



Sindh Abadgar's Sugar Mills Limited



TRUSTED BRAND
EXCELLENT QUALITY



34th Annual Report

FOR THE YEAR ENDED SEPTEMBER 30,

2017



SINDH ABADGAR'S SUGAR MILLS LIMITED

34th ANNUAL REPORT 2017

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COMPANY PROFILE

DIRECTORS

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

CHIEF FINANCIAL OFFICER

Mr. Nisar H. Virani

COMPANY SECRETARY

Mr. Aziz Ahmed

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
MCB Bank Limited
United Bank Limited
Meezan Bank Limited

AUDIT COMMITTEE

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

HR AND REMUNERATION COMMITTEE

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

AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

REGISTERED OFFICE

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

MILLS

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

REGISTRAR

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

EMAIL ADDRESS

sasm@unitedgroup.org.pk



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 34th Annual General Meeting of the Company will be held on Friday, the 26th January, 2018 at 4:00 pm at the Auditorium of The Pakistan Institute of International Affairs (PIIA), Near Sidco Avenue Centre, Opposite: Libra Autos CNG Pump, Maulana Deen Muhammad Wafai Road, Karachi to transact the following business:

1. To confirm the Minutes of the Annual General Meeting held on 27th January 2017.
2. To receive and adopt the Audited Accounts of the Company for the year ended September 30, 2017 together with the Reports of the Directors' and Auditors thereon.
3. To appoint Auditors of the Company for the year ending September 30, 2018 and to fix their remuneration as recommended by the Audit Committee and the Board of Directors.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi : 3rd January, 2018

Aziz Ahmed
Company Secretary

Notes :-

1. The register of members of the Company will be closed from **Tuesday, January 16, 2018, to Friday, January 26, 2018 (both days inclusive)** and no transfers will be registered during this closed period. Shares received at the office of the Share Registrar of the Company M/s. JWAFS Registrar Services (Pvt.) Ltd., 407-408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi at the close of Business on **15th January, 2018** will be treated in time.
2. A member of the Company eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies to be effective must be in writing and must be received by the Company 48 hours before the Meeting.
3. The Shareholders of the Company whose shares are registered in their account / sub-account with Central Depository System (CDS) are requested to bring original computerized National Identity Card along with their account number in CDC and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.
 - A. For Attending the Meeting**
 - In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has provided earlier) at the time of the Meeting.
 - B. For Appointing Proxies:**
 - The proxy form shall be witnessed by two persons whose names, address and NIC numbers shall be mentioned on the form.
 - Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - The proxy shall produce his original NIC or original passport at the meeting.
 - In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
4. The Shareholders of the Company are requested to immediately notify any change in their addresses to our Share Registrar M/s. JWAFS Registrar Services (Pvt.) Ltd., 407-408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi.



CHAIRMAN'S REPORT

Review Report by the Chairman on Board's overall performance u/s 192 of the Companies' Act 2017.

Your Company has carried out annual evaluation of the Board of Directors as required under the code of Corporate Governance. The main purpose is to measure the performance and effectiveness of the Board against the objectives of the Company set at the beginning of the year and I report that:

- 1- The overall performance of the Board for the year under review was satisfactory.
- 2- The Board had full understanding of the vision and mission statements and frequently revisit them to update with the changing market conditions.
- 3- The Board members attended Board meetings during the year and participated in important Company's matter.
- 4- The Board members possessed all necessary Skills and diversity to take strategies decisions.
- 5- The Board members regularly received reports on finances / budgets , production and other important matters which helped them take effective decisions.
- 6- The Board members were updated with regard to achievement of financial results through regular presentations by the management and accordingly received directions and oversight on a timely basis.

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

Deomal Essarani
Chairman

KARACHI: 29 December, 2017

چیرمین رپورٹ

چیرمین کی نظر ثانی شدہ رپورٹ زیر دفعہ 192 کمپنیز ایکٹ، 2017 برائے مجملہ کارکردگی۔

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

ڈیول ایسرانی

چیرمین

کراچی 29 December, 2017



DIRECTORS' REPORT TO THE SHARE HOLDERS

Dear Members - Assalam-o-Alekum

On behalf of the Board of Directors and myself, I am pleased to welcome you all to the 34th Annual General Meeting of the Company and presenting before you the Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2017.

Financial Results:

	2017 Rupees	2016 Rupees
(Loss)/ Profit before taxation	(454,852,339)	1,313,833
Taxation- net	54,262,330	(26,350,738)
Loss after taxation	(400,590,009)	(25,036,905)
Transferred from surplus on Revaluation	103,070,133	47,336,362
	(297,519,876)	(22,299,457)
Unappropriated (Loss) brought forward	(129,979,060)	(152,278,517)
Accumulated (Loss) carried forward	(427,498,936)	(129,979,060)
Per Share loss after taxation	(38.43)	(2.40)

Your Company incurred substantial loss of Rs. 400.59 million after taxation compared to Rs. 25.036 million in the corresponding year amid higher sugarcane prices paid with sugar sales price remained depressed almost throughout the year particularly in the last quarter of the year despite production was higher by 26.70%. The Government of Sindh fixed the minimum sugarcane support price at Rs.182/- per 40 kgs for the crushing season 2016-17 as against Rs.172/- per 40 kgs for the crushing season 2015-2016, 6% higher compared to the previous crushing season. Average Sugarcane procurement price remained very high during the year thus raising the cost of manufacturing beside the sales prices of sugar remained turbulent locally throughout the year thereby the company opted to export 21,248 M. Tons sugar during the year to mitigate some of the losses. As we highlighted in our last annual report that the subsidy for the years 2012-13 and 2013-14 amounting to Rs.73.920 (M) has not yet been paid by the TDAP for which efforts are being made for its recovery. The Government also announced to pay difference of subsidy Rs.10.70 per kg of sugar exported for the year under review.

Operational Results

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

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

COMPARATIVE STATISTICS

		2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Season Commenced		15-11-2016	29-11-2015	08-12-2014	01-11-2013	16-12-2012	22-12-2011
Season Closed		20-03-2017	26-02-2016	22-03-2015	18-03-2014	20-03-2013	19-03-2012
Days Worked		126	90	105	138/ 124	95	89
Sugarcane Crushed	Tons	593,036	490,605	474,511	505,185	384,319	331,064
Sugarcane Crushed	Mds	14,825,925	12,265,129	11,862,775	12,629,632	9,607,975	8,276,600
Daily Average Crushing	Tons	4,706	5,451	4,519	3,661	4,045	3,720
(on Net days)	Tons	5,757	5,703	5,102	4,074	-	-
Capacity Utilization	%	78	92	76	61	67	89
Sugar Recovery	%	10.41	9.92	10.00	9.85	9.865	9.30
Sugar Production	Tons	61,670	48,671	47,460	49,866	37,855	30,790
Molasses Production	Tons	28,781	24,195	24,885	26,000	19,844	18,600

Performance Review

Alhamdulillah, the overall operational performance of the Company continued to be satisfactory during the year.



Crushing operations commenced on 15-11-2016 and continued up to 20-03-2017 for 126 days as against 90 days in the preceding season. Sugarcane crushed during the current season was 593,036 M. Tons with average sucrose recovery of 10.41% and sugar production of 61,670 M. Tons, as compared to crushing of 490,605 M. Tons with average sucrose recovery of 9.92% and sugar production of 48,671 M. Tons during the preceding season.

I am pleased to inform the shareholders that the process of BMRE has been almost completed smoothly and its results are also encouraging.

Contribution to National Exchange

Your Company contributed Rs.142.450 million (2016 Rs.148.514 million) into the Government treasury towards Income taxes, sales taxes and other govt levies. Further foreign exchange USD 8.575 million was also generated by export of Sugar during the year.

Dividend

The Company has not recommended/ declared any dividend in view of staggering losses suffered by the company during the year under review.

Corporate Social Responsibility Activities (CSRA)

Your company remains committed towards improving the life style of people inhabited in the vicinity of Mills during the year. Your company organized eye camp with the objectives to provide free health care to the community. The company also donated under CSRA Rs.2.9 million to SMCDA patients' welfare society with frequent free meal distributed among the poor people.

Impact on Environment

Your company has built waste water lagoons to store waste water which after evaporation converted into solid waste used as fertilizer. As such No flow / gush waste water goes into nearby surrounding areas to hazard inhabitants or create pollution in environment. Further, more than 100k trees have been planted in and around the Mills to keep the environment remains unpolluted.

Future Prospects

The Government of Sindh has issued notification regarding the minimum sugarcane prices for the ensuing season 2017-2018 at Rs.182/- per 40 kg. Any upward revision will be disastrous for the Sugar industry in general and in lower part of Sindh in particular where the crop and recovery both are comparatively lesser and have wide difference as compared to upper Sindh. Operation of sugar mills will be in loss as has been noted and done for the last 4 years. There is a strong need on the part of the government to bail out the sugar industry from the crisis particularly sugarcane price once for all in view of higher crop and increase in number of Mills and capacity. Government had allowed sugar industry to export 225,000 Metric Tons initially of sugar for the current season 2016-17 but almost half of the quantity could not be exported accordingly. Further quantity of 1.00 million M. Tons of sugar was allowed for export. However in view of depressed prices of sugar the response was very discouraging.

Election of Directors and Appointment of Chief Executive

On 2nd May 2017, Election of Directors was held. All Retiring directors had offered themselves for re-election and were elected without contest. The new Board appointed Mr. Tara Chand as Chief Executive, and Mr. Mahesh Kumar was also appointed as whole time director at a gross annual remuneration elaborated in note 29.

No director of the company in any way whether directly or indirectly was concerned or interested in such appointments except to the extent that CEO & whole time directors were only interested in their remuneration.

Code of Corporate Governance

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

Directors Training program

We are pleased to inform that one of the eight directors on the board of the Company (i.e. Dr. Tara Chand Essarani) has already obtained the said certification from the Pakistan Institute of Corporate Governance (PICG) in the year 2013. As regards the remaining directors, the management of the Company is making arrangements for them to obtain the said certification latest by June 30, 2018 to ensure compliance with the requirement of the Code of Corporate Governance.

Statement on Corporate and Financial Reporting Framework

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the Financial Statements, Changes, if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and deviation there from if any, has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored regularly.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. The value of investment in provident fund was Rs.50.446 million as on 30-09-2017 based on un-audited accounts of the Provident Fund Trust.
9. Key operating and financial data for last six years, in summarized form, is given on page 15.
10. Information about the taxes and levies is given in the notes to the financial statements.
11. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 49 and 50.
12. During the year 2016-2017 four (4) meetings of the Board of Directors were held.

Attendance of each Director was as under:

No. of Name of Directors	Meetings attended
Mr. Deoo Mal Essarani	4
Dr. Tara Chand Essarani	4
Mr. Dileep Kumar	2
Mr. Pehlaj Rai	2
Mr. Mohan Lal	2
Dr. Besham Kumar	4
Mr. Mahesh Kumar	4
Mr. Shafaqat Ali Shah	3

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



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

Code of Conduct & Ethics

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

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

Health, Safety and Security

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

Audit Committee

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

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

HR and Remuneration Committee

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

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

Statutory Auditors

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

Conclusion

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

On behalf of the Board of Directors

Dr. Tara Chand Essarani
Chief Executive Officer

Mahesh Kumar
Director

Dated: 29 December, 2017

ڈائریکٹرز رپورٹ برائے حصص داران

پیارے ممبران - اسلام علیکم!

