



# ANNUAL REPORT 2018

**PURITY REDEFINED**



**AL-ABBAS SUGAR** Mills Limited

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## Corporate Information

### BOARD OF DIRECTORS

Muhammad Iqbal Usman	Chairman
Asim Ghani	Chief Executive Officer
Asma Aves Cochinwala	Director
Darakshan Ghani	Director
Duraid Qureshi	Director
Zakaria Usman	Director
Irfan Nasir Cheema	Director
Suleman Lalani	Director

### COMPANY SECRETARY

Zuhair Abbas

### CHIEF FINANCIAL OFFICER

Samir Hajani

### AUDIT COMMITTEE

Zakaria Usman	Member
Asma Aves Cochinwala	Member
Darakshan Ghani	Member
Duraid Qureshi	Member
Suhaib Afzal	Secretary

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

Muhammad Iqbal Usman	Chairman
Asim Ghani	Member
Asma Aves Cochinwala	Member
Darakshan Ghani	Member

### BANKERS

Al Baraka Bank Pakistan Limited (Burj Bank Limited)  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
MCB Islamic Bank  
National Bank of Pakistan  
The Bank of Punjab  
Meezan Bank Limited  
Pak Oman Investment Company Limited  
Soneri Bank Limited  
United Bank Limited

### STATUTORY AUDITORS

Reanda Haroon Zakaria & Co. Chartered Accountants

### REGISTERED OFFICE

2nd Floor, Pardesi House, Survey No. 2/1,  
R.Y. 16, Old Queens Road, Karachi – 74000  
Tel: 92-21-111-111-224  
Fax: 92-21-32470090  
Website: www.aasml.com

### SHARE REGISTRAR OFFICE

CDC House-99B, Block 'B', S.M.C.H.S  
Main Shahra-e-faisal, Karachi-74400

### FACTORIES/STORAGE LOCATIONS

- 1) Mirwah Gorchani, Distt. Mirpurkhas, Sindh
- 2) Main National Highway, Dhabeji, Sindh
- 3) Oil Installation Area, Kemari, Karachi, Sindh

## VISION

AL-ABBAS SUGAR MILLS LIMITED is committed to earn the reputation of a reliable manufacturer and supplier of good quality white refined sugar, industrial alcohol, Calcium carbide and alloys in local and international markets.

## MISSION

- To be a profitable organization and to meet the expectations of our stockholders.
- To become competitive in local and international markets by concentrating on quality of core products.
- To promote best use and development of human resources in a safe environment, as an equal opportunity employer.
- To use advance technology for efficient and cost effective operations.

# NOTICE OF 28TH ANNUAL GENERAL MEETING

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of Al-Abbas Sugar Mills Limited will be held at Beach Luxury Hotel, Karachi on Saturday, January 26, 2019 at 10:30 AM to transact the following business:

## Ordinary Business

1. To confirm the minutes of the 27<sup>th</sup> Annual General Meeting of the shareholders of the Company held on January 26, 2018.
2. To receive, consider and adopt Annual Audited Financial Statements for the year ended September 30, 2018, together with the reports of the Auditors' and Directors' thereon.
3. To declare and approve the cash dividend for the year ended September 30, 2018 on the ordinary shares of the Company. The Directors have recommended a final cash dividend at **500%** i.e. Rs. **50** per share. This is in addition to the interim dividend 30% i.e. Rs. 03 per share already paid. The total dividend for 2017-18 will thus amount to **920.202** million i.e. Rs. **53** per share.
4. To appoint auditors for the ensuing year, and to fix their remuneration. The present auditors M/s Reanda Haroon Zakaria & Company Chartered Accountants, being retired and eligible, have offered themselves for re-appointment.
5. To elect 8 directors as fixed by the Board of Directors in accordance with the requirements of the Companies Act, 2017 for a term of three years commencing from January 28, 2019. The names of retiring directors are Mr. Muhammad Iqbal Usman, Mr. Asim Ghani, Mrs. Asma Aves Cochinwala, Ms. Darakshan Ghani, Mr. Duraid Qureshi, Mr. Zakaria Usman, Mr. Irfan Nasir Cheema and Mr. Suleman Lalani.

## Special Business

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as special resolution, as circulated to the members of the Company alongwith the notice of this AGM and initialed by the Company Secretary for the purpose of identification, in substitution of and to the exclusion of the existing Articles of Association of the Company. The text of this special resolution is as under:

### SPECIAL RESOLUTION

**"RESOLVED THAT** the existing Articles of Association of the Company be and are hereby altered and be replaced with a new set of Articles of Association of the Company."

**"RESOLVED FURTHER THAT** any changes, as may be required by the Securities and Exchange Commission of Pakistan (SECP), in the new set of Articles shall be treated as approved and adopted by the shareholders and the same shall have effect from the date of passing of this special resolution."

**"RESOLVED FURTHER THAT** the Chief Executive Officer or the Company Secretary be and are hereby authorized singly to fulfill all legal, corporate and procedural formalities and to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution and filings with SECP along with all requisite documents, affidavits, statements etc. for recording of the alterations of Articles of Association."

The statement as required under sections 134(3) of the Companies Act, 2017 is being sent to the members with the notice

## Other Business

7. To transact any other business with the permission of the chair.

By Order of the Board



Zuhair Abbas  
Company Secretary

Karachi: December 20, 2018

## Notes:

1. Share Transfer Books will be closed from January 19, 2019 to January 26, 2019 (both days inclusive) for the purpose of Annual General Meeting and payment of the final dividend.
2. All Members are entitled to attend and vote at the meeting. A Member may appoint a proxy.
3. Any change of address of Members should be notified immediately to the Company's Share Registrar office.
4. A Member entitled to attend and vote at the Meeting may appoint another person as his proxy to attend, vote and speak at the Meeting instead of him/her. A proxy need not be a member of the Company. The instrument appointing a proxy and the power of attorney or other authority / board resolution under which it is signed or a notarially attested copy of power of attorney lodged at the Company's Registered Office or Share Registrar Office at least 48 hours before the time of the meeting. The Form of Proxy is attached with this notice.
5. Any person who seeks to contest the election of directors shall, whether he is a retiring director or otherwise, file with the Company a notice of his/her intention to offer himself/herself for election as a director in terms of Section 159 (3) of the Companies Act, 2017 fourteen (14) days before the date of the Meeting along with the following documents:
  - i. Consent to act as director on Form 28 under section 167 of the Companies Act, 2017.
  - ii. A detailed profile along with his/her office address as required under SRO 634(1)/2014 dated 10 July 2014 issued by the Securities and Exchange Commission of Pakistan ("SECP") for placement on the Company's website.
  - iii. Declarations confirming that:
    - He/she is aware of the duties of the directors under the Companies Act, 2017, the Memorandum and Articles of Association of the Company and Listing Regulations of the Pakistan Stock Exchange.
    - He/she is compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the eligibility criteria as set out in the Companies Act, 2017.
    - He/she is not serving as Director in more than five (5) listed companies simultaneously, provided that this limit shall not include directorship in the listed subsidiaries of a listed holding company.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

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

- i. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the regulations shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

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

- i. In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the regulations shall submit the proxy form as per the requirement by the Company.
- ii. The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.

### **C. Postal Ballot Regulations, 2018:**

If the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of Section 159 of the Companies Act, 2017, then the Company shall provide its Members with the option of e-voting or voting by postal ballot in accordance with the provisions of Companies (Postal Ballot) Regulations, 2018.

Shareholders who wish to participate through e-voting, kindly provide immediately or not later than seven days from the date of Annual General Meeting, through a letter duly signed by them, i.e. Name, Folio / CDC A/C No., E-mail Address, Contact Number to the Share Registrar of the Company (Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400).

#### 6. Transmission of the Annual Audited Financial Statements through CD/DVD or USB

Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of Al-Abbas Sugar Mills Limited in 26th AGM of the Company held on January 30, 2017 had accorded their consent for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intends to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: [www.aasml.com](http://www.aasml.com)

#### 7. Submission of Copies of CNIC and NTN Certificates (Mandatory)

CNIC of the shareholders is mandatory in terms of the directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated July 05, 2012 for the issuance of future dividend warrants etc., and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Independent Share Registrar without any further delay.

#### 8. Deduction of income tax from dividend at revised rates

Pursuant to the provisions of Finance Act, 2017 effective 1 July 2017, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No.	Nature of Shareholder	Rate of Deduction
1	Filers of income tax return	15%
2	Non - filer of income tax return	20%

To enable the Company to make tax deductions on the amount of cash dividend at 15% instead of 20%, shareholders are requested to please check and ensure Filer status from Active Taxpayers List (ATL) available at FBR website <http://www.fbr.gov.pk/> as well as ensure that their CNIC/Passport number has been recorded by the participant/Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate entities (non-individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant/Investor Account Services or in case of physical shareholding by Company's Share Registrar.

Members who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his/her shareholding.

If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the Annual General Meeting date.

Folio / CDC A/c No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal / Joint Shareholder
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#### 9. Payment of Cash Dividend through electronic mode (Mandatory)

Under the provision of Section 242 of the Companies Act, 2017 it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on the Company's website and send it duly signed along with a copy of CNIC to the share Registrar of the Company, CDC House-99B, Block 'B', S.M.C.H.S, main shahra-e-faisal, Karachi-74000, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

#### 10. Form for Video Conference Facility

Members can also avail video conference facility. In this regard please fill the form and submit to registered address of the Company 10 days before holding of general meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access facility.

#### 11. Unclaimed dividend

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar CDC House-99B, Block 'B', S.M.C.H.S, main shahra-e-faisal, Karachi-74000 to collect/enquire about their unclaimed dividend, if any.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend.

#### Statement made under Section 166(3) of the Companies Act, 2017 In Respect of Appointment of Independent Directors

Any person who is eligible under section 153 and meet the criteria under section 166(2) of the Companies act, 2017, may submit nomination to be elected as independent directors. However, it is noteworthy to mention here that independent director shall be elected in the same manner as other directors are elected in terms of section 159 of the Companies Act, 2017. Final list of contesting directors will be published in Newspapers not later than seven days before the date of the said meeting in terms of section 159(4). Further, website of the company will also be updated with the required information for each Director. No directors have direct or indirect interest in the above said business except they may consent for election of directors accordingly.



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

### **Alterations in Articles of Association and Adoption of New Set of Articles**

The Board of Directors of the Company in their meeting held on December 20, 2018, has recommended alteration in the existing Articles of the Company and its replacement with a new set of Articles of Association, to bring it in line with the provisions of the Companies Act, 2017 and other applicable regulations.

A copy of new set of Articles of Association is being circulated to members with the notice of Annual General Meeting together with a comparative statement of existing clauses and proposed clauses as they appear in the new set of Articles of Association.

Comparative statement and new set of Articles of Association have been kept at the Registered Office of the Company and may be inspected by members on working days during usual business hours from Monday to Friday (9.00 a.m. - 6.00 p.m.) from the date of issuance/publication of this notice till the date of general meeting.

The Directors of the Company have no direct or indirect interest in the special resolution proposing alterations in the Articles of Association, except to the extent of their directorship in the Company.

### **Reason of Alteration and Adoption of New Set of Articles**

Pursuant to enactment of the Companies Act 2017 (the Act), various clauses of existing articles of the Company contained reference of the repealed Companies Ordinance, 1984, necessitated changes as per the Act. Few articles found either inconsistent with Act, have been either amended or removed. Certain new articles are proposed to be inserted in order to comply with the requirement of the Act and various other regulations. Further alterations in certain provisions of the Articles are proposed to make editorial corrections, not having any effect on the substance of the provisions thereto.

### **Statement by the Board of Directors pursuant to SRO 423 of 2018 dated April 03, 2018**

The proposed alterations in the Articles of Association are in line with the applicable provisions of the law and regulatory framework.

# CHAIRMAN'S REVIEW

## Dear Shareholders

I am pleased to present the financial performance of Al-Abbas Sugar Mills Limited on behalf of the Board of Directors for the year ended September 30, 2018, along with my review on the performance of your Company.

Your company is well aware of the challenges being faced specially the water shortage issue all over Pakistan have major impact on the future growth of crop. Our company is focusing on popularizing resource conservation and energy efficiency technologies. Your company aims to achieve this by technology standardization and enabling access to finance. The management of your company also trying to make close coordination with farmers and encouraging them for use of modernized farming techniques, so they remain updated with latest techniques.

The Strong Governance structure in the board is in place to empower the business to grow and deliver long term sustainable results. Your Board has kept eye in respect of achievement of Company's objectives, goals, strategies and financial performance. Board regularly asked for different sort of presentations from the Management. The Board provided appropriate direction and oversight on a timely basis. Your board has taken strict amount of steps to evaluate your directors and the significance they add to your board. Currently there is no independent director on the board as more fully explained in point no 2 of Statement of compliance with Listed Companies (Code of Corporate Governance) Regulations 2017 for the year ended September 30, 2018

We have highlighted on code of conduct, setting out the values and standards, we expect in the conduct of business. To implement the importance of good governance and setting the right standard throughout your Company, this covers issues such as health and safety, conducts of employees, diversity, financial controls and business integrity.

Your Company tries for the top use of resources and operational quality leading to major worth creation for the stakeholders. Your company is going through an energetic phase where skills and technologies are being developed. With the improved capacity and improved competitiveness your Company is well placed to develop.

Your Company is set on continued and qualitative long term growth, and strives for the best use of resources and operational excellence leading to significant value creation for the stakeholders. I take this opportunity to thank and appreciate governmental departments, banking partners, others financial institutions, insurance companies and shareholders for their continued support and cooperation and finally the appreciation for the devotion, loyalty, and hard work shown by the officers, staff and workers of your Company.



**Muhammad Iqbal Usman**  
Chairman

Karachi: December 20, 2018

# DIRECTORS' REPORT

In the name of ALLAH, the most gracious and most merciful, The Board of Directors of your Company take pleasure in presenting their report together with the Company's Annual Audited Financial Statements and Auditors' report thereon for the year ended September 30, 2018.

## Financial Performance:

	2018 (Rupees in thousand)	2017
Profit before taxation	1,370,679	206,948
Taxation	(76,899)	(63,972)
Net profit for the year	<u>1,293,780</u>	<u>142,976</u>
<b>Earnings per share in rupees</b>	<u>74.52</u>	<u>8.23</u>

## Dividends and Appropriations

The Board of Director in their meeting held on December 20, 2018 has proposed the final dividend of 500% i.e. Rs. 50 per share. This is in addition to the interim dividend of 30% i.e. Rs. 3 per share already paid. The total dividend for the year ended September 30, 2018 will thus amount to Rs. 920.202 million i.e. Rs. 53 per share. The approval for the final dividend shall be obtained at the Annual General Meeting to be held on 26 January 2019. These financial statements do not include the effect of final cash dividend. The appropriation approved by the Board is as follows:

	(Rupees in thousands)
Profit after taxation	1,293,780
Un-appropriated profit brought forward	651,314
Final dividend 2017 @ Rs. 5/share	(86,812)
Interim dividend 2018@ Rs. 3/share	(52,087)
Available for appropriation and Un-appropriated profit carried forward	<u>1,791,550</u>

## Operating Results

Details of operations in respect of Sugar, Ethanol, Storage Tank Terminal, Power, Chemical and Alloys division are given as under:

### SUGAR UNIT

#### Operating Data

#### Operational Performance

	2018 (Rupees in thousand)	2017
Date of start of season	November 28, 2017	November 14, 2016
Duration of season (Days)	135	125
Crushing (M. Tons)	665,539	659,154
Production from sugarcane(M. Tons)	74,388	70,484
Sales (M. Tons)	74,903	48,353
Recovery (%)	11.17 %	10.70 %

During the period your Company has been able to achieve all time highest recovery rate. The plant operated for 135 days as against 125 days of preceding season. The sugarcane crushed during the current season was 665,539 M.Tons with average sucrose recovery of 11.17% and sugar production of 74,388 M.Tons as compared to crushing of 659,154 M.Tons with average sucrose recovery of 10.70% and sugar production of 70,484 M. Tons of same period last year.

**SUGAR UNIT  
Financial Data**

	<b>2018</b>	2017
	<b>(Rupees in thousand)</b>	
Sales	<b>3,829,183</b>	2,465,934
Cost of sales	<b>(3,259,731)</b>	(2,616,774)
Gross (loss) / profit	<b>569,452</b>	(150,840)
Distribution cost	<b>(144,017)</b>	(17,771)
Administrative expenses	<b>(64,038)</b>	(67,831)
Sugar Unit Operating (loss) / profit	<b><u>361,397</u></b>	<u>(236,442)</u>

During the year, your company's sugar unit has earned an operating segment profit of Rs. 361.398 million as compared to the operating segment loss of Rs. 236.442 million of the corresponding period of last year. Net sales during the period were Rs. 3,829.183 million as compared to Rs. 2,465.934 million of corresponding period registering an increase of Rs. 1,363.249 million. Surge in turnover was primarily due to higher sales of sugar i.e. 55% increase as compared to the same corresponding period of last year. The export during the year contributed 87.41% of total Sugar Sales.

The sugar industry of Pakistan remained depressed throughout the year, there is an excess supply of sugar as compared to the domestic demand. The government has provided a subsidy to the sugar mill owners in order to make exports viable given the price differential between international sugar prices which are lower compared to domestic prices. While the government has failed to come up with an adequate mechanism to regulate sugar-cane prices, it has also failed to stem decline in the sugar prices in local market.

**ETHANOL UNIT:  
Operating Data**

	<b>2018</b>	2017
Production (MT) - Unit - I and II	<b>43,221</b>	38,213
Sales (MT)	<b>43,979</b>	38,683

During the year, this division produced 43,221 (M.T) of ethanol as compared to corresponding period of 38,213 M.T. The segment production show 13% positive increase. Due to higher production your management proactively and timely exported the goods as a result the current year sales soared to 43,979 M.T as compared to 38,683 M.T of last year representing 5,296 M.T of increase.

**Financial Data**

	<b>2018</b>	2017
	<b>(Rupees in thousand)</b>	
Sales	<b>3,664,894</b>	2,861,481
Cost of sales	<b>(2,161,054)</b>	(2,201,073)
Gross profit	<b>1,503,840</b>	660,408
Distribution cost	<b>(359,564)</b>	(115,315)
Administrative expenses	<b>(42,005)</b>	(44,864)
Operating segment profit	<b><u>1,102,271</u></b>	<u>500,229</u>

Due to the hard work of your company's management, high-quality molasses was purchased at highly competitive price. The efforts can be evidenced by looking into the improved operating segment profit figures which comes to Rs. 1,102.271 million as against corresponding period profit of Rs. 500.229 million. The main reason for increase in profit is due to quality purchase of molasses and timely export of ethanol at good prices.

The management also tried to change the sales mix of ethanol in order to leverage on the more profitable sales mix. More specifically, the reliance on ISO sale was reduced while the reliance placed on Bulk and Drums sales was increased.

## **POWER, CHEMICAL AND ALLOYS DIVISION**

The operations for the chemical and power division were remained suspended during the period under review and the division has incurred operating segment loss of Rs. 40.437 million as compared to loss of Rs. 45.314 million for the same period last year. The loss mainly represents the fixed expenses.

## **STORAGE TANK TERMINAL**

Storage Tank Terminal contributed profit of Rs. 93.455 million during the year as compared to Rs. 93.840 million in last year. The ethanol produced by your company has also been stored in the tank terminal to facilitate the timely arrival of export orders. The terminal is licensed to act as customs public bonded warehouse and has a total capacity of 22,850 M.T to handle bulk liquid cargo. The terminal has permission to store dangerous goods which includes Ethanol as well as other petroleum products. As of today the Storage Tank Terminal capacity is fully occupied.

## **Comments on Auditor's Report**

As fully explained in note 29.1.c to the financial statements, a suit bearing no. 281 has been filed in the Honorable High Court of Sindh at Karachi against the Company and 9 others alleging mismanagement in the Company's affairs. The Company and its management have denied all allegations of the plaintiff and are of the view that no inference is likely to materialize in the suit and there is no financial exposure of the Company in the matter.

## **Related Party Transactions**

The details of related party transactions are disclosed in note 41 and 46 of the financial statements of the Company.

## **Future Outlook**

### **Sugar Segment**

The upcoming sugar crushing season i.e. 2018-19 is very difficult without proper implementation of an even price of sugarcane in all the provinces. Pakistan Sugar Mills Association has demanded from the government to release the outstanding amount of sugar subsidy, relax the harsh condition from the approval of 1.1 million ton of sugar export, reduce sales tax by rationalizing the base price of sugar sales, and determine cane price judiciously.

The government has been requested by the sugar industry to set sugarcane prices in line with the selling price of sugar and sugar industry are hesitant to commence the new crushing season citing a liquidity crunch because of Rs. 16 billion export subsidies owed by the government and low prices in the local market

In the current scenario the sugar mills even cannot meet the breakeven point. Sugar industry encourage the growers to get fair price of cane, but the government should also give the sugar industry a good rate for sugar, while keeping in mind the growth and viability of this industry.

The global sugar supply balance is expected to swing to a deficit in the 2018/19 season, a change from earlier forecasts for another year of surplus. Moreover, lower sugar production on account of expected decline in sugarcane crop may also dampen the food group's contribution. Decline in the area under sugarcane crop, water shortages at the time of sowing of kharif crops and weak trends in the off-take of fertilizer indicate that agriculture sector may not repeat last year's extraordinary performance. However, your company's management is well aware of the challenges and have proper plan to tackle these emerging issues.

### **Ethanol Segment**

Ethanol segment of your company has proved to be the most profitable segment from many years. Your management is continuously working on further improvement. The prices of molasses remained competitive which was one of the main factors enabling record profitability. The Ethanol production also increased by 13% during the season.

Despite the recent devaluation of PKR against Dollar, the margin of this unit is expected to remain same as international price is continually on decreasing trend while price of molasses is on rising trend. Despite all these facts prospects for this unit is quite bright. With sugar prices in free fall, the production of ethanol from molasses may provide a safety net for your company.

### Tank Terminal

Your Company anticipates continuous earnings from Tank terminal segment. Since August 2018, the operations of POL product has been stopped due to repairs of the tanks. The company has sought approval from KPT. However, KPT has not granted the permission and applying delaying tactics. In order to readdress the grievances, the company has filed an application before the Honorable High Court of Sindh and prayed that Honorable Court issue order to the KPT to grant us permission for repair work. Hearing are in progress.

### Power, Chemical and Alloys Division

Since 2011 the production facilities of chemical, alloys and power segment have been suspended in view of present business conditions and the matter of its recommencement will be reviewed when these conditions improve.

### Overall

The Company is putting more efforts to increase cost efficiencies, improve processes and seeking alternate course of actions to contest the foreseen risks in order to boost overall profitability.

### Composition of Board of Directors

**1. The total number of directors are eight as per the following:**

- a. Male: Six (6)
- b. Female: Two (2)

**2. Composition of Board**

- i) Non-Executive Directors: Seven (7)
- ii) Executive Directors : One (1)

### Director's remuneration

The Company have approved Director's remuneration policy. Effective from December 20,2018 the meeting fee for non-Executive Directors (Excluding Chairman) is approved as Rs. 50,000/-

### Meetings of Board of Directors

The Board of Directors is comprised of one executive, seven non-executive directors. During the year ended September 30, 2018, four meetings of the Board of Directors were held. The numbers of meeting attended by directors are as follows:

Name of Directors	Status	Number of meetings attended
Mr. Mohammad Iqbal Usman	Chairman	4/4
Mr. Asim Ghani	Chief Executive Officer	4/4
Mrs. Asma Aves Cochinwala	Non-Executive Director	4/4
Miss. Darakshan Ghani	Non-Executive Director	4/4
Mr. Duraid Qureshi	Non-Executive Director	0/4
Mr. Irfan Nasir Cheema	Non-Executive Director	4/4
Mr. Sayyed Rafay Akber Rashdi	Independent Director (Resigned)	1/1
Mr. Suleman Lalani	Non-Executive Director	4/4
Mr. Zakaria Usman	Non-Executive Director	3/3

Leave of absence were granted by the BOD to Mr. Duraid Qureshi.

### Casual Vacancy

On December 12, 2017 Mr. Shunaid Qureshi has tendered his resignation from the post of CEO with immediate effect. Accordingly, a casual vacancy has arisen which is filled by appointing Mr. Asim Ghani as new CEO in Board of Directors' meeting held on December 26, 2017.

The independent director Mr. Sayyed Raffay Akber Rashdi has tendered his resignation due to his personal reasons effective from January 8, 2018. Accordingly, a casual vacancy was filled by appointing Mr. Zakaria Usman as a new independent director. However, the SECP has issued a direction dated July 23, 2018, where in it was held that Mr. Zakaria Usman is barred from acting as an independent director and invoke the provisions of section 475 of the Act and directed the BOD of the Company to undo the default and appoint the independent director as per the provisions of the law. The Company has filed an appeal against the said order in the Appellate Bench Registry, SECP.

