 26.1** The Company filed Constitution Petition (CP) No. D-2123/2011 against Commissioner Inland Revenue in the Sindh High Court challenging the validity and legality of section 3A of the Federal Excise Act, 2005 and SRO 655(1)/2007 dated July 29, 2007 which, in a judgment dated February 22, 2013 was decided in favor of the Company. Aggrieved by the judgment of the Sindh High Court, the Commissioner Inland Revenue constituted Civil Petition for Leave to Appeal (CPLA) No. 750 of 2013 in the Honorable Supreme Court of Pakistan which is currently pending. The management and the legal advisors of the Company are confident that the matter will eventually be decided in favour of the Company and the judgment passed by Sindh High Court in this respect will be upheld.
- 26.2** Appeals were instituted by the Company before Appellate Tribunal, Karachi, against Order-in-Original No. 26 of 2006 dated September 30, 2006 and Order-in-Original No. 62 of 2006 dated September 30, 2006 passed by Additional Collector (Customs, Central Excise and Sales Tax) Hyderabad, whereby a demand of further tax of Rs. 5.917 million was established. The Appellate Tribunal decided the case in favour of the Company in orders dated April 04, 2008, however, being aggrieved by the decisions, Civil Appeals No. 938 of 2011 and 939 of 2011 were filed in Sindh High Court which were dismissed and as a result CPLA No. 85 of 2009 and CPLA No. 86 of 2009 were instituted before Honorable Supreme Court of Pakistan by the department. These CPLAs were subsequently disposed off in a judgment dated February 06, 2012 and remanded back to Sindh High Court which is currently pending adjudication. The management and the legal advisors of the Company are confident about the favorable outcome of the above matters, therefore, no provisions in this respect are made in these financial statements.
- 26.3** The Company along with other sugar mills (Petitioners) has filed Constitution Petition (CP) No. 230 of 2014 challenging certain provisions of prevailing sugar sectors regulatory regime which is currently pending before the Honorable High Court of Sindh. The Petitioners have challenged the said provision being contradictory with Constitution of the Islamic Republic of Pakistan. At this juncture, it is not possible to assess and estimate the financial impact of the case in question.



- 26.4** The Government of Sindh (GOS) during the year issued notification no. 18(142)/S.O (EXT) 2017 fixing the minimum price of sugarcane at the rate of Rs.182 per 40 kgs for the crushing season 2017-2018. The Company along with other Sugar Mills (the Petitioners) has filed a Constitution Petition (CP) in High Court of Sindh (the Court) challenging the said notification. The Court in its judgment fixes the minimum price of sugarcane at the rate of Rs.160 per 40 for crushing season 2017-2018 and the balance of Rs. 22 per 40 kg to be decided by the Honorable Supreme Court of Pakistan which is currently pending. The management of the Company believes that the matter will ultimately be decided in favour of the Company, therefore, no provision in respect of rate differential amounting Rs. 88.365 million has been made in these financial statements.
- 26.5** The deputy commission Inland Revenue has selected the audit for the tax year 2014 and passed an order dated 1 February 2019 creating demand of Rs 259.430. The Company has filed appeal before commissioner Inland Revenue Appeals and the management is confident that appeal will be decided in favour of the Company. Therefore no provision is made against such disallowance.
- 26.6** The Sindh Growers Alliance has filed constitutional petition for implementation of notification dated 2 may 2019 pertaining to minimum purchase price of sugar cane for 2018-2019 crushing season. The management in confident that the Company has good case and no provision is required against the same.
- 26.7** No provision on account of the above referred pending cases has been made in these financial statements as the management of the Company is of the view that these matters will eventually be settled in favour of the Company.
- 26.8** Contingencies in respect of quality premium has been disclosed in note 22.1 to the financial statements.