بورڈ آف ڈائریکٹرز کے جانب سے اور میں بذات خود، آپ کو چونتیسویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہوئے اور آپ کے سامنے مالی رپورٹ اور نتھیج شدہ مالی گوشوارہ برائے سال اختتام مورخہ 30 ستمبر، 2017 پیش کرتے ہوئے مسرت ہوگی۔

2017 Rupees	2016 Rupees	مالی نتائج:
(454,852,339)	1,313,833	نقصان نفع ٹیکس کی ادائیگی سے پہلے
54,262,330	(26,350,738)	کل ٹیکس
(400,590,009)	(25,036,905)	نقصان ٹیکس کی ادائیگی کے بعد
103,070,133	47,336,362	قدر و قیمت کا تعین و پرزائد منافع کی منتقلی
(297,519,876)	(22,299,457)	
(129,979,060)	(152,278,517)	غیر مصدقہ نقصان جو سامنے آیا
(427,498,936)	(129,979,060)	جملہ نقصان جو ظاہر کیا گیا
(38.43)	(2.40)	نقصان کی حصص

آپ کی کمپنی کو ٹیکس کی ادائیگی کے بعد بھاری مالی نقصان 400.59 ملین روپے کا ہوا جو کہ پچھلے سال ہونے والے نقصان 25.036 ملین اس کی وجہ گئے کی قیمتوں میں اضافہ جبکہ شکر کی قیمت مارکیٹ کے ابتری حالات کی وجہ سے پورے سال مایوس کن رہی خاص طور سے آخری سہ ماہی میں۔ جبکہ کمپنی کی پیداواری حد 26.70 فیصد زیادہ رہی۔ حکومت سندھ نے گئے کی کم از کم قیمت 182 روپے فی چالیس کلو مختص کی۔ کریٹنگ یا پیسائی کے سیزن 2016-17 جبکہ پیسائی کے سیزن 2015-16 میں قیمت 172 روپے فی چالیس کلو مختص تھی۔ جو کہ پچھلے سیزن کے مقابلے میں 6 فیصد زیادہ ہے۔ اوسط گئے کی قیمت خرید اونچی سطح پر رہی سال رواں کے دوران جس کے وجہ سے پیداواری قیمت میں اضافہ ہوا جبکہ شکر کی قیمت مسائل کا شکار رہی۔ اس وجہ سے کمپنی نے شکر برآمد کرنے کا فیصلہ کیا اور اسی سال 21,248 میٹرک ٹن شکر برآمد کی تاکہ نقصان کا کسی حد تک ازالہ کیا جاسکے۔ جیسا کہ ہم نے اپنے پچھلی سالانہ رپورٹ میں واضح کیا تھا کہ 2012-13 اور 2013-14 میں ملنے والی سبسڈی (مرامعات) جس کی رقم 73.92 ملین ہے جو کہ اب تک TDAP کی جانب سے ادا نہیں کی گئی ہے۔ اور ہم ادائیگی کیلئے تنگ دود میں لگے ہیں۔ حکومت سندھ نے شکر کی برآمدات پر مزید سبسڈی 10.70 فی کلو کے حساب سے دینے کا وعدہ کیا جو ابھی زیر غور ہے۔

کارکردگی کے نتائج:

خدا کے فضل و کرم سے موجودہ مالی سال کے دوران کمپنی کی وسعت اور پیداواری صلاحیتوں میں اضافے کیلئے جدید مشینوں کا استعمال کا فی تلسلی بخش رہے جو کہ بورڈ آف ڈائریکٹرز کی ہدایات و رہنمائی کے بغیر ناممکن تھا۔ اور ساتھ ہی انتظامیہ اور تمام کام کرنے والے اہلکاروں کے بغیر۔ میں بذات خود ان گنا گانے والے کسان بھائیوں کا بھی شکر گزار ہوں جنہوں نے ہمارے ساتھ بھرپور تعاون کیا اور اس کے ساتھ ساتھ خریداروں کا بھی شکر گزار ہوں، بینک اور ان تمام ہماری کمپنی کے متعلقہ لوگوں کا بھی شکر گزار ہوں۔

پچھلے چھ سالہ کارکردگی کا جائزہ درج ذیل ہے:

چھ سالہ اعداد و شمار کا تناسب:

2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	
						آغاز سیزن
15-11-2016	29-11-2015	08-12-2014	01-11-2013	16-12-2012	22-12-2011	اختتام سیزن
20-03-2017	26-02-2016	22-03-2015	18-03-2014	20-03-2013	19-03-2012	کام کے دن
126	90	105	138/ 124	95	89	گنے کی پیسائی
593,036	490,605	474,511	505,185	384,319	331,064	گنے کی پیسائی ٹن
14,825,925	12,265,129	11,862,775	12,629,632	9,607,975	8,276,600	روزانہ اوسطاً پیسائی من
4,706	5,451	4,519	3,661	4,045	3,720	ٹن
5,757	5,703	5,102	4,074	-	-	ٹن (کل دنوں میں)
78	92	76	61	67	89	% استعمال کی گئی تعداد
10.41	9.92	10.00	9.85	9.865	9.30	% شکر کی وصولی
61,670	48,671	47,460	49,866	37,855	30,790	ٹن شکر کی پیداوار
28,781	24,195	24,885	26,000	19,844	18,600	ٹن گڑ کی پیداوار

کارکردگی کا جائزہ:

الحمد للہ! سال رواں کے دوران کمپنی کی منجملہ کارکردگی تسلی بخش رہی۔ پیسائی کا آغاز مورخہ 15 نومبر 2016 سے 20 مارچ 2017 تک جاری رہا جو کہ 126 دن بنتے ہیں جبکہ پچھلے سال / سیزن یہی عمل 90 دن کا تھا۔ موجودہ سال اوسطاً 10.41 فیصد سکروس (کھانڈ) ریکوری اور شکر کی پیداوار 61,670 میٹرک ٹن کے ساتھ گنے کی پیسائی کی تعداد 593.06 میٹرک ٹن رہی۔ جو کہ پچھلے سال کی پیسائی 490,605 میٹرک ٹن تھی۔ کھانڈ کی پیداوار 9.92 فیصد اور شکر کی پیداوار 48.671 میٹرک ٹن زیادہ رہی اس عملی سال میں۔

مجھے حصص داران کے اطلاع دیتے ہوئے مسرت ہے کہ BMRE کا عمل با آسانی اختتام پذیر ہو گیا ہے اور اس کے نتائج حوصلہ افزاء ہیں۔

قومی مفاد میں پیشرفت:

آپ کمپنی نے 142.450 ملین کی رقم 2016 میں اور اس سال 148.514 ملین کی رقم انکم ٹیکس کی مد میں سرکاری خزانہ میں جمع کرائی۔ اس کے علاوہ سیلز ٹیکس اور دیگر سرکاری واجبات اور زرمبادلہ کی مد میں 8.575 ملین ڈالر برآمدات سے حاصل کی سال رواں کے دوران۔

منافع:

کمپنی نے منافع کی مد میں کوئی اعلامیہ جاری نہیں کیا اس کی وجہ سے سال رواں میں مسلسل نقصانات ہیں اور یہ مسئلہ زیر غور ہے۔

کارپوریٹ کی معاشرتی ذمہ داریوں کی سرگرمیاں:

آپ کی کمپنی پابند ہے ان تمام لوگوں کی زندگی میں بہتری لانے کیلئے جو کارخانے کے قرب و جوار میں رہائش پذیر ہیں۔ آپ کی کمپنی نے آنکھوں کے طبی معائنہ کیلئے ایک کمپ کا انعقاد کیا ہے جس کا مقصد کمیونٹی کو مفت طبی سہولیات فراہم کرنا ہے۔ کمپنی نے CSRA کی مدد میں SMCDA کو 2.9 ملین روپے کا چندہ دیا اور اس کے علاوہ مریضوں کو مفت کھانے تقسیم کیے گئے۔

ماحولیاتی اثرات:

آپ کی کمپنی نے ضائع ہونے والے پانی کی ذخیرہ اندوزی کیلئے تالاب بنائے جس سے آبی بخارات نکالنے کے بعد کاشت کیلئے کھاد کے طور پر استعمال کیا جاتا ہے۔ لہذا اب گندے پانی کی نکاسی بنائے ہوئے تالابوں میں ہوتی ہے جس سے علاقے میں آلودگی کے مسائل پیدا نہیں ہوتے۔ مزید برآں، 100,000 سے زائد درخت لگائے گئے ہیں تاکہ مستقبل میں ماحول غیر آلودہ رہے۔

مستقبل کے امکانات:

حکومت سندھ نے ایک نوٹیفکیشن جاری کیا ہے جس کے تحت گنے کی کم از کم قیمت 182 فی چالیس کلور کھی گئی ہے برائے سال 2017-18 میں۔ اگر اس میں کوئی کمی پیشی ہوئی تو اس کے نتائج شکر کی صنعت کیلئے تباہ کن ثابت ہوں گے خاص طور سے سندھ کے دیہی علاقوں کی پیداواری صلاحیت پر اس کے منفی اثرات مرتب ہوں گے جہاں گنے کی قیمت سندھ کے شہری علاقوں کی نسبت کم ہوتی ہے۔ جس کے نتیجے میں شوگر ملز کو نقصان کا سامنا کرنا پڑے گا جیسا کہ گذشتہ چار سالوں میں دیکھا گیا ہے۔ حکومت سندھ کیلئے یہ اشد ضروری ہے کہ وہ شکر کی صنعت کو بحران سے نکالے اور اس مقصد کیلئے گنے کی قیمت میں استحکام ضروری ہے تاکہ زیادہ پیداوار اور نئی صنعتوں کی پیداواری صلاحیت وسعت پذیر ہو۔ حکومت نے برائے سال 2016-17 میں 225,000 میٹرک ٹن شکر کی برآمدات کی اجازت دی ہے لیکن اب تک اس کی آدھی تعداد بھی برآمد نہیں کی جاسکی۔ جبکہ مزید 1.00 ملین میٹرک ٹن کی اجازت تھی۔ چونکہ شکر کی قیمتیں مایوس کن سطح پر ہیں اس وجہ سے کوئی حوصلہ افزاء جواب موصول نہیں ہوا۔

ڈائریکٹرز کا چناؤ اور چیف ایگزیکٹو کی تقرری:

مورخہ 2 مئی، 2017 کو ایکشن منعقد کیے گئے۔ تمام ریٹائرڈ ڈائریکٹرز نے چناؤ میں حصہ لیا اور تمام بغیر کسی مقابلہ کے چنے گئے۔ نئے بورڈ نے جناب تارا چند کو بطور چیف ایگزیکٹو منتخب کیا اور جناب ہمیش کمار کو کل وقت کیلئے ڈائریکٹر نامزد کیا گیا اور ان کی سالانہ مجموعی تنخواہ کا ذکر نوٹ کی شق نمبر 29 میں واضح ہے۔ کسی بھی طور سے کمپنی کے کسی ڈائریکٹر نے ان نامزدگیوں سے متعلق کوئی واسطہ یا دلچسپی کا اظہار نہیں کیا ماسوائے یہ کہ چیف ایگزیکٹو اور کل وقت کیلئے نامزد ڈائریکٹرز نے اپنی تنخواہ میں توسیع کیلئے دلچسپی کا اظہار کیا۔

کارپوریٹ انتظامیہ کا ضابطہ کار:

کمپنی نے وہ تمام ضابطہ اخلاق اپنائے جو کہ سیکورٹی اینڈ ایچ جی کمیشن آف پاکستان نے جاری کیے۔ ہم نے ان تمام لازمی قراردادوں پر عملدرآمد کیا اور ہم حکومت کے اس اقدام کو خوش آمدید کہتے ہیں جس سے کارپوریٹ سیکٹر پر نگاہ رکھی جاتی ہے اور حکومت کے سامنے کمپنی کے کاروبار افشاں رہتے ہیں۔

ڈائریکٹر کا تربیتی پروگرام:

ہم یہ بتاتے ہوئے مسرت محسوس کرتے ہیں کہ 8 ڈائریکٹروں میں سے 1 ڈائریکٹر جن کا نام ڈاکٹر تارا چندا بسرائی ہے انہوں نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس PICG سے 2013ء میں تربیتی پروگرام کی سند حاصل کی تھی اور ان کے علاوہ لقیہ ڈائریکٹر صاحبان کیلئے کمپنی کی انتظامیہ استاد حاصل کرنے کی مدد میں سہولیات باہم پہنچا رہی ہیں تاکہ وہ جون 2018، 30 تک اسناد حاصل کر لیں۔ تاکہ کارپوریٹ کے ضابطہ اخلاق کے مطابق اہل ہو سکیں۔

کارپوریٹ کے مالی امور کی اطلاعات / تفصیلات

- ۱۔ سالانہ مالی تفصیلات کمپنی شفاف طور سے تیار کرتی ہے جس میں کمپنی کے امور اور کارکردگی کے نتائج، مالی معاونت اور مساوی تبدیلی۔
- ۲۔ کمپنی کے حساب کتاب کے تمام کھاتے احسن طریقے سے رکھے جاتے ہیں۔
- ۳۔ درست حساب کتاب کے معیار کو اپناتے ہوئے تو اتر کے ساتھ مالی تفصیلات جاری کی جاتی ہیں، تبدیلی اگر کوئی ہو، تو اس کی معقول انداز سے وضاحت کی جاتی ہے۔ حساب کتاب کی تخمینہ کاری معقول طریقے اور صحیح فہم کی بنیاد پر کی جاتی ہے۔
- ۴۔ بین الاقوامی حساب کتاب کا معیار جو کہ پاکستان میں رائج ہے کی پاسداری کرتے ہوئے مالی تفصیلات جاری کی جاتی ہے اور اگر اس میں کوئی تضاد ہو تو اس کی معقول طریقے سے وضاحت کی جاتی ہے۔
- ۵۔ اندرونی کاروباری طرز عمل پر مکمل عبور حاصل ہے اور تمام ضروری احکامات پر عمل کیا جاتا ہے اور تو اتر کے ساتھ اس کی نگرانی کی جاتی ہے۔
- ۶۔ اس میں کوئی خاص شبہ کی بات نہیں کہ کمپنی کی صلاحیت مسلسل آگے بڑھنے اور پھلنے پھولنے کی ہے۔
- ۷۔ کارپوریٹ کے وضع کردہ ضابطہ اخلاق میں کوئی تضاد نہیں اور نہ ہی کمپنی نے اس سے کوئی اختلاف کیا ہے جیسا کہ کمپنی کے قوانین میں مندرج ہے۔
- ۸۔ پراؤڈٹ فنڈ میں سرمایہ کاری کی قیمت 50.44 ملین روپے مورخہ 30-09-2017 کو تھی جو کہ پراؤڈٹ فنڈ کی غیر تصدیق شدہ ہے۔
- ۹۔ کارکردگی کیلئے رہنما اصول اور پچھلے چھ سالوں کی مالی تفصیلات صفحہ نمبر 15 میں درج ہیں۔
- ۱۰۔ ٹیکسز اور چھوٹ سے متعلق اطلاعات مالی گوشوارہ کے نوٹس میں درج ہیں۔
- ۱۱۔ حصص کے طریقہ کار اور اس سے متعلق مزید معلومات صفحہ نمبر 49 اور 50 پر درج ہے۔
- ۱۲۔ دوران سال 2017-16، بورڈ آف ڈائریکٹرز کی چار میٹنگز منعقد کی گئیں۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ڈائریکٹرز کا نام	میٹنگ میں حاضری کی تعداد
جناب ڈیول ایسرانی	4
ڈاکٹر تارا چند ایسرانی	4
جناب دلپ کمار	2
جناب پہلاج رائے	2
جناب موہن لال	2
ڈاکٹر پنیش کمار	4
جناب مہیش کمار	4
جناب شفاقت علی شاہ	3

وہ ڈائریکٹرز حضرات جو میٹنگ میں اپنی ذاتی مصروفیات کے سبب حاضر نہ ہو سکے انہیں غیر حاضری کی مد میں رعایت دی گئی تھی۔

کسی بھی قسم کے حصص کے کاروبار میں کسی بھی ڈائریکٹر، چیف ایگزیکٹو اور سی ایف او، کمپنی کے سیکریٹری یا ان بیگمات اور ان کے بچوں نے کوئی حصہ نہیں لیا۔

ضابطہ اخلاق:

کمپنی کی یہ پالیسی ہے کہ وہ کمپنی کے کاروباری امور، کارکردگی کو کاروبار کے ان اونچے معیار کے تحت چلائے جس سے تمام قوانین و ضوابط کی پابندی ہو سکے اور وہ تمام بہتر طرز عمل اپنائے جو اچھے کارپوریٹ مدنی کیلئے ضروری ہیں۔ اس پالیسی کا اطلاق تمام ڈائریکٹرز اور کمپنی میں کام کرنے والے ملازمین پر ہے خواہ ان کا تعلق کسی بھی گریڈ یا معیار سے ہو یا وہ بھی کوئی بھی کام سرانجام دے رہے ہوں۔

- ۱۔ کمپنی کے تمام کاروباری امور، قوانین و ضوابط میں وضع کردہ اعلیٰ اصولوں کے تحت چلائے جاتے ہیں۔ تمام ڈائریکٹرز اور کام کرنے والے ملازمان اس بات کو یقینی بناتے ہیں کہ وہ خریداروں کے ساتھ، سپلائرز کے ساتھ و دیگر متعلقہ لوگوں کے ساتھ شفاف طریقے سے کاروبار چلائیں۔
- ۲۔ حکومت یا دیگر حکومتی اداروں، خریداروں، سپلائرز کے مابین کمپنی بلواسطہ یا بلاواسطہ کسی بھی غلط طریقہ کار یا کرپٹ برنس کے تحت کام ہرگز نہیں کرتی۔
- ۳۔ ڈائریکٹر حضرات اور کمپنی کے ملازمین کمپنی کی جائیداد یا اپنے عہدے سے کوئی ناجائز فائدہ نہیں اٹھاتے۔

صحت، حفاظت اور سیکورٹی:

کمپنی کلی طور پر پابند ہے کہ ان معیار کو پورا کرنے جو صحت، تحفظ، سیکورٹی اور ماحولیات کیلئے ضروری ہیں۔ اس کے علاوہ کمپنی باقاعدگی سے حفظانِ صحت کی ضرورت کی مدد میں مالی معاونت فراہم کرتی ہے اور سہولیات باہم پہنچاتی ہے۔ اس کے علاوہ ہسپتالوں کو اور فلاح و بہبود کے اداروں کو چندہ دیتی ہے تاکہ لوگوں کی ضرورتیں پوری ہو سکیں اور ہسپتال کیلئے ضروری آلات، ساز و سامان و دیگر سہولیات میسر آسکیں۔

آڈٹ کمیٹی:

کمپنی کی آڈٹ کمیٹی درج ذیل ممبران پر مشتمل ہے:

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

افراد کی قوت (انچ آر) اور تنخواجات کی کمیٹی:

کمپنی کی انچ آر اور تنخواجات کی کمیٹی درج ذیل ممبران پر مشتمل ہے:

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

منظور شدہ آڈیٹرز:

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹ، ریٹائرڈ ہیں مگر مستند ہیں۔ انہوں نے اپنے آپ خدمات فراہم کرنے کیلئے دوبارہ پیش کیا۔ بورڈ آڈٹ کمیٹی نے میسرز رحمان سرفراز رحیم اقبال رفیق چارٹرڈ اکاؤنٹنٹ بحیثیت آڈیٹرز برائے سال رواں کی نامزدگی کی سفارش کی۔

اعتنام:

ہم اللہ سے دعا کرتے ہیں کہ اللہ تعالیٰ ہماری رہنمائی کرے، کمپنی کی بہتری کیلئے ہمیں اپنے مقصد اور قومی مفاد میں کامیابی عطا کرے۔ (آئین)

ڈاکٹر تارا چند ایرانی	مہیش کمار
چیف ایگزیکٹو آفیسر	ڈائریکٹر

تاریخ: 29 دسمبر، 2017ء



SIX YEARS AT A GLANCE

	2017 (Rupees)	2016 (Rupees)	2015 (Rupees)	2014 (Rupees)	2013 (Rupees)	2012 (Rupees)
Profit & Loss Account:						
Turnover	2,015,771,967	3,160,906,955	2,100,602,765	2,212,511,073	2,326,655,780	1,501,814,968
Gross profit/(loss)	(259,158,512)	145,381,784	82,722,749	92,575,629	44,278,106	19,089,260
Operating profit / (loss)	(385,221,878)	53,682,380	(13,795,936)	(53,145,599)	(87,266,264)	(55,318,180)
Profit / (loss) before tax	(454,852,339)	1,313,833	(47,121,548)	(96,350,377)	(106,235,956)	(31,041,153)
Profit / (loss) after tax	(400,590,009)	(25,036,905)	(39,636,418)	(85,547,632)	(135,555,820)	(40,805,523)

Balance Sheet:

Fixed assets at WDV	1,932,954,585	2,012,259,205	1,353,513,590	1,458,875,323	1,497,147,427	995,778,378
Long term loans, advances and deposits etc.	1,065,256	1,106,473	1,201,703	930,794	1,691,091	1,215,169
Current assets	1,558,721,131	594,957,278	868,488,337	580,449,809	352,203,521	897,918,536
	3,492,740,972	2,608,322,956	2,223,203,630	2,040,255,926	1,851,042,039	1,894,912,083
Shareholders' equity	(323,248,936)	(25,729,060)	(48,028,517)	(7,220,680)	13,344,992	111,073,281
Surplus on revaluation of fixed assets	812,179,558	915,249,691	403,466,946	430,504,817	472,743,091	274,590,252
Long term liabilities & current maturity thereof	1,108,958,837	889,000,000	719,000,000	635,000,000	583,000,000	495,000,000
Deferred liabilities / Deferred Income	489,029,469	566,434,415	369,811,130	355,818,980	378,565,811	283,013,994
Current liabilities excluding current maturity of long term liabilities	1,405,822,044	263,367,910	778,954,071	626,152,809	403,388,145	731,234,556
	3,492,740,972	2,608,322,956	2,223,203,630	2,040,255,926	1,851,042,039	1,894,912,083