#### Audit Committee

The Board of Directors has established an Audit Committee in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017. The meetings attended by members are as follows:

Name of Members	Status	Category	Number of meetings attended
Mr. Sayyed Rafay Akber Rashdi	Chairman	Independent Director (Resigned)	1/1
Mrs. Asma Aves Cochinwala	Member	Non-Executive Director	4/4
Miss. Darakshan Ghani	Member	Non-Executive Director	4/4
Mr. Duraid Qureshi	Member	Non-Executive Director	4/4
Mr. Zakaria Usman	Member	Non-Executive Director	3/3

The Audit Committee reviewed the quarterly, half yearly, annual financial statements along with the related party transaction register before submission to the Board. The Audit Committee also reviewed internal auditor's findings and held separate meetings with internal and external auditors as required under the Listed Companies (Code of Corporate Governance) Regulations, 2017.

#### Human Resource Committee

Human resource planning and management is one of the most important focus points at the highest management level. The Company has a Human Resource and Remuneration Committee which is involved in the selection, evaluation, compensation and succession planning of the key management personnel. It is also involved in endorsing improvements in Company's human resource policies and procedures and their periodic appraisal. The meetings attended by members are as follows:

Name of Members	Status	Category	Number of meetings attended
Mr. Mohammad Iqbal Usman	Chairman	Non-Executive Director	3/3
Mr. Asim Ghani	Member	Chief Executive	3/3
Mrs. Asma Aves Cochinwala	Member	Non-Executive Director	3/3
Miss. Darakshan Ghani	Member	Non-Executive Director	3/3

#### Investment Committee

The Board of Directors has established an Investment Committee consisting of high experienced personnel for evaluating the position of investments on half yearly basis and determining the future strategies regarding the investments held or further investment. The investment committee held two meetings during the year. Attendance by each member was as follows:

Name of Members	Status	Category	Number of meetings attended
Mr. Muhammad Iqbal Usman	Chairman	Non-Executive Director	2/2
Mr. Asim Ghani	Member	Chief Executive	2/2
Miss. Darakshan Ghani	Member	Non-Executive Director	2/2

### Board's Evaluation Committee

The Board of Directors has established an Evaluation Committee consisting highly experienced personnel for evaluating the Board's performance, its committees and members. The evaluation committee held (1) meeting during the year. Attendance by each member was as follows:

Name of Members	Status	Category	Number of meetings attended
Mr. Mohammad Iqbal Usman	Chairman	Non-Executive Director	1/1
Miss. Darakshan Ghani	Member	Non-Executive Director	1/1
Mr. Duraid Qureshi	Member	Non-Executive Director	1/1

### Auditors

The retiring auditors, M/s. Reanda Haroon Zakaria & Company, Chartered Accountants being eligible, offer themselves for re-appointment. On recommendation of Audit Committee, the Board of Directors has endorsed their appointment for the year 2018-2019 to the shareholders at the forthcoming Annual General Meeting.

### Principal Risks and Uncertainties Facing the Company

The Company's activities expose it to a variety of risks to mitigate all the risks and uncertainty that is faced by every business, the Company is implementing a circumspect and cautious rationale. The Company emphasizes on recognizing all long-term and short-term risks, to overcome and eliminate them.

To mitigate the operational risks, necessary strategies have been developed details of the Company's financial risk management policies and objectives in respect of its use of financial instruments are included in note 40 to the financial statements together with a description of its exposure, including its exposure to credit risk, market risk and liquidity risk.

### Corporate Social Responsibility

The Company is committed towards accomplishing its Corporate Social Responsibility (CSR) and actively takes part in social work programs that are conducted throughout the year. During the year under review as part of CSR program, the Company has made contribution in the sector of health.

### Impact Of Company's Business on Environment

The Environment policy of company and its management processes deal with the environment issues connected to our manufacturing processes and facilities. Your Company knows that it is our environmental responsibilities and our contribution to sustainable development of the society. Our Company is committed to minimizing environmental impacts by reducing wastes and emissions. The Company conducts its business with the highest concern for the health and safety of its employees, customers, suppliers, neighbors and the general public, and for the environment in which it operates.

Policies are regularly reviewed to ensure that the standards set are linked to industry's best practices. Health and safety training is provided to employees to ensure that they perform their work in accordance to the laid down policies. In this respect, in-house training sessions for fire safety, first aid, defensive driving and occupational health and safety are carried out routinely.

### Contribution to the National Exchequer

The Company contributed a total amount of Rs. 171.966 (2017: Rs. 241.386) million to the Government Treasury in the shape of income tax, levies, excise duty and sales tax.



### Pattern of Shareholding and Shares Traded

The Pattern of shareholding as on September 30, 2018 is separately annexed to this report.

No trading in the shares of the Company was carried out by the Chief Executive, Director's, Chief Financial Officer and Company Secretary and their spouses and minor children except the following:

NAME	CATEGORY	TRANSACTION	NATURE	NO. OF SHARES
Mr. Asim Ghani	Chief Executive Officer	Purchase of share	Normal Market Operation	5,000
Mr. Asim Ghani	Chief Executive Officer	Purchase of share	Negotiated Deal Market	1,873,250

### Adequacy of Internal Financial Controls

The Board of Directors has made an efficient system of internal financial controls. They confirm to comply with the Listed Companies code of corporate governance except as disclosed in Statement of Compliance, with applicable laws, regulation and have been effectively implemented and monitored. Internal Audit function of our company regularly appraises the financial controls and Audit committee reviews the internal controls and Financial accounts on quarterly basis.

### Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017

The Directors are pleased to state that your Company has complied with the provisions of Listed Companies (Code of Corporate Governance) Regulations, 2017 except as mentioned in Statement of Compliance.

- a) The financial statements prepared by the Management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) The Company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- e) A sound system of internal control has been designed and effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) The Key financial data for the last six years is annexed with this report.
- h) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- i) The Company has not made payment against market committee fee since inception as it has been challenged in Honorable High Court of Sindh. However, full provision has been made for the same in the accounts of Rs. 87.363 million. The Karachi Water and Sewerage Board has demanded Rs. 19.588 million for sewerage, fire and conservancy charges which the Company has challenged in the Honorable High Court of Sindh, Karachi as no such facilities are being provided by the Board.
- j) The Company arranges orientation course for its Directors as and when needed to apprise them of their duties and responsibilities. Four (4) Directors have already done Directors' Training Program of Pakistan Institute of Corporate Governance (PICG). In addition, three (3) of the Directors are exempted from the requirement of Director's training program under chapter (VII) of Listed Companies (Code of Corporate) Regulations, 2017 and the remaining one director will be trained with in the specified time.
- k) The Company maintains a Gratuity Fund for its employees. The value of fund is Rs. 98.320 million in the shape of investments as on September 30, 2018.

### Acknowledgement

The Company high standard of excellence is solely a result of the continued support and cooperation by its employees.

We acknowledge the contribution of each and every staff member of the Company for Significant contribution in delivering such a strong performance. The directors fully recognize the support provided by the customers for their trust in our products and look forward for their continued business with us.

We are grateful to our shareholders, banks and financial institution for their support, guidance and confidence reposed in our enterprise and stand committed to make sure for improvement of efficiency with countless enthusiasm and spirit Insha Allah, to overcome the difficult situation being faced by the sugar industry.

**For and on behalf of the Board of Directors**



**Asim Ghani**  
Chief Executive Officer



**Darakshan Ghani**  
Director

Karachi: December 20, 2018

# PATTERN OF SHAREHOLDINGS

AS ON SEPTEMBER 30, 2018

Number of Shares	Shareholdings' slab		Total Number of Shares Held
	From	To	
223	1	100	10,407
499	101	500	230,455
59	501	1,000	54,092
53	1,001	5,000	130,870
5	5,001	10,000	42,600
4	10,001	15,000	48,600
1	15,001	20,000	20,000
3	20,001	30,000	82,500
1	30,001	40,000	37,400
1	40,001	60,000	56,182
1	60,001	105,000	100,027
1	105,001	115,000	113,800
1	115,001	131,000	130,479
1	131,001	135,000	134,300
1	135,001	205,000	204,600
1	205,001	380,000	377,698
1	380,001	425,000	421,802
1	425,001	620,000	616,183
1	620,001	730,000	728,087
1	730,001	750,000	750,000
1	750,001	1,350,000	1,346,232
1	1,350,001	1,400,000	1,399,668
1	1,400,001	1,415,000	1,414,500
1	1,415,001	2,295,000	2,294,468
1	2,295,001	2,300,000	2,295,750
1	2,300,001	4,325,000	4,321,600
<u>865</u>			<u>17,362,300</u>

## CATAGORIES OF SHAREHOLDERS

AS ON SEPTEMBER 30, 2018

Shareholders Catagories	Number of Shares Held	Percentage
Associated Companies, undertaking and related parties	7,286,932	41.9699
Mutual Fund	512,598	2.9524
Directors, Chief Executive Officer, and their spouse and minor children.	2,845,279	16.3877
Executives	NIL	NIL
Public Sector Companies and Corporations	NIL	NIL
NIT and ICP	616,683	3.5519
Banks, development Finance institutions, non-Banking Finance Companies, insurance Companies, takaful, modarabas and pension funds	863,344	4.9725
Share holders holding 5%	13,072,218	75.2908
General Public		
a. Local	2,724,336	15.6911
b. Foreign	NIL	NIL
Others	2,513,128	14.4746

# DETAIL OF SHAREHOLDERS CATAGORIES

AS ON SEPTEMBER 30, 2018

	No. of Shares	Percentage
<b>1 Associated Companies , Undertakings and Related Parties</b>		
Al-Abbas Sugar Mills Limited-Employees Gratuity Fund	204,600	1.1784
Mahvash and Jahangir Siddiqui Foundation	1,414,500	8.1470
Haji Abdul Ghani	4,321,600	24.8907
Noor Jahan Hajiani	<u>1,346,232</u>	<u>7.7538</u>
	<u>7,286,932</u>	<u>41.9699</u>
<b>2 Mutual funds</b>		
Prodenial Stocks Fund Limited	600	0.0035
MCBFSL-Trustee JS Value Fund	377,698	2.1835
MCFSL - Trustee Js Growth Fund	<u>134,300</u>	<u>0.7689</u>
	<u>512,598</u>	<u>2.9558</u>
<b>3 Directors, CEO and their spouses and minor children</b>		
Muhammad Iqbal Usman	500	0.0029
Asim Ghani	2,295,750	13.2226
Asma Aves Cochinwala	100,027	0.5761
Aves Cochinwala	1,000	0.0058
Darakshan Ghani	421,802	2.4294
Duraid Qureshi	1,000	0.0058
Suleman Lalani	500	0.0029
Irfan Nasir Cheema	500	0.0029
Zakaria Usman	12,700	0.0731
Hira Asim	<u>11,500</u>	<u>0.0662</u>
	<u>2,845,279</u>	<u>16.3877</u>
<b>4 Executives</b>		
	<u>NIL</u>	<u>NIL</u>
<b>5 Public Sector Companies and corporations</b>		
	<u>NIL</u>	<u>NIL</u>
<b>6 NIT and ICP</b>		
Investment Corporation of Pakistan	500	0.0029
CDC - Trustee National Investment (Uuit) Trust	<u>616,183</u>	<u>3.5490</u>
	<u>616,683</u>	<u>3.5519</u>
<b>7 Banks, development finance institutions, Non- banking finance Companies, Insurance Companies, takaful, modarabas and pension funds</b>		
National Bank of Pakistan	728,087	4.1935
Trustee National Bank of Pakistan Employees Pension Fund	130,479	0.7515
Trustee National Bank of Pakistan Emp Bevevolent Fund Trust	4,578	0.0264
The Bank of Khyber	<u>200</u>	<u>0.0012</u>
	<u>863,344</u>	<u>4.9725</u>

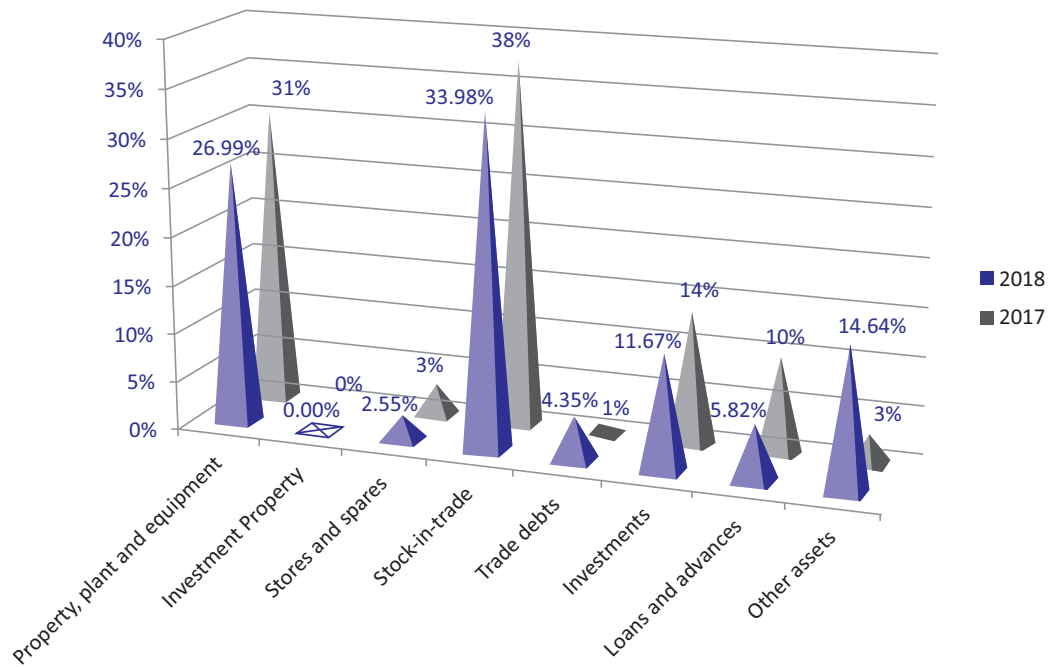
**AS ON SEPTEMBER 30, 2018**

	No. of Shares	Percentages
<b>8 Shareholder holding five percent or more voting interest in the Company</b>		
Haji Abdul Ghani	4,321,600	24.8907
Asim Ghani	2,295,750	13.2226
Jahangir Siddiqui & Sons Limited	2,294,468	13.2152
Mahvash and Jahangir Siddiqui Foundation	1,414,500	8.1470
Shunaid Qureshi	1,399,668	8.0615
Noor Jahan Hajjani	1,346,232	7.7538
	<u>13,072,218</u>	<u>75.2908</u>

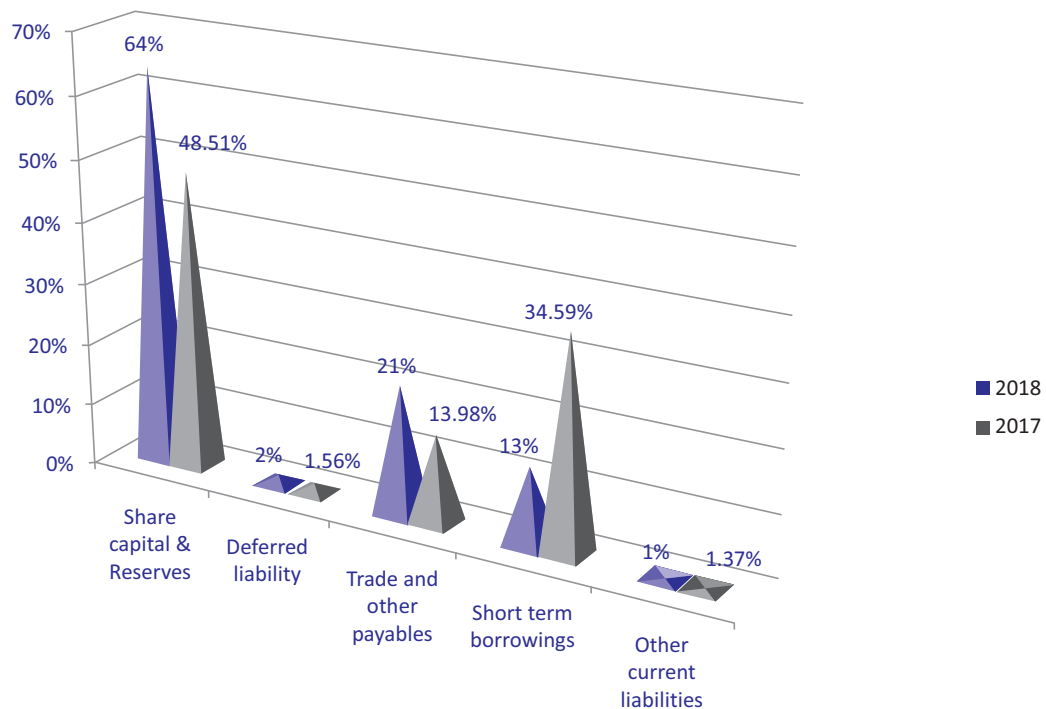
# KEY FINANCIAL DATA

		2018	2017	2016	2015	2014	2013
<b>Investment Measure</b>							
Ordinary Share Capital	Rs. in ' 000 '	<b>173,623</b>	173,623	173,623	173,623	173,623	173,623
Reserves	Rs. in ' 000 '	<b>3,420,351</b>	2,334,735	2,161,485	2,054,425	2,052,615	1,808,825
Ordinary Shareholder's Equity	Rs. in ' 000 '	<b>3,593,974</b>	2,508,358	2,335,108	2,228,048	2,226,238	1,982,448
Dividend on Ordinary Shares	Rs. in ' 000 '	<b>920,201</b>	173,623	329,884	434,058	173,623	86,812
Dividend per Ordinary Share	Rs.	<b>53.00</b>	10.00	19.00	25.00	10.00	5.00
Profit Before Taxation	Rs. in ' 000 '	<b>1,370,679</b>	206,948	524,570	553,599	388,119	330,998
Profit After Taxation	Rs. in ' 000 '	<b>1,293,780</b>	142,976	457,883	494,935	298,153	287,545
Earnings per share of Rs. 10	Rs.	<b>74.52</b>	8.23	26.37	28.51	17.17	16.56
<b>Measure of Financial Status</b>							
Current Ratio	x : 1	<b>1.80</b>	1.12	1.61	1.29	1.07	0.93
Debt Equity Ratio	x : 1	-	-	-	-	-	0.08
Total Debt Ratio	x : 1	<b>0.13</b>	0.35	0.00	0.13	0.27	0.38
Number of Days Stock	In days	<b>130.22</b>	102.45	56.45	82.69	93.42	89.47
<b>Measure of Performance</b>							
Sales	Rs. in ' 000 '	<b>7,494,077</b>	5,327,415	5,793,851	5,867,298	5,520,740	5,849,700
Cost of Goods Sold as % of Sales	%	<b>72.33</b>	89.27	86.82	85.94	85.85	85.85
Profit Before Taxation as % of Sales	%	<b>18.29</b>	3.88	9.05	9.44	7.03	5.66
Profit After Taxation as % of Sales	%	<b>17.26</b>	2.68	7.90	8.44	5.40	4.92
Quantity of sugar cane crushed	M.Tons	<b>665,539</b>	659,154	560,786	564,555	621,679	503,178
Quantity of sugar production	M.Tons	<b>74,388</b>	70,484	58,730	60,534	63,650	52,727
Recovery of sugar production	%	<b>11.17</b>	10.70	10.47	10.72	10.24	10.48
Quantity of Ethanol produced	M.Tons	<b>43,221</b>	38,213	36,402	36,946	36,875	34,735
Recovery of ethanol produced	%	<b>5.59</b>	5.49	5.54	5.65	5.73	5.96

## COMPOSITION OF BALANCE SHEET ASSETS

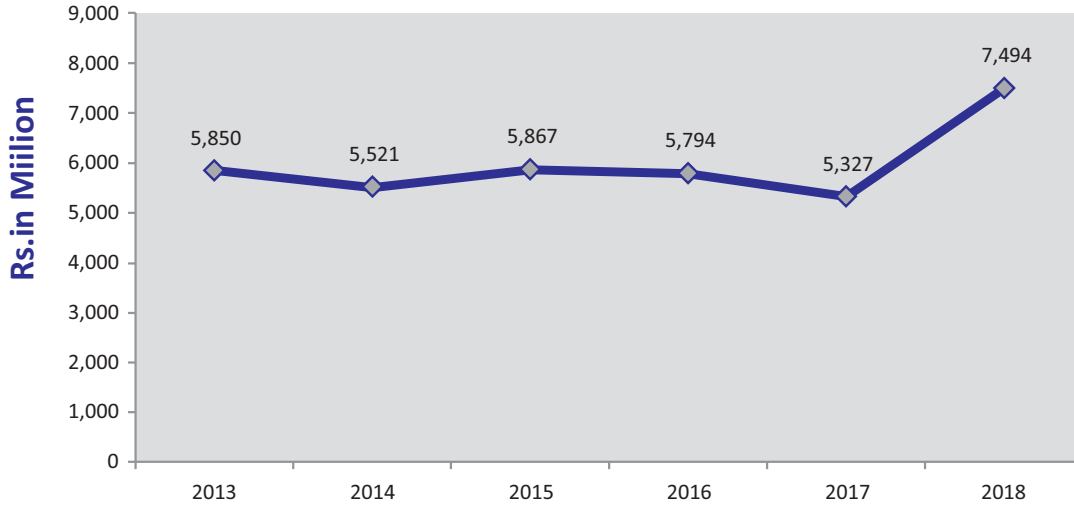


## COMPOSITION OF BALANCE SHEET EQUITY AND LIABILITIES

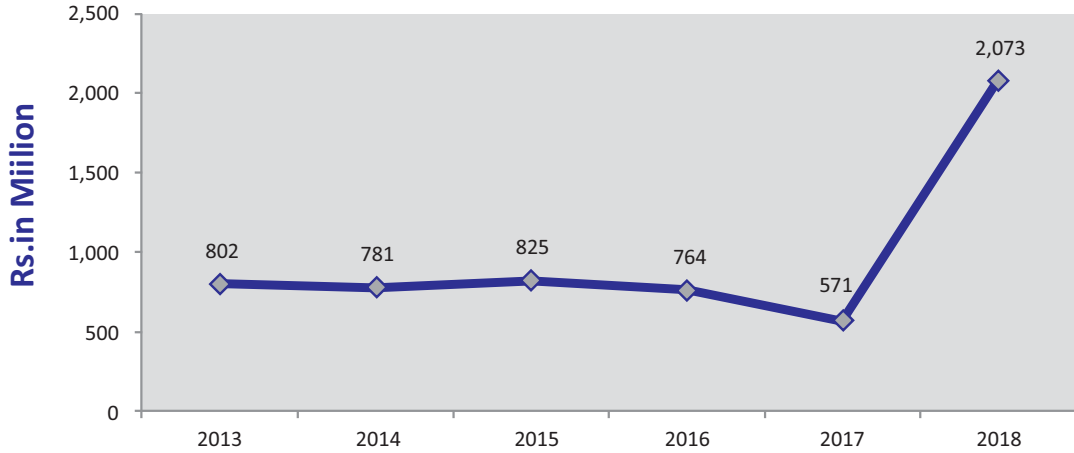


## FINANCIAL INDICATORS

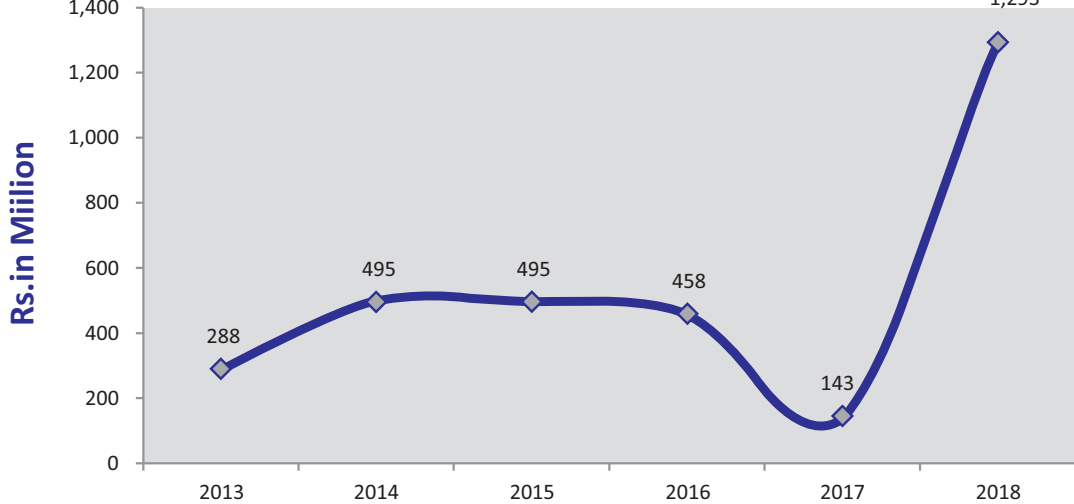
### Sales Revenue



### Gross Profit



### Net Profit





# Review Report on the Statement of Compliance

TO THE MEMBERS OF AL-ABBAS SUGAR MILLS LIMITED

## Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

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

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

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

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

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

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph references, where it is stated in the Statement of Compliance:

	Reference	Description
i	Para 2	There was no representation of an Independent Director on the Board after July 9, 2018.
ii	Para 10	Position of the Head of Internal Audit was vacant until the appointment made on December 26, 2017.
iii	Para 18 a	2nd and 4th Audit Committee meetings could not be chaired by the Independent Director.
iv	Para 18 b	There was no representation of Independent Director in the Human Resource and Remuneration Committee.