### Commitments

- 26.9** There is no capital commitment existed at the year end.

|                       | 2019                    | 2018                    |
|-----------------------|-------------------------|-------------------------|
|                       | ..... Rupees in '000'   | .....                   |
| <b>27 SALES - NET</b> |                         |                         |
| Sugar - Local         | 2,345,933               | 1,596,832               |
| Sugar - Export        | -                       | 245,209                 |
| Molasses              | 128,930                 | 150,989                 |
| Compost fertilizer    | 1,195,774               | -                       |
|                       | <u>3,670,637</u>        | <u>1,993,030</u>        |
| Less: Sales tax       | (283,103)               | (171,285)               |
|                       | <u><u>3,387,534</u></u> | <u><u>1,821,745</u></u> |



|                           | Note | 2019<br>..... Rupees in '000' | 2018<br>.....    |
|---------------------------|------|-------------------------------|------------------|
| <b>28 COST OF SALES</b>   |      |                               |                  |
| Sugarcane consumed        |      | 2,078,131                     | 1,582,495        |
| Manufacturing expenses    | 28.1 | 329,639                       | 250,984          |
|                           |      | <u>2,407,770</u>              | <u>1,833,479</u> |
| <b>Sugar in process</b>   |      |                               |                  |
| Opening                   |      | 2,729                         | 3,374            |
| Closing                   |      | (3,887)                       | (2,729)          |
|                           |      | (1,158)                       | 645              |
| <b>Finished goods</b>     |      |                               |                  |
| Opening                   |      | 117,758                       | -                |
| Closing                   |      | (21)                          | (117,758)        |
|                           |      | 117,737                       | (117,758)        |
| <b>Molasses</b>           |      |                               |                  |
| Opening                   |      | 418                           | -                |
| Closing                   |      | -                             | (418)            |
|                           |      | 418                           | (418)            |
| <b>Baggase</b>            |      |                               |                  |
| Opening                   |      | 6,108                         | -                |
| Closing                   |      | (1,045)                       | (6,108)          |
|                           |      | 5,063                         | (6,108)          |
| <b>Compost fertilizer</b> |      |                               |                  |
| Opening                   |      | 391,642                       | -                |
| Closing                   |      | (44,239)                      | (391,642)        |
|                           |      | 347,403                       | (391,642)        |
|                           |      | <u>2,877,233</u>              | <u>1,318,198</u> |

#### 28.1 Manufacturing expenses

|                                       |        |                |                |
|---------------------------------------|--------|----------------|----------------|
| Salaries, wages and other benefits    | 28.1.1 | 106,267        | 103,245        |
| Stores and spares consumed            |        | 100,564        | 47,334         |
| Fuel and power                        |        | 32,469         | 25,927         |
| Repairs and maintenance               |        | 24,229         | 14,360         |
| Vehicle maintenance                   |        | 2,655          | 2,535          |
| Insurance                             |        | 4,603          | 5,570          |
| Depreciation                          | 5.2    | 54,530         | 46,504         |
| Bagasse, mud, ash handling and others |        | 4,322          | 5,509          |
|                                       |        | <u>329,639</u> | <u>250,984</u> |

28.1.1 This includes Rs. 3.546 (2018: Rs. 0.621) million in respect of staff gratuity and Rs. 1.821 (2018: Rs. 1.516) million in respect of contribution to staff provident fund.



|   | Note | 2019<br>..... Rupees in '000' ..... | 2018          |
|---|------|-------------------------------------|---------------|
| <b>29 ADMINISTRATIVE EXPENSES</b>       |      |                                     |               |
| Salaries and other benefits             | 29.1 | 59,186                              | 52,836        |
| Rent, rates and taxes                   |      | 5,401                               | 4,856         |
| Insurance                               |      | 3,130                               | 1,674         |
| Water, gas and electricity              |      | 1,924                               | 2,069         |
| Printing and stationery                 |      | 1,666                               | 1,742         |
| Postage, telephone, telegrams and telex |      | 747                                 | 745           |
| Vehicle maintenance                     |      | 2,817                               | 2,164         |
| Repairs and maintenance                 |      | 535                                 | 800           |
| Traveling and conveyance                |      | 587                                 | 938           |
| Fee and subscription                    |      | 1,345                               | 1,817         |
| Legal and professional                  |      | 3,501                               | 2,613         |
| Auditors' remuneration                  | 29.2 | 1,142                               | 1,274         |
| Entertainment                           |      | 1,803                               | 1,577         |
| Computer maintenance                    |      | 2,673                               | 1,115         |
| Charity and donation                    |      | -                                   | 3             |
| Depreciation                            | 5.2  | 15,214                              | 16,150        |
| Amortisation                            |      | 1,622                               | 2,421         |
| Advertisement                           |      | 135                                 | 58            |
| Newspaper, books and periodicals        |      | 16                                  | 16            |
| Others                                  |      | 2,499                               | 2,643         |
|   |      | <u>105,943</u>                      | <u>97,510</u> |