Statistics and Ratios

Gross profit to Sales	(12.86)	4.60	3.94	4.18	1.90	1.27
Profit / (Loss) before tax to Sales	(22.56)	0.04	(2.24)	(4.35)	(4.57)	(2.07)
Profit / (Loss) after tax to Sales	(19.87)	(0.79)	(1.89)	(3.87)	(5.83)	(2.72)
Fixed Assets/Turnover (Times)	0.96	0.64	0.64	0.66	0.64	0.66
Inventory/Turnover (Times)	0.50	0.01	0.22	0.11	0.04	0.32
Current Ratio	1:0.94	1:35.1	1:0.98	1:0.77	1:0.70	1:1.05
Debt-Equity Ratio	48:52	54:46	48:52	40:60	48:52	63:37
Earning / (Loss) per Share (Rs.)	(38.40)	(2.40)	(3.80)	(8.21)	(13.00)	(3.91)
Gross Dividend (%)	-	-	-	-	-	-
Dividend per Share (Rs.)	-	-	-	-	-	-

Vision

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

Mission

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



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Sindh Abadgar's Sugar Mills Limited** (the Company) for the year ended **September 30, 2017** to comply with the requirements of Rule 5.19 of the Rule book of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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's 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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **September 30, 2017**.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi.

Date: 29 December, 2017

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.5.19 of listing Regulation of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance

The company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors. At present the Board includes:

<u>Category</u>	<u>Names</u>
Independent Director	Mr. Shafaqat Ali Shah
Executive Directors	Dr. Tara Chand Mr. Mahesh Kumar
Non-Executive Directors	Mr. Deoo Mal Essarani Mr. Phelaj Rai Mr. Mohan Lal Dr. Besham Kumar Mr. Dileep Kumar

The Independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors have been provided with copies of Listing Regulations of the Pakistan Stock Exchange Limited, Memorandum and Articles of Association and they are well conversant with their duties and responsibilities. No training program was arranged for the directors during the year. The Company intends to facilitate training for the directors as required under the Code of Corporate Governance.
10. The Board has approved the appointment of the company secretary including his remuneration and terms and conditions.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of four (4) members, all of whom are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three (3) members, all of whom are non-executive directors.
18. The board has set up an effective internal audit function comprising of suitably qualified and experienced personnel for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of Board of Directors

Director

Director

Dated: 29 December, 2017

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Plot No. 180, Block-A,
S.M.C.H.S.
Karachi.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Sindh Abadgar's Sugar Mills Limited** ("the Company") as at **September 30, 2017** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied,
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017, and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi:
Dated : 29 December, 2017

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Name of Engagement partner: **Muhammad Rafiq Dosani**



**BALANCE SHEET
AS AT SEPTEMBER 30, 2017**

	Notes	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital 65,000,000 (2016 : 65,000,000)			
Ordinary share of Rs. 10/- each		<u>650,000,000</u>	<u>650,000,000</u>
Issued, subscribed and paid-up capital			
10,425,000 ordinary shares of Rs. 10/- each			
fully paid in cash		104,250,000	104,250,000
Accumulated loss		(427,498,936)	(129,979,060)
		(323,248,936)	(25,729,060)
Surplus on revaluation of fixed assets - net	4	812,179,558	915,249,691
Subordinated loans	5	<u>260,000,000</u>	<u>260,000,000</u>
		748,930,622	1,149,520,631
Non current liabilities			
Long term finance - secured	6	697,002,219	451,000,000
Deferred liabilities	7	489,029,469	566,434,415
		1,186,031,688	1,017,434,415
Current liabilities			
Trade and other payables	8	484,828,411	250,809,381
Accrued mark-up	9	42,315,960	12,558,529
Short term finance		878,677,673	-
Current maturity of long term finance	6	151,956,618	178,000,000
		1,557,778,662	441,367,910
Contingencies and commitments	10		
		<u>3,492,740,972</u>	<u>2,608,322,956</u>
ASSETS			
Non current assets			
Property, plant and equipment	11	1,932,954,585	2,012,259,205
Long term loans	12	272,729	313,946
Long term deposits		792,527	792,527
		1,934,019,841	2,013,365,678
Current assets			
Stores and spares	13	183,147,991	179,936,602
Stock in trade	14	1,012,996,017	32,963,273
Trade debts - unsecured	15	105,621,289	27,342,856
Short term loans and advances	16	112,024,506	95,647,433
Trade deposits and short term prepayments	17	3,011,970	135,493
Other receivables	18	76,028,636	135,252,588
Tax refunds due from government		45,870,909	40,484,215
Cash and bank balances	19	20,019,813	83,194,818
		1,558,721,131	594,957,278
		<u>3,492,740,972</u>	<u>2,608,322,956</u>

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

Chief Executive

Director

Chief Financial Officer



PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Notes	2017 Rupees	2016 Rupees
Net sales	20	2,015,771,967	3,160,906,955
Cost of sales	21	<u>(2,274,930,479)</u>	<u>(3,015,525,171)</u>
Gross loss		(259,158,512)	145,381,784
Administrative expenses	22	<u>(107,146,757)</u>	<u>(86,603,838)</u>
Selling and distribution costs	23	<u>(18,916,609)</u>	<u>(5,095,566)</u>
		<u>(126,063,366)</u>	<u>(91,699,404)</u>
Operating (loss) / profit		(385,221,878)	53,682,380
Finance costs	24	<u>(135,137,686)</u>	<u>(92,966,085)</u>
		<u>(520,359,564)</u>	<u>(39,283,705)</u>
Other income	25	65,507,225	40,694,911
Other expenses	26	<u>-</u>	<u>(97,373)</u>
(Loss) / profit before taxation		(454,852,339)	1,313,833
Taxation - net	27	54,262,330	(26,350,738)
Loss after taxation		<u><u>(400,590,009)</u></u>	<u><u>(25,036,905)</u></u>
Loss per share - basic and diluted	28	<u><u>(38.43)</u></u>	<u><u>(2.40)</u></u>

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

Chief Executive

Director

Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Notes	2017 Rupees	2016 Rupees
Loss after taxation		(400,590,009)	(25,036,905)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation increase recognized during the year		-	763,705,366
Deferred tax on above		-	(215,240,360)
		-	548,465,006
Reversal of deferred tax liability on revaluation surplus due to change in tax rate		-	10,654,101
		-	559,119,107
Total comprehensive (loss) / income for the year		<u>(400,590,009)</u>	<u>534,082,202</u>

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

Chief Executive

Director

Chief Financial Officer



CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(454,852,339)	1,313,833
Adjustments for:			
- Depreciation	11.3	195,923,983	149,774,507
- Provision for gratuity		-	3,300,809
- Finance costs		135,137,686	92,966,085
- Gain on disposal of property, plant and equipment	11.2	(11,503,141)	(1,256,719)
		<u>319,558,528</u>	<u>244,784,682</u>
Operating (loss) / profit before working capital changes		(135,293,811)	246,098,515
Changes in working capital			
(Increase) / decrease in current assets			
- Stores and spares		(3,211,389)	(55,522,838)
- Stock in trade		(980,032,744)	433,807,911
- Trade debts - unsecured		(78,278,433)	(26,792,635)
- Short term loans and advances		(16,377,073)	(42,866,564)
- Trade deposits and short term prepayments		(2,876,477)	323,209
- Other receivables		59,223,952	(59,204,527)
		<u>(1,021,552,164)</u>	<u>249,744,556</u>
(Decrease) / increase in current liabilities			
- Trade and other payables		234,019,030	(516,454,039)
		<u>(922,826,945)</u>	<u>(20,610,968)</u>
Net Cash used in operations		<u>(922,826,945)</u>	<u>(20,610,968)</u>
Taxes paid		(28,529,310)	(8,144,866)
Finance costs paid		(105,380,255)	(92,098,207)
Gratuity paid		-	(3,848,590)
		<u>(133,909,565)</u>	<u>(104,091,663)</u>
Net cash used in operating activities		<u>(1,056,736,510)</u>	<u>(124,702,631)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(117,735,222)	(44,924,037)
Proceeds from sale of property, plant and equipment		12,619,000	1,366,000
Long term loans - net		41,217	130,230
Long term deposits - net		-	(35,000)
Net cash used in investing activities		<u>(105,075,005)</u>	<u>(43,462,807)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(163,000,000)	(118,000,000)
Long term finance obtained		382,958,837	288,000,000
Short term finance obtained		878,677,673	-
Net cash generated from financing activities		<u>1,098,636,510</u>	<u>170,000,000</u>
Net (decrease) / increase in cash and cash equivalents		<u>(63,175,005)</u>	<u>1,834,562</u>
Cash and cash equivalents at the beginning of the year		83,194,818	81,360,256
Cash and cash equivalents at the end of the year		<u>20,019,813</u>	<u>83,194,818</u>

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

Chief Executive

Director

Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Issued, subscribed and paid up capital	Accumulated loss	Total
	----- Rupees-----		
Balance as at September 30, 2015	104,250,000	(152,278,517)	(48,028,517)
Loss after taxation	-	(25,036,905)	(25,036,905)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	47,336,362	47,336,362
Balance as at September 30, 2016	104,250,000	(129,979,060)	(25,729,060)
Loss after taxation	-	(400,590,009)	(400,590,009)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	102,484,799	102,484,799
Surplus realized on disposal of asset - net off deferred tax	-	585,334	585,334
Balance as at September 30, 2017	104,250,000	(427,498,936)	(323,248,936)

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

Chief Executive

Director

Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2017

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on January 28, 1984 as a Public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The mill is located at Deh Deenpur, District Tando Muhammad Khan in the Province of Sindh and registered office is situated at 209 Progressive Plaza, Beaumont Road, Karachi in the Province of Sindh. The Company is principally engaged in the manufacturing and sale of sugar.

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.1.2 During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23/2017 dated October 04, 2017 communicated Commission's decision that the Companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provision of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

Items include in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the future periods are as follows:

	Note
a) Useful life and residual values of property, plant and equipment	3.7
b) Taxation	3.6
c) Retirement benefits	3.3
d) Estimation of impairment in respect of trade and other receivables	3.10
e) Provision for obsolete stores and spares & stock in trade	3.8 & 3.9

2.5 Initial application of new standards and amendments to approved accounting standards

2.5.1 Amendments to approved accounting standards effective during the year ended September 30, 2017:

There were certain new amendments to the approved accounting standards which became effective during the year ended September 30, 2017 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these financial statements.