**Reanda Haroon Zakaria & Co.**  
Chartered Accountants

Engagement Partner  
**Farhan Ahmed Memon**

Karachi  
Dated: December 20, 2018

# STATEMENT OF COMPLIANCE

## With List (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

1. The total number of directors are seven as per the following:
  - a. Male: Six (6)
  - b. Female: Two (2)

2. The composition of the board is as follows:

Category	Names
Independent Director	Vacant
Non-Executive Directors	Mr. Mohammad Iqbal Usman Mr. Duraid Qureshi Ms. Darakshan Ghani Mrs. Asma Aves Mr. Suleman Lalani Mr. Irfan Nasir Cheema Mr. Zakaria Usman
Executive Director	Mr. Asim Ghani

On December 12, 2017, Mr. Shunaid Qureshi tendered his resignation from the post of CEO while casual vacancy was filled by appointing Mr. Asim Ghani as the new CEO on December 26, 2017. Before appointment as the CEO, Mr. Asim Ghani was serving as an Executive Director on the Board.

Independent Director, Mr. Sayyed Raffay Akber Rashidi tendered his resignation due to his personal reasons effective from January 08, 2018. Accordingly, casual vacancy was filled by appointing Mr. Zakaria Usman as the new Independent Director. However, SECP issued its direction dated July 9, 2018, that Mr. Zakaria Usman is barred from acting as independent director and invoke the provisions of section 475 of the Act and direct the BOD of the Company to undo the default and appoint the Independent Director as per the provisions of the law. The Company has filed an appeal against the said order in the Appellate Bench Registry, SECP.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged the Directors' training program for the following:
  - Mrs. Asma Aves
  - Ms. Darakshan Ghani
  - Mr. Suleman Lalani
  - Duraid Qureshi
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. The Chief Financial Officer was replaced during the year while Head of Internal Audit was

appointed on December 26, 2017.

11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

**Audit Committee**

Mrs. Asma Aves	Member
Ms. Darakshan Ghani	Member
Mr. Duraid Qureshi	Member
Mr. Zakaria Usman	Member

**Human Resource and Remuneration Committee**

Mr. Muhammad Iqbal Usman	Chairman
Mr. Asim Ghani	Member
Mrs. Asma Aves	Member
Ms. Darakshan Ghani	Member

**Investment Committee**

Mr. Muhammad Iqbal Usman	Chairman
Mr. Asim Ghani	Member
Ms. Darakshan Ghani	Member

**Board Evaluation Committee**

Mr. Muhammad Iqbal Usman	Chairman
Mr. Duraid Qureshi	Member
Ms. Darakshan Ghani	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
  - a. Audit Committee: Four quarterly meetings during the financial year ended September 30, 2018
  - b. HR and Remuneration Committee: Three meetings during the year ended September 30, 2018.
  - c. Investment Committee: Two meetings during the year ended September 30, 2018.
  - d. Board Evaluation Committee: One meeting during the year ended September 30, 2018.
15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with except that:
  - a. Position of Independent Director was vacant at the time of holding of 2nd and 4th Audit Committee meeting, therefore, those meetings were chaired by another member of the Committee; and
  - b. Representation of Independent Director in the Human Resource and Remuneration Committee will be ensured after the recomposition of the Board of Directors in the upcoming AGM.



**Muhammad Iqbal Usman**

Chairman

Karachi: December 20, 2018



**Asim Ghani**

Chief Executive Officer

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AL-ABBAS SUGAR MILLS LIMITED ON THE AUDIT OF THE FINANCIAL STATEMENTS

## Opinion

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

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

## Basis for Opinion

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

## Emphasis of Matter

We draw attention to note 29.1 (c) to the financial statements which describe the uncertainty related to the outcome of the lawsuit filed against the Company and others by a Non-Executive Director of the Company. Our opinion is not qualified in respect of this matter.

## Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
<b>1. Preparation of financial statements under the Companies Act, 2017</b>	
(Refer notes no. 3.1 to the accompanying financial statements).  As referred to in note 3.1 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018.  The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of	Our audit procedures included the following:  Considering the management's process to identify the necessary amendments required in the Company's financial statements.  Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.

<p>disclosures in relation to various elements of the financial statements.</p> <p>As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 2(i) relating to additional disclosures) required in the Company's financial statements.</p> <p>We consider it as a key audit matter in view of the extensive impacts in the financial statements due to the Companies Act, 2017.</p>	<p>Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.</p>
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**Key audit matter**

**2. Recognition of Subsidy on Sugar Export**

<p>(Refer notes no. 16.1 and 30.2 to the accompanying financial statements).</p> <p>During the year, Federal Government lifted the restriction on sugar export and announced the subsidy based on the defined criteria. Sindh Government also announced the subsidy for the mills located in the province.</p> <p>Company managed to export 64,970 metric tons of sugar during the year amounting to Rs. 2.535 billion and recognizing the subsidy thereon amounting to Rs. 865.424 million out of which Rs. 464.123 is still receivable as on the reporting date.</p> <p>We consider it as a key audit matter in view of the drastic change in the performance of the Company during the year as compared to the corresponding period.</p>	<p>Our audit procedures included the following:</p> <p>We corroborated the recognition of the subsidy in line with the policy announced by the Federal and Provincial Governments.</p> <p>We substantiated the subsidy received during the year with the subsidy recognized in the financial statements to ensure the accuracy and completeness.</p> <p>We analyzed and evaluated the steps taken by the management to recover the outstanding subsidy from the Governments.</p> <p>We assessed the adequacy and appropriateness of the additional disclosures in relation to the export subsidy announced during the year.</p>
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**3. Company's Exposure to Litigation Risk**

<p>The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. In our judgement, the Company has significant litigation cases as disclosed in notes no. 24.1, 24.3, 28.1, 29.1, 38.2 and 38.3 to the accompanying financial statements.</p> <p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>Obtaining understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Board Audit Committee.</p> <p>Reading correspondence of the Company with regulatory departments and the Company's external counsel, where applicable. Where relevant, also assessing external legal advices obtained by the Company.</p> <p>Discussing open matters and developments with the in-house legal department personnel of the Company.</p> <p>Circularizing external confirmations, where appropriate, on material cases and assessing the replies received thereto.</p> <p>Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.</p>
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### ***Information Other than the Financial Statements and Auditors' Report Thereon***

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.

*Reanda Haroon Zakaria & Co*

**Reanda Haroon Zakaria & Company**  
Chartered Accountants

**Place:** Karachi  
**Dated:** December 20, 2018

# STATEMENT OF FINANCIAL POSITION

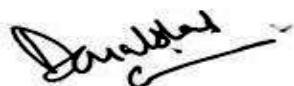
AS AT SEPTEMBER 30, 2018

<u>ASSETS</u>	Note	2018 (Rupees in thousand)	2017
<b>Non-Current Assets</b>			
Property, plant and equipment	5	1,513,245	1,586,688
Investment property	6	277	308
Long term investments	7	654,448	709,068
Long term loans	8	413	487
Long term deposits		11,606	11,406
Deferred taxation	9	-	-
		<u>2,179,989</u>	<u>2,307,957</u>
<b>Current Assets</b>			
Stores and spares	10	143,148	159,183
Stock-in-trade	11	1,905,094	1,962,675
Trade debts	12	243,771	28,312
Loans and advances	13	326,027	512,820
Trade deposits and short term prepayments	14	9,343	15,327
Interest accrued	15	1,625	2,868
Other receivables	16	592,157	66,607
Short term investment	17	600	600
Income tax refunds due from the Government	18	92,816	91,212
Cash and bank balances	19	112,007	23,583
		<u>3,426,588</u>	<u>2,863,187</u>
<b>Total Assets</b>		<u>5,606,577</u>	<u>5,171,144</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized capital		<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up capital	20	173,623	173,623
Reserves	21	3,420,351	2,334,735
<b>Shareholders' equity</b>		<u>3,593,974</u>	<u>2,508,358</u>
<b>Non - Current Liabilities</b>			
Long term deposits	22	22,381	22,381
Deferred liability	23	87,363	80,707
		<u>109,744</u>	<u>103,088</u>
<b>Current Liabilities</b>			
Trade and other payables	24	1,168,506	722,719
Accrued mark-up	25	4,017	22,226
Short term borrowings	26	702,090	1,788,526
Unclaimed dividend	27	15,400	13,381
Provision for taxation	28	12,846	12,846
		<u>1,902,859</u>	<u>2,559,698</u>
<b>Contingencies and Commitments</b>	29		
<b>Total Equity and Liabilities</b>		<u>5,606,577</u>	<u>5,171,144</u>

The annexed notes from 1 to 51 form an integral part of these financial statements.



**Asim Ghani**  
Chief Executive Officer



**Darakshan Ghani**  
Director



**Samir Hajani**  
Chief Financial Officer



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018 (Rupees in thousand)	2017
Sales - net	30	7,494,077	5,327,415
Cost of sales	31	(5,420,785)	(4,755,694)
<b>Gross profit</b>		<u>2,073,292</u>	<u>571,721</u>
Profit from other reportable segments - net	32	<u>53,018</u>	<u>48,526</u>
		<u>2,126,310</u>	<u>620,247</u>
Distribution cost	33	(503,581)	(195,239)
Administrative expenses	34	(106,043)	(112,693)
Other operating expenses	35	(100,940)	(10,689)
		<u>(710,564)</u>	<u>(318,621)</u>
<b>Operating profit</b>		<u>1,415,746</u>	<u>301,626</u>
Finance cost	36	(64,081)	(112,389)
Other income	37	19,014	17,711
<b>Profit before taxation</b>		<u>1,370,679</u>	<u>206,948</u>
Taxation	38	(76,899)	(63,972)
<b>Profit after taxation</b>		<u>1,293,780</u>	<u>142,976</u>
<b>Other comprehensive income for the year</b>			
<b>(a) Items to be reclassified to profit or loss in subsequent periods</b>			
Unrealized (loss) / gain on remeasurement of available for sale investments		(54,620)	200,128
<b>(b) Items that will not be reclassified to profit or loss in subsequent periods</b>			
Loss on remeasurement of defined benefit obligation	24.5.6	(14,646)	(13,593)
		<u>(69,266)</u>	<u>186,535</u>
<b>Total comprehensive income for the year</b>		<u>1,224,514</u>	<u>329,511</u>
<b>Earnings per share - Basic and diluted</b>	39	<u>74.52</u>	<u>8.23</u>

The annexed notes from 1 to 51 form an integral part of these financial statements.



**Asim Ghani**  
Chief Executive Officer



**Darakshan Ghani**  
Director



**Samir Hajani**  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Issued, subscribed and paid-up capital	RESERVES					Total Share holder's Equity
	Revenue reserves			Capital reserves	Total Reserves	
	General reserve	Unappropriated profit	Total Revenue reserve	Gain / (loss) on remeasurement of Available for Sale investments		

(Rupees in thousand)

<b>Balance as at October 1, 2016</b>	173,623	1,458,000	678,192	2,136,192	25,293	2,161,485	2,335,108
<b>Total comprehensive income for the year</b>							
Profit after taxation	-	-	142,976	142,976	-	142,976	142,976
<b>Other comprehensive income for the year</b>							
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	200,128	200,128	200,128
Loss on remeasurement of defined benefit obligation	-	-	(13,593)	(13,593)	-	(13,593)	(13,593)
	-	-	129,383	129,383	200,128	329,511	329,511
<b>Transactions with owners</b>							
Final Dividend 2016: Rs. 4 per share	-	-	(69,449)	(69,449)	-	(69,449)	(69,449)
Interim Dividend 2017: Rs. 5 per share	-	-	(86,812)	(86,812)	-	(86,812)	(86,812)
	-	-	(156,261)	(156,261)	-	(156,261)	(156,261)
<b>Balance as at September 30, 2017</b>	<u>173,623</u>	<u>1,458,000</u>	<u>651,314</u>	<u>2,109,314</u>	<u>225,421</u>	<u>2,334,735</u>	<u>2,508,358</u>
<b>Balance as at October 1, 2017</b>	<b>173,623</b>	<b>1,458,000</b>	<b>651,314</b>	<b>2,109,314</b>	<b>225,421</b>	<b>2,334,735</b>	<b>2,508,358</b>
<b>Total comprehensive income for the year</b>							
Profit after taxation	-	-	1,293,780	1,293,780	-	1,293,780	1,293,780
<b>Other comprehensive income for the year</b>							
Unrealized loss on remeasurement of available for sale investments	-	-	-	-	(54,620)	(54,620)	(54,620)
Loss on remeasurement of defined benefit obligation	-	-	(14,646)	(14,646)	-	(14,646)	(14,646)
	-	-	1,279,134	1,279,134	(54,620)	1,224,514	1,224,514
<b>Transactions with owners</b>							
Final Dividend 2017: Rs. 5 per share	-	-	(86,812)	(86,812)	-	(86,812)	(86,812)
Interim Dividend 2018: Rs. 3 per share	-	-	(52,087)	(52,087)	-	(52,087)	(52,087)
	-	-	(138,899)	(138,899)	-	(138,899)	(138,899)
<b>Balance as at September 30, 2018</b>	<u>173,623</u>	<u>1,458,000</u>	<u>1,791,550</u>	<u>3,249,550</u>	<u>170,801</u>	<u>3,420,351</u>	<u>3,593,974</u>

The annexed notes from 1 to 51 form an integral part of these financial statements.



**Asim Ghani**  
Chief Executive Officer



**Darakshan Ghani**  
Director



**Samir Hajani**  
Chief Financial Officer

# STATEMENT OF CASH FLOW

FOR THE YEAR ENDED SEPTEMBER 30, 2018

		2018 (Rupees in thousand)	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	40	1,489,096	(1,357,789)
Finance cost paid		(82,290)	(91,193)
Income tax paid	18.1	(78,503)	(117,661)
Long-term loans recovered - net		74	762
Long term deposits paid		(200)	-
		<u>(160,919)</u>	<u>(208,092)</u>
<b>Net cash generated from / (used in) operating activities</b>		<u><b>1,328,177</b></u>	<u><b>(1,565,881)</b></u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred on fixed assets		(34,979)	(20,392)
Proceeds from disposal of fixed assets	5.1.3	2,648	1,169
Long-term investment made		-	(73,620)
Interest / markup received		4,759	3,030
Dividend received		11,135	2,956
<b>Net cash used in investing activities</b>		<u><b>(16,437)</b></u>	<u><b>(86,857)</b></u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(136,880)	(154,933)
Short term borrowings (repaid) / obtained - net		(1,086,436)	1,772,889
<b>Net cash (used in) / generated from financing activities</b>		<u><b>(1,223,316)</b></u>	<u><b>1,617,956</b></u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>88,424</b>	<b>(34,782)</b>
Cash and cash equivalents at beginning of the year	19	23,583	58,365
Cash and cash equivalents at the end of the year	19	<u><b>112,007</b></u>	<u><b>23,583</b></u>

The annexed notes from 1 to 51 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

## 1 THE COMPANY AND ITS OPERATIONS

Al-Abbas Sugar Mills Limited - AASML ("the Company") was incorporated in Pakistan on May 2, 1991 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed with the Pakistan Stock Exchange Limited-PSX. The registered office of the Company is situated at Pardesi House, Survey No. 2/1, R.Y.16. Old Queens Road, Karachi, Pakistan. Principal activities of the Company under following business segments / divisions comprises of :

S. No	Division	Principal Activities	Location and Address	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Tapo Kongoro, Taluka, Digri, Mirwah Gorchani, District, Mirpurkhas, Sindh	December 15, 1993
2	Ethanol (note 1.1)	Processing and sale of industrial ethanol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	Chemical and alloys (Note 1.2)	Manufacturing and sales of calcium carbide and ferro alloys.	Main National Highway, Dhabeji, Tapo Gharo, Taluka Mirpur Sakro, District, Thatta, Sindh	November 01, 2006
4.	Power (note 1.2)	Generation and sales of electricity.		April 06, 2010
5.	Tank Terminal	Providing bulk storage facility	Plot No. 63, Oil Installation Area, Kemari, Karachi.	October 15, 2012

**1.1** The agreement for the supply of CO<sub>2</sub> gas was suspended. The same was not a reportable segment as per criteria defined in IFRS - 8.

**1.2** The production facilities of chemical, alloys and power segment have been suspended in view of present business conditions and the matter of its recommencement will be reviewed when these conditions are improved.

## 2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE FINANCIAL POSITION AND PERFORMANCE

- i Due to the applicability of Companies Act, 2017 certain disclosures of the financial statements have been presented in accordance with the Fourth Schedule of the Act as notified by the Securities and Exchange Commission of Pakistan vide S.R.O. 1169 dated November 7, 2017. Major changes include the classification of dividend payable on the face of the statement of financial position, identification and addresses of all the operational geographical locations of the Company (note no. 1), particulars of the disposed assets (note no. 5.1.3), immovable assets (note no. 5.1.4), trade debts against export sales (note no. 12.1), donation given (note no. 34.3), sufficiency of tax provision (note no. 38.1.1), and specific requirements with respect to related party transactions (note no. 46).
- ii When compared with prior year performance, sales during the year increased by 40.67% with corresponding increase in gross profit by 262.64% and profit before taxation by 562.33%.
- iii Company has recorded subsidy against sugar export amounting to Rs. 865.424 million out of which Rs. 464.123 million are receivable from the Government as on the reporting date.

### **3 BASIS OF PREPARATION**

#### **3.1 Statement of Compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (Act) and provisions of and directives issued under the Act. Where provisions of or directives issued under the Act differ from the IFRS Standards, the provisions of or directives issued under the Act have been followed.

#### **3.2 Accounting convention**

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes. Further, accrual basis of accounting is followed except for cash flow information.

#### **3.3 Functional and presentation currency**

Items included 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 Pak Rupees, which is the Company's functional and presentation currency.

#### **3.4 Critical Accounting Estimates and Judgments**

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

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment - 4.1 and 5
- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of investment property - 4.2 and 6
- Assumptions and estimates used in determining the provision for slow moving stores and spares - 4.3 and 10
- Assumptions and estimates used in writing down items of stock in trade to their net realisable value - 4.4 and 11
- Assumptions and estimates used in calculating the provision for doubtful trade debts - 4.5 and 12
- Assumptions and estimates used in calculating the provision for doubtful loans, advances and other receivables - 4.6, 13 and 16
- Assumptions and estimates used in the recognition of current, prior and deferred taxation - 4.9, 9, 18 and 38
- Assumptions and estimates used in accounting for staff retirement benefits 4.1 - 24.5
- Assumptions and estimates used in disclosure and assessment of provision for contingencies - 29

### 3.5 Amendments to standards that are effective for the year ended June 30, 2018

The following amendments to accounting standards are effective for the year ended June 30, 2018. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	<b>"Effective for period beginning on or after"</b>
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 1, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses	January 1, 2017
Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.	

### 3.6 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	<b>"Effective from accounting period beginning on or after"</b>
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 1, 2018
IFRS 4 'Insurance Contracts': Applying IFRS 9 with IFRS 4	January 1, 2018
IFRS 9 'Financial Instruments'	January 1, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 15 'Revenue From Contracts With Customers'	January 1, 2018
IFRS 16 'Leases'	January 1, 2019
Amendments to IAS 19 'Employee Benefits': Plan amendments, curtailments or settlements	January 1, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures': Long-term interests in associates and joint ventures	January 1, 2019
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	"January 01, 2018 Earlier application is permitted."
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	"January 01, 2018 Earlier application is permitted."
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual period beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 14 - Regulatory Deferral Accounts

IFRS 17 - Insurance Contracts

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

### **4.1 Property, plant and equipment**

#### **Operating fixed assets**

These are stated at cost less accumulated depreciation and impairment, if any, except for land, which is stated at cost.

Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, which reflects the patterns in which the asset's economic benefits are consumed by the Company, at the rates specified in the relevant note. Assets residual value and useful lives are reviewed and adjusted appropriately at each financial year end. Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off. No amortization is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realizable values are expected to be higher than respective carrying values.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal. Gains or losses on disposals, if any, are included in the statement of profit or loss.

### **4.2 Investment property**

Investment Property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose.

Former office premises which is held to earn rental income is classified under investment property. It is carried at its respective cost, under the cost model, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged, on a systematic basis over the useful life of the asset, on reducing balance method, at the rate specified in note no. 6.

#### **4.3 Stores and spares**

Stores and spares are valued at lower of moving average cost and net realizable value except for items in transit, which are valued at cost comprising invoice value plus other directly attributable charges incurred thereon up to reporting date. Value of items is reviewed at each reporting date to record any provision for slow moving items and obsolescence.

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

Raw material is stated at the lower of weighted average cost and net realizable value.

Cost in relation to work in process and finished goods represents cost of raw material and an appropriate portion of manufacturing overheads. Cost in respect of work in process is adjusted to an appropriate stage of completion of process whereas value of bagasse is taken equivalent to net realizable value.

Cost in relation to stock of molasses held in ethanol division is valued at weighted average cost.

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

#### **4.5 Trade debts**

Trade debts originated by the Company are recognized and carried at original invoice amount less an allowance for doubtful debts. Provision for doubtful debts is based on the management's assessment of customer's outstanding balances and creditworthiness. Trade debts are written-off when identified and considered irrecoverable.

#### **4.6 Loans, advances and other receivables**

These are carried at original disbursed amount less provision made for doubtful balances based on a review of all outstanding amounts at the year end. Balance considered irrecoverable are written off.

#### **4.7 Deposits and prepayments**

Trade deposits and prepayments are recorded at cost which is the fair value of consideration to be received / adjusted in future.

#### **4.8 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and with banks.

#### **4.9 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to the items recognized directly in other comprehensive income or in equity, in which case it is recognized there.

##### **a) Current**

Provision for taxation is based on current year taxable income determined in accordance with the provisions of Income Tax Ordinance, 2001, enacted on the date of statement of financial position and carry adjustment to tax payable in respect of previous year.

##### **b) Deferred**

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.



Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

#### **4.10 Staff retirement benefits**

##### **a) Defined benefit plan - gratuity scheme**

The company operates an approved funded gratuity scheme (defined benefit plan) for all its employees who have completed the qualifying period under the scheme. Contributions are made to the fund in accordance with the actuarial recommendations. The most recent valuation in this regard was carried out as at September 30, 2018, using the Projected Unit Credit Method for valuation of the scheme. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are recognized in equity as capital reserves as these will not be reclassified to profit and loss in subsequent periods. Current and past service costs, gain or loss on settlement and net interest income or expense are accounted for in the statement of profit or loss.

This scheme is governed by Trust Deed and Rules. All matters pertaining to this scheme including contributions to the scheme and payments to outgoing members are dealt with in accordance with the Trust Deed and Rules.

##### **b) Employees compensated absences**

The Company accounts for liability in respect of unavailed compensated absences for all its permanent employees, in the period of absence. Provision for liabilities towards compensated absences is made on the basis of last drawn basic salary. Amount equal to compensation of unavailed leaves of employees at every year end is transferred to this account and paid at the retirement of employees.

#### **4.11 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received. Liabilities are written back and recognized as other income when these are considered to be no longer payable.

#### **4.12 Foreign currency transaction**

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the reporting date. Non-monetary assets and liabilities are recorded using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in the statement of profit or loss.

#### **4.13 Financial instruments**

##### **4.13.1 Financial assets**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

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

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

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

The Company classifies its financial assets in the following categories. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition:

- a) **Financial assets at fair value through profit or loss**  
Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.
- b) **Loans and receivables**  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- c) **Available for sale financial assets**  
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the reporting date. Available for sale financial assets are classified as long term investments in the statement of financial position.  
  