**29.1** This includes Rs. 0.521 (2018: Rs. 0.37) million in respect of contribution to staff provident fund.

|   | 2019<br>..... Rupees in '000' ..... | 2018         |
|---|-------------------------------------|--------------|
| <b>29.2 Auditors' remuneration comprises of :</b> |                                     |              |
| Statutory audit fees                              | 700                                 | 700          |
| Half yearly review                                | 297                                 | 220          |
| Other certifications                              | 50                                  | 284          |
| Out of pocket expenses                            | 95                                  | 70           |
|   | <u>1,142</u>                        | <u>1,274</u> |

## **30 SELLING AND DISTRIBUTION COST**

|                                |              |              |
|--------------------------------|--------------|--------------|
| Loading, stacking and sampling | 5,764        | 3,512        |
| Export related expenses        | -            | 1,982        |
|                                | <u>5,764</u> | <u>5,494</u> |



|  | Note | 2019<br>..... Rupees in '000' ..... | 2018           |
|--|------|-------------------------------------|----------------|
| <b>31 FINANCE COST</b>   |      |                                     |                |
| Mark-up on long term financing   |      | 158,810                             | 98,793         |
| Bank charges   |      | 157                                 | 160            |
| Interest expense   |      | -                                   | 7,248          |
|  |      | <u>158,967</u>                      | <u>106,201</u> |
| <b>32 OTHER CHARGES</b>  |      |                                     |                |
| Sindh workers' welfare fund  |      | 4,801                               | 6,046          |
| Sindh workers' profit participation fund   |      | 11,763                              | 14,813         |
| Loss on early settlement of long-term financing  |      | -                                   | 7,831          |
| Zakat  |      | -                                   | 4,360          |
| Other charges  |      | -                                   | 274            |
|  |      | <u>16,564</u>                       | <u>33,324</u>  |
| <b>33 DEFAULT SURCHARGE AND PENALTY</b>  |      |                                     |                |
| Default surcharge and penalty  | 33.1 | <u>150</u>                          | <u>12,292</u>  |
| <b>33.1</b> This represents penalties along with default surcharge imposed by Federal Board of Revenue (FBR) and Securities and Exchange Company of Pakistan (SECP). |      |                                     |                |
| <b>34 LOSS ON LOAN AMORTIZATION</b>  |      |                                     |                |
| Amortisation of investment in DSC's  |      | -                                   | 14,590         |
| Loss on early settlement of DSC's  |      | -                                   | (18,779)       |
|  |      | <u>-</u>                            | <u>(4,189)</u> |
| <b>35 OTHER INCOME</b>   |      |                                     |                |
| Profit on short-term investment  |      | 420                                 | 4,365          |
| Cash subsidy from government on export of sugar  |      | -                                   | 130,940        |
| Exchange gain  |      | -                                   | 7,944          |
| Other  |      | 17                                  | 291            |
|  |      | <u>437</u>                          | <u>143,540</u> |



**2019**                      **2018**  
..... Rupees in '000' .....

**36 TAXATION**

|          |               |                |
|----------|---------------|----------------|
| Current  | 27,084        | 56,972         |
| Deferred | 39,617        | 62,873         |
|          | <u>66,701</u> | <u>119,845</u> |

**36.1 Relationship Between profit and tax expense**

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| Accounting Profit              | 223,350          | 388,077          |
| Tax rate                       | 29%              | 29%              |
|                                | <u>64,772</u>    | <u>112,542</u>   |
| Theoretical tax expense        |                  |                  |
| Adjustment for previous losses | 1,929,518        | 7,303,421        |
| Actual Expense                 | <u>1,994,290</u> | <u>7,415,963</u> |

**36.2** Income tax assessments of the Company have been completed up to the tax year 2019 (accounting year ended September 30, 2018) which are deemed to have been assessed under section 120 of the Income Tax Ordinance, 2001.