2.5.2 Standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after October 1, 2017:

There are certain new standards and amendments to the approved accounting standards that will become effective for the Company's annual accounting periods beginning on or after October 1, 2017. However, these amendments will not have a significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further, the new standards are yet to be adopted by the SECP. In addition to the foregoing, the Companies Act 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Issued, subscribed and paid up capital

Ordinary shares are classified as equity and recognized 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.

3.2 Borrowings

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

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

3.3 Staff retirement benefits - Provident fund

The Company operates a funded provident fund scheme covering its permanent employees who have completed prescribed period of service. Contribution is made monthly at the rate of 12% of basic salary to cover the liability under the scheme.

3.4 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payable are classified if payment is due within one year or less (or in normal operating cycle of business, if longer), if not, they are classified as non current liabilities. Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.5 Provisions

Provisions are recognized when, the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimates of the obligations can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

3.6 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and exemptions available, if any. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the current year.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The Company also recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard 12, 'Income Taxes'. 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 the tax rates that have been enacted or substantially enacted by the balance sheet date.

3.7 Property, plant and equipment

These are stated at cost less accumulated depreciation, except for freehold land, building and plant & machinery which are stated at revalued amount less accumulated depreciation; and capital work-in-progress which are stated at cost.

Depreciation is charged to profit and loss account by applying reducing balance method in accordance with the rates specified in note 11 to these financial statements after taking into account residual value, if any. Depreciation on additions is charged from the day when the asset is available for use till the date of disposals.

The Company accounts for impairment, where indication exist, by reducing its carrying value to the assessed recoverable amount.

Gain or loss on disposal or retirement of property, plant and equipment is included in profit and loss account.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Any surplus arising on revaluation of plant and machinery is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred to unappropriated profit.

3.8 Stores, spares and packing material

Store, spares and packing material are valued at lower of moving average cost or net realizable value except items in transit, which are valued at invoice value plus other charges incurred thereon. A general provision is made based on management's assessment for obsolete items and value of items is reviewed at each balance sheet date to record provision for any slow moving items. Obsolete and used items are recorded at nil value.

3.9 Stock-in-trade

All stock in trade except molasses are valued at the lower of cost and net realizable value. The methods used for the calculation of cost are as follows :

- | | |
|--------------------------------|---|
| - Raw material (sugarcane) and | at weighted average cost comprises of raw material |
| - Work in process | and other cost incurred in bringing the raw material to |
| | the present location and condition. |
|
 | |
| - Finished goods (white sugar) | at weighted average cost comprising direct cost of raw |
| | material, labor and appropriate portion of other |
| | manufacturing overheads. |

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to make the sale.

3.10 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful receivables is based on the management's assessment of a customer's outstanding balance and creditworthiness. Bad debts are written-off when identified.

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the Company.

3.12 Foreign currency transactions and translation

Transactions in foreign currencies are converted into Rupees at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange ruling at the balance sheet date. All exchange differences arising on transaction are charged to profit and loss account in that period.

3.13 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and governments levies. The following recognition criteria is met before revenue is recognized:

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually when transaction is made.

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

3.14 Dividends and appropriation to reserve

Dividends and appropriation to reserve are recognized in the financial statements in the period in which these are approved

3.15 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

3.16 Impairment

The Company assesses at each balance sheet date whether there is any indication that the assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to determine whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to profit and loss account.

3.17 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to income currently.

Financial assets include trade debts, loans, advances, deposits, other receivables and cash and bank balances.

Financial liabilities include long term financing, short term borrowing, accrued finance cost and trade and other payables.

3.18 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4	SURPLUS ON REVALUATION OF FIXED	Note	2017 Rupees	2016 Rupees
	ASSETS - NET			
	On freehold land			
	Gross surplus			
	Balance as at 01 October		87,465,000	41,227,500
	Revaluation increase recognized during the year		-	46,237,500
			<u>87,465,000</u>	<u>87,465,000</u>
	On building / plant and machinery			
	Gross surplus			
	Balance as at 01 October		1,182,549,559	532,705,068
	Revaluation increase recognized during the year		-	717,467,866
	Surplus realized on disposal of asset		(836,191)	-
	Incremental depreciation transferred to retained earnings		(116,858,380)	(67,623,375)
			<u>1,064,854,988</u>	<u>1,182,549,559</u>
	Related deferred tax charge			
	Balance as at 01 October		(354,764,868)	(170,465,622)
	Effect of change in tax rate		-	10,654,101
	Revaluation increase recognized during the year		-	(215,240,360)
	Deferred tax on Surplus realized on disposal of asset		250,857	-
	Incremental depreciation transferred to retained earnings		14,373,581	20,287,013
			<u>(340,140,430)</u>	<u>(354,764,868)</u>
			<u>724,714,558</u>	<u>827,784,691</u>
		4.1	<u>812,179,558</u>	<u>915,249,691</u>

4.1 This represents surplus over book values resulting from the revaluation of property, plant and equipment carried out in the years 2004, 2008, 2009, 2013 and 2016 as reduced by the surplus realized on disposal, if any, of the revalued assets and incremental depreciation arising out of revaluation. The latest revaluation of land, building, plant and machinery of the Company was carried out by an independent valuer M/s. PEE DEE & Associates as on June 29, 2016.

5	SUBORDINATED LOANS	Note	2017 Rupees	2016 Rupees
	Directors		183,000,000	183,000,000
	Sponsors		77,000,000	77,000,000
		5.1	<u>260,000,000</u>	<u>260,000,000</u>

5.1 These are unsecured and interest free. The Company's agreements with its bankers stipulates that the financing availed by the Company from such banks are adjusted / liquidated in full before any payment is made against the subordinated loans.

6 LONG TERM FINANCE - SECURED

Mark-up based financing from conventional banks

	Askari Bank Ltd.		Bank Alfalah Ltd.		MCB Bank Ltd.	Total 2017	Total 2016
	TF-I	TF-II	TF-I	TF-II	DF		
----- Rupees -----							
Opening balance	24,000,000	75,000,000	30,000,000	-	500,000,000	629,000,000	459,000,000
Obtained during the year	-	-	-	382,958,837	-	382,958,837	288,000,000
	24,000,000	75,000,000	30,000,000	382,958,837	500,000,000	1,011,958,837	747,000,000
Less: Payment made during the year	(24,000,000)	(15,000,000)	(24,000,000)	-	(100,000,000)	(163,000,000)	(118,000,000)
	-	60,000,000	6,000,000	382,958,837	400,000,000	848,958,837	629,000,000
Less: current portion	-	(30,000,000)	(6,000,000)	(15,956,618)	(100,000,000)	(151,956,618)	(178,000,000)
	-	30,000,000	-	367,002,219	300,000,000	697,002,219	451,000,000
Limit (Rs.)	120 million	150 million	120 million	500 million	500 million		
Total number of installments	10	10	20	16	10		
Installment payment mode	Semi-annually	Semi-annually	Quarterly	Quarterly	Semi-annually		
Amount of installment (Rs)	12,000,000	15,000,000	6,000,000	15,956,618	50,000,000		
Date of first installment	Feb 20, 2013	Oct 08, 2014	Feb 28, 2013	July 31, 2018	Dec 03, 2016		
Markup Rate	6 months	6 months	3 months	3 months	6 months		
	KIBOR + 1%	KIBOR + 1%	KIBOR + 2%	KIBOR + 0.5%	KIBOR + 1.5%		
Date of maturity	Aug 20, 2017	Oct 08, 2019	Nov 30, 2017	April. 30, 2024	Dec 03, 2020		
Sub note number	6.1	6.1	6.2	6.2	6.3		

6.1 These facilities are availed to meet capital expenditure requirements of the Company. The facilities are secured against joint pari passu charge of Rs.390 million with 30% margin over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan and personal guarantee of directors.

6.2 This facility availed to meet capital expenditure requirements for BMRE project. The facility is secured against first joint pari passu charge over all assets Rs.250 million and personal guarantee of directors.

6.3 These facilities are availed to meet capital expenditure requirements of the Company. The facilities are secured against joint pari passu charge of Rs. 589 million with 15% margin over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan, personal guarantee of directors and cross-company guarantee of M/s. United Agro Chemicals. The loan amount of Rs.260 million from directors is subordinate to it and will be repaid after prior approval of bank.

	Note	2017 Rupees	2016 Rupees
7 DEFERRED LIABILITIES			
Quality premium	7.1	153,849,686	153,849,686
Deferred taxation - net	7.2	334,823,722	412,228,668
Gratuity payable		356,061	356,061
		<u>489,029,469</u>	<u>566,434,415</u>

7.1 This represents the amount of quality premium for the years 2003 and 2004. The matter of quality premium has been declared unlawful by the Honorable Lahore High Court while appeal against the conflicting judgment of the Honorable Sindh High Court is pending with the Honorable Supreme Court of Pakistan since the year 2004 after it granted leave to defend on the question of issue of quality premium. The apex court also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided. The Federal Government, in its steering committee meeting held on July 16, 2007, suspended the quality premium till decision of the Honorable Supreme Court of Pakistan or consensus on uniform formula is developed by the Ministry of Food and Agriculture.

	2017 Rupees	2016 Rupees
7.2 Deferred taxation - net		
Deferred tax liability in respect of:		
- Surplus on revaluation of fixed assets	340,140,430	354,764,868
- Accelerated tax depreciation	65,745,454	87,063,206
	<u>405,885,884</u>	<u>441,828,074</u>
Deferred tax asset in respect of:		
- Provision for slow moving stores and spares	(5,250,000)	(5,250,000)
- Provision for gratuity	(106,818)	(106,818)
- Provision for doubtful trade debts	(170,654)	(170,654)
- Unused tax losses	(65,534,690)	(24,071,934)
	<u>(71,062,162)</u>	<u>(29,599,406)</u>
	<u>334,823,722</u>	<u>412,228,668</u>

8 TRADE AND OTHER PAYABLES

Creditors

For sugarcane	180,819,923	125,029,179
For other supplies	103,176,079	66,278,445
	<u>283,996,002</u>	<u>191,307,624</u>

Other payables

Advances from customers	174,695,941	24,467,420
Income tax payable	89,053	89,053
Accrued expenses	8,602,899	8,310,432
Sales tax payable	9,679,908	19,223,356
Income tax deducted at source	92,872	246,423
Worker's Welfare Fund	600,857	600,857
Contractor's retention money	6,871	55,232
Unclaimed dividend	3,316,162	3,316,162
Others	3,677,286	3,122,262
Workers Profit participation fund	70,560	70,560
	<u>484,828,411</u>	<u>250,809,381</u>

9	ACCRUED MARK-UP	2017 Rupees	2016 Rupees
	Mark-up accrued on:		
	Long term financing	25,959,773	12,212,048
	Short term running finance	16,356,187	346,481
		<u>42,315,960</u>	<u>12,558,529</u>

10 CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 In respect of suit filed against the Collector of Customs, Central Excise and Sales Tax for refund of central excise duty of Rs. 3.621 million paid under protest against clearance of sugar during 1992-93 season. The Company was entitled to clearance at rebated rate of duty based on increase in production of sugar over previous year but that was disallowed by the Department and also its appeals filed subsequently with Collectorate of Customs and Tribunal were dismissed. The amount was expensed in the year of payment in 1994. The suit was admitted in High Court of Sindh, Karachi, for regular hearing in 2003 and proceedings are continuing.