When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in "other comprehensive income" are included in the statement of profit or loss as gains and losses on disposal of long term investments. Dividends on available for sale equity instruments are recognized in the statement of profit or loss when the Company's right to receive payments is established.
- d) **Held to maturity**  
Held to maturity are financial assets with fixed or determinable payments and fixed maturity for which management has the intention and ability to hold till maturity, are carried at amortized cost. Since the investment is for short term, its cost is treated as amortized cost because of insignificant difference.

#### **4.13.2 Financial liabilities**

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

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

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

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

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amounts and the Company intends

either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

#### **4.13.4 Impairment**

##### **Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Any impairment loss arising on financial assets is recognized in the statement of profit or loss.

##### **Non-financial assets**

The Company assesses at each reporting date whether there is any indication that assets, other than deferred tax asset, may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

When impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

#### **4.14 Borrowing costs**

Borrowing costs incurred on finances obtained for the construction of qualifying assets are capitalized up to date the respective assets are available for the intended use. All other mark-up, interest and other related charges are charged to the statement of profit or loss in the period in which they are incurred.

#### **4.15 Provisions**

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

#### **4.16 Inter-segment pricing**

Transfer between business segments are recorded at net realizable value prevailing at the time of transfer.

#### **4.17 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, and is reduced for the allowances such as taxes, duties, commissions, sales returns and trade discounts. The following recognition criteria must be 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 on dispatch of the goods to customers.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and the rate applicable while income from held to maturity investment is recorded using effective yield method.
- Mark-up on growers loan is accounted for in line with the recovery of the respective loan due to exigencies

involved in such matters. Recognition of mark-up on loans considered doubtful is deferred.

- Unrealized gains / (losses) arising on revaluation of securities classified as 'available for sale' are included in other comprehensive income in the period in which they arise.
- Gains / (losses) arising on disposal of investments are included in income currently and are recognized on the date when the transaction takes place.
- Miscellaneous income is recognized on occurrence of transactions.
- Dividend income from investments is recognized when the Company's right to receive the dividend is established.
- Rental income from investment property, rental income of storage tank terminal and income on sale of CO2 is recorded on accrual basis.

#### **4.18 Dividend and appropriation to reserves**

Dividend and appropriations to reserves are recognized in the statement of changes in equity in the period in which these are approved.

#### **4.19 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and trade debts and other receivables. Segment liabilities comprise of operating liabilities and exclude items such as taxation and other corporate liabilities.

Segment capital expenditure is the total cost included during the year to acquire property, plant and equipment.

#### **4.20 Earnings per share**

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

	Note	2018 (Rupees in thousand)	2017
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,493,387	1,586,688
Capital work in progress - CWIP	5.2	19,858	-
		<u>1,513,245</u>	<u>1,586,688</u>

### 5.1 OPERATING FIXED ASSETS

September 30, 2018									
	Cost			As at September 30, 2018	Accumulated depreciation			Written down value as at September 30, 2018	Rate of depreciation %
	As at October 01, 2017	Additions / disposal	Transferred from CWIP		As at October 01, 2017	Charge for the year / (on disposal)	As at September 30, 2018		
----- Rupees in '000 -----									
<b>Owned</b>									
Free-hold land	77,534	-	-	77,534	-	-	-	77,534	-
Lease-hold land	22,694	-	-	22,694	-	-	-	22,694	-
<b>Main factory building</b>									
- on free-hold land	382,978	-	-	382,978	276,502	10,647	287,149	95,829	10
<b>Non-factory building</b>									
- on free-hold land	195,976	-	-	195,976	134,925	6,105	141,030	54,946	10
- on lease-hold land	24,799	-	-	24,799	10,155	1,464	11,619	13,180	10
Plant and machinery	2,630,207	-	-	2,630,207	1,366,125	81,954	1,448,079	1,182,128	5 to 10
Furniture and fittings	10,654	-	-	10,654	7,262	339	7,601	3,053	10
Vehicles	73,056	14,469	-	82,009	49,460	5,513	50,273	31,736	20
	-	(5,516)	-	-	-	(4,700)	-	-	-
Office equipment	35,356	652	-	36,008	23,443	1,212	24,655	11,353	10
Computers	8,744	-	-	8,744	7,637	332	7,969	775	30
Tools and tackles	4,268	-	-	4,268	4,069	40	4,109	159	20
	<u>3,466,266</u>	<u>15,121</u>	<u>-</u>	<u>3,475,871</u>	<u>1,879,578</u>	<u>107,606</u>	<u>1,982,484</u>	<u>1,493,387</u>	
	-	(5,516)	-	-	-	(4,700)	-	-	

September 30, 2017									
	Cost			As at September 30, 2017	Accumulated depreciation			Written down value as at September 30, 2017	Rate of depreciation %
	As at October 01, 2016	Additions / (Deletions)	Transferred from CWIP		As at October 01, 2016	Charge for the year / (on disposal)	As at September 30, 2017		
----- Rupees in '000 -----									
<b>Owned</b>									
Free-hold land	77,534	-	-	77,534	-	-	-	77,534	-
Lease-hold land	22,694	-	-	22,694	-	-	-	22,694	-
<b>Main factory building</b>									
- on free-hold land	382,978	-	-	382,978	264,671	11,831	276,502	106,476	10
<b>Non-factory building</b>									
- on free-hold land	195,976	-	-	195,976	128,142	6,783	134,925	61,051	10
- on lease-hold land	24,799	-	-	24,799	8,528	1,627	10,155	14,644	10
Plant and machinery	2,611,679	-	18,528	2,630,207	1,277,825	88,300	1,366,125	1,264,082	5 to 10
Furniture and fittings	10,654	-	-	10,654	6,885	377	7,262	3,392	10
Vehicles	74,356	1,187	-	73,056	45,594	5,890	49,460	23,596	20
	-	(2,487)	-	-	-	(2,024)	-	-	-
Office equipment	34,679	677	-	35,356	22,154	1,289	23,443	11,913	10
	-	-	-	-	-	-	-	-	-
Computers	8,744	-	-	8,744	7,163	474	7,637	1,107	30
Tools and tackles	4,268	-	-	4,268	4,019	50	4,069	199	20
	<u>3,448,361</u>	<u>1,864</u>	<u>18,528</u>	<u>3,466,266</u>	<u>1,764,981</u>	<u>116,621</u>	<u>1,879,578</u>	<u>1,586,688</u>	
	-	(2,487)	-	-	-	(2,024)	-	-	

### 5.1.1 Reconciliation of written down value:

	WRITTEN DOWN VALUE					As at September 30, 2018
	As at October 01, 2017	Additions	Transferred from CWIP	Disposals	Depreciation charge for the year	
----- (Rupees in thousand) -----						
<b>Owned</b>						
Free-hold land	77,534	-	-	-	-	77,534
Lease-hold land	22,694	-	-	-	-	22,694
<b>Main factory building</b>						
- on free-hold land	106,476	-	-	-	(10,647)	95,829
<b>Non-factory building</b>						
- on free-hold land	61,051	-	-	-	(6,105)	54,946
- on lease-hold land	14,644	-	-	-	(1,464)	13,180
Plant and machinery	1,264,082	-	-	-	(81,954)	1,182,128
Furniture and fittings	3,392	-	-	-	(339)	3,053
Vehicles	23,596	14,469	-	(816)	(5,513)	31,736
Office equipment	11,913	652	-	-	(1,212)	11,353
Computers	1,107	-	-	-	(332)	775
Tools and tackles	199	-	-	-	(40)	159
<b>September 30, 2018</b>	<b>1,586,688</b>	<b>15,121</b>	<b>-</b>	<b>(816)</b>	<b>(107,606)</b>	<b>1,493,387</b>
September 30, 2017	1,683,380	1,864	18,528	(463)	(116,621)	1,586,688

Note  
2018  
2017  
(Rupees in thousand)

### 5.1.2 The depreciation charged for the year has been allocated as follows:

Cost of sales	31	63,392	68,560
Storage tank terminal	32.1	14,141	15,717
Chemical and alloys	32.2.1	12,800	13,868
Power	32.2.2	9,908	10,479
Administrative expenses	34	7,365	7,997
		<b>107,606</b>	<b>116,621</b>

### 5.1.3 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain / (Loss)	Mode of disposal	Particular of buyers
----- (Rupees in thousand) -----							
Motor Cycle KIN-4316	47	19	28	32	4	Negotiation	Mr. Humayan Khan
Motor Cycle KFX-0905	44	33	11	4	(7)	Negotiation	Ghulam Rasool Sheikh
Suzuki Cultus AQE-509	658	579	79	324	245	Negotiation	Muhammad Waqas
Suzuki Cultus AWQ-373	660	583	77	318	241	Negotiation	Muhammad Naveed
Suzuki Cultus AWQ-528	660	583	77	320	243	Negotiation	Mr. Owais Muhammad
Toyota Corolla GLI AUB-803	1,426	1,129	297	600	303	Negotiation	Mr. Shabbir Ahmed
Suzuki Liana ALN-918	883	793	90	350	260	Negotiation	Farhan Farooq
Suzuki APV CS-1937	1,139	980	159	700	541	Negotiation	Farhan Farooq
<b>2018</b>	<b>5,516</b>	<b>4,700</b>	<b>816</b>	<b>2,648</b>	<b>1,832</b>		
2017	2,487	2,024	463	1,169	706		

5.1.4 Freehold land of the Company having area of 133 acres and 30 acres and buildings thereon is situated at Mirwah Gorchani, Mirpurkhas and Dhabeji Thatta respectively. While leasehold land of the Company having area of 5,700 square meters and buildings thereon are situated at Keamari, Karachi.

5.2 Capital work in progress - CWIP

Description	September 30, 2018				September 30, 2017			
	As at October 01, 2017	Additions	Transfer to operating fixed assets	As at September 30, 2018	As at October 01, 2016	Additions	Transfer to operating fixed assets	As at September 30, 2017
	------(Rupees in thousand)-----							
<b>Plant and machinery</b>								
Storage tank	-	19,288	-	19,288	-	-	-	-
Advance to contractor	-	570	-	570	-	-	-	-
<b>Total</b>	<b>-</b>	<b>19,858</b>	<b>-</b>	<b>19,858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

6 INVESTMENT PROPERTY

- Former office premises

Description	Cost			Depreciation		Written down value as on September 30, 2018	Rate of Depreciation	
	Opening	Additions	Closing	Opening	Charges for the year			
	------(Rupees in thousand)-----							
September 30, 2018	1,600	-	1,600	1,292	31	1,323	277	10%
September 30, 2017	1,600	-	1,600	1,258	34	1,292	308	10%

6.1 The estimated market value as per valuation carried out by M/s. Tristar International Consultant (Pvt.) Limited as on November 28, 2017 is Rs. 45.684 million.

7 LONG TERM INVESTMENTS	Note	2018		2017	
		(Rupees in thousand)			
Available for sale investments - in quoted shares at fair value					
- Related party	7.1		29		45
- Others	7.2		654,419		709,023
			<b>654,448</b>		<b>709,068</b>

7.1 Related party - associated company

2018		2017		
Number of shares par value Re. 1 each				
4,500	4,500	HUM Network Limited	29	45

7.2 Others

2018		2017		
Number of shares par value Rs. 10 each				
2,488,061	2,488,061	Power Cement Limited	18,014	26,871
16,994,000	16,994,000	Aisha Steel Mills Limited		
		- preference shares	7.2.1	330,703
3,398,800	3,398,800	Aisha Steel Mills Limited		
		- ordinary shares		43,641
1,000,000	1,000,000	Fauji Cement Limited	7.2.2	22,360
253,000	253,000	Mehran Sugar Mills Ltd	7.2.2	26,755
759,000	759,000	IGI Holding Limited	7.2.2	212,946
				<b>654,419</b>
				<b>709,023</b>

**7.2.1** These are non-redeemable but convertible into ordinary shares of Rs. 10 per ordinary share in the ratio of 1:1, plus unpaid preferential dividends, if any. The rate of dividend on these shares is 3% above six months KIBOR.

As at September 30, 2018, the dividend accrued on these preference shares amounted to Rs. 237.357 (2017: 217.147) million which has not been recorded in these financial statements as the investee company has accumulated losses and also has not recorded the same in its books of accounts.

**7.2.2** On October 01, 2016, short term investments amounting to Rs. 234.900 million were reclassified from fair value through profit or loss to available for sale investments classified under long term investments due to the fact that the management intended to hold those investments for a long term period which was also evident from the fact that there was no disposal from those investment since last two years. The reclassification was accounted for prospectively in accordance with the requirements of IFRS.

SECP issued show cause notice to the Company with the view that the change in classification of investments, as discussed above, was contrary to the requirements of IFRS. The Company, in reply through its advisor, gave reasonable justification for the reclassification in the light of provisions of IFRS.

However, during the year, SECP has directed the Directors of the Company to avoid such reclassification in future and imposing penalty to each of the Director of the Company who gave their vote for such reclassification in the related board meeting. The Directors have filed an appeal before the Appellate Bench of Securities and Exchange Commission of Pakistan and expect the favourable outcome.

The market value of each quoted security is as follows:	Note	2018 (Rupees in thousand)	2017
HUM Network Limited (HUMNL)		6.50	9.95
Power Cement Limited (POWER)		7.24	10.80
Aisha Steel Mills Limited (ASLPS)		19.46	19.50
Aisha Steel Mills Limited (ASL)		12.84	18.85
Fauji Cement Limited (FFC)		22.36	32.52
Mehran Sugar Mills Limited (MRNS)		105.75	140.43
IGI Holding Limited (IGIHL)		280.56	288.08

## 8 LONG TERM LOANS

### - Considered good and secured

Due from executives	8.1	830	517
Due from other employees		381	632
	8.2 & 8.3	1,211	1,149
Less: current portion of long term loans	13	(798)	(662)
		413	487

### 8.1 Reconciliation of carrying amount of loans to executives

Balance at beginning of the year	517	2,142
Add: disbursements	900	125
	1,417	2,267
Less: recoveries during the year	(587)	(1,750)
Balance at end of the year	830	517

**8.2** The above loans are interest free and are given to executives and other employees of the Company for purchase of vehicles and personal use in accordance with their terms of employment. These loans are to be repaid over a period of two to five years in equal monthly installments. These are secured against the retirement benefits and vehicles (in case of vehicle loan) of the respective employees and are within the limits of such securities.



8.3 Maximum aggregate amount of loans outstanding at any month end was Rs. 1.756 (2017: Rs. 2.672) million.

	Note	2018 (Rupees in thousand)	2017
<b>9 DEFERRED TAXATION</b>			
Deferred Tax Assets arising in respect of			
<b>Deductible temporary differences</b>			
Available tax losses		158,916	224,820
Minimum tax		-	147,308
Liabilities u/s 34(5)		68,394	-
Provisions		35,097	36,308
		<u>262,407</u>	<u>408,436</u>
<b>Taxable temporary differences</b>			
Accelerated tax depreciation		(225,788)	(242,707)
Investments - available for sale		(19,010)	(24,075)
		<u>17,609</u>	<u>141,654</u>
Unrecognized deferred tax asset	9.1	(17,609)	(141,654)
		<u>-</u>	<u>-</u>

9.1 The Company has not recognized its entire deferred tax asset relating to deductible differences up to the year ended September 30, 2018 as the management expects that major portion of taxes of the Company in foreseeable future will fall under minimum tax and final tax regime.

9.1.1 Unrecognized deductible temporary differences as on September 30, 2018 and their expiry dates are as follows:

Deductible difference	Expiry	Amount Rs. in '000
Unabsorbed tax depreciation	Indefinite period	547,986
Liabilities u / s 34(5)	At the time of payment	235,840
Provisions	At the time of write-off	121,026

	Note	2018 (Rupees in thousand)	2017
<b>10 STORES AND SPARES</b>			
Stores and spares		173,086	189,121
Provision for slow moving items and obsolescence		(29,938)	(29,938)
		<u>143,148</u>	<u>159,183</u>
<b>11 STOCK-IN-TRADE</b>			
Raw materials	11.1	592,542	606,160
Work-in-process		4,061	4,498
<b>Finished goods</b>			
Sugar	11.2	1,153,076	1,149,129
Ethanol		140,559	195,521
	11.3	1,293,635	1,344,650
Stock of bagasse in hand		14,856	7,367
		<u>1,905,094</u>	<u>1,962,675</u>

11.1 Value of raw material pledged with financial institutions as on the reporting date amounts to Rs. nil (2017: Rs. 128.7) million.

**11.2** Value of finished goods pledged with financial institutions as on the reporting date amounts to Rs. 354.753 (2017: Rs. 713.981) million.

**11.3** Finished goods include stock items valued at net realizable value (NRV) at Rs. 1,153.076 million (2017: Rs. 1,167.540 million)

**Summary of related Cost and NRV is as under:**

Sugar

Cost	NRV
(Rupees in thousand)	
<b>1,175,408</b>	<b>1,153,076</b>

**12 TRADE DEBTS**

**Considered good**

Export

Note

2018

2017

(Rupees in thousand)

Local

12.1

210,711

14,436

33,060

13,876

243,771

28,312

**Considered doubtful**

Local

15,432

15,432

259,203

43,744

(15,432)

(15,432)

243,771

28,312

Provision for doubtful debts

**12.1** This represents receivable against export sales to Africa and Saudi Arabia amounting to Rs. 1,012 million (2017: Rs. 123.22 million ) and Rs 235.3 million (2017: Rs. nil) respectively under documents against acceptance basis.

**13 LOANS AND ADVANCES**

**Loans**

To growers

- Interest based

Considered good

Note

2018

2017

(Rupees in thousand)

- Non - Interest Based:

Considered good

13.1

11,890

37,293

Considered doubtful

835

4,779

301

301

1,136

5,080

(301)

(301)

Provision for loans considered doubtful

835

4,779

798

662

13,523

42,734

Current portion of loans to employees and executives

8

**Advances**

**Considered good**

To employees against expenses

81

870

To suppliers and contractors

300,028

462,326

Against letter of credit for stores and spares parts

12,395

6,890

312,504

470,086

**Considered doubtful**

To suppliers and contractors

75,355

75,355

387,859

545,441

(75,355)

(75,355)

312,504

470,086

Provision for doubtful advances

326,027

512,820

**13.1** The rate of mark-up on such loans is 14.96% (2017: 14.96%) per annum subject to final settlement with the respective grower. In order to ensure supply of sugarcane from certain growers, Company provides fertilizers, seeds and tricograma cards which are provided as a loan and the Company recovers the same out of the cane supplies from the said growers in the ensuing season.

	Note	2018 (Rupees in thousand)	2017
<b>14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Deposit		1,000	5,200
Prepayments	14.1	<u>8,343</u>	<u>10,127</u>
		<u>9,343</u>	<u>15,327</u>
<b>14.1 Prepayments</b>			
Rent		735	3,620
Establishment charges		3,966	3,487
Insurance		2,631	1,785
Software license fees		<u>1,011</u>	<u>1,235</u>
		<u>8,343</u>	<u>10,127</u>
<b>15 INTEREST ACCRUED</b>			
- On			
Growers loan	13.1	<u>1,625</u>	<u>2,868</u>
<b>16 OTHER RECEIVABLES</b>			
- Considered good			
Sales tax and excise duty		84,661	24,054
Freight subsidy on sugar export	16.1	506,466	42,343
Others		<u>1,030</u>	<u>210</u>
		<u>592,157</u>	<u>66,607</u>

**16.1** This includes Rs. 464.123 million outstanding against the subsidy related to sugar exports made during the current year. Management believes that the balance is fully recoverable as this represents receivable from the Government, therefore, no provision has been made in these financial statements.

		2018 (Rupees in thousand)	2017
<b>17 SHORT TERM INVESTMENT</b>			
<b>Held to Maturity</b>			
Term Deposit Receipts (TDRs)	17.1	<u>600</u>	<u>600</u>

**17.1** These TDRs are under banks lien against the bank guarantees issued on behalf of the Company. These carry profit ranging from 3.99% to 6.84% (2017: 3.99% to 4.09%) per annum.

	Note	2018 (Rupees in thousand)	2017
<b>18 INCOME TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
Income tax	18.1	<u>92,816</u>	<u>91,212</u>
<b>18.1 Balance as on October 01,</b>		<b>91,212</b>	37,523
Advance tax paid / deducted during the year		<b>78,503</b>	117,661
Provision for taxation for the year	38	<b>(81,600)</b>	(62,064)
Prior year tax	38	<b>4,701</b>	(1,908)
<b>Balance as on September 30,</b>		<u><b>92,816</b></u>	<u>91,212</u>

**19 CASH AND BANK BALANCES**

Cash in hand		<b>1,047</b>	1,062
Cash at banks			
Current accounts		<b>82,038</b>	16,948
Saving accounts	19.1	<b>28,922</b>	5,573
		<u><b>110,960</b></u>	<u>22,521</u>
		<u><b>112,007</b></u>	<u>23,583</u>

19.1 These carry profit ranging from 2.85% to 4.25% (2017: 2.4% to 3%).

**20 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

2018 (Number of shares)	2017	2018 (Rupees in thousand)	2017
<u>17,362,300</u>	<u>17,362,300</u>	<u>173,623</u>	<u>173,623</u>

Fully paid in cash  
Ordinary shares of par value  
of Rs.10 each.

20.1 Number of shares held by the associates as on the reporting date are 7,299,432 (2017: 7,082,332).

20.2 The ordinary share holders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

	Note	2018 (Rupees in thousand)	2017
<b>21 RESERVES</b>			
<b>Capital reserves</b>			
Unrealized gain on remeasurement of available for sale investment	21.1	<b>170,801</b>	225,421
<b>Revenue reserves</b>			
General reserve		<b>1,458,000</b>	1,458,000
Unappropriated profit	21.2	<b>1,791,550</b>	651,314
		<u><b>3,249,550</b></u>	<u>2,109,314</u>
		<u><b>3,420,351</b></u>	<u>2,334,735</u>

21.1 Capital reserves will be utilized for any purpose only after it is realized and transferred to the statement of profit or loss. However, these reserves can be individually offset against losses arising in future periods (if any).

**21.2** Revenue reserves can be utilized for meeting any contingencies and for distribution of profit by way of dividend.

		2018 (Rupees in thousand)	2017
<b>22</b>	<b>LONG TERM DEPOSITS</b>	<u>22,381</u>	<u>22,381</u>

This represents security deposit received from a customer based on a written agreement and utilizable for company's business which is in compliance with section 217 of Company's Act 2017.

	Note	2018 (Rupees in thousand)	2017
<b>23</b>	<b>DEFERRED LIABILITY</b>		
	Market Committee fee	<u>87,363</u>	<u>80,707</u>

**23.1** The Company has challenged the levy of market committee fee on sugarcane milled since the crushing season 1992 / 93 till to date in the Honorable High Court of Sindh and filed a constitutional petition and has also obtained a Stay Order from the Honorable High Court of Sindh. Pending the outcome of the petition, the Company has accounted for the levy as a matter of prudence.

	Note	2018 (Rupees in thousand)	2017
<b>24</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Creditors	799,538	375,800
	Accrued liabilities	83,406	63,207
	Advances from customers	207,031	198,656
	Advance against rent	-	4,592
	Sales tax payable	3,279	35,900
	Workers' profit participation fund	5,967	10,689
	Workers' welfare fund	27,973	-
	Retention money	2,050	2,047
	Defined benefit plan - related party	25,837	18,692
	Special Excise Duty payable	9,696	9,696
	Others	3,729	3,440
		<u>1,168,506</u>	<u>722,719</u>

**24.1** This includes Rs. 141.139 million recorded by the management, on prudent basis, in respect of sugarcane purchases for crushing season 2014-15 considering the notifications issued by Cane Commissioner Sindh on November 07, 2014 and December 09, 2014 after adjusting the amount paid by Government of Sindh to the growers through sugar mills in the light of interim decision of Honourable High Court of Sindh. However these notifications have been challenged by Pakistan Sugar Mills Association and other sugar mills in Honourable Supreme Court of Pakistan. The case has been pending with the Honourable Court as at September 30, 2018.

**24.2** This includes provision for quality premium recorded from the year 2002 to 2010 amounting to Rs. 196.990 million. During the year, Civil Appeal No. 343 of 2004 previously filed with the Honorable Supreme Court of Pakistan by the Company against the Government of Sindh and Federation of Pakistan regarding the payment of quality premium to the sugar cane growers was dismissed. However, Honorable Supreme Court held that in future, notification for the quality premium should be issued along with the notification for the minimum procurement price of sugarcane and the same shall be paid to the growers not later than two months after the end of the crushing season.

**24.3** This includes Rs. 366.047 million recorded by the management in respect of sugarcane purchases for crushing season 2017-18. During the year, Rs. 182 per maund was fixed as per the notification issued by Cane Commissioner

Sindh which was challenged before Honorable High Court of Sindh. An interim arrangement was made between sugar mills located in Sindh and Sindh Sugarcane growers and an interim order was passed that sugar mills purchase the sugarcane at the rate 160/- per maund from the growers for crushing season 2017-18. The Company has paid sugarcane at the rate 160 per maund and accrued the balance liability. Pending the final order of the Supreme Court, the Company has recorded the unpaid amount as a matter of prudence.