**37 EARNING PER SHARE - BASIC AND DILUTED**

|   |                |                |
|---|----------------|----------------|
| Profit for the year - (Rupees in '000')               | <u>156,649</u> | <u>268,232</u> |
| Weighted average number of ordinary shares (in '000') | <u>44,616</u>  | <u>44,616</u>  |
| Earning per share - (Rupees)                          | <u>3.51</u>    | <u>6.01</u>    |

**37.1** There is no dilutive effect on the basic earnings of the Company.





2019                      2018  
..... Rupees in '000' .....

### 38 CASH GENERATED FROM OPERATIONS

|   |                |                  |
|---|----------------|------------------|
| Profit before taxation                                    | 223,350        | 388,077          |
| <b>Adjustments for non-cash charges and other items :</b> |                |                  |
| Depreciation  | 69,744         | 62,654           |
| Amortization  | 1,622          | 2,421            |
| Finance cost  | 158,967        | 97,175           |
| Interest expense-imputed                                  | -              | 7,248            |
| Loss on early settlement of loan                          | -              | 7,831            |
| Amortisation of investment in DSC's                       | -              | (14,590)         |
| Loss on early settlement of DSC's                         | -              | 18,779           |
| Sindh workers welfare fund                                | 4,801          | 6,046            |
| Sindh workers profit participant fund                     | 11,763         | 14,813           |
| Export subsidy  | -              | (130,940)        |
| Provision for gratuity                                    | 3,546          | 1,053            |
|   | 250,443        | 72,490           |
| <b>Working capital changes</b>                            |                |                  |
| <b>Change in current assets</b>                           |                |                  |
| Stores, spares and loose tools                            | (19,506)       | (13,583)         |
| Stock in trade  | 469,463        | (515,281)        |
| Trade debts   | (845,467)      | 160,193          |
| Loans and advances  | (8,622)        | 21,928           |
| Prepayments and other receivables                         | 103,981        | (4,610)          |
|   | (300,151)      | (351,352)        |
| <b>Change in current liabilities</b>                      |                |                  |
| Trade and other payables                                  | 201,619        | (395,633)        |
| Cash generated from / (utilized in) operations            | <u>375,261</u> | <u>(286,418)</u> |



**2019**                      **2018**  
..... Rupees in '000' .....

### **39 PLANT CAPACITY AND PRODUCTION**

|  |        |        |
|--|--------|--------|
| Installed Production Capacity-Metric ton | 86,400 | 86,400 |
| Duration of Season-Days                  | 113    | 148    |
| Actual Production-Metric ton             | 36,865 | 39,660 |
| Actual Crushing-Days                     | 74     | 122    |
| % of capacity attained                   | 43%    | 46%    |

### **40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The risk is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management. The Board of Directors supervises the overall risk management approach within the Company.

#### **40.1 Market risk**

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

##### **40.1.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. As of September 30, 2019, the Company is exposed to such risk mainly in respect of short-term investments and long-term financing.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's profit by Rs.9.62 million (2018: Rs. 10.62 million) and a 1% decrease would result in an increase in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitive analysis. This analysis is prepared assuming that all other variables held constant and the amount of net liabilities outstanding as at the date of statement of financial position.



#### 40.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of the changes in foreign exchange rates. The Company is not exposed to foreign currency risk as at September 30, 2019 due to neither of the assets or liabilities are dominated in foreign currencies.

#### 40.1.3 Equity risk

Equity risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of September 30, 2019, the Company is not exposed to equity price risk.