10.2 In respect of Reference Application u/s 47(1) of the Sales Tax Act, 1990 filed with High Court of Sindh, Karachi, by the Collector of Customs, Hyderabad, against order passed in favor of the Company by the Appellate Tribunal in the year 2006. The Collector had earlier on passed two orders in the year 2005 resulting in demand for Rs. 13.168 million relating to year ended 30 September 2001 and Rs. 18 million relating to year ended 30 September 2002. Both these orders were set aside by the Appellate Tribunal on the Company's appeal filed thereagainst. The Reference in the High Court subsequently filed by the Collectorate against the order of the Appellate Tribunal is pending since the year 2007. The Company has not made any provision against the impugned demand based on the opinion of its legal counsel that no demand is likely to arise based on the merit of the case.

The case pertains to levy of further tax @ 1.5% of the value of supplies by inserting section 3(1)(A) through Finance Act, 1998 on supplies made to certain categories of unregistered persons. The rate was increased to 3% with effect from July 1, 2001 but the charging section 3(1)(A) was omitted vide Finance Act, 2004. A writ petition was filed by a number of companies against the levy in the High Court of Sindh. The crux of the order passed by the High Court was that as per provision of Sales Tax Act, 1990, further tax if any charged is refundable and supplies made to a wholesaler who is liable to be registered under the law would not attract the levy of section 3(1)(A). The Department appealed to the Supreme Court against the said order passed by the High Court. The Supreme Court set aside the said order of the High Court and issued directions to the Department to proceed against the petitioner in accordance with the provision of law. The Collector initiated fresh proceedings as per details given in the above paragraph.

10.3 The Company has filed a suit before Honorable High Court of Sindh, during last year, against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act, 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory value of total production for the period beginning January 1, 2009 to June 1, 2010. The Company is of the view that demand notifications so raised are without any lawful authority under PSQCA Act, 1996 and are in violation of the Constitution of Pakistan. The Honorable High Court of Sindh in its interim injunction suspended the operation of the impugned notifications in the year 2010 as the petitioner case is that the standard is not applicable to locally made sugar but to imports and exports. The Honorable High Court via its order dated October 31, 2012 dismissed the petition as not maintainable on the ground that as per Articles 137 and 142(c) of the constitution of Islamic Republic of Pakistan, 1973, neither the Federal Government nor any other entity has any executive or legislative authority to prescribe the standards or to regulate licensing, marking or levying of any fee in respect of the matter related to "agricultural produce" including the refined sugar as the agricultural goods falls under domain of provincial government. PSQCA has filed an appeal against the decision and the case is now pending in the Honorable Supreme Court of Pakistan. The Company has not made any provision as in view of legal counsel no liability is likely to arise in the matter.

10.4 The Company's petition, in Civil Court of Tando Muhammad Khan challenging the levy of trade license fee/annual tax by Taluka Municipality Bulri Shah Karim @ Rs.250,000 per annum w.e.f. the year 2004, was dismissed on November 22, 2008 on the ground that it was not competently filed and not in accordance with Company's Articles of Association. The Company has instructed its legal counsel to file appeal there against in Session Court in Hyderabad. The Company has therefore not made any provision against the above as its legal counsel has expressed the opinion that the matter would be decided in favor of the Company based on its merits.

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

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

10.6 The DCIR in its order dated 19 December 2013 raised a demand of Rs. 14,661,827 along with default surcharge and penalty in respect of short payment of FED on local supplies. As per DCIR, the Company has wrongly availed the benefit of the SRO 77(I) / 2013 dated 7 February 2013 read with SRO 1072 (I) / 2013 dated 27th December 2013. The legal advisor of the Company is of the opinion that the view that the case set up in the petition is strong and they have every reason to expect a favorable order in the captioned petition.

The Company has subsequently challenged the question regarding benefit of reduced rate of local supply @ 0.5% against quantity of sugar export before the Honorable High Court of Sindh vide C.P. no. 719 dated 15-02-2014 where the High Court passed an interim stay and restrained the department from taking any coercive action.

10.7 The Company has filed a constitutional petition in the Honorable High Court of Sindh against the wrong interpretation of SRO 77 (I) / 2013 dated 07 02 2013 and the consequent demand of excise duty by FBR amounting to Rs. 14,661,827/- along with penalty. According to FBR, the Company has wrongly availed the benefit of the SRO 77 (I)/ 2013 and has short paid FED on local supplies. The Honorable High Court of Sindh has passed an interim stay and restrained the department from taking any coercive action. The Company has not made any provision as in view of the legal council the case setup in the petition is strong and they have reason to expect a favorable order in the captioned petition.

10.8 As per Notification issued by the Government of Sindh dated October 31, 2016, the Government has directed the sugar factories to pay quality premium to the cane growers at the end of crushing season 2016-17 at the rate of 50 paise's per 40 Kg cane for each 0.1% of excess sucrose recovery above 8.7% (which is standard quality) in addition to price of sugarcane not below the minimum fixed price notified by the Government.

During the current season, the Company achieved sucrose recovery of 10.41% (1.71% above standard quality), and its crushing season of 2016-17 ended on March 20, 2017. The Company's quality premium as per the notification amounts to Rs. 126.76 million for the year ended September 30, 2017 (2016: Rs. 74.82 million).

However no provision is made in respect of quality premium, because the matter is pending in Supreme Court, and as per decision of Federal Government, Steering Committee meeting, the quality premium shall remain suspended till decision of Supreme Court of Pakistan / consensus on uniform formula is developed in Federal Government.

- 10.9** The Company has filed a constitutional petition in the High Court of Sindh and has challenged the introduction of Section 236G and 236H of the Income tax Ordinance, 2001, inserted vide Finance Act, 2013.

Under these sections it has been introduced that a manufacturer, distributor, dealer, wholesaler or commercial importer of sugar shall collect advance tax at the time of sales to retailers at the rate of 0.1% and 0.5% respectively from the persons to whom the sales is made.

The Deputy Commissioner has raised a demand of Rs. 2.861 million as the Company did not deduct advance with holding tax on its sales to dealers, distributors, wholesalers and retailers at the rate of 0.1% and 0.5% respectively under the above mentioned sections of Income tax Ordinance, 2001. The Company has not made any provision as in view of the legal council the case setup in the petition is strong and they have reason to expect a favorable order in the captioned petition.

Commitments

- 10.10** Advance received on or before September 30, 2017 in respect of the quantity of 317.55 Metric Tons (2016: 398 Metric Tons) representing un-lifted delivery orders (DOs) of sugar amounted to Rs.15.07 million (2016: Rs.24.26 million). The sales is to be recognized when the said delivery orders are lifted.

	Note	2017 Rupees	2016 Rupees
11			
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	11.1	1,878,776,016	1,989,439,216
Capital work in progress	11.4	54,178,569	22,819,989
		<u>1,932,954,585</u>	<u>2,012,259,205</u>

11.1 Operating assets

	Free hold Land	Free hold land Factory Building	Non factory building on free hold land	Plant and Machinery	Office, tools fire fighting and laboratory equipments	Furniture & fixture	Computer & allied	Vehicles	Tents and Tarpaulins	Tools and Tackles	Total
-----Rupees-----											
As at September 30, 2015											
Cost / Revalued amount	61,762,500	208,617,210	102,483,012	1,651,276,402	17,019,221	6,623,766	10,815,879	48,956,735	7,324,387	8,108,181	2,122,987,293
Accumulated depreciation	-	(60,737,904)	(49,250,116)	(593,473,123)	(12,783,637)	(5,444,865)	(9,219,220)	(24,882,437)	(6,709,546)	(7,049,144)	(769,549,992)
Net book value	<u>61,762,500</u>	<u>147,879,306</u>	<u>53,232,896</u>	<u>1,057,803,279</u>	<u>4,235,584</u>	<u>1,178,901</u>	<u>1,596,659</u>	<u>24,074,298</u>	<u>614,841</u>	<u>1,059,037</u>	<u>1,353,437,301</u>
Year ended September 30, 2016											
Opening net book value	61,762,500	147,879,306	53,232,896	1,057,803,279	4,235,584	1,178,901	1,596,659	24,074,298	614,841	1,059,037	1,353,437,301
Additions during the year	-	126,000	14,900	9,979,141	186,426	56,852	314,710	10,690,080	104,765	707,463	22,180,337
Revaluation surplus	46,237,500	49,684,679	17,509,373	650,273,814	-	-	-	-	-	-	763,705,366
Disposals / transfers											
Cost	-	-	-	-	-	-	11,800	1,972,050	-	-	1,983,850
Accumulated depreciation	-	-	-	-	-	-	(3,174)	(1,871,395)	-	-	(1,874,569)
Net book value	-	-	-	-	-	-	8,626	100,655	-	-	109,281
Depreciation for the year	-	15,772,857	5,664,641	120,295,331	433,391	121,696	513,781	6,252,349	238,616	481,845	149,774,507
Closing net book value	<u>108,000,000</u>	<u>181,917,128</u>	<u>65,092,528</u>	<u>1,597,760,903</u>	<u>3,988,619</u>	<u>1,114,057</u>	<u>1,388,962</u>	<u>28,411,374</u>	<u>480,990</u>	<u>1,284,655</u>	<u>1,989,439,216</u>
As at September 30, 2016											
Cost / Revalued amount	108,000,000	258,427,889	120,007,285	2,311,529,357	17,205,647	6,680,618	11,118,789	57,674,765	7,429,152	8,815,644	2,906,889,146
Accumulated depreciation	-	(76,510,761)	(54,914,757)	(713,768,454)	(13,217,028)	(5,566,561)	(9,729,827)	(29,263,391)	(6,948,162)	(7,530,989)	(917,449,930)
Net book value	<u>108,000,000</u>	<u>181,917,128</u>	<u>65,092,528</u>	<u>1,597,760,903</u>	<u>3,988,619</u>	<u>1,114,057</u>	<u>1,388,962</u>	<u>28,411,374</u>	<u>480,990</u>	<u>1,284,655</u>	<u>1,989,439,216</u>
Year ended September 30, 2017											
Opening net book value	108,000,000	181,917,128	65,092,528	1,597,760,903	3,988,619	1,114,057	1,388,962	28,411,374	480,990	1,284,655	1,989,439,216
Additions during the year	-	4,207,782	-	69,746,626	1,141,331	1,497,275	304,189	8,998,760	180,293	300,386	86,376,642
Disposals / transfers											
Cost	-	-	-	5,952,249	120,000	-	-	1,120,000	-	-	7,192,249
Accumulated depreciation	-	-	-	(5,107,684)	(41,268)	-	-	(927,438)	-	-	(6,076,390)
Net book value	-	-	-	844,565	78,732	-	-	192,562	-	-	1,115,859
Depreciation for the year	-	18,244,078	6,509,253	163,030,609	422,420	148,042	463,858	6,412,807	204,035	488,881	195,923,983
Closing net book value	<u>108,000,000</u>	<u>167,880,832</u>	<u>58,583,275</u>	<u>1,503,632,355</u>	<u>4,628,798</u>	<u>2,463,290</u>	<u>1,229,293</u>	<u>30,804,765</u>	<u>457,248</u>	<u>1,096,160</u>	<u>1,878,776,016</u>
As at September 30, 2017											
Cost / Revalued amount	108,000,000	262,635,671	120,007,285	2,375,323,734	18,226,978	8,177,893	11,422,978	65,553,525	7,609,445	9,116,030	2,986,073,539
Accumulated depreciation	-	(94,754,839)	(61,424,010)	(871,691,379)	(13,598,180)	(5,714,603)	(10,193,685)	(34,748,760)	(7,152,197)	(8,019,870)	(1,107,297,523)
Net book value	<u>108,000,000</u>	<u>167,880,832</u>	<u>58,583,275</u>	<u>1,503,632,355</u>	<u>4,628,798</u>	<u>2,463,290</u>	<u>1,229,293</u>	<u>30,804,765</u>	<u>457,248</u>	<u>1,096,160</u>	<u>1,878,776,016</u>
Annual rates of depreciation	<u>0%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>30%</u>	<u>20%</u>	<u>35%</u>	<u>35%</u>	