	Note	2018 (Rupees in thousand)	2017
<b>24.4 Workers' profit participation fund</b>			
<b>Balance as on October 01,</b>		<b>10,689</b>	26,718
Interest for the year	36	<u>99</u>	<u>1,669</u>
		<b>10,788</b>	28,387
Charge for the year	35	<u>72,967</u>	<u>10,689</u>
		<b>83,755</b>	39,076
Paid during the year		<u>(77,788)</u>	<u>(28,387)</u>
<b>Balance as on September 30,</b>		<b>5,967</b>	10,689

#### 24.5 Defined benefit plan - related party

As stated in note 4.10, the Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all its permanent employees subject to attainment of retirement age and minimum service of prescribed period. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at September 30, 2018 using projected unit credit method. The disclosures made in notes 24.5.1 to 24.5.11 are based on the information included in that actuary's report.

	Note	2018 (Rupees in thousand)	2017
<b>24.5.1 The asset / (liability) recognized in the statement of financial position is as follows:</b>			
Present value of defined benefit obligation	24.5.2	<b>(90,931)</b>	(96,232)
Fair value of plan assets	24.5.3	<b>98,319</b>	106,277
Payables - benefits due but not paid		<u>(26,934)</u>	<u>(2,671)</u>
(Payable to) / receivable from gratuity fund	24.5.7	<b>(19,546)</b>	7,374
Other liability - payable to gratuity fund	24.5.8	<u>(6,291)</u>	<u>(26,066)</u>
<b>Net payable as on September 30,</b>		<b>(25,837)</b>	(18,692)

#### 24.5.2 Changes in present value of defined benefit obligation

<b>Balance as on October 01,</b>		<b>96,232</b>	93,265
Current service cost	24.5.5	<b>14,052</b>	15,341
Interest cost on defined benefit obligation	24.5.5	<b>5,978</b>	6,440
Benefits due but not paid (payables)		<b>(24,366)</b>	(371)
Benefits paid		<b>(18,641)</b>	(8,512)
Remeasurements due to - experience adjustments		<b>17,900</b>	(9,851)
Remeasurements due to - actuarial gain		<u>(224)</u>	<u>(80)</u>
<b>Balance as on September 30,</b>		<b>90,931</b>	96,232

#### 24.5.3 Changes in fair value of plan assets

<b>Balance as on October 01,</b>		<b>106,277</b>	129,340
Interest income on plan assets	24.5.5	<b>7,756</b>	9,069
Benefit paid during the year - defined benefit obligation		<b>(18,641)</b>	(8,512)
Benefit paid during the year from payables		<b>(103)</b>	(96)
Return on plan assets, excluding interest income	24.5.6	<b>3,030</b>	(23,524)
<b>Balance as on September 30,</b>	24.5.4	<b>98,319</b>	106,277

	2018		2017	
	Rupees in '000	%	Rupees in '000	%
<b>24.5.4 Plan assets comprises of</b>				
Investments	58,401	59.40	50,428	47.45
Bank balance and receivables	39,918	40.60	55,849	52.55
	<u>98,319</u>	<u>100.00</u>	<u>106,277</u>	<u>100.00</u>

	2018 (Rupees in thousand)	2017
<b>24.5.5 The following amounts have been charged to the statement of profit or loss during the year</b>		
Current service cost	14,052	15,341
Interest cost on defined benefit obligation	5,978	6,440
Interest income on plan assets	(7,756)	(9,069)
	<u>12,274</u>	<u>12,712</u>

#### 24.5.6 Total Remeasurements Chargeable in Other Comprehensive Income

##### Gain / (loss) on remeasurements of defined benefit obligation

Due to experience adjustments	(17,900)	9,851
Actuarial gain from changes in financial assumptions	224	80
Gain / (loss) on plan assets, excluding interest income	3,030	(23,524)
	<u>(14,646)</u>	<u>(13,593)</u>

#### 24.5.7 Movement in net asset recognized in the statement of financial position

Asset as on October 01,		7,374	33,679
Charge for the year	24.5.5	(12,274)	(12,712)
Remeasurements chargeable in OCI	24.5.6	(14,646)	(13,593)
<b>(Liability) / asset as on September 30,</b>		<u>(19,546)</u>	<u>7,374</u>

#### 24.5.8 Other liability - Payable to gratuity fund - related party

The Company operates a policy that its employees can obtain loans from Al-Abbas Sugar Mills Limited Employees Gratuity Fund Trust - a related party (the fund). The Company recovers these loans from employees through monthly deduction from their salaries and offsets / adjusts the same against the net receivable from (or payable to) the Fund.

#### 24.5.9 Principal actuarial assumptions

The latest actuarial valuation for gratuity fund was carried out as at September 30, 2018 using the Projected Unit Credit Method (PUCM). The following significant assumptions used for the actuarial valuation:

	<b>2018</b>	2017
Discount rate	<u>10.00%</u>	<u>8.00%</u>
Expected rate of increase in salary	<u>9.00%</u>	<u>0.00%</u>
Expected rate of return on plan assets	<u>8.00%</u>	<u>7.25%</u>
Average retirement age of an employee	<u>60 years</u>	<u>60 years</u>
Mortality rates	<u>SLIC 2001-2005</u>	<u>SLIC 2001-2005</u>

#### 24.5.10 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	<u>Impact on defined benefit obligation</u>		
	<u>Changes in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
	%	(Rupees in thousand)	
Discount rate	<u>1</u>	<u>(5,593)</u>	<u>6,359</u>
Salary increase	<u>1</u>	<u>6,187</u>	<u>(5,530)</u>

**24.5.11** Expected charge for the year 2018-19 will be Rs. 16.186 million.

#### 24.5.12 Risks associated with the fund

**Investment Risk:** The risk of the investment underperforming and being not sufficient to meet the liabilities.

**Final Salary Risk:** The risk that the final salary at the time of cessation of service is greater than what the Company assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macro-economic factors), the benefit amount increases as salary increases.

**Withdrawal Risk:** The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

**Mortality Risk:** The risk that the actual mortality experience is different than that of expected i.e. the actual life expectancy is longer than assumed. Specially in case of benefit payable are in streams of payments after retirement like pension etc.



		2018 (Rupees in thousand)	2017
<b>25</b>	<b>ACCRUED MARK-UP</b>		
	Mark-up on short term borrowings	<u>4,017</u>	<u>22,226</u>
<b>26</b>	<b>SHORT TERM BORROWINGS</b>		
	<b>From banking companies - secured</b>		
	<b>Under Mark up arrangements</b>		
	Cash / running finances	26.1 <b>83,090</b>	831,526
	Export refinance	26.1 <b>619,000</b>	957,000
		<u><b>702,090</b></u>	<u>1,788,526</u>
<b>26.1</b>	The available aggregate finance facilities (short term funded) amounted to Rs. 4.006 (2017: Rs. 3.888) billion which have been arranged from various commercial banks out of which Rs. 3.085 (2017: 2.863) billion are with export refinance and FE 25. Out of total export refinance limit, Rs. 2.600 (2017: 2.578) billion are interchangeable. The short term financing facilities are secured against hypothecation of current assets, pledge of stock and hypothecation over present and future property, plant and equipment of the Company. Cash / running finance carry mark-up ranging from 1 to 3 month Kibor plus 0.65% to 0.75% (2017: 1 to 3 month Kibor plus 0.65% to 1.5%) per annum payable quarterly in arrears or upon maturity and Export refinance carry mark-up ranging from of SBP rate plus 0.70% to 1% (2017: SBP rate plus 1%). At the year end, facilities amounting to Rs. 3.304 (2017: Rs. 2.100) billion remained unutilized. These facilities are expiring on various dates latest by June 30, 2018 and are renewable.		
<b>26.2</b>	The available facilities for opening letters of credit as on the reporting date aggregate to Rs. 304.044 (2017: Rs. 300) million of which the facilities unutilized as on the reporting date amounting to Rs. 200 (2017: Rs. 293.346) million.		
<b>27</b>	<b>UNCLAIMED DIVIDEND</b>	2018 (Rupees in thousand)	2017
		27.1 <u>15,400</u>	<u>13,381</u>
<b>27.1</b>	In pursuant of the provisions of Section 244 of the Companies Act, 2017 the Company has sent final notice to the shareholders. The unclaimed dividend more than three years old will be transferred to the Government account in case remain unclaimed after the expiry of notice period.		
<b>28</b>	<b>PROVISION FOR TAXATION</b>	2018 (Rupees in thousand)	2017
		28.1 <u>12,846</u>	<u>12,846</u>
<b>28.1</b>	The Company filed appeal before Commission of Income Tax (CIT) against the said amount of tax levied by Income Tax Officer (ITO) under section 12(9A) of Income Tax Ordinance, 1979 related to assessment year 2002-2003, who set aside the order of ITO. The Department made appeal before the learned Income Tax Appellate Tribunal who maintained the decision of CIT. The Department again filed reference application before the Honourable High Court Sindh which is pending. As per view of the tax advisor, the decision of the reference will be in favor of the Company.		
<b>29</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>29.1</b>	<b>Contingencies</b>		
a)	The Karachi Water and Sewerage Board (Board) has demanded Rs. 19.588 million for sewerage, fire and conservancy charges which the Company has challenged in the Honourable High Court of Sindh, Karachi as		

no such facilities are being provided by the Board. The Court has stayed the operations of Demand Notice by the Board and hearings of the case are in process. The management, in the light of legal adviser's opinion, is confident that the case will be decided in favor of the Company, therefore, no provision has been made in these financial statements.

- b) The Competition Commission of Pakistan has issued show cause notice to the Company alleging cartelization in industry. The Company has challenged this show cause in the Honourable High Court of Sindh in Karachi challenging the jurisdiction of Competition Commission of Pakistan. The Court has granted Stay Order against the show cause notice and case hearings are in progress in Honourable High Court of Sindh, Karachi. There are no financial implications related to this matter at the moment.
- c) A suit bearing no. 281 has been filed in the Honourable High Court of Sindh at Karachi by Mr. Suleman Lalani (non-executive and minority Director of the Company) against the Company, its Chief Executive and eight others, alleging mismanagement in the company's affairs including siphoning off and divergence of Company's funds by the Chief Executive and others. The prayer sought in the suit mainly comprises of Rs. 236.716 million retrieval of the Company's funds along with the costs of the suit filed by the plaintiff and seeking appointment of receiver and carrying out of the forensic audit of the Company and removal of its Chief Executive. In response to the aforementioned, the Company and its management denied all allegations of the plaintiff. The suit is at the stage of Civil Miscellaneous hearing at the Applications.

The Company's legal counsel have stated that considering the uncertainty in the outcomes of the litigation, no definite prediction can be made at this stage. However, in view of the Company's management, no adverse inference is likely to materialize in the suit.

Furthermore, Mr. Lalani also filed another Civil Miscellaneous Application (CMA) No. 9973 of 2013, seeking to refrain the Board of Directors of the Company from specifically approving any investment in Javedan Corporation Limited ("JCL"), a separate and unrelated public limited company. The said CMA was argued before the Honourable High Court of Sindh by both parties which has restrained the defendant not to take any decision for investment in JCL until the final outcome of the suit and has directed the Securities Exchange Commission of Pakistan ("SECP") to treat the complaint filed in this matter as a complaint under Section 263 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and accordingly investigate the affairs of the Company and submit a report on the same.

The said Order of the Court has been challenged by the Company before the Division Bench of the Honourable High Court of Sindh through appeal bearing No. HCA-124, which has suspended a portion of the High Court's Order relating to SECP carrying out an investigation of the Company. This Appeal is currently pending before the Division Bench, and as per the view of the legal advisor, the Company has fair chance to succeed in the said case.

- d) The Federal Government notified reduced rate of FED @ 0.5% on local supply of sugar to the extent of sugar exported by sugar mills against export quota allocated by Economic Coordination Committee in meeting dated January 10, 2013, subject to the terms and conditions prescribed in S.R.O 77(1)/2013 dated February 07, 2013. The Company availed the facility with effect from January 10, 2013, however as per contention of the department the relief was applicable from the date of SRO, accordingly the demand amounting to Rs. 85.450 millions relating to period prior to date of SRO was created. During financial year 2015-16, the same was contested before the Appellate Tribunal who made the decision in favor of the Company. Miscellaneous application for rectification were filed by the Commissioner Inland Revenue before the Appellate Tribunal Inland Revenue which were also rejected. The Department again filed a reference application before the Honourable High Court Sindh which is pending. As per view of the tax advisor, the decision of the reference will be in favor of the Company.
- e) On July 12, 2018, Assistant Commissioner Sindh Revenue Board (SRB) passed an order amounting to Rs. 21.163 million as an unpaid WWF with respect to Tax Years 2016 and 2017 against which the Company has filed an appeal which is pending adjudication and therefore no provision has been made in these financial statements.
- f) A notification no. SO (TAXES) E&T / 1(91) 2014-15 / 250 dated July 08, 2014 issued by Government of Sindh Excise, Taxation and Narcotics Department under Sections 19A and 35A of the Sindh Abkari Act, 1878, whereby a levy of Rs. 0.5 per liter was imposed for the storage of Rectified Spirit in a private bonded warehouse with effect from July 01, 2014. The Company has challenged the notification through C.P. No. D-3917 / 2014 in the

Honourable High Court of Sindh, Karachi on July 23, 2014 against the Province of Sindh through Secretary Excise, Taxation and Narcotics and Director General Excise, Taxation and Narcotics, Sindh on the ground that the said Sections 19-A and 35-A of the 1878 Act do not permit the issuance of such notification. Court has granted Stay Order and hearings are in progress. The total financial impact of the levy are estimated at Rs. 54.698 (2017: 41.583) million. Legal adviser of the Company is of the view that the Company has a strong prima facie case while the balance of convenience is also in favour of the Company therefore, no provision has been made in these financial statements.

- g) A case was filed by Mr. Mureed Ali Shah vs Federation of Pakistan & Others in High Court of Sindh, Karachi dated May 14, 2018, C.P. No. 3823 of 2018, wherein he prayed that Federal Government should withdraw / cancel / stop cash freight subsidy to sugar mills located in Sindh on sugar export because in his opinion Sindh sugar mills have violated the condition no. VI of the Cabinet of the Economic Coordination Committee (ECC) approval no. ECC 96/19/2017 dated September 14, 2017. The Condition No. VI states that ""After November 2017, it will also be necessary for the mills to start crushing at full capacity throughout the crushing season to become eligible for exports"". He further prayed that the additional cash paid approved by Sindh Cabinet minutes dated December 04, 2017 should also be refunded by all sugar mills located in Sindh. He also prayed that Federal Government should be restrained from implementing ECC aforesaid approval till the tendency of this petition.

As the Company has complied the conditions No. VI of the ECC therefore in view of the legal counsel, favourable outcome is expected."

- h) A Show Cause Notice u/s 161 (1A) read with Section 236G and 236H of the Income Tax Ordinance, 2001 dated May 24, 2018 was issued by Large Taxpayers Unit of the FBR in respect of sales for the periods from October 2016 to September 2017 demanding Rs. 17.524 million. Company has filed an appeal against the Order before the Commissioner Appeals on the grounds that the sales were made to the Utility Stores Corporation of Pakistan which is the registered as the wholesaler and is liable to 0.1% tax deduction by the seller, while Army is exempt from tax deduction, while non-filer wholesalers are liable to 0.2% tax deduction by the seller. The Company has also deposited 10% of the demand amounting to Rs. 1.752 million required for stay order to refrain department from recovery of demand. Tax advisor of the Company is hopeful that the decision will be made in Company's favour therefore, no provision has been made in these financial statements.

## **29.2 Commitments**

- a) Commitments in respect of outstanding letter of credit amounts to Rs. 104.044 (2017: Rs. 6.654) million.
- b) Bank guarantees of Rs. 54.600 (2017: Rs. 76.232) million have been issued by the banking companies on behalf of the Company in favor of customers and suppliers. The available and unavailed limits of bank guarantees amount to Rs. 55.000 (2017: Rs. 76.632) million and Rs. 0.400 (2017: Rs. 0.400) million respectively.

	Note	Sugar		Ethanol		Total	
		2018	2017	2018	2017	2018	2017
----- (Rupees in thousand) -----							
<b>30. SALES - NET</b>							
Gross sales							
Local		489,961	2,711,843	245,981	184,256	735,942	2,896,099
Export	30.1 & 30.2	3,400,726	-	3,457,924	2,705,205	6,858,650	2,705,205
		3,890,687	2,711,843	3,703,905	2,889,461	7,594,592	5,601,304
Less:							
Sales tax		(61,504)	(223,574)	(39,011)	(27,980)	(100,515)	(251,554)
Federal excise duty		-	(22,335)	-	-	-	(22,335)
		(61,504)	(245,909)	(39,011)	(27,980)	(100,515)	(273,889)
		3,829,183	2,465,934	3,664,894	2,861,481	7,494,077	5,327,415

30.1 It includes exchange gain of Rs. 85.632 (2017: nil) million on export of sugar and Rs. 6.052 (2017: Rs. 6.351) million on export of ethanol.

30.2 It includes subsidy on sugar export amounting to Rs. 865.424 million.

	Note	Sugar		Ethanol		Total	
		2018	2017	2018	2017	2018	2017
----- (Rupees in thousand) -----							
<b>31. COST OF SALES</b>							
Cost of raw materials consumed		3,044,175	3,359,765	1,864,922	1,889,410	4,909,097	5,249,175
Stores and spare parts consumed		107,811	101,566	72,670	57,901	180,481	159,467
Packing material		49,528	25,770	-	-	49,528	25,770
Salaries, wages and other benefits	31.1	249,534	249,798	54,666	50,815	304,200	300,613
Fuel, electricity and water charges		4,646	1,124	56,544	36,332	61,190	37,456
Other manufacturing expenses	31.2	41,376	41,152	24,141	29,438	65,517	70,590
Repairs and maintenance		5,947	10,056	6,624	24,090	12,571	34,146
Depreciation	5.1.2	35,936	38,053	27,456	30,507	63,392	68,560
		3,538,953	3,827,284	2,107,023	2,118,493	5,645,976	5,945,777
Work-in-process							
Opening		4,498	2,972	-	-	4,498	2,972
Closing		(4,061)	(4,498)	-	-	(4,061)	(4,498)
		437	(1,526)	-	-	437	(1,526)
		3,539,390	3,825,758	2,107,023	2,118,493	5,646,413	5,944,251
Less:							
Transfer price of molasses		(195,764)	(236,658)	-	-	(195,764)	(236,658)
Sale of fusel oil and CO2 gas - net		-	-	(931)	(9,710)	(931)	(9,710)
Transfer price of bagasse		(54,309)	(48,723)	-	-	(54,309)	(48,723)
Stock adjustment of bagasse in hand		(7,488)	(4,067)	-	-	(7,488)	(4,067)
Sale of bagasse - net		(18,151)	(26,504)	-	-	(18,151)	(26,504)
		(275,712)	(315,952)	(931)	(9,710)	(276,643)	(325,662)
Cost of goods manufactured		3,263,678	3,509,806	2,106,092	2,108,783	5,369,770	5,618,589
Finished goods							
Opening		1,149,129	256,097	195,521	225,658	1,344,650	481,755
Closing		(1,153,076)	(1,149,129)	(140,559)	(195,521)	(1,293,635)	(1,344,650)
		(3,947)	(893,032)	54,962	30,137	51,015	(862,895)
		3,259,731	2,616,774	2,161,054	2,138,920	5,420,785	4,755,694

31.1 Salaries, wages and other benefits include Rs. 8.182 (2017: Rs. 6.164) million in respect of defined benefit plan - gratuity.

	Note	Sugar		Ethanol		Total	
		2018	2017	2018	2017	2018	2017
----- (Rupees in thousand) -----							
<b>31.2 Other Manufacturing Expenses</b>							
Security services		10,281	9,014	6,854	6,009	17,135	15,023
Printing and stationery		178	158	118	105	296	263
Vehicle running		5,765	6,293	3,843	4,195	9,608	10,488
Insurance		9,421	9,071	5,441	6,047	14,862	15,118
Travelling and conveyance		467	788	311	526	778	1,314
Others		15,264	15,828	7,574	12,556	22,838	28,384
		41,376	41,152	24,141	29,438	65,517	70,590

32 PROFIT FROM OTHER REPORTABLE SEGMENTS - NET	Note	2018 (Rupees in thousand)	2017
Net profit from storage tank terminal	32.1	93,455	93,840
Net loss from chemical, alloys and power segment and fixed expenses due to suspension	32.2	<u>(40,437)</u>	<u>(45,314)</u>
		<u>53,018</u>	<u>48,526</u>
<b>32.1 Net profit from storage tank terminal</b>			
Storage service income		135,796	136,865
Inter-segment services		<u>17,100</u>	<u>17,100</u>
		152,896	153,965
<b>Less: direct expenses</b>			
Salaries, wages and other benefits	32.1.1	18,269	18,923
Water, fuel and power		2,389	2,665
Repairs and maintenance		5,903	4,771
Depreciation	5.1.2	14,141	15,717
Security services		2,201	2,071
Printing and stationery		46	82
Lease charges		2,809	2,642
Vehicle running		770	894
Insurance		2,726	2,029
Shipment expenses		3,442	5,140
Fees and subscription		750	667
Establishment charges		2,996	2,773
Others		<u>2,999</u>	<u>1,751</u>
		<u>59,441</u>	<u>60,125</u>
		<u>93,455</u>	<u>93,840</u>

**32.1.1** Salaries, wages and other benefits include Rs. 0.191 (2017: Rs. 0.628) million in respect of defined benefit plan - gratuity.

**32.2 Net loss from chemical, alloys and power segment and fixed expenses due to suspension**

Fixed expenses due to suspension	Note	2018 (Rupees in thousand)	2017
Chemical and alloys	32.2.1	22,689	25,269
Power	32.2.2	<u>17,748</u>	<u>20,045</u>
		<u>40,437</u>	<u>45,314</u>

**32.2.1 Chemical and alloys**

Salaries, wages and other benefits	32.2.1.1	2,039	3,632
Water, fuel and power		886	1,064
Security services		5,576	5,325
Printing and stationery		3	6
Vehicle running		99	237
Insurance		949	1,131
Travelling and conveyance		5	101
Repairs and maintenance		74	354
Depreciation	5.1.2	12,800	13,868
Others		<u>258</u>	<u>183</u>
		22,689	25,901
Gain from sale of carried over stock		-	(632)
		<u>22,689</u>	<u>25,269</u>

**32.2.1.1** Salaries, wages and other benefits include Rs. 0.058 (2017: Rs. 0.047) million in respect of defined benefit plan - gratuity.

32.2.2	Power	Note	2018	2017
			(Rupees in thousand)	
	Salaries, wages and other benefits	32.2.2.1	1,617	2,876
	Water, fuel and power		702	843
	Security services		4,422	4,218
	Printing and stationery		1	3
	Vehicle running expenses		78	187
	Insurance Expenses		752	896
	Cost audit fees		-	36
	Travelling and conveyance		4	80
	Repairs and maintenance		59	281
	Depreciation	5.1.2	9,908	10,479
	Others		205	146
			<u>17,748</u>	<u>20,045</u>

**32.2.2.1** Salaries, wages and other benefits include Rs. 0.046 (2017: Rs. 0.038) million in respect of defined benefit plan - gratuity.

### 33 DISTRIBUTION COST

Note	Sugar		Ethanol		Total	
	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)					
Sugar bags handling expenses	11,629	4,855	-	-	11,629	4,855
Export transportation and other expenses	127,616	-	356,889	174,975	484,505	174,975
Salaries and other benefits	881	1,817	2,675	2,493	3,556	4,310
Local transportation	-	8,388	-	-	-	8,388
Marking fees	3,891	2,711	-	-	3,891	2,711
	<u>144,017</u>	<u>17,771</u>	<u>359,564</u>	<u>177,468</u>	<u>503,581</u>	<u>195,239</u>

**33.1** Salaries and other benefits include Rs. 0.363 (2017: 0.497) million in respect of defined benefit plan - gratuity.