#### 40.2 Credit risk

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

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

|                                   | 2019                  | 2018           |
|-----------------------------------|-----------------------|----------------|
|                                   | ..... Rupees in '000' | .....          |
| Long-term deposits                | 2,098                 | 2,098          |
| Trade debts                       | 845,561               | 94             |
| Prepayments and other receivables | 36,624                | 130,940        |
| Short-term investment             | -                     | 30,000         |
|                                   | <u>884,283</u>        | <u>163,132</u> |

#### Quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as follows:



| Name of banks             | Ratings    |           | Agency | 2019                        | 2018                        |
|---------------------------|------------|-----------|--------|-----------------------------|-----------------------------|
|                           | Short-term | Long-term |        | ..... Rupees in '000' ..... | ..... Rupees in '000' ..... |
| National Bank of Pakistan | A-1+       | AAA       | PACRA  | 646                         | 1,391                       |
| Allied Bank Limited       | A-1+       | AAA       | PACRA  | 672                         | 672                         |
| Askari Bank Limited       | A-1+       | AA+       | PACRA  | 5                           | 4                           |
| Habib Bank Limited        | A-1+       | AAA       | VIS    | 109                         | 1,933                       |
| Sindh Bank Limited        | A-1        | A+        | VIS    | 150                         | 151                         |
| Summit Bank Limited       | A-3        | BBB-      | VIS    | 334                         | 10,625                      |
| United Bank Limited       | A-1+       | AAA       | VIS    | 224                         | 12,680                      |
| MCB Bank Limited          | A-1+       | AAA       | PACRA  | 74                          | 131                         |
| Soneri Bank Limited       | A-1+       | AA-       | PACRA  | 28                          | 12,025                      |
| Meezan Bank Limited       | A-1+       | AA+       | VIS    | 1                           | 4,167                       |
| Al-Baraka Bank Limited    | A-1+       | A+        | PACRA  | 1,000                       | -                           |
| Bank Alfalah Limited      | A1+        | AA+       | VIS    | 24                          | -                           |
| Bank Al Habib Limited     | A-1+       | AA+       | PACRA  | 852                         | 2,583                       |
|                           |            |           |        | <u>4,119</u>                | <u>46,362</u>               |

### 40.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts to follow effective cash management and planning policy to ensure the availability of funds through committed credit facilities. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

|   | On demand      | Less than one year | 1 to 5 Years   | Total            |
|---|----------------|--------------------|----------------|------------------|
| -----Rupees in '000'-----               |                |                    |                |                  |
| Long term financing - secured           | -              | -                  | 763,849        | 763,849          |
| Deferred liabilities                    | -              | -                  | 79,001         | 79,001           |
| Trade and other payables                | 243,897        | 237,777            | -              | 481,673          |
| Current maturity of long-term financing | -              | 205,319            | -              | 205,319          |
| Unclaimed dividend                      | 6,427          | -                  | -              | 6,427            |
| Unpaid dividend                         | 204            | -                  | -              | 204              |
| Taxation - net                          | -              | 28,442             | -              | 28,442           |
| Accrued mark-up                         | -              | 41,155             | -              | 41,155           |
| September 30, 2019                      | <u>250,528</u> | <u>512,693</u>     | <u>842,850</u> | <u>1,606,071</u> |
| Long term financing - secured           | -              | -                  | 921,937        | 921,937          |
| Deferred liabilities                    | -              | -                  | 76,811         | 76,811           |
| Trade and other payables                | 41,847         | 244,918            | -              | 286,765          |
| Current maturity of long-term financing | -              | 124,909            | -              | 124,909          |
| Unclaimed dividend                      | 7,852          | -                  | -              | 7,852            |
| Unpaid dividend                         | 1,459          | -                  | -              | 1,459            |
| Taxation - net                          | -              | 22,113             | -              | 22,113           |
| Accrued mark-up                         | -              | 26,466             | -              | 26,466           |
| September 30, 2018                      | <u>51,158</u>  | <u>418,406</u>     | <u>998,748</u> | <u>1,468,312</u> |



Effective interest/mark-up rates for the financial liabilities are mentioned in the respective notes to the financial statements.

#### 40.4 Fair value of financial instruments

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

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

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

#### 40.5 Capital risk management

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimise risk. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximise shareholders value. The Company monitors capital using a debt equity ratio as follows:

|   | 2019                        | 2018             |
|---|-----------------------------|------------------|
|   | ..... Rupees in '000' ..... |                  |
| Long term financing - secured           | 763,849                     | 921,937          |
| Current maturity of long-term financing | 205,319                     | 124,909          |
| Total debt                              | 969,168                     | 1,046,846        |
| Total equity                            | 1,920,216                   | 1,762,211        |
| <b>Total debt and equity</b>            | <b>2,889,384</b>            | <b>2,809,057</b> |
| Gearing ratio                           | 34%                         | 37%              |



2019                      2018  
..... Rupees in '000' .....