11.2 Details of disposal having book value exceeding Rs. 50, 000 during the year are as follows:

Particulars	Cost / Revalued amount	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of Buyer
-----Rupees-----							
Plant and Machinery							
Steam turbine	5,952,249	5,107,684	844,565	12,000,000	11,155,435	Negotiation	Habib Sugar Mills Limited
Computer & Allied							
Photocopier	120,000	41,268	78,732	25,000	(53,732)	Negotiation	AS Trader & Paper Supplier
Vehicles							
Toyota Corolla (AMN-895)	1,120,000	927,438	192,562	594,000	401,438	Negotiation	Mr. Sikandar Ali Khokhar
Total Rupees	7,192,249	6,076,390	1,115,859	12,619,000	11,503,141		

11.3 Allocation of depreciation	Note	2017 Rupees	2016 Rupees
Cost of goods sold		176,331,585	134,797,056
Administrative expenses		19,592,398	14,977,451
		<u>195,923,983</u>	<u>149,774,507</u>
11.4 Capital work in progress			
As at 1st October		22,819,989	76,289
Addition during the year		29,266,057	21,230,360
Borrowing cost capitalized		2,092,523	1,605,015
Transferred to operating assets		-	(91,675)
As at 30 September		<u>54,178,569</u>	<u>22,819,989</u>

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

Particulars	September 30 2017			September 30 2016		
	Cost	Accumulated Depreciation	Written Down value	Cost	Accumulated Depreciation	Written Down value
- Freehold Land	20,535,000	-	20,535,000	20,535,000	-	20,535,000
- Factory Building	190,401,141	(105,195,935)	85,205,206	186,193,359	(96,137,574)	90,055,785
- Non - Factory Building	38,657,594	(34,199,784)	4,457,810	38,657,594	(33,704,406)	4,953,188
- Plant and Machinery	1,482,306,088	(893,833,772)	588,472,316	1,417,675,520	(836,733,444)	580,942,076
	<u>1,731,899,823</u>	<u>(1,033,229,491)</u>	<u>698,670,332</u>	<u>1,663,061,473</u>	<u>(966,575,424)</u>	<u>696,486,049</u>

12 LONG TERM LOANS	Note	2017 Rupees	2016 Rupees
Considered good- secured			
Due from employees	12.1	713,794	669,269
Less: Current maturity shown under current assets	16	(441,065)	(355,323)
		<u>272,729</u>	<u>313,946</u>

12.1 These represent interest free loans provided to the employees of the Company for the purchase of vehicles and adjusted through monthly deduction from salaries. The loan is recoverable over a period of five years.

	Note	2017 Rupees	2016 Rupees
13 STORES AND SPARES			
Stores	13.1	52,634,788	79,540,174
Spares		148,013,203	117,896,428
		<u>200,647,991</u>	<u>197,436,602</u>
Provision for slow moving and obsolete items		(17,500,000)	(17,500,000)
		<u>183,147,991</u>	<u>179,936,602</u>

13.1 This includes stores in transit amounting to Rs. 16.03 million (2016: Rs. 43.87 million).

	Note	2017 Rupees	2016 Rupees
14 STOCK IN TRADE			
Sugar in process		11,351,217	7,915,258
Finished goods - Sugar		1,001,644,800	25,048,015
		<u>1,012,996,017</u>	<u>32,963,273</u>

15 TRADE DEBTS - UNSECURED

Considered good		105,621,289	27,342,856
Considered doubtful		568,846	568,846
		<u>106,190,135</u>	<u>27,911,702</u>
Provision against doubtful trade debts		(568,846)	(568,846)
		<u>105,621,289</u>	<u>27,342,856</u>

16 SHORT TERM LOANS AND ADVANCES

Loan to growers - unsecured	16.1	-	-
Advance against supplies and expenses	16.2	110,458,875	94,438,563
Due from employee-secured and interest free		1,124,566	853,547
Current portion of long term loan to employees	12	441,065	355,323
		<u>112,024,506</u>	<u>95,647,433</u>

16.1 Loans to growers - unsecured

Considered doubtful	16.1.1	137,833,341	137,833,341
Provision for loans considered doubtful		(137,833,341)	(137,833,341)
		<u>-</u>	<u>-</u>

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

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

	Note	2017 Rupees	2016 Rupees
16.2 Advance against supplies and expenses - unsecured			
Considered good		110,458,875	94,438,563
Considered doubtful		15,461,745	15,461,745
		<u>125,920,620</u>	<u>109,900,308</u>
Provision for loans considered doubtful		(15,461,745)	(15,461,745)
		<u>110,458,875</u>	<u>94,438,563</u>

17 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Other deposits		2,546,000	1,500
Short term prepayments		465,970	133,993
		<u>3,011,970</u>	<u>135,493</u>

18 OTHER RECEIVABLES

Sales tax refundable		1,054,585	1,054,585
Inland freight subsidy receivable		73,920,300	73,920,300
Receivable against insurance claim		441,029	441,029
Further sales tax receivable	18.1	-	59,223,952
Others		1,088,999	1,088,999
		<u>76,504,913</u>	<u>135,728,865</u>
Provision for doubtful recoveries		(476,277)	(476,277)
		<u>76,028,636</u>	<u>135,252,588</u>

18.1 During the period from September 2013 to June 2016, the Company had inadvertently made payment of Rs 59.223 million of further tax at the time of online filing of its monthly sales tax returns with the tax authorities and the matter came to its knowledge in the current year. Since such tax had been paid inadvertently from the Company's own funds and incidence of the same had not been passed on to the customers, the same was claimed as refundable U/s. 66-A of the Act and adjusted from output tax in sales tax return.

	Note	2017 Rupees	2016 Rupees
19 CASH AND BANK BALANCES			
Cash in hand		242,032	938,860
Cash at bank			
Current accounts		6,081,754	5,730,059
Deposit accounts	19.1	13,696,027	76,525,899
		<u>19,777,781</u>	<u>82,255,958</u>
		<u>20,019,813</u>	<u>83,194,818</u>

19.1 These represents amount deposited in saving accounts carrying profit rate ranging from 3% to 3.75% (2016 : 4% to 5%).

20	NET SALES	Note	2017 Rupees	2016 Rupees
	- Local		1,016,164,925	3,380,437,115
	- Export	20.1	1,113,527,842	-
			2,129,692,767	3,380,437,115
	Sales tax	18.1	(113,920,800)	(219,530,160)
	Sales - net		<u>2,015,771,967</u>	<u>3,160,906,955</u>

21	COST OF SALES	Note	2017 Rupees	2016 Rupees
	Sugarcane consumed	21.1	3,109,360,824	2,405,751,388
	Manufacturing expenses	21.2	397,997,099	357,870,655
			3,507,357,923	2,763,622,043
	Sugar stock in process - opening		7,915,258	6,888,540
	Sugar stock in process - closing		(11,351,217)	(7,915,258)
			(3,435,959)	(1,026,718)
			3,503,921,964	2,762,595,325
	Sale of molasses (by product)		(252,394,700)	(181,904,783)
	Cost of goods manufactured		<u>3,251,527,264</u>	<u>2,580,690,542</u>
	Sugar finished goods stock - opening		25,048,015	459,882,644
	Sugar finished goods stock - closing		(1,001,644,800)	(25,048,015)
			(976,596,785)	434,834,629
			<u>2,274,930,479</u>	<u>3,015,525,171</u>

21.1 Sugarcane cost includes price subsidy for the year amounting to Rs. 379.26 million (2016: Rs.289.73 million).

21.2	Manufacturing expenses	Note	2017 Rupees	2016 Rupees
	Salaries, wages and other benefits	21.2.1	109,547,181	100,912,361
	Production stores consumed		40,936,440	37,227,812
	Fuel and power		4,200,390	5,908,021
	Repairs and maintenance		53,972,390	64,918,638
	Vehicles running		1,571,131	1,601,437
	Insurance		5,369,168	7,874,155
	Depreciation	11.3	176,331,585	134,797,056
	Others	21.2.2	6,068,814	4,631,175
			<u>397,997,099</u>	<u>357,870,655</u>

21.2.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rs. 2.30 (2016: Rs. 1.77 million)

21.2.2 This includes expenses for removal of bagasse, removal of mud and boiler clinker amounting to Rs.3.64 million (2016: Rs.3.19 million)

22 ADMINISTRATIVE EXPENSES	Note	2017 Rupees	2016 Rupees
Salaries, wages and other benefits	22.1	57,979,984	48,935,960
Rent, rates and taxes		817,435	750,219
Insurance		2,432,941	2,740,056
Water gas and electricity		530,040	884,875
Printing and stationery		1,470,112	1,839,467
Postage, fax and telephone		1,693,238	1,538,220
Vehicle running and maintenance		2,642,921	2,444,575
Repair and maintenance		3,898,157	2,830,672
Traveling and conveyance		711,510	451,340
Subscriptions, books and periodicals		1,700,012	1,452,084
Legal and professional		979,500	1,615,992
Entertainment expense		1,720,797	1,171,941
Advertisement expense		1,041,675	-
Depreciation	11.3	19,592,398	14,977,451
Charity and donation	22.2	3,961,375	716,738
Auditor's remuneration	22.3	1,053,950	1,042,400
Others	22.4	4,920,712	3,211,848
		<u>107,146,757</u>	<u>86,603,838</u>
22.1	Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 1.81 (2016:Rs.1.52 million).		
22.2	Directors or their spouses do not have any interest directly or indirectly in donees.		
22.3 Auditors' remuneration		2017 Rupees	2016 Rupees
Audit fee		625,000	625,000
Certification charges		125,000	125,000
Half yearly review		200,000	160,000
Out of pocket expenses		103,950	132,400
		<u>1,053,950</u>	<u>1,042,400</u>
22.4	These mainly include share registrar fees and expenses related to printing/publishing of financial statements.		
23 SELLING AND DISTRIBUTION COSTS		2017 Rupees	2016 Rupees
Loading, stacking and handling		5,847,749	5,058,030
Advertisement		12,000	37,536
Export expenses		12,947,558	-
Others		109,302	-
		<u>18,916,609</u>	<u>5,095,566</u>
24 FINANCE COSTS			
Interest / mark-up based loans from conventional banks			
Long term finance - secured		52,188,639	48,491,391
Short term running finance		81,476,105	43,867,189
		133,664,744	92,358,580
Bank charges		1,472,942	607,505
		<u>135,137,686</u>	<u>92,966,085</u>