### 34 ADMINISTRATIVE EXPENSES

Note	Sugar		Ethanol		Total	
	2018	2017	2018	2017	2018	2017
	(Rupees in thousand)					
Salaries and other benefits	29,196	32,301	19,464	21,534	48,660	53,835
Rent, rates and taxes	3,522	3,516	2,348	2,344	5,870	5,860
Communication charges	1,844	2,108	1,229	1,405	3,073	3,513
Traveling and conveyance	1,223	1,489	815	993	2,038	2,482
Printing and stationery	670	708	447	472	1,117	1,180
Entertainment	1,032	1,068	688	712	1,720	1,780
Vehicle running	4,489	4,441	2,993	2,961	7,482	7,402
Repairs and maintenance	1,330	1,570	887	1,047	2,217	2,617
Insurance	2,053	1,999	1,369	1,333	3,422	3,332
Fees and subscription	3,070	3,843	2,047	2,562	5,117	6,405
Legal and professional	5,000	4,166	3,333	2,778	8,333	6,944
Auditors' remuneration	1,132	1,100	755	732	1,887	1,832
Charity and donations	1,000	500	-	-	1,000	500
Newspaper and periodicals	60	59	40	39	100	98
Utilities	2,354	2,547	1,569	1,698	3,923	4,245
Depreciation on property, plant and equipment	4,419	4,798	2,946	3,199	7,365	7,997
Depreciation on investment property	31	34	-	-	31	34
Security charges	597	589	398	393	995	982
Miscellaneous expenses	1,016	993	677	662	1,693	1,655
	<u>64,038</u>	<u>67,829</u>	<u>42,005</u>	<u>44,864</u>	<u>106,043</u>	<u>112,693</u>

**34.1** Salaries and other benefits include Rs. 3.434 (2017: Rs. 5.339) million in respect of defined benefit plan - gratuity.

	Sugar		Ethanol		Total	
	2018	2017	2018	2017	2018	2017
<b>34.2</b> Auditors' remuneration	(Rupees in thousand)					
<b>Statutory Auditors</b>						
Annual audit fee	660	660	440	440	1,100	1,100
Half yearly review fee	68	69	45	46	113	115
Code of corporate governance review fee	36	36	24	24	60	60
Out of pocket expenses	116	70	78	46	194	116
Other services	252	265	168	176	420	441
	<u>1,132</u>	<u>1,100</u>	<u>755</u>	<u>732</u>	<u>1,887</u>	<u>1,832</u>

**34.3** This represents amount donated to Kharadar General Hospital. None of the Directors or their spouse have any interest in the donee's fund.

	Note	2018 (Rupees in thousand)	2017
<b>35</b>	<b>OTHER OPERATING EXPENSES</b>		
	Workers' Profit Participation Fund	72,967	10,689
	Workers' Welfare Fund	27,973	-
		<u>100,940</u>	<u>10,689</u>
<b>36</b>	<b>FINANCE COST</b>		
	Mark-up on short term borrowings	57,042	104,148
	Interest on Workers Profit Participation Fund	99	1,669
	Bank charges and guarantee commission	6,940	6,572
		<u>64,081</u>	<u>112,389</u>
<b>37</b>	<b>OTHER INCOME</b>		
	<b>Income from financial assets</b>		
	Mark - up on loan to growers	1,953	3,356
	Income from TDR / PLS deposits	1,563	691
	Dividend	12,135	2,265
		<u>15,651</u>	<u>6,312</u>
	<b>Income from other than financial assets</b>		
	Scrap sales	909	6,733
	Gain on disposal of property, plant and equipment - net	1,832	706
	Income from farming - net	155	1,594
	Income from Bio-chemical lab	112	2,043
	Miscellaneous	355	323
		<u>3,363</u>	<u>11,399</u>
		<u>19,014</u>	<u>17,711</u>
<b>37.1</b>	<b>Income from farming operations - net</b>		
	Sales	2,019	3,236
	Farming cost	(1,864)	(1,642)
		<u>155</u>	<u>1,594</u>

**37.1.1** Farm operations is a distinguishable business segment as per the criteria specified in International Financial Reporting Standard - 8 "Operating Segment" , but it is substantially below the threshold mentioned for reportable segment under IFRS - 8, therefore, this is not classified as a reportable segment in these financial statements.

38	TAXATION	Note	2018 (Rupees in thousand)	2017
	Current	38.1	81,600	62,064
	Prior		(4,701)	1,908
	Deferred	9.1	-	-
			<u>76,899</u>	<u>63,972</u>
<b>38.1</b>	<b>Relationship between current tax expense and accounting profit</b>			
	<b>Profit before taxation</b>		<u>1,370,679</u>	<u>206,948</u>
	Tax at the enacted tax rate		397,497	62,084
	Tax effect of income taxable under Final Tax Regime		(319,520)	-
	Tax effect of inadmissible expenses		79,080	-
	Tax effect of allowable deductions		(3,407)	-
	Tax effect of carry forward losses set-off		(72,050)	-
			<u>81,600</u>	<u>62,084</u>

The reconciliation between accounting profit and tax expense is not made for the corresponding period as the current taxation included Final Tax and taxation under Minimum Tax Regime.

**38.1.1** Management has provided sufficient tax provision in these financial statements in accordance with the Income Tax Ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:

Financial Year	2017	2016 (Rupees in thousand)	2015
<b>Provision As Per Financial Statements</b>	<u>62,064</u>	<u>65,560</u>	<u>59,555</u>
<b>Deemed Tax Assessment</b>	<u>62,007</u>	<u>60,903</u>	<u>66,114</u>

**38.1.2** Income tax returns of the Company have been filed up to tax year 2018 which is considered to be deemed assessment. However, the Commissioner of Income tax may, at any time during the period of five years from the date of filing of return, select the deemed assessment for audit.

**38.2** The Company has filed appeal before the Appellate Tribunal Inland Revenue and Commissioner Inland Revenue (Appeals) against amended order passed under section 122 of Income Tax Ordinance, 2001 for the tax year 2012 under which Assistant Commissioner Inland Revenue disallowed / added back Rs. 176 million to the income respectively. However, this addition has no impact on the tax liability of the Company due to huge carried forwarded losses. Further, the appeal filed before the appellate forum is pending adjudication. Tax adviser of the Company expects favorable outcome of the appeal.

**38.3** During the year, Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) for the tax year 2014 whereby income tax demand has been raised amounting to Rs. 28.751 million based on various disallowances and not accounting for before tax losses. The Company has filed an appeal with the Commissioner Appeals Inland Revenue which is pending adjudication. The tax adviser of the Company expects favorable outcome, therefore, no provision has been made in these financial statements.



		2018	2017
		(Rupees in thousand)	
<b>39</b>	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>		
	Net profit for the year	<u>1,293,780</u>	<u>142,976</u>
		(No. of shares)	
	Weighted average number of ordinary shares outstanding	<u>17,362,300</u>	<u>17,362,300</u>
	Basic and diluted earnings per share - Rupees	<u>39.1</u>	<u>8.23</u>

**39.1** Diluted earnings per share is same as the basic as the Company does not have any convertible instruments in issue as on the reporting date which would have any effect on the earnings per share if the option to convert is exercised.

		2018	2017
		(Rupees in thousand)	
<b>40</b>	<b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
	<b>Profit before taxation</b>	<b>1,370,679</b>	206,948
	<b>Adjustment for:</b>		
	Depreciation on property, plant and equipment	5.1	116,621
	Increase in market committee fee	23	6,591
	Provision for staff retirement benefits - gratuity	24.5.5	12,712
	Subsidy on sugar export	30.2	-
	Depreciation on investment property	34	34
	Workers Welfare Fund	35	-
	Workers Profit Participation Fund	35	10,689
	Finance cost	36	112,389
	Mark - up on loan to growers	37	(3,356)
	Income from TDR / PLS deposits	37	(691)
	Dividend income	37	(2,265)
	Gain on disposal of fixed assets - net	37	(706)
		<b>(591,319)</b>	252,018
	Working capital changes	40.1	(1,816,755)
	<b>Cash generated from / (used in) operations</b>	<u><b>1,489,096</b></u>	<u>(1,357,789)</u>

**40.1 Working capital changes**

**(Increase) / decrease in current assets**

	Stores and spare parts	16,035	(7,746)
	Stock-in-trade	57,581	(1,255,540)
	Trade debts	(215,459)	12,457
	Loans and advances	186,793	(434,910)
	Trade deposits and short term prepayments	5,984	(7,396)
	Other receivables	326,229	16,822
		<u>377,163</u>	<u>(1,676,313)</u>
	<b>Increase / (decrease) in trade and other payables</b>	<u>332,573</u>	<u>(140,442)</u>
	<b>Cash generated from / (used in) working capital</b>	<u><b>709,736</b></u>	<u>(1,816,755)</u>

#### 41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES:

	Chief Executive		Directors		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
----- Rupees in thousand -----								
Managerial remuneration	9,483	9,818	1,276	5,455	28,553	54,490	39,312	69,763
Medical allowances	940	982	128	545	2,591	4,801	3,659	6,337
Other perquisites	753	595	134	745	3,770	5,085	4,657	6,425
Retirement benefits	869	900	117	500	3,358	5,926	4,344	7,326
<b>Total</b>	<b>12,045</b>	<b>12,295</b>	<b>1,655</b>	<b>7,245</b>	<b>38,272</b>	<b>70,311</b>	<b>51,972</b>	<b>89,851</b>
<b>No. of persons</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>13</b>	<b>47</b>	<b>15</b>	<b>49</b>

#### 41.1 Breakup of remuneration given to former CEO till the date of his resignation is as follows:

	Rs. In '000
Managerial remuneration	1,953
Medical allowances	195
Other perquisites	34
Retirement benefits	180
	<u>2,362</u>

41.2 Chairman, Chief Executive Officer and an Executive Director are provided with the Company maintained cars for business and their personal use. The aggregate amount of perquisites during the year on Chairman's vehicle was Rs. 0.195 (2017: Rs. 0.402) million. The boarding and lodging expenses incurred for a Non-Executive Director amounted to Rs. 0.252 (2017: Rs. 0.274) million.

41.3 The Company has not paid any fees / benefits to any of its Non - Executive Directors during the year except Chairman and a Non - Executive Director as stated above.

41.4 Thirteen (2017: Seventeen) Executives of the Company are also provided with the Company maintained cars for the business and their personal use.

	Note	2018 (Rupees in thousand)	2017
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#### 42 FINANCIAL INSTRUMENTS BY CATEGORY

##### Financial Assets

##### - Loans and receivables at amortized cost

Loans including current portion	8	1,211	1,149
Long term deposits		11,606	11,406
Trade debts - gross	12	259,203	43,744
Trade deposits	14	1,000	5,200
Interest accrued	15	1,625	2,868
Other receivables	16	1,030	210
Cash and bank balances	19	112,007	23,583
		<u>387,682</u>	<u>88,160</u>

##### - Held to maturity

Short term investments	17	600	600
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##### - Available for sale

Long term investments	7	654,448	709,068
		<u>1,042,730</u>	<u>797,828</u>

	Note	2018 (Rupees in thousand)	2017
<b>Financial Liabilities</b>			
<b>- Financial liabilities at amortized cost</b>			
Long term deposits	22	22,381	22,381
Trade and other payables	24	888,723	444,494
Accrued mark-up	25	4,017	22,226
Short term borrowings	26	702,090	1,788,526
Unclaimed dividend		15,400	13,381
		<u>1,632,611</u>	<u>2,291,008</u>

#### 43 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

##### 43.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Out of the total financial assets of Rs. 1.043 billion (2017: Rs. 797.828 million), the financial assets which are subject to credit risk amounted to Rs. 386.635 (2017: Rs. 87.098) million.

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the Chief Executive Officer and Executive Directors. Where considered necessary, advance payments are obtained from certain parties. Sales made to exporters are secured through letters of credit. The management set out a maximum credit period in respect of certain customers as well in order to reduce the credit risk.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

	2018	2017
	(Rupees in thousand)	
Loans including current portion	1,211	1,149
Long term deposits	11,606	11,406
Trade debts - gross	259,203	43,744
Trade deposits	1,000	5,200
Interest accrued	1,625	2,868
Other receivables	1,030	210
Bank balances	<u>110,960</u>	<u>22,521</u>
	<u>386,635</u>	<u>87,098</u>

### Loans

The Company believes that no impairment allowance is required in respect of loans because these are not past due and are recoverable from employees. The Company is actively pursuing for the recovery of debts and the Company does not expect any of its employees failing to meet their obligations.

### Deposits

This mainly represents the deposit with a utility company against its services for which the Company does not expect the utility company failing in fulfill its contractual obligations.

### Trade debts

All the trade debts at the reporting date represent domestic and overseas parties.

The maximum exposure to credit risk before any credit enhancements and provisions for trade debts at the reporting date by division is:

	2018	2017
	(Rupees in thousand)	
Sugar	199,180	-
Ethanol	11,531	14,604
Chemical and alloys	9,636	9,636
Storage tank terminal	19,352	-
Bagasse	6,377	6,377
Others	<u>13,127</u>	<u>13,127</u>
	<u>259,203</u>	<u>43,744</u>

### The aging of trade receivable at the reporting date is:

Past due 1-30 days	30,883	14,458
Past due 30-150 days	199,180	4,870
Past due 150 days	<u>29,140</u>	<u>24,416</u>
	<u>259,203</u>	<u>43,744</u>

The Company has made adequate provision of Rs. 15.432 million for receivables past due over two years since it is likely that the same is not to be received and for rest of the receivables, the Company considers the amount to be fully recoverable and therefore, no further provision has been made in these financial statements.

### Quality of financial assets

The Company keeps its fund with banks having good credit ratings. Currently the funds are kept with banks

having short term credit rating from A1+ to A2 as summarized below:

	2018 (Rupees in thousand)	2017
<b>Bank balances</b>		
With external credit rating		
A1+	84,485	21,663
A1	26,323	847
A2	152	11
	<u>110,960</u>	<u>22,521</u>

#### 43.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. 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 manage 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 at the risk of Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring liquidity ratios against internal and external requirements and maintaining debt financing plans.

The following are the contractual maturities of the financial liabilities:

	2018					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to three years	Three to five years and over
----- (Rupees in thousand) -----						
<b>Financial Liabilities</b>						
Long term deposits	22,381	22,381	-	-	-	22,381
Trade and other payables	888,723	888,723	154,157	734,566	-	-
Accrued mark-up	4,017	4,017	4,017	-	-	-
Short term borrowings	702,090	702,090	702,090	-	-	-
Unclaimed dividend	15,400	15,400	-	15,400	-	-
	<u>1,632,611</u>	<u>1,632,611</u>	<u>860,264</u>	<u>749,966</u>	<u>-</u>	<u>22,381</u>
	2017					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to three years	Three to five years and over
----- (Rupees in thousand) -----						
<b>Financial Liabilities</b>						
Long term deposits	22,381	22,381	-	-	-	22,381
Trade and other payables	444,494	444,494	93,343	351,151	-	-
Accrued mark-up	22,226	22,226	22,226	-	-	-
Short term borrowings	1,788,526	1,788,526	1,788,526	-	-	-
Unclaimed dividend	13,381	13,381	-	13,381	-	-
	<u>2,291,008</u>	<u>2,291,008</u>	<u>1,904,095</u>	<u>364,532</u>	<u>-</u>	<u>22,381</u>

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. As on the reporting date, the Company has Rs. 3.304 (2017: Rs. 2.100) billion available and unutilized short term borrowings limit from financial institutions and also has Rs. 110.96 (2017: Rs. 22.521) million being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

### 43.3 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, foreign exchange rates or the equity prices 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. The Company is exposed to foreign exchange risk, interest rate risk and other price risk are as follows:-

#### 43.3.1 Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transaction or receivables or payables that exist due to transactions in foreign currency. The Company is exposed to foreign exchange currency risk on import of stores and spares, export of sugar and ethanol mainly denominated in US Dollars. Approximately 87.41% of the Company's revenue from sugar segment and 93.36% from ethanol segment is denominated in currencies other than Pak Rupees which forms 90.31% of the total gross revenue of the Company. The Company's exposure to foreign currency risk for US Dollars is as follows:-

	2018 (Rupees in thousand)	2017
Foreign debtors	210,711	14,436
Advance from foreign customers	<u>(125,906)</u>	<u>(5,462)</u>
<b>Net exposure</b>	<u><b>84,805</b></u>	<u><b>8,974</b></u>

	Average rate		Spot rate at reporting date	
	2018	2017	2018	2017
<b>The following significant exchange rate has been applied:</b>				
USD to PKR	<u>109.97</u>	<u>104.98</u>	<u>124.10</u>	<u>105.41</u>

#### Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the USD with all other variables held constant, pre-tax profit for the year have been lower by the amount shown below:

	2018 (Rupees in thousand)	2017
<b>Effect on profit or loss</b>		
US Dollars	<u>(8,481)</u>	<u>(897)</u>

The weakening of the PKR against USD would have had an equal but opposite impact on the pre tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

#### 43.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate

because of changes in market interest rate . The Company has short term borrowings - under cash / running finance borrowings Rupee based loan at variable rates, short term borrowings under export refinance borrowings Rupee base loan at fixed rates. The Company has provided short term loan to growers and Term deposit to bank carrying mark up at fixed rates, while saving accounts carries mark up at variable rate.

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

	2018	2017	2018	2017
	Effective interest rate (in percent)		Carrying amount (Rupees in thousand)	
<b>Financial assets</b>				
<b>Fixed rate instruments</b>				
Loans to growers	14.96	14.96	11,890	37,293
Term deposit receipts (TDR)	3.99 & 6.84	3.99 & 4.09	600	600
			<u>12,490</u>	<u>37,893</u>
<b>Variable rate instruments</b>				
Bank balances	2.85 to 4.25	2.4 to 3	<u>28,922</u>	<u>5,573</u>
<b>Financial liabilities</b>				
<b>Variable rate instruments</b>				
Short term borrowings	2.7 to 8.76	3 to 7.78	<u>702,090</u>	<u>1,788,526</u>

#### Cash flow sensitivity analysis for variable rate instruments.

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

	Profit and loss 100 bp	
	increase	decrease
	Rupees in thousand)	
<b>Financial assets</b>		
<b>As at September 30, 2018</b>		
Cash flow sensitivity	<u>289</u>	<u>(289)</u>
<b>As at September 30, 2017</b>		
Cash flow sensitivity	<u>56</u>	<u>(56)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

	Profit and loss 100 bp	
	increase	decrease
	Rupees in thousand)	
<b>Financial liabilities</b>		
<b>As at September 30, 2018</b>		
Cash flow sensitivity	<u>(7,021)</u>	<u>7,021</u>
<b>As at September 30, 2017</b>		
Cash flow sensitivity	<u>(17,885)</u>	<u>17,885</u>

### 43.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to price risk with respect to equity investment. Investments are monitored through continuous trend prevailing in the market for which an investment committee has been setup to take appropriate decision.

A 10% increase / decrease in share prices at year end would have increased / (decreased) the unrealized gain on remeasurement of available for sale investments through OCI as follows:

	<b>Share prices 10%</b>	
	<b>increase</b>	<b>decrease</b>
	<b>(Rupees in thousand)</b>	
<b>As at September 30, 2018</b>		
Available for sale investments	<u>65,445</u>	<u>(65,445)</u>
<b>As at September 30, 2017</b>		
Available for sale investments	<u>70,907</u>	<u>(70,907)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / equity and assets of the Company.

### 43.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are remeasured at the market prices prevailing on the reporting date. The carrying values of all other financial assets and liabilities reported in the financial statements approximate their fair value.

In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its long term investments and short term investments in terms of following fair value hierarchy:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

Details of the Company's long term investments and short term investments in terms of fair value hierarchy, explained above, at September 30, 2018 is as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>----- (Rupees in thousand) -----</b>		
<b>Long term investments at fair value</b>			
<b>September 30, 2018</b>	<u>654,448</u>	<u>-</u>	<u>-</u>
September 30, 2017	<u>709,068</u>	<u>-</u>	<u>-</u>



#### 43.5 Capital risk management

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

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. The gearing ratios as at the reporting date are as follows:

		2018 (Rupees in thousand)	2017
Accrued mark-up		4,017	22,226
Short term borrowings		<u>702,090</u>	<u>1,788,526</u>
Total debt		<u>706,107</u>	<u>1,810,752</u>
Less: cash and bank balances		<u>(112,007)</u>	<u>(23,583)</u>
<b>Net debt</b>	<b>A</b>	<u>594,100</u>	<u>1,787,169</u>
<b>Shareholders' equity</b>	<b>B</b>	<u>3,593,974</u>	<u>2,508,358</u>
<b>Equity and net debt</b>	<b>C = A + B</b>	<u>4,188,074</u>	<u>4,295,527</u>
<b>Gearing ratio</b>	<b>(D = A / C)</b>	<u>14.19%</u>	<u>41.61%</u>

#### 44 PLANT CAPACITY AND ACTUAL PRODUCTION

##### Sugar Unit

	2018	2017
Sugarcane crushing capacity per day in M.T.	7,500	7,500
Actual no. of days season operated	135	125
Sugar cane crushed during the year in M.T.	665,540	659,154
Sugarcane yield	11.17%	10.70%
Capacity in M.T based on number of days operated and sugarcane yield	113,167	100,313
Actual production in M. T.	74,388	70,484

##### Ethanol Unit

Unit - I		
Capacity in liters per day	85,000	85,000
Actual no. of days operated	342	290
Capacity in liters based on number of days operated	29,070,000	24,650,000
Actual production in liters	27,736,199	23,309,333
Unit - II		
Capacity in liters per day	87,500	87,500
Actual no. of days operated	336	296
Capacity in liters based on number of days operated	29,400,000	25,900,000
Actual production in Liters	27,021,589	25,182,918

##### Chemical alloys and others

Capacity in M.T based on 320 days	27,220	27,220
Actual production in M.T	-	-

	2018	2017
<b>Power</b>		
Capacity in Kilo Watts Hour (KWH) per day	312,000	312,000
Actual no. of days operated	-	-
Capacity in KWH based on number of days operated	-	-
Actual production in KWH	-	-
<b>Tank terminal</b>		
Capacity per month based on ethanol in M.T	22,850	22,850
Actual capacity utilized per month based on ethanol in M.T	22,850	22,850

#### 44.1 Reasons for shortfall in capacity utilization

- Sugar**  
Lesser availability of sugarcane.
- Ethanol**  
Lesser availability of molasses and its quality.
- Chemical, alloys and power**  
Production facilities have been suspended.

#### 45 SEGMENT REPORTING

	Note	2018				Total	2017
		Sugar	Ethanol	Chemical, alloys and power	Storage tank terminal		
----- (Rupees in thousand) -----							
<b>Segment assets and liabilities</b>							
Segment assets		2,611,840	1,359,687	435,969	174,047	4,581,543	4,236,952
Unallocated segment assets						1,025,034	934,192
						<u>5,606,577</u>	<u>5,171,144</u>
Segment liabilities		999,614	772,785	104	22,381	1,794,884	2,487,686
Unallocated segment liabilities						217,719	175,100
						<u>2,012,603</u>	<u>2,662,786</u>
Addition in capital work in progress	5.2	-	19,858	-	-	19,858	-
Unallocated additions in operating fixed assets"		-	-	-	-	15,121	1,864
						<u>34,979</u>	<u>1,864</u>
<b>Segment profit or loss</b>							
Sales - net	30	3,829,183	3,664,894	-	-	7,494,077	5,327,415
Cost of sales	31	(3,259,731)	(2,161,054)	-	-	(5,420,785)	(4,755,694)
<b>Gross profit</b>		569,452	1,503,840	-	-	2,073,292	571,721
Profit from other reportable segments - net	32	-	-	(40,437)	93,455	53,018	48,526
		569,452	1,503,840	(40,437)	93,455	2,126,310	620,247
Distribution cost	33	(144,017)	(359,564)	-	-	(503,581)	(195,239)
Administrative expenses	34	(64,038)	(42,005)	-	-	(106,043)	(112,693)
<b>Operating segment results</b>		361,397	1,102,271	(40,437)	93,455	1,516,686	312,315
Other operating expenses	35					(100,940)	(10,689)
Other income	37					19,014	17,711
Finance cost	36					(64,081)	(112,389)
<b>Profit before taxation</b>						1,370,679	206,948
Taxation	38					(76,899)	(63,972)
<b>Profit after taxation</b>						<u>1,293,780</u>	<u>142,976</u>
Depreciation		40,355	30,402	22,708	14,141	107,606	116,621

45.1 Revenue reported in note no. 30 and 32 is generated from external customers. The inter transfer of molasses and bagasse from sugar segment to ethanol segment is accounted for as a reduction of cost of production of sugar segment in note 31.

45.2 The accounting policies of the reportable segments are the same as the Companies' accounting policies described in note number 4 to these financial statements.

45.3 **Revenue from major products**

The break up of Companies' revenue from external customers for major products is given in note number 30 to these financial statements.

45.4 **Information about major customers**

Revenue from major customers (5% or above of segment's gross sales) of sugar segment represents Rs. 1,628 (2017: Rs. 2,132) million of total sugar segment gross revenue amounting to Rs. 3,891 (2017: Rs. 2,712) million, ethanol segment of Rs. 2,940 (2017: Rs. 2,251) million of total ethanol segment revenue amounting to Rs. 3,704 (2017: Rs. 2,889) million. Revenue from chemical and alloys and power segment is none due to suspension.