#### 40.6 Financial Instruments by category

##### 40.6.1 Financial Asset as per statement of financial position

###### at amortised cost

|                                   |         |         |
|-----------------------------------|---------|---------|
| Trade debts                       | 845,561 | 94      |
| Loans and advances                | 27,498  | 18,874  |
| Prepayments and other receivables | 46,410  | 150,391 |
| Cash and bank balances            | 4,478   | 46,439  |
|                                   | 923,947 | 215,798 |

##### 40.6.2 Financial liabilities as per statement of financial position

###### at amortised cost

|   |           |         |
|---|-----------|---------|
| Trade and other payables                | 837,179   | 618,993 |
| Unclaimed dividend                      | 6,427     | 7,852   |
| Unpaid dividend                         | 204       | 1,459   |
| Current maturity of long-term financing | 205,319   | 124,909 |
| Accrued markup                          | 41,155    | 26,466  |
|   | 1,090,285 | 779,679 |

#### 41 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits to the executives of the Company are as follows:

|                              | 2019                        |           |            | 2018            |           |            |
|------------------------------|-----------------------------|-----------|------------|-----------------|-----------|------------|
|                              | Chief executive             | Directors | Executives | Chief executive | Directors | Executives |
|                              | ..... Rupees in '000' ..... |           |            |                 |           |            |
| Remuneration                 | -                           | 6,733     | 11,069     | -               | 5,665     | 9,556      |
| Perquisites                  |                             |           |            |                 |           |            |
| Conveyance                   | -                           | 307       | 1,034      | -               | 258       | 621        |
| Medical                      | -                           | 711       | 318        | -               | 83        | 328        |
| Bonus                        | -                           | -         | 133        | -               | -         | 1,286      |
| Leave encashment             | -                           | -         | 156        | -               | -         | -          |
| Company's contribution to PF | -                           | 250       | 136        | -               | 142       | 65         |
| Others                       | -                           | 90        | 73         | -               | 31        | 60         |
|                              | -                           | 8,090     | 12,919     | -               | 6,179     | 11,916     |
| Number of person(s)          | 1                           | 1         | 5          | 1               | 1         | 6          |



- 41.1** No remuneration has been paid by the Company to its chief executive officer or non-executive directors during the year.

## **42 TRANSACTIONS WITH RELATED PARTIES**

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

|                               | <b>2019</b>                  | <b>2018</b>  |
|-------------------------------|------------------------------|--------------|
|                               | <b>..... Rupees in '000'</b> | <b>.....</b> |
| <b>Directors and sponsors</b> |                              |              |
| Remuneration paid             | 8,090                        | 6,179        |

## **43. PROVIDENT FUND RELATED DISCLOSURES**

The following information is based on latest un-audited financial statements of the fund.

|                                 | <b>Note</b> | <b>2019</b>                  | <b>2018</b>  |
|---------------------------------|-------------|------------------------------|--------------|
|                                 |             | <b>..... Rupees in '000'</b> | <b>.....</b> |
| Size of the fund - Total assets |             | 61,257                       | 74,643       |
| Cost of the investment made     |             | 61,100                       | 72,097       |
| Fair value of investments       | 43.1        | 61,257                       | 72,643       |
| Percentage of investments made  |             | 100%                         | 97%          |

### **43.1 The break-up of fair value of investments is:**

|                            |               |               |
|----------------------------|---------------|---------------|
| Investment in mutual funds | 304           | 35,546        |
| Saving Account             | 60,952        | 37,097        |
|                            | <u>61,257</u> | <u>72,643</u> |

## **44 OPERATING SEGMENTS**

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

- 44.1** All sales of the Company comprises of sugar and its other By-products.

- 44.2** All non-current assets of the Company as at September 30, 2019 are located in Pakistan.



#### 45 NUMBER OF EMPLOYEES

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

|  | 2019 | 2018 |
|--|------|------|
| Total number of employees as at reporting date         | 198  | 199  |
| Total number of factory employees as at reporting date | 190  | 188  |
| Average number of employees during the year            | 196  | 196  |
| Average number of factory employees during the year    | 185  | 185  |

#### 46 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation.


#### 47 AUTHORISATION FOR ISSUE


These financial statements were approved on January 06, 2020 by the board of directors of the Company.