25	OTHER INCOME	2017 Rupees	2016 Rupees
	Income from financial assets		
	Profit on savings account	407,233	507,554
	Realised exchange gain	3,859,333	-
	Income from non-financial assets		
	Sale of bagasse	46,094,999	33,781,355
	Gain on disposal of property, plant and equipment	11,503,141	1,256,719
	Others	3,642,519	5,149,283
		65,507,225	40,694,911

26	OTHER EXPENSES		
	Workers' Profit Participation Fund	-	70,560
	Workers' Welfare Fund	-	26,813
		-	97,373

27	TAXATION - NET	Note	2017 Rupees	2016 Rupees
	Current tax expense	27.1	23,142,616	33,765,931
	Deferred tax income		(77,404,946)	(7,415,193)
			(54,262,330)	26,350,738

27.1 The income tax assessments of the Company have been finalised up to and including the tax year 2017 (income year ended September 30, 2016). Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

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

28	LOSS PER SHARE - BASIC AND DILUTED	2017 Rupees	2016 Rupees
	Loss after taxation	(400,590,009)	(25,036,905)
	Number of ordinary shares	10,425,000	10,425,000
	Loss per share - basic and diluted	(38.43)	(2.40)

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

Particulars	2017				2016			
	Chief Executives	Director	Executives	Total	Chief Executives	Director	Executives	Total
----- Rupees -----								
Basic salary	1,687,500	1,218,750	8,669,075	11,575,325	2,250,000	1,500,000	8,053,870	11,803,870
Other prerequisites	1,124,891	731,250	7,869,086	9,725,227	1,452,935	900,000	7,415,296	9,768,231
Vehicle expenses	62,622	-	1,740,255	1,802,877	98,287	-	1,703,261	1,801,548
Total	2,875,013	1,950,000	18,278,416	23,103,429	3,801,222	2,400,000	17,172,427	23,373,649
No. of persons	1	1	9	11	1	1	7	9

29.1 In addition, Chief Executive, Directors and all the Executives of the Company have been provided with free use of Company owned and maintained cars and other benefits in accordance with their entitlements as per rules of the Company.

30 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over other party in making financial and operating decisions.

The related parties include major shareholders, entities having directors in common with the Company, directors and other key management personnel. There have been no transactions with related parties in current or the comparative year except as disclosed below:

	Note	2017 Rupees	2016 Rupees
Transactions during the year			
Contribution to staff provident fund		3,902,162	3,300,809
Balances at year end			
Loan from directors		183,000,000	183,000,000
Loan from related parties		77,000,000	77,000,000
		260,000,000	260,000,000

Certain assets are being used by the employees of the Company in accordance with their terms of employment. Further, there are no transactions with key management personnel other than under the terms of employment as disclosed in note 29 to the financial statements.

31 PROVIDENT FUND DISCLOSURES

The Company operates approved funded contributory provident funds for both its management and non-management employees. Details of net assets and investments of these funds as per the unaudited accounts as at September 30, 2017 are as follows:

	2017 (un-audited) Rupees	2016 (un-audited) Rupees
Size of the fund	60,254,646	60,252,689
Cost of investment made	43,818,988	36,546,359
Percentage of investment made	73%	61%
Fair value of investments	50,445,903	57,977,443

31.1 Break-up of investments is as under

	June 2017 (un-audited)		June 2016 (un-audited)	
- Defence Saving Certificates	38.1%	19,242,881	29.9%	17,348,736
- First Habib Income Fund	0.0%	-	60.0%	34,813,592
- Faysal Asset Management	19.8%	9,989,739	0.0%	-
- Alfalah Investments	10.3%	5,187,201		
- Pak Oman Investment Company	9.5%	4,809,987	0.0%	-
- JS Investments Limited	10.2%	5,157,625	0.0%	-
- UBL Funds Managers	10.7%	5,381,463	9.1%	5,268,756
- National Investment Trust	0.2%	83,740	0.0%	64,920
- Nafa Multi Asset Fund	1.2%	593,267	0.8%	481,439
	100%	50,445,903	100%	57,977,443

31.2 The management, based on the un-audited financial statements of the funds, is of the view that the investments out of provident funds have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

32 OPERATING SEGMENTS

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

Revenue from sale of Sugar represents 87.10% (2016 : 93.61%) of the total revenue whereas remaining represent revenue from sale of molasses and baggase.

48% (2016: Nil) revenue of the Company relates to customers outside Pakistan.

All non-current assets of the Company at September 30, 2017 are located in Pakistan.

33 FINANCIAL INSTRUMENTS

33.1 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery. Cash is held only with banks with high quality credit worthiness.

The maximum exposure to credit risk at the reporting date is as follows:

	2017 Rupees	2016 Rupees
Long term loans	272,729	313,946
Long term deposits	792,527	792,527
Trade debts - unsecured	105,621,289	27,342,856
Short term loans	1,565,631	1,208,870
Trade deposits	2,546,000	1,500
Other receivables	76,028,636	135,252,588
Bank balances	19,777,781	82,255,958
	<u>206,604,593</u>	<u>247,168,245</u>

32.1.1 Impairment losses

The aging of trade debts at the reporting date was:

	2017		2016	
	Gross Value	Impairment (Rupees)	Gross Value	Impairment
Not past due	105,621,289	-	27,342,856	-
Past due 3 months -1 year	-	-	-	-
Past due 1 year to 3 year	568,846	(568,846)	568,846	(568,846)
More than 3 year	-	-	-	-
	<u>106,190,135</u>	<u>(568,846)</u>	<u>27,911,702</u>	<u>(568,846)</u>

- The maximum exposure to credit risk on trade debts at the balance sheet date is in Pakistan only.
- Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment except for which has already been provided. None of the other financial assets are either past due or impaired.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments:

Non-Derivative Financial liabilities	September 30, 2017			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Subordinated loans	260,000,000	260,000,000	-	260,000,000
Long term finance - secured	848,958,837	909,850,600	163,314,733	746,535,867
Trade and other payables	484,828,411	484,828,411	484,828,411	-
Accrued mark-up	42,315,960	42,315,960	42,315,960	-
Short term borrowings	<u>878,677,673</u>	<u>878,677,673</u>	<u>878,677,673</u>	<u>-</u>
	<u>2,514,780,881</u>	<u>2,575,672,644</u>	<u>1,569,136,777</u>	<u>1,006,535,867</u>

Non-Derivative Financial liabilities	September 30, 2016			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Subordinated loans	260,000,000	260,000,000	-	260,000,000
Long term finance	629,000,000	676,201,400	178,000,000	498,201,400
Trade and other payables	206,111,712	206,111,712	206,111,712	-
Accrued mark-up	<u>12,558,529</u>	<u>12,558,529</u>	<u>12,558,529</u>	<u>-</u>
	<u>1,107,670,241</u>	<u>1,154,871,641</u>	<u>396,670,241</u>	<u>758,201,400</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at September 30, 2017 (and includes both principal and interest payable thereon).

iii) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk.

Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions denominated in foreign currencies. As at the balance sheet date the company is not exposed to foreign currency risk as there is no receivable / payable or commitment other than local currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	2017 Effective interest rate in percentage	2016 Effective interest rate in percentage	2017 Carrying amounts in Rupees	2016 Carrying amounts in Rupees
Financial liabilities				
Long term & short term borrowing	6.50% - 8.50%	7.05% - 9.04%	<u>1,727,636,510</u>	<u>629,000,000</u>
Financial Assets				
Cash at bank (Deposit account)	3.5% - 3.75%	4% - 5%	<u>13,696,027</u>	<u>76,525,899</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increase) / decrease loss by Rs. 17.13 million (2016: Rs. 5.52 million). This analysis assumes that all other variables remain constant. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings

Other Price Risk

Other Price Risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future value of investments securities. As at balance sheet date the Company is not exposed to equity price risk.

33.2 Fair value of financial instruments

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

34 CAPITAL RISK MANAGEMENT

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary share holders.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not required to maintain any regulatory capital.

35 NUMBER OF EMPLOYEES

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

	2017 Number	2016 Number
Total number of employees as at September 30	<u>274</u>	<u>267</u>
Average number of employees during the year	<u>343</u>	<u>313</u>

36 CAPACITY AND PRODUCTION

	2017 M.tons	2016 M.tons
Sugarcane Crushing capacity	960,000	960,000
Sugarcane crushed	593,037	490,605
Sugar Production	61,670	48,671
Sugar recovery percentage	10.41%	9.92%

The estimated production capacity is based on 160 days of crushing. However, the actual crushing days were only 126 days (2016: 90 days) due to non-availability of sugar cane.

37 CORRESPONDING FIGURES

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

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29 December, 2017 by the Board of Directors of the Company.

39 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

Chief Financial Officer



**PATTERN OF SHAREHOLDING
AS AT SEPTEMBER 30, 2017**

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

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



PATTERN OF SHARES HELD BY SHARE HOLDERS AS AT SEPTEMBER 30, 2017

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

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



FORM OF PROXY

No. of Shares

Please Quote Folio No.

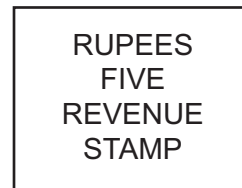
I/Weof..... a member of **SINDH ABADGAR'S SUGAR MILLS LIMITED** and holding ordinary shares, as per Register Folio No..... hereby appoint Mr.....of..... or failing him.....of..... who is also a member of the company vide Register Folio No. as my proxy to vote for me and on my behalf at the Thirty Fourth Annual General Meeting of the Company to be held on January 26, 2018 at 16:00 hours at the Auditorium of the Pakistan Institute of International Affairs (PIIA), Near Sidco Avenue Centre, Opposite: Libra Autos CNG Pump, Mulana Deen Muhammad Wafai Road, Karachi and at an adjournment thereof.

As witness my hand this day of..... 2018.

Witness

Signature: _____

Name : _____



SIGNATURE OF MEMBER

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

سندھ آبادگار شوگر ملز لمیٹڈ

میں مسٹی / مسماة _____ ساکن _____
ضلع _____ بحیثیت ممبر سندھ آبادگار شوگر ملز لمیٹڈ ، مسٹی / مسماة _____
ساکن _____ کو بطور مختار (پراسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے
کمپنی کے اجلاس عام / سالانہ / غیر معمولی اجلاس (یا جو بھی صورت حال ہو) جو بتاریخ _____ ۲۶ جنوری ۲۰۱۸ء بروز
جمعہ _____ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

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