46 **RELATED PARTY TRANSACTIONS**

The related parties comprise of associated undertakings, other related group companies, Directors of the Company, Key Management Personnel and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / from related parties (if any) are shown in under respective notes to the financial statement. Remuneration of Directors, Chief Executive Officer and Executives being the Key Management Personnel are disclosed in note no. 41 to these financial statements. Transactions with related parties are as follows:

	2018	2017
	(Rupees in thousand)	
<b>Associated companies - common directorship</b>		
<b>- Hum Network Limited</b>		
Dividend received	0.450	-
<b>Associated undertaking</b>		
<b>- Kharadar General Hospital</b>		
Donation given	1,000	-
<b>Post Employment Benefit Plan</b>		
<b>- Al-Abbas Sugar Mills Limited - Employees Gratuity Fund</b>		
Installment recovered from employees on behalf of Employees' Gratuity Fund"	8,729	7,461
Paid to Employee's Gratuity Fund on account of installment recovered from employees	28,505	397

46.1 During the year, the Company has paid dividend to its Directors and other related parties amounting to Rs. 65.850 (2017: Rs. 103.542) million.

47 **NUMBER OF EMPLOYEES**

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

		2018	2017
Number of employees as at September 30,	Factory	826	950
	Others	71	74
Average number of employees during the year	Factory	1,098	1,083
	Others	70	77

#### 48 NON-ADJUSTING SUBSEQUENT EVENT

The Board of Directors of the Company in their meeting held on December 20, 2018 has proposed a final cash dividend of Rs. **50** (2017: Rs. 5) per share i.e. **500%** (2017: 50%) for the year ended September 30, 2018 amounting to Rs. **868.115** (2017: Rs. 86.812) million. The financial statements for the year ended September 30, 2018 do not include the effect of the proposed cash dividend which will be accounted for in the financial statements for the year ended September 30, 2019.

#### 49 CORRESPONDING FIGURES

Corresponding figures have been re-arranged / reclassified, whenever necessary, for the purpose of compliance, comparison and better presentation. Major changes made during the year are as follows:

Reclassification from the caption component	Reclassification to the caption component	Note	Amount in thousand
Lease-hold land	Free-hold land	5.1	51,000
Factory building on lease-hold land	Factory building on free-hold land	5.1	168,317
Non-factory building on lease-hold land	Non-factory building on free-hold land	5.1	48,867
Sugar bags handling expense - Distribution cost	Packing material - Cost of sales	31	1,697
Creditors - Trade and other payables	Unclaimed dividend/ with held dividend		13,381
Packing materials - Cost of sales	Export transportation and other expenses - Distribution cost	33	62,153
Legal and professional - Administrative expenses	Auditor's remuneration - Administrative expenses	34.2	440

#### 50 GENERAL

- Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.
- Administrative expenses are allocated between the sugar and ethanol segment on the ratio being consistently applied since prior years.

#### 51 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 20, 2018 by the Board of Directors of the Company.



**Asim Ghani**  
Chief Executive Officer



**Darakshan Ghani**  
Director



**Samir Hajani**  
Chief Financial Officer

## محترم حصص یافتگان

مجھے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی مالیاتی کارکردگی 30 ستمبر 2018 پر اپنی جائزہ رپورٹ پیش کرتے ہوئے بے حد مسرت ہو رہی ہے۔ آپ کی کمپنی انڈسٹری کو درپیش طرح طرح کی مشکلات بلخصوص پاکستان میں پانی کی کمی جیسے مسائل سے بخوبی آگاہ ہے یعنی اس مسئلے کا اثر مستقبل قریب میں ہونے والی فصلوں پر براہ راست پڑیگا ساتھ ہی آپ کی کمپنی نے توانائی کے وسائل کے استعمال و تبدیلی کے طریقوں اور ٹیکنالوجی کی بہتری اور اس کے درکار مالی وسائل کی فراہمی جیسے امور پر اپنی توجہ مرکوز کی ہوئی ہے اور حتی الامکان کوشش ہے کہ کاشت کاروں کی تعلیم و تربیت اور جدید طریقوں کے استعمال سے انھیں واقفیت دی جائے۔

بورڈ نے کاروباری معاملات میں درکار ضروری قواعد و ضوابط اپنانے کے لئے اور درست معیار وضع کرنے کے لئے کچھ اصول مرتب کئے ہیں تاکہ کمپنی کے طے کردہ مقاصد حاصل کئے جاسکیں۔ ساتھ ہی بورڈ انتظامیہ کی کارکردگی کو مختلف طریقوں سے جانچتا رہتا ہے اور ان کی کارکردگی بہتر بنانے کے لئے وقتاً فوقتاً ہدایات جاری کرتا ہے۔ لیکن دی الحال برائے سال 30 دسمبر 2018 کے لئے کوئی آڈٹ ایریکٹر بورڈ میں شامل نہیں ہے جس کی تفصیلات کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 کے تحت بیانہ برائے کمپلائن۔ لمیٹڈ کمپنیز کے نوٹ نمبر 2 میں بیان کی گئی ہیں۔

ہم نے اپنے کوڈ آف کنڈکٹ میں واضح طور پر ان تمام معیارات اور ان کی قدروں کو بخوبی واضح کیا ہے جو کہ کسی بھی کاروبار میں ضروری ہوا کرتی ہیں۔ آپ کی کمپنی نے شروع ہی سے اس امر پر کافی توجہ دی ہے جس کے نتیجے میں ان معیارات اور ان کی قدروں کا نفاذ ہمہ جہت طور پر بہت سارے مسائل کے حل میں معاون ثابت ہو رہا ہے مثلاً ملازمین کی صحت و صفائی ان کے رویے، دیانت اور مالی کنٹرول وغیرہ کے معیارات شامل ہیں۔

آپ کی کمپنی نے ہمیشہ کوشش کی ہے کہ اپنے اسٹیک ہولڈرز کے لئے معیاری پیداوار حاصل کرے اور اس مقصد کے لئے اپنے وسائل اور پیداواری صلاحیتوں کا بھرپور استعمال کرے۔ چنانچہ اب آپ کی کمپنی ترقی کے اس مقام پر ہے کہ جہاں ٹیکنالوجی اور صلاحیتیں مستحکم طور پر کمپنی کو حاصل ہیں۔

آپ کی کمپنی پائیدار طویل المدتی ترقی کی راہ پر گامزن ہے اور اپنے اسٹیک ہولڈرز کے لئے بہترین پیداوار کے حصول اپنے وسائل کا بھرپور استعمال کر رہی ہے اس موقع پر میں سرکاری اداروں، بینکنگ رفقاء کار اور دیگر مالیاتی اداروں انشورنس کمپنیوں اور اپنے حصص یافتگان کا شکر گزار ہوں کہ انھوں نے مسلسل معاونت اور مدد کی۔ آخر میں اسٹاف، آفیسرز اور لیبر کی لگن، انتھک محنت پر ان کا شکریہ ادا کرتا ہوں۔

محمد اقبال عثمان

چیرمین

کراچی 20 دسمبر 2018

☆ کمپنی اپنے ڈائریکٹرز کو جب انہیں اپنے فرائض اور ذمہ داریاں پیش کرنے کی ضرورت ہوتی ہے تو ان کے لئے واقفیت کورس کا انتظام کرتی ہے۔ چار ڈائریکٹرز نے پہلے ہی اپنا ٹریننگ پروگرام مکمل کر لیا ہے جبکہ دو ڈائریکٹرز PSX رول بک کے کلاز 5.19.7 کے تحت ٹریننگ پروگرام سے مستثنیٰ قرار دیئے گئے ہیں اور بقایا ڈائریکٹرز یہ کورس مقررہ مدت میں مکمل کر لیں گے۔ بورڈ کے تمام ڈائریکٹرز کارپوریٹ ادارے کے ڈائریکٹرز کے طور پر اپنے فرائض اور افعال کے لحاظ سے مکمل ذمہ دار ہیں۔

☆ کمپنی نے اپنے ملازمین کے لئے گریجویٹ فنڈ قائم کیا ہوا ہے۔ فنڈ کی مالیت 30 ستمبر 2018 کو سرمایہ کاری شکل میں 98.320/- ملین روپے ہے۔

اظہار تشکر

کمپنی کو اس امر کا اعتراف ہے کہ اس کی کامیابی اسکے ملازمین کی سخت محنت کی بدولت ہے جس پر ہم اپنے ہر ملازم کے تہہ دل سے مشکور ہیں۔ ہم اپنے صارفین اور خریداروں کے بھی بے حد مشکور ہیں کہ انہوں نے ہماری مصنوعات پر اعتماد کیا اور پر امید ہیں کہ ان کا یہ بھروسہ مزید بڑھے گا۔

ہم اپنے حصص یافتگان، بینکس اور دیگر مالیاتی اداروں کا بھی شکریہ ادا کرتے ہیں کہ انہوں نے ہم پر بھرپور اعتماد کرتے ہوئے اپنا مکمل تعاون اور رہنمائی فراہم کی۔

منجانب: بورڈ آف ڈائریکٹرز

درخشاں غنی

ڈائریکٹر

عاصم غنی

چیف ایگزیکٹو آفیسر

کراچی: 20 دسمبر 2018

## مالیاتی انتظام و انصرام کی اہمیت

بورڈ نے کمپنی کے مالیاتی انتظام و انصرام کو مضبوط بنیادوں پر استوار کیا ہوا ہے جس کا مقصد لسٹڈ کمپنیز کے کوڈ آف کارپوریٹ گورننس اور دیگر متعلقہ قوانین میں بیان شدہ قواعد و ضوابط پر عملدرآمد پر نظر رکھنا ہے۔ کمپنی کی آڈٹ کمیٹی اور انٹرنل ڈیپارٹمنٹ باقاعدگی سے ماہی بنیادوں پر ان قواعد و ضوابط پر عملدرآمد کے حوالے سے ان مالی امور پر غور و خوض کرتے ہیں۔

## کارپوریٹ گورننس کی تعمیل

ڈائریکٹریہ بات بیان کرنے میں مسرت محسوس کرتے ہیں کہ آپ کی کمپنی نے ایس ای سی پی کی فراہم کردہ ہدایات کے مطابق کوڈ آف کارپوریٹ گورننس جو کہ اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کا حصہ بھی ہیں کی مکمل تعمیل کی ہے۔

☆ مالی بیانات جو کہ کمپنی انتظامیہ کی طرف سے تیار کی گئی ہیں جو منصفانہ امور کی نشاندہی، اپنے آپریشنز، نقدی کا بہاؤ اور ایکویٹی میں تبدیلیوں کا نتیجہ ہے۔

☆ کمپنی اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا ہے۔

☆ مناسب اکاؤنٹنگ کی پالیسیوں کے تسلسل کے ساتھ مالی اکاؤنٹ کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ اندازے سے معقول اور دانشمندانہ فیصلے پر مبنی ہے۔

☆ انٹرنیشنل اکاؤنٹنگ کے معیار جو کہ پاکستان میں قابل عمل ہیں کی مالی بیانات کی تیاری میں پیروی کی گئی ہے۔

☆ اندرونی کنٹرول کے نظام کا ڈیزائن صحیح ہے اور پر موثر طریقے سے عمل درآمد اور اس کی نگرانی کی گئی ہے۔

☆ کمپنی کو جاری رکھنے کی صلاحیت پر کوئی شکوک و شبہات نہیں ہیں۔

☆ کارپوریٹ گورننس کے بہترین طریقوں پر عمل کیا گیا ہے جو کہ لسٹنگ کے ضابطے میں موجود ہیں۔

☆ گزشتہ 6 سالوں کے اہم مالیاتی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔

☆ لسٹنگ کے قواعد و ضوابط کی تفصیل میں درج کارپوریٹ گورننس کے بہترین طریقوں میں کوئی مادی تبدیلی نہیں کی گئی ہے۔

☆ کمپنی نے مارکیٹ کمیٹی فیس کی شروع سے ادائیگی نہیں کی ہے کیونکہ اسے سندھ ہائی کورٹ میں چیلنج کیا گیا ہے۔ تاہم اس طرح کی

ذمہ داریوں کے لئے اکاؤنٹس میں -/87.363 ملین روپے کی رقم مختص کی گئی ہے۔ ادارہ فراہمی و نکاسی آب نے -/19.588

ملین روپے کی ادائیگی کا مطالبہ سیورٹج، فائر اور کنزروئس کی مد میں کیا ہے۔ جس کو کمپنی نے سندھ ہائی کورٹ کراچی میں چیلنج کیا ہوا ہے

کیونکہ متعلقہ ادارے نے مزکورہ سہولیات فراہم نہیں کی ہیں۔

## کمپنی کے کاروبار کے ماحول پر اثرات

ہمیں اپنی ماحولیاتی ذمہ داریوں اور معاشرے کی ترقی میں درکار کردار سے بخوبی آگاہی ہے۔ ہماری ماحولیاتی پالیسی اور اس حوالے سے ہمارا انتظام و انصرام انتہائی جامع ہے۔ جس میں کہ اس بات کو مد نظر رکھا گیا ہے ہماری پیداوار کے طریقے سے ماحول پر کیا اثرات مرتب ہوتے ہیں۔ کمپنی اپنی پیداوار کرتے وقت اس عمل کو مد نظر رکھتی ہے کہ ملازمین، گاہک، سپلائرز، پڑوسیوں اور عام آدمی کو محفوظ اور صاف ستھرا ماحول فراہم کیا جائے۔

اس حوالے سے کمپنی پالیسیز اور انتظامات اور متعلقہ قواعد و ضوابط پر باقاعدہ طور پر نظر ثانی کی جاتی ہے۔ تاکہ اس عمل کو یقینی بنایا جاسکے کہ کمپنی صنعت و حرفت میں مروجہ اصولوں پر خوش اسلوبی سے گامزن رہے۔ اس مقصد کے حصول کے لیے کمپنی اپنے ملازمین کو صحت و صفائی سے متعلق ضروری تعلیم و تربیت دیتی ہے۔ تاکہ وہ اپنا کام پالیسی کے مطابق دیں چنانچہ اس حوالے سے اکثر و بیشتر کمپنی نے ابتدائی طبی امداد، آگ سے بچاؤ اور صحت و صفائی سے متعلق تربیتی پروگرام منعقد ہوتے رہتے ہیں۔

## قومی خزانے میں حصہ

زیر جائزہ سال میں کمپنی نے قومی خزانے میں مختلف طرح کے ٹیکسز بالخصوص انکم اور سیلز ٹیکس اور ایکسائز ڈیوٹی کی مد میں کل-171.966/-(2017:241.386) ملین روپے جمع کرائے۔

## حصص یافتگان اور حصص کی خرید و فروخت

کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق حصہ داری کی تفصیلی رپورٹ برائے سال 30 ستمبر 2018 ڈائریکٹرز کی اس رپورٹ کے ساتھ منسلک ہے۔ جبکہ زیر جائزہ سال کے دوران چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانسنگ آفیسر، کمپنی سیکریٹری اور ان کی شریک حیات اور نابالغ بچوں نے کمپنی کے حصص میں کوئی لین دین نہیں کیا ماسوائے درج ذیل ڈائریکٹرز کے جن کی تفصیلات درج ذیل ہیں۔

نام	حیثیت	شیئرز کا لین دین	نوعیت	شیئرز کی تعداد
جناب عاصم غنی	چیف ایگزیکٹو آفیسر	شیئرز کی خریداری	عام مارکیٹ سے خریداری	5000
جناب عاصم غنی	چیف ایگزیکٹو آفیسر	شیئرز کی خریداری	طے شدہ خریداری	1,873,250



## بورڈ ایوالویشن کمیٹی

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی کارکردگی جانچنے کے لیے انتہائی تجربہ کار افراد پر مشتمل ایک بورڈ ایوالویشن کمیٹی تشکیل دی ہے۔  
زیر جائزہ سال میں اس کمیٹی کا ایک اجلاس منعقد ہوا جس میں شرکت کرنے والے ممبرز کی تفصیل درج ذیل ہے۔

ڈائریکٹر کے اسماء گرامی	حیثیت	ڈائریکٹر شپ	اجلاسوں میں شرکت کی تعداد
جناب محمد اقبال عثمان	چیئر مین	نان ایگزیکٹو ڈائریکٹر	1/1
جناب عاصم غنی	ممبر	نان ایگزیکٹو ڈائریکٹر	1/1
محترمہ درخشاں غنی	ممبر	نان ایگزیکٹو ڈائریکٹر	1/1

## آڈیٹرز

کمپنی کے سبکدوش ہونے والے آڈیٹرز میسرز ریانڈ ہارون ذکریا چارٹرڈ اکاؤنٹینٹس نے اپنی پیشہ ورانہ اہلیت کی بنیاد پر دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ نے کمپنی کے ہونے والے سالانہ اجلاس عام میں ان کی بحیثیت آڈیٹرز برائے سال 2018-19 تقرری کے لیے سفارش کی ہے۔

## غیر یقینی اور مالی نقصانات کے خدشات

مالی نقصانات کے خدشات اور غیر یقینی صورتحال جس طرح ہر کاروبار میں ہوا کرتی ہے اور اس سے نمٹنے کے لیے ضروری ٹھوس اقدامات کیے جاتے ہیں۔ اسی طرح آپ کی کمپنی نے بھی طویل اور قلیل مدت میں کمپنی کو درپیش ان تمام خطرات اور غیر یقینی صورتحال سے بچنے کے لیے انتہائی ٹھوس اقدامات اور معیار قائم کیے ہیں۔

اسی طرح پیداواری نقصان کے خدشات اور غیر یقینی صورتحال سے نمٹنے کے لیے آپ کی کمپنی نے بہت مستحکم پالیسیز مرتب کی ہیں۔ جس کا بین ثبوت متعلقہ اعداد و شمار ہیں جو کہ کمپنی کے آڈٹ شدہ گوشواروں کے نوٹ نمبر 40 میں ظاہر کیے گئے ہیں۔

## کارپوریٹ سماجی ذمہ داری

اس حوالے سے بھی کمپنی اپنی متعلقہ ذمہ داریوں سے بخوبی آگاہ ہے اور سماجی ذمہ داری کے پروگرامز میں بڑھ چڑھ کر حصہ لیتی ہے۔  
زیر جائزہ سال کے دوران کمپنی نے سی آر ایل پر وگرام کے تحت کمپنی نے صحت کے شعبے میں حصہ لیا۔

رپورٹس اور ان کے اعتراضات پر ان آڈیٹر سے الگ الگ اجلاسوں کے دوران غور و خوض کیا۔

## انسانی وسائل کی کمیٹی

انسانی وسائل کی منصوبہ بندی اور انتظام بالخصوص شعبہ کی سربراہی کی سطح پر بہت اہمیت کے حامل ہیں۔ آپ کی کمپنی کی یہ کمیٹی اہم عہدوں پر افراد کی تعیناتی، تشخیص، معاوضہ اور بنیادی انتظامات کا جائزہ لیتی ہے ساتھ ہی انسانی وسائل اور طریقہ کار کی بہتری کے لیے کوشاں رہتی ہے۔ مزید برآں یہ کمیٹی انسانی وسائل کی پالیسیوں طریقہ کار میں بہتری کی تصدیق میں معاونت کرتی ہے۔ کمیٹی کے اجلاسوں میں شریک ہونے والے ممبرز کی تعداد حسب ذیل ہے۔

اجلاسوں میں شرکت کی دعوت	ڈائریکٹر شپ	حیثیت	ڈائریکٹرز کے اسماء گرامی
3/3	نان ایگزیکٹو ڈائریکٹر	چیئر مین	محترم اقبال عثمان صاحب
3/3	چیف ایگزیکٹو ڈائریکٹر	ممبر	جناب عاصم غنی صاحب
3/3	نان ایگزیکٹو ڈائریکٹر	ممبر	محترم اسماء اولیس کوچن والا
3/3	نان ایگزیکٹو ڈائریکٹر	ممبر	محترمہ درخشاں غنی

## سرمایہ کاری کمیٹی

بورڈ آف ڈائریکٹرز نے انہتائی تجربہ کار افراد پر مشتمل ایک سرمایہ کاری کمیٹی تشکیل دی ہوئی ہے۔ جو کہ ششماہی بنیادوں پر سرمایہ کاری کے منصوبوں پر تعین کرتی ہے۔ زیر جائزہ سال میں کمیٹی کے دو اجلاس ہوئے۔ ان اجلاسوں میں ممبران کی شرکت کی تفصیل حسب ذیل ہے۔

اجلاسوں میں شرکت کی تعداد	ڈائریکٹر شپ	حیثیت	ڈائریکٹرز کے اسماء گرامی
2/2	نان ایگزیکٹو ڈائریکٹر	چیئر مین	جناب محمد اقبال عثمان
2/2	نان ایگزیکٹو ڈائریکٹر	ممبر	جناب عاصم غنی
2/2	نان ایگزیکٹو ڈائریکٹر	ممبر	محترمہ درخشاں غنی

## ایگزیکٹو کی عارضی اسامی

کمپنی کے چیف ایگزیکٹو جناب شنید قریشی صاحب نے 12 دسمبر 2017 کو فوری طور پر بحیثیت چیف ایگزیکٹو اپنی ذاتی وجوہات کی بناء پر استعفیٰ دے دیا تھا۔ نتیجتاً اس خالی اسامی کو بورڈ نے اپنے اجلاس منعقدہ 26 دسمبر 2017 کے دوران جناب عاصم غنی عثمان کو بحیثیت نیا چیف ایگزیکٹو تقرری کر کے پر کیا تھا۔

کمپنی کے آزاد ڈائریکٹر جناب سید رافع اکبر راشدی نے ذاتی وجوہات کی بناء پر اپنا استعفیٰ پیش ہوا جو بورڈ کی منظوری کے بعد جنوری 2018 سے نافذ العمل ہوا۔

چنانچہ اس عارضی خالی اسامی کو بورڈ نے جناب ذکریا عثمان کو بحیثیت نیا آزاد ڈائریکٹر مقرر کر کے پر کیا مگر ایس ای سی پی نے اپنے ایک حکمنامے میں ہدایت جاری کی کہ جناب ذکریا عثمان پر بحیثیت آزاد ڈائریکٹر کمپنیز ایکٹ 2017 کی ایک دفعہ 475 کے تحت کام کرنے پر پابندی ہے اور یہ کہ کمپنی نے اپنے بورڈ آف ڈائریکٹر کے اجلاس کے دوران ان کی تقرری کر کے متعلقہ قوانین کی خلاف ورزی کی ہے۔ مزید برآں کمپنی نے اس حکم نامے کے خلاف ایک اپیل اپیلیٹ بینچ رجسٹری، ایس ای سی پی میں دائر کی ہوئی ہے۔

## آڈٹ کمیٹی

بورڈ آف ڈائریکٹر نے کارپوریٹ کوڈ گورننس ریگولیشنز 2017 کے تقاضوں کے مطابق ایک آڈٹ کمیٹی قائم کی ہے۔ جن ڈائریکٹرز نے اس کمیٹی کے اجلاسوں میں شرکت کی ان کی تفصیل درج ذیل ہے۔

ڈائریکٹرز کے اسماء گرامی	حیثیت	ڈائریکٹر شپ	اجلاسوں میں شرکت کی تعداد
جناب سید رافع اکبر راشدی	چیئر مین	آزاد ڈائریکٹر۔ (مستعفی)	1/1
محترمہ اسماء کوچن والا	ممبر	نان ایگزیکٹو ڈائریکٹر	4/4
محترمہ درخشاں غنی	ممبر	نان ایگزیکٹو ڈائریکٹر	4/4
جناب درید قریشی	ممبر	نان ایگزیکٹو ڈائریکٹر	4/4
جناب ذکریا عثمان	ممبر	نان ایگزیکٹو ڈائریکٹر	3/3

آڈٹ کمیٹی نے بورڈ آف ڈائریکٹر کو اپنی رپورٹ پیش کرنے سے پہلے سہ ماہی، ششماہی اور سالانہ آڈٹ شدہ حسابات اور متعلقہ فریق رجسٹر کا جائزہ لیا مزید برآں لسٹڈ کمپنی کے کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق کمپنی کے انٹرنل اور ایکسٹرنل آڈیٹرز کی

## ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کے معاوضے کے لیے کمپنی نے ایک پالیسی مرتب کی ہوئی ہے۔ نان ایگزیکٹو ڈائریکٹرز کے لئے (علاوہ چیرمین) میٹنگ میں 50,000/- روپے منظوری کی گئی ہے۔

## بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ آف ڈائریکٹرز ایک ایگزیکٹو اور سات (7) نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ زیر جائزہ سال 30 ستمبر 2018 کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے جن ڈائریکٹرز نے ان اجلاسوں میں شرکت کی ان کے نام درج ذیل ہیں۔