#### 48 GENERAL

Figures in these financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

  
Jamil Akberi  
Director

  
Amad Uddin  
Chief Financial Officer

  
Abdul Naeem Qureshi  
Director





## SIX YEARS' REVIEW AT A GLANCE

| FINANCIAL RESULTS               |            | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
|---------------------------------|------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                 |            |                  |                  | (Rs. in 000)     |                  |                  |                  |
| Sales                           |            | 3,387,534        | 1,821,745        | 2,347,921        | 1,528,012        | 2,613,738        | 3,486,661        |
| Gross profit / (loss)           |            | 510,301          | 503,547          | 4,524            | (175,109)        | (2,756)          | (203,702)        |
| Operating profit/(loss)         |            | 398,594          | 400,543          | (77,309)         | (436,155)        | (150,892)        | (348,242)        |
| Profit/ (loss) before taxation  |            | 223,350          | 388,077          | 223,947          | (458,799)        | (190,579)        | (424,328)        |
| Profit/(loss) after taxation    |            | 156,649          | 268,232          | 197,260          | (226,544)        | (228,161)        | (186,426)        |
| Accumulated loss                |            | (387,383)        | (566,148)        | (824,289)        | (1,045,626)      | (881,714)        | (718,799)        |
| OPERATING RESULTS               |            | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
| Sugarcane crushed               | (tonnes)   | 335,136          | 367,222          | 459,573          | 296,274          | 441,621          | 770,516          |
| Sugar recovery                  | ( % )      | 11.00            | 10.80            | 9.22             | 10.09            | 10.21            | 9.19             |
| Sugar produced                  | (tonnes)   | 36,865           | 39,660           | 42,320           | 29,925           | 45,100           | 70,864           |
| Molasses recovery               | ( % )      | 5.08             | 5.50             | 4.25             | 4.16             | 4.24             | 4.33             |
| Molasses produced               | (tonnes)   | 19,435           | 26,047           | 19,530           | 12,354           | 18,700           | 33,397           |
| Operating period                | ( days )   | 113              | 148              | 121              | 99               | 98               | 142              |
| ASSETS EMPLOYEED                |            | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
|                                 |            |                  |                  | (Restated)       | (Restated)       |                  |                  |
|                                 |            |                  |                  | (Rs. in 000)     |                  |                  |                  |
| Fixed capital expenditure       |            | 3,253,753        | 3,104,279        | 2,936,016        | 2,347,815        | 2,468,870        | 2,592,051        |
| Long term loans and deposits    |            | 2,843            | 2,421            | 1,970            | 1,589            | 1,750            | 1,900            |
| Investments                     |            | -                | -                | 178,590          | 158,715          | 141,520          | 126,188          |
| Current assets                  |            | 1,042,735        | 814,545          | 512,992          | 103,997          | 276,037          | 541,704          |
| <b>Total assets employed</b>    |            | <b>4,299,331</b> | <b>3,940,672</b> | <b>3,629,568</b> | <b>2,612,116</b> | <b>2,888,177</b> | <b>3,261,843</b> |
| FINANCED BY                     |            | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
|                                 |            |                  |                  | (Restated)       | (Restated)       |                  |                  |
|                                 |            |                  |                  | (Rs. in 000)     |                  |                  |                  |
| Shareholders' equity            |            | 58,777           | (119,988)        | (378,129)        | (822,544)        | (658,634)        | (495,719)        |
| Revaluation on fixed assets     |            | 1,768,672        | 1,789,432        | 1,811,584        | 1,339,697        | 1,402,329        | 1,467,993        |
| Subordinate loan from directors |            | 92,767           | 92,767           | 92,767           | 65,767           | 65,767           | 45,998           |
| Long term liabilities           |            | 718,394          | 921,937          | 676,407          | 234,163          | 245,563          | 283,318          |
| Deferred liabilities            |            | 496,540          | 454,732          | 391,118          | 260,409          | 1,003,672        | 396,462          |
| Current liabilities             |            | 1,164,181        | 782,363          | 1,035,821        | 1,534,624        | 829,480          | 1,563,791        |
| <b>Total funds invested</b>     |            | <b>4,299,331</b> | <b>3,940,672</b> | <b>3,629,568</b> | <b>2,612,116</b> | <b>2,888,177</b> | <b>3,261,843</b> |
| Break-up value per share        | ( Rupees ) | 1.32             | (2.69)           | (8.48)           | (36.87)          | (29.52)          | (22.22)          |
| Earnings per share              | ( Rupees ) | 3.51             | 6.01             | 5.94             | (10.16)          | (10.23)          | (8.36)           |

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## FORM OF PROXY

The Company Secretary  
**SAKRAND SUGAR MILLS LIMITED**  
41-K, Block 6, P.E.C.H.S.  
Karachi-75000

I / We \_\_\_\_\_

of \_\_\_\_\_

being a Member(s) of Sakrand Sugar Mills Limited and holder of \_\_\_\_\_

Ordinary Shares, as per Register Folio No. \_\_\_\_\_

and / or CDC Participant's I.D. Numbers \_\_\_\_\_

and Account / Sub-Account No. \_\_\_\_\_

hereby appoint \_\_\_\_\_

who is also a Member of the Company as my / our Proxy to vote for me / us and on my / our behalf  
at the 31<sup>st</sup> Annual General Meeting of the Company to be held on January 28, 2020 and at any  
adjournment thereof.

Signed \_\_\_\_\_ day of 2020.

**RUPEES FIVE  
REVENUE STAMP**

(Signature should agree with  
the specimen signature  
registered with the Company)

1. Witness Signature: \_\_\_\_\_

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

Address: \_\_\_\_\_

CNIC/Passport No. \_\_\_\_\_

2. Witness Signature: \_\_\_\_\_

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

Address: \_\_\_\_\_

CNIC/Passport No. \_\_\_\_\_

### NOTE :

1. This form of proxy duly completed and signed, must be deposited at Company's Registered Office not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to instrument.
3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/ sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.



# پراکسی فارم

کمپنی سیکریٹری  
سکرٹڈ شوگر ملز لمیٹڈ  
K-41، بلاک 6، پی۔ای۔سی۔ایچ۔ایس  
کراچی-75000

میں / ہم \_\_\_\_\_  
ساکن \_\_\_\_\_  
بحیثیت ممبر سکرٹڈ شوگر ملز لمیٹڈ \_\_\_\_\_  
عام شئیرز جن کے شئیرز رجسٹر فولیو نمبر \_\_\_\_\_ اور / سی ڈی سی پارٹیشننگ آئی ڈی نمبر \_\_\_\_\_  
اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_ بذریعہ ہذا \_\_\_\_\_  
ساکن \_\_\_\_\_

جو کہ کمپنی کا ممبر بھی ہے، کو بطور اپنا پراکسی مقرر کرتا / کرتی ہوں تاکہ وہ 28 جنوری 2020ء کو منعقد کیئے جانے والے کمپنی کے 31 ویں سالانہ اجلاس عام میں میری / ہماری جگہ ووٹ دے سکیں۔

دستخط \_\_\_\_\_ مورخہ \_\_\_\_\_

ممبر کے دستخط

گواہان:

مبلغ پانچ روپے  
کے ڈاک ٹکٹ

|  |
|--|
| دستخط: _____                             |
| نام: _____                               |
| پتہ: _____                               |
| کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____ |

|  |
|--|
| دستخط: _____                             |
| نام: _____                               |
| پتہ: _____                               |
| کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____ |

نوٹ: 1 سی ڈی سی شیئر ہولڈرز اور ان کے پراکسی لازمی طور پر اس پراکسی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔

2 موثر العمل ہونے کے لیے پراکسی اجلاس کے وقت انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔ پراکسی کو کمپنی کارکن ہونا ضروری ہے۔

**REGISTERED OFFICE**  
41-K, Block 6, P.E.C.H.S., Karachi.  
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**FACTORY**  
Deh Tharo Unar, Taluka Sakrand,  
District Shaheed Benazirabad, Sindh.