ڈائریکٹر کے اسماء گرامی	حیثیت	اجلاسوں میں شرکت کی تعداد
جناب اقبال عثمان صاحب	چیرمین	4/4
جناب عاصم غنی صاحب	چیف ایگزیکٹو آفیسر	4/4
محترمہ اسماء کوچن والا	نان ایگزیکٹو ڈائریکٹر	4/4
محترمہ درخشاں غنی	نان ایگزیکٹو ڈائریکٹر	4/4
جناب درید قریشی صاحب	نان ایگزیکٹو ڈائریکٹر	0/4
جناب عرفان ناصر چیمہ صاحب	نان ایگزیکٹو ڈائریکٹر	4/4
جناب سید رافع اکبر راشدی صاحب	آزاد ڈائریکٹر (مستغنی)	1/1
جناب سلیمان لالانی صاحب	نان ایگزیکٹو ڈائریکٹر	4/4
جناب ذکریا عثمان صاحب	نان ایگزیکٹو ڈائریکٹر	3/3

جناب درید قریشی کو بورڈ نے اجلاس میں حاضری سے استثناء دیا۔

## اتھنول یونٹ

یہ یونٹ انتہائی شاندار منافع بخش یونٹ ثابت ہوا ہے۔ انتظامیہ مسلسل اس میں بہتری کیلئے کوشاں ہے۔ ریکارڈ منافع کی بنیادی وجہ مولاسز کی بڑھتی ہوئی قیمت ہے۔ اس سال اتھنول کی پیداوار بھی 13% بڑھی ہے۔ اس کے علاوہ اگرچہ ڈالر کے مقابلے میں پاکستانی روپے کی مسلسل گرتی ہوئی قیمت اور مولاسز کی قیمت میں بین الاقوامی منڈی میں اضافہ جبکہ اتھنول کی قیمت میں کمی کا رجحان ہے۔ ان تمام عوامل کے باوجود اس یونٹ کے منافع کی شرح بدستور برقرار رہنے کی توقع ہے۔ شکر کی قیمت میں مسلسل کمی کی وجہ سے مولاسز سے اتھنول کی پیداوار حاصل کرنے کا رجحان بھی آپ کی کمپنی کیلئے بہت فائدے مند ہے۔

## ٹینک ٹرنمل

اس ٹرنمل سے مستحکم آمدنی کی توقع ہے مگر اگست 2018 سے پیٹرولیم مصنوعات کے ذخیرے کا کام بند ہے۔ جس کی بنیادی وجہ ٹینکس مرمت کے لیے کے پی ٹی سے اجازت نہ ملنا ہے۔ اگرچہ کمپنی نے ٹینکس مرمت کے لیے کے پی ٹی سے اجازت مانگی ہے۔ مگر وہ اس میں مسلسل تاخیری حربے استعمال کر رہی ہے۔ ان حالات میں کمپنی نے ایک اور درخواست سندھ ہائی کورٹ میں دائر کی ہے کہ کورٹ کے پی ٹی کو یہ اجازت دینے کا پابند کرے۔ اس درخواست کی سماعت سندھ ہائی کورٹ میں تاحال جاری ہے۔

## پاور کیمیکل اور بھرت یونٹ

پاور، کیمیکل اور بھرت یونٹ کی پیداوار 2011 سے نامساعد کاروباری حالات کے باعث معطل ہیں اور حالات بہتر ہونے تک پیداوار کے دوبارہ شروع کرنے کے معاملے پر نظر ثانی کی جائے گی۔

## بحیثیت مجموعی

کمپنی منافع بڑھانے کے لیے بشمول لاگت میں کمی، طریقہ کار کی بہتری اور پیش آمدہ خطرات کا مقابلہ کرنے اور متبادل ذرائع استعمال کرنے میں کوشاں ہے۔

## بورڈ آف ڈائریکٹرز کی ترتیب

کمپنی کے کل ڈائریکٹرز کی تعداد 8 ہے جس کی تفصیل درج ذیل ہے۔

☆ مرد حضرات (6) چھ

☆ خواتین (2) دو

## بورڈ کی ڈائریکٹرشپ

☆ ایگزیکٹو ڈائریکٹر (1) ایک

☆ نان ایگزیکٹو ڈائریکٹرز (7) سات

## آڈیٹر کی رپورٹ پر تبصرہ

جیسا کہ مالیاتی گوشواروں کے نوٹ 29.1.C میں مکمل وضاحت کی گئی ہے کہ ایک مقدمہ نمبر 281 سندھ ہائی کورٹ کراچی میں کمپنی اور دیگر 9 کے خلاف دائر کیا گیا ہے۔ جس کے وضاحتی نوٹ میں کمپنی کے معاملات میں بدانتظامی کا الزام ہے۔ کمپنی اور اس کی انتظامیہ مدعی کے تمام الزامات کی تردید کرتی ہے اور اس کا موقف ہے کہ اس مقدمہ کا کوئی ٹھوس نتیجہ برآمد نہیں ہوگا اور اس معاملے میں کمپنی کی طرف سے کوئی مالی انکشاف متوقع نہیں ہے۔

## متعلقہ فریق کے معاملات

متعلقہ فریق کے معاملات کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 41 اور 46 میں بیان کئے گئے ہیں۔

## مستقبل کے امکانات - شکر پونٹ

اگلا کرشنگ سیزن 2018-19 بدستور سخت مشکل ہے کیونکہ گنے کی یکساں قیمت خرید کا کوئی قابل ذکر نظام کسی بھی صوبے میں نہیں ہے۔ پاکستان شوگر ملز ایسوسی ایشن نے حکومت سے مطالبہ کیا ہے شوگر سبسڈی کی واجب الادا رقم کی فوری ادائیگی کی جائے۔ ساتھ ہی شکر کی برآمد کا 1.1 بلین میٹرک ٹن کوٹہ فوری منظور کیا جائے۔ شکر پریسیلنگ کی بنیادی قیمت کا کوئی قابل قبول تعین کیا جائے۔ حکومت سے یہ درخواست کی گئی ہے کہ گنے کی قیمت خرید کا تعین شکر کی قیمت فروخت سے منسلک کیا جائے نیز شوگر انڈسٹری نئے کرشنگ موسم 2018-19 کو شروع کرنے میں ہچکچاہٹ کا شکار ہے جس کی بنیادی وجہ شکر کی مقامی منڈی میں کم قیمت فروخت اور حکومت کی طرف واجب الادا 16/ بلین روپے میں مسلسل تاخیر ہے۔

اس موجودہ صورتحال میں شوگر انڈسٹری شکر کی لاگت بھی وصول نہیں کر سکتی اگرچہ شوگر انڈسٹری گنے کی اچھی قیمت کے لیے کسانوں کی حوصلہ افزائی کرتی ہے مگر حکومت کو بھی چاہیے کہ شوگر انڈسٹری کو شکر کی بہتر قیمت دلائے جو کہ اس انڈسٹری کی بقاء اور ترقی کے لیے بے حد ضروری ہے۔

گزشتہ سال 2017-18 میں توقعات تھی کہ اگلا سال 2018-19 بہتر سال ہوگا مگر عالمی سطح پر شکر کی رسد میں نمایاں کمی متوقع ہے۔ مزید برآں مقامی سطح پر بھی چینی کی کم پیداوار متوقع ہے۔ اس کی بنیادی وجہ کسانوں کی غذائی اجناس کی فصلوں میں عدم دلچسپی ہے جس کی بدولت گنے کیلئے درکار زمین میں نمایاں کمی، خریف کی فصل کے لیے درکار پانی میں کمی اور کھاد کی عدم فراہمی جیسے عوامل کی وجہ سے زرعی شعبہ پچھلے سالوں جیسی شاندار کارکردگی نہیں دہرا سکتا مگر آپ کی کمپنی ان تمام درپیش مشکلات سے بخوبی واقف ہے اور حتی الامکان حد تک ان مشکلات سے نبرد آزما ہے۔

## مالیاتی کوائف

2017 روپے ہزار میں	2018 روپے ہزار میں	
2,861,481	3,664,894	فروخت
(2,201,073)	(2,161,054)	لاگت فروخت
660,408	1,503,840	خام منافع
(115,315)	(359,564)	تقسیمی لاگت
(44,864)	(42,005)	انتظامی اخراجات
<u>500,229</u>	<u>1,102,271</u>	پیداواری منافع - اتھنول یونٹ

اعلیٰ کوالٹی کے مولاسز کی بہترین ریٹ پر خریداری اور انتظامیہ کی سخت محنت کی بدولت اعلیٰ کوالٹی کے مولاسز کی خریداری اچھے ریٹ پر ممکن ہو سکی ہے۔ اس کے نتیجے میں پیداواری منافع کی شرح میں ریکارڈ اضافہ دیکھنے میں آیا۔ اسکے ساتھ ہی انتظامیہ کی یہ کوشش بھی رہی کہ اتھنول کا منافع بڑھانے کے لیے موجودہ سیلزمکس کے فارمولے میں تبدیلی کی جائے۔ مزید برآں بلک اور ڈرم سیلز میں اضافہ ہوا جبکہ آئی ایس او سیلز پر کم انحصار کیا گیا جس کی بدولت خاطر خواہ منافع ہوا۔

### پاور کیمیکل اور بھرت یونٹ

اس سال بھی اس یونٹ میں پیداوار معطل رہی اور اس یونٹ میں مخصوص لازمی اخراجات کے باعث -/40.437 کا خسارہ برداشت کرنا پڑا تھا جبکہ گزشتہ سال یہ خسارہ -/45.314 ملین روپے تھا۔

### اسٹوریج ٹینک ٹرمنل

اس سال اس یونٹ میں منافع کی شرح -/93.455 ملین روپے رہی جبکہ گزشتہ سال منافع کی شرح -/93.84 ملین روپے تھی۔ آپ کی کمپنی کی طرف سے تیار شدہ اتھنول کا ذخیرہ برآمدی آرڈرز کی بروقت ترسیل کے لیے ٹرمنل ٹینک میں محفوظ رکھا جاتا ہے۔ ٹرمنل ٹینک لائسنس شدہ اور بلک مائع کارگو سے نمٹنے کے لیے سپلک بونڈ ڈویژن ہاؤس کے تحت اس کی گنجائش 22,850 میٹرک ٹن فی ماہ ہے۔ ٹرمنل میں اتھنول کے ساتھ ساتھ دوسرے پیٹرولیم مصنوعات پر مشتمل خطرناک سامان ذخیرہ کرنے کی اجازت ہے۔ آج تک ذخیرہ ٹرمنل مکمل طور پر محفوظ حالت میں ہے۔

زیر جائزہ سال کے دوران آپ کی کمپنی کے شکر یونٹ نے -/361.398 ملین روپے کا پیداواری منافع کمایا جبکہ گزشتہ سال میں اس یونٹ کا پیداواری نقصان 236.442 ملین روپے رہا۔ شکر کی خالص فروخت -/3,829.183 ملین روپے رہی جبکہ گزشتہ عرصے میں یہ فروخت -/2,465.934 ملین روپے تھی۔ نتیجتاً -/1,363.249 ملین روپے کا اضافہ ریکارڈ کیا گیا۔ اس اضافہ کی بنیادی وجہ گزشتہ سال کی نسبت شکر کی فروخت میں %55 اضافہ تھی اس کے علاوہ زیر جائزہ سال میں شکر کی کل فروخت میں شکر کی برآمد کا حصہ %87.41 رہا۔

زیر جائزہ سال پاکستان میں شکر کی صنعت بدستور مندی کا شکار رہی۔ ملکی سطح پر شکر کی رسد طلب کے مقابلے میں زیادہ تھی علاوہ ازیں حکومت نے اگرچہ شوگر ملز مالکان کو سبسڈی دی تھی تا کہ ان کے لیے شکر کی برآمد فائدہ مند ثابت ہو سکے یعنی شکر کی ملکی قیمت فروخت بین الاقوامی منڈی کی قیمت فروخت کے برابر آسکے۔ نیز حکومت گنے کی قیمت خرید کا بہتر نظام لانے میں بری طرح ناکام ہو چکی ہے۔ اس کے علاوہ ملکی منڈی میں شکر کی گرتی ہوئی قیمت فروخت پر قابو پانے میں بری طرح ناکام ہو چکی ہیں۔

### اتھنول یونٹ۔ پیداواری کوائف

2017	2018	
38,213	43,221	پیداوار میٹرک ٹن یونٹ اورا
38,683	43,979	فروخت۔ میٹرک ٹن

زیر جائزہ سال کے دوران اس ڈویژن یعنی اتھنول کی پیداوار 43,221 میٹرک ٹن کی جبکہ گزشتہ سال یہ پیداوار 38,213 میٹرک ٹن تھی نتیجتاً %13 کا اضافہ ریکارڈ کیا گیا۔ بہتر پیداوار کے نتیجے میں بروقت اتھنول کی برآمد کی بدولت اس سال اتھنول کی فروخت 43,979 میٹرک ٹن کی جبکہ گزشتہ سال یہ فروخت 38,683 میٹرک ٹن تھی۔ جبکہ اتھنول کی فروخت میں 5,296 میٹرک ٹن کا اضافہ ہوا۔



## پیداواری نتائج

شکر، استھنول، ٹینک ٹرمنل، پاور، کیمیکل اور بھرت کی پیداواری تفصیلات کچھ اس طرح سے ہیں۔

شکر یونٹ۔ پیداواری کوائف

2017	2018	پیداواری کارکردگی
14 نومبر 2016	28 نومبر 2017	موسم کے آغاز کی تاریخ
125	135	پیداواری دن
659,154	665,539	کرشنگ۔ (میٹرک ٹن)
70,484	74,388	گنے سے پیداوار۔ (میٹرک ٹن)
48,353	74,903	فروخت۔ (میٹرک ٹن)
10.70%	11.17%	شکر حصولی کی شرح۔ فی صد

زیر جائزہ دورانیے کے عرصے میں آپ کی کمپنی نے سب سے بلند ترین شکر حصولی کی شرح حاصل کی ہے۔ 2017-18 کے سیزن کے دوران پلانٹ 135 دن چلایا گیا جبکہ اس موسم کے دوران 665,539 میٹرک ٹن گنا کاشت کیا گیا۔ جس کی اوسط شرح شکر حصولی 11.17% رہی۔ جبکہ مصفا چینی کی پیداوار 74,388 میٹرک ٹن رہی۔ جبکہ اس سے گزشتہ عرصے میں شکر کی پیداوار 659,154 میٹرک ٹن تھی۔ جس کی اوسط شرح حصولی 10.70% اور چینی کی پیداوار 70,484 میٹرک ٹن تھی۔

## شکر یونٹ مالیاتی کوائف

2017	2018	
روپے ہزار میں	روپے ہزار میں	
2,465,934	3,829,183	فروخت
(2,615,774)	(3,259,731)	لاگت فروخت
(150,840)	569,452	خام منافع / (نقصان)
(17,771)	(144,017)	تقسیمی لاگت
(67,831)	(64,038)	انتظامی اخراجات
(236,442)	361,397	منافع / (نقصان)۔ شکر یونٹ

شروع اللہ کے نام سے جو نہایت رحم کرنے والا ہے۔ بورڈ آف ڈائریکٹرز کمپنی کے آڈٹ شدہ مالیاتی گوشوارے اور ان کی آڈٹ رپورٹ برائے سال 30 ستمبر 2018 پیش کرتے ہوئے نہایت مسرت محسوس کر رہا ہے۔

## مالیاتی کارکردگی

2017	2018	
روپے ہزار میں	روپے ہزار میں	
206,948	1,370,679	منافع قبل از ٹیکس
(63,972)	(76,899)	ٹیکس
142,976	1,293,780	خالص منافع
8.23	74.52	فی حصص منافع۔ روپے

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے اپنی مینٹنگ منعقدہ۔ میں حتمی منافع منقسمہ 500 فی صد یعنی 50 روپے فی حصص کی تجویز پیش کی ہے۔ اور یہ حتمی منافع اس 30% عبوری منافع یعنی 3 روپے فی حصص کے علاوہ ہے جو پہلے ہی ادا کیا جا چکا ہے۔ چنانچہ کل منافع منقسمہ برائے سال 30 ستمبر 2018، 53 روپے یعنی 530 فیصد فی حصص ہے۔

حتمی منافع منقسمہ کی منظوری بورڈ کمپنی کے سالانہ اجلاس عام منعقدہ 26 جنوری 2019 کے دوران حصص یافتگان سے حاصل کرے گا۔ ان مالیاتی گوشواروں میں حتمی نقد منافع منقسمہ کے حسابات شامل نہیں ہیں۔ جبکہ دیگر مختص شدہ تخمینے جو کہ بورڈ نے منظور کیے ہیں مندرجہ ذیل ہیں۔

روپے ہزار میں

1,293,780

منافع بعد از ٹیکس

651,314

غیر مختص منافع منقسمہ۔ سال کے شروع میں

(86,812)

حتمی منافع منقسمہ سال 2017، -/5 روپے فی حصص

(52,087)

عبوری منافع سال 2018، -/3 روپے فی حصص

1,791,550

دستیاب مختص و غیر مختص شدہ منافع برائے سال 2019



# FORM OF PROXY

I/We.....of  
 ..... being a member of **AL-ABBAS SUGAR MILLS LIMITED**, holding of .....  
 ordinary share(s), hereby Appoint Mr./Mrs./Miss .....  
 as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the Annual General Meeting of the Company to be held at Beach Luxury Hotel, Karachi on **Saturday, January 26, 2019 at 10:30 a.m.** and at any adjournment thereof.

Signed under my / our hand this .....day of .....2019.

**(Member's Signature on  
 Rs. 5.00 Revenue Stamp)**

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

Shareholders folio No.....  
 CDC A/c No.....  
 CNIC No.....

Signed by the said (Name) in the presence of:

**Witnesses**

1, Signature .....  
 Name .....  
 CNIC / Passport No. ....  
 Address .....  
 .....

2, Signature .....  
 Name .....  
 CNIC / Passport No. ....  
 Address .....  
 .....

**Note:**

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint another member as Proxy to attend and vote instead of him/her. A Corporation or a company being a member of the Company may appoint any of its officers, though not a member of the Company.
2. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time appointed for the meeting.
3. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.
4. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

**A. For attending the Meeting:**

- a) In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with participant ID number and the Account number at the time of attending the meeting.
- b) In case of corporate entity, the Boards resolution / power of attorney with specimen signature of the nominee shall be produce [unless it has been provide earlier] at the time of the Meeting.

**B. For appointing Proxies :**

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



## نوٹس:

- 1- سالانہ اجلاس عام میں شرکت اور ووٹ کا حقدار ممبر اپنی جگہ کسی اور ممبر کو اپنی جانب سے شرکت کرنے اور ووٹ دینے کے لئے نیابتی مقرر کر سکتا ہے۔ کارپوریشن یا کمپنی بحیثیت کمپنی رکن اپنے کسی بھی افسران کا تقرر چاہے وہ کمپنی کا رکن نہ بھی ہو کر سکتی ہے۔
- 2- نیابتی فارم اجلاس کی مقررہ تاریخ سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہونی چاہیں۔
- 3- نیابتی کے دستاویز پر دستخط، کمپنی کے ریکارڈ میں موجود دستخط کے نمونے کے ذریعے سے تصدیق لازم کی جائے گی۔
- 4- سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکولر نمبر 1 بتاریخ 26 جنوری 2000 میں مقرر کردہ گائیڈ لائنز پر عمل کرنا ہوگا۔

### الف۔ برائے اجلاس میں شرکت:

- (i) - افراد کی صورت میں اکاؤنٹ ہولڈر اور یا سب اکاؤنٹ ہولڈر اور ان کی رجسٹریشن تفصیلات سی ڈی سی کے ضابطوں کے مطابق اپ لوڈ ہوں اجلاس میں شرکت کے موقع پر اپنی شناخت کے لئے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ بمع پارٹیسپنٹ آئی ڈی نمبر اور اکاؤنٹ نمبر پیش کریں۔
- (ii) - کارپوریٹ اینٹیٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) اجلاس کے موقع پر پیش کرنا ہوگا۔

### ب۔ برائے نیابتی کی تقرری:

- (i) - افراد کی صورت میں اکاؤنٹ ہولڈر اور یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن تفصیلات سی ڈی سی کے ضابطوں کے مطابق اپ لوڈ ہوں، مندرجہ بالا شرائط کے مطابق نیابتی فارم جمع کرنا ہوگا۔
- (ii) نیابتی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام، پتے اور سی این آئی سی یا پاسپورٹ نمبر فارم پر درج ہوں۔
- (iii) - نیابتی کے بیٹیفیشیل اونرز کی سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں نیابتی فارم کے ہمراہ منسلک ہونی چاہئیں۔
- (iv) - نیابتی کو اجلاس کے موقع پر اپنا اصل سی این آئی سی یا پاسپورٹ پیش کرنا ہوگا۔
- (v) - کارپوریٹ اینٹیٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پیش کرنا ہوگا۔



Date \_\_\_\_\_

Folio No. \_\_\_\_\_

Name of Shareholder

F/H Name

Address

**Bank Account Details for Payment of Cash Dividend  
(Mandatory Requirement as per the Companies Act, 2017)**

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is **mandatory** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information:

Details of Shareholder	
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) " <b>Mandatory</b> "	<b>PK (24 digits)</b> (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.	
_____ <b>Signature of shareholder</b>	

You are requested to kindly send this letter immediately duly filled in and signed by you along with legible photocopy of your valid CNIC at our address, **Share Registrar Services, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, Main Shahrah-e-Faisal, Mian Shahrah-e-Faisal, Karachi. 74400, Pakistan.**





## Form for Video Conference Facility

The Company Secretary,  
M/s. Al-Abbas Sugar Mills Limited;  
Pardesi House, Survey No.2/1,  
R.Y.16, Old Queens Road,  
Karachi.

I/we, \_\_\_\_\_ of \_\_\_\_\_ being the registered shareholder(s) of **Al-Abbas Sugar Mills Limited** under Folio No. / \_\_\_\_\_ CDC Participant ID No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ CDC Investor Account ID No., and holder of \_\_\_\_\_ Ordinary / Preference Shares, hereby request for video conference facility at \_\_\_\_\_ for the Annual General Meeting of the Company to be held on **26 January, 2019**.

Shareholder's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Note: Copy of CNIC must be furnished with the Form**



Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of Al-Abbas Sugar Mills Limited in 26th AGM of the Company held on January 30, 2017 had accorded their consent for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents through courier or soft copy through email are requested to fill this form and send it to the Company Secretary / Share Registrar.

PLEASE NOTE THAT RECEIPT OF THE HARD COPY OF ANNUAL REPORT THROUGH COURIER OR SOFT COPY VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

---

## STANDARD REQUEST FORM

Date: \_\_\_\_\_

### The Share Registrar

CDC House-99B, Block B',  
S.M.C.H.S, Main Shahra-e-faisal,  
Karachi-74400

Pursuant to the directions given by the Securities Exchange Commission of Pakistan through its SRO 470(I)/2016 of May 31, 2016, I, Mr./Ms. \_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_ hereby consent to have Al-Abbas Sugar Mills Limited's Audited Financial Statements and Notice of Annual General Meeting through the below mentioned mode.

### Hard copy through courier

Name of Member/ Shareholder
Folio/ CDC Account Number
Registered mailing address

### Soft Copy through email address

Name of Member/ Shareholder
Folio/ CDC Account Number
Email address

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my registered mailing address or email address or withdrawal of my consent.

\_\_\_\_\_  
Signature of the Member / shareholder



## Form of Submission of Copies of CNIC and NTN Certificates

In pursuance with the Securities & Exchange Commission of Pakistan (SECP) Notification No.SRO 831(1)/2012 dated July 05, 2012 in super session of earlier Notification No. SRO 779(1)/2011 of August 18, 2011, SECP has directed all listed companies to mention Computerized National Identity Card Number (CNIC) / NTN numbers of the registered shareholder on the dividend warrants. Therefore;

**"THE SHAREHOLDERS OF THE COMPANY ARE REQUESTED TO PROVIDE IMMEDIATELY A COPY OF THEIR COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) OR PASSPORT (IN CASE OF FOREIGNER) AT COMPANY'S REGISTERED OFFICE OR SHARE REGISTRAR OFFICES".**

Folio No.	Name of Shareholder	CNIC/ NTN / Passport No (Copy Attached)








\_\_\_\_\_  
Signature of Member / Share holder



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## **AL-ABBAS SUGAR MILLS LTD.**

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Old Queens Road, Karachi-74000

Tel: 111-111-224 Fax: (92-21) 32470090

E-mail: [sugar@asml.com](mailto:sugar@asml.com)



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