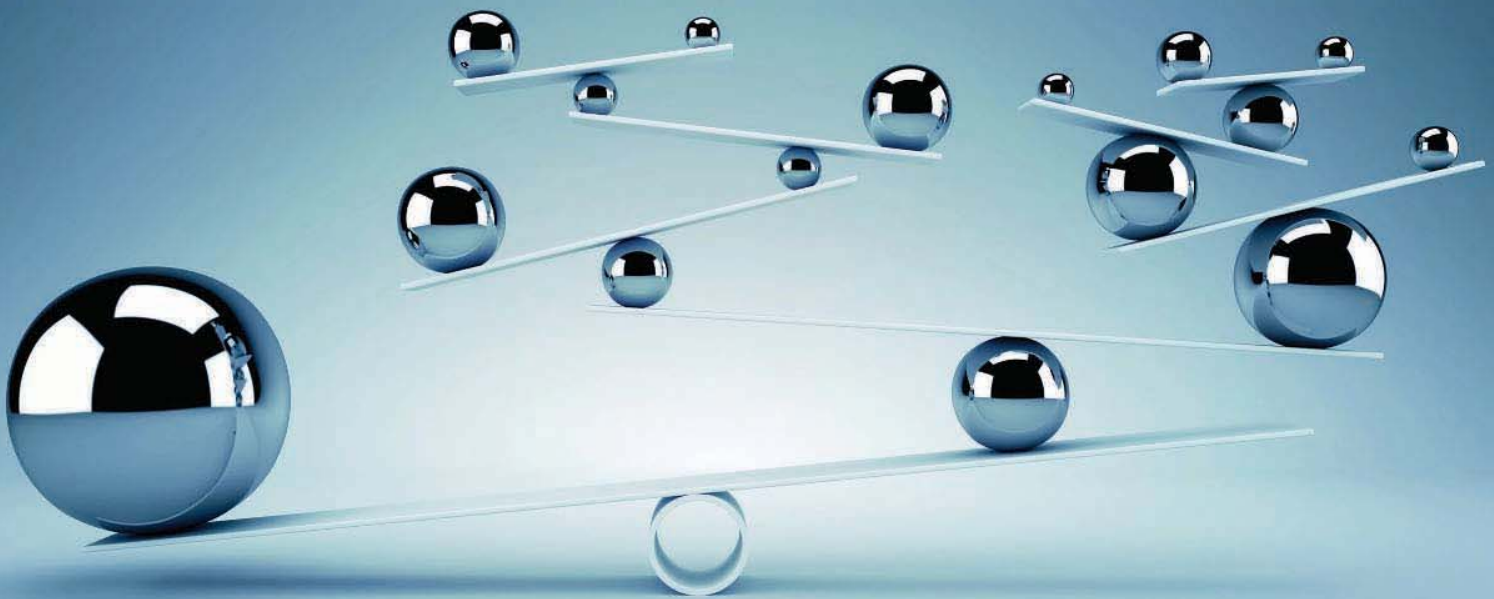


*Redefining  
Balance  
Of  
Success*

ANNUAL 20  
REPORT 19



**AL-ABBAS SUGAR** Mills  
Limited

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# COMPANY INFORMATION

## BOARD OF DIRECTORS

Zakaria Usman	Chairman
Asim Ghani	Chief Executive Officer
Asma Aves Cochinwala	Director
Darakshan Zohaib	Director
Haroon Askari	Director
Muhammad Salman Hussain Chawala	Director
Shahid Hussain Jatoi	Director
Siddiq Khokhar	Director
Suleman Lalani	Director

## COMPANY SECRETARY

Zuhair Abbas

## CHIEF FINANCIAL OFFICER

Samir Hajani

## AUDIT COMMITTEE

Haroon Askari	Chairman
Asma Aves Cochinwala	Member
Darakshan Zohaib	Member
Muhammad Salman Hussain Chawala	Member
Zakaria Usman	Member
Suhaib Afzal	Secretary

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Muhammad Salman Hussain Chawala	Chairman
Asim Ghani	Member
Shahid Hussain Jatoi	Member
Siddiq Khokhar	Member
Zakaria Usman	Member

## BANKERS

Al Baraka Bank Pakistan 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  
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

M/s. CDC Share Services Limited  
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

## RISK MANAGEMENT COMMITTEE

Haroon Askari	Chairman
Asim Ghani	Member
Darakshan Zohaib	Member
Zakaria Usman	Member

## 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 29TH ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of **Al-Abbas Sugar Mills Limited** will be held at Beach Luxury Hotel, Karachi on **Tuesday, January 28, 2020 at 11:00 AM** to transact the following business:

## Ordinary Business

1. To confirm the minutes of the 28th Annual General Meeting of the shareholders of the Company held on January 26, 2019.
2. To receive, consider and adopt Annual Audited Financial Statements for the year ended September 30, 2019, together with the reports of the Auditors' and Directors' thereon.
3. To declare and approve the cash dividend for the year ended September 30, 2019 on the ordinary shares of the Company. The Directors have recommended a final cash dividend at 300% i.e. Rs. 30.00 per share. This is in addition to the interim dividend 200% i.e. Rs. 20.00 per share already paid. The total dividend for 2018-19 will thus amount to Rs. 868.115 million i.e. Rs. 50.00 per share.
4. To appoint auditors for the ensuing year, and to fix their remuneration. The retiring auditors M/s Reanda Haroon Zakaria & Company Chartered Accountants, being eligible have offered themselves for re-appointment for the year 2020. Besides this, notices have been received from members in term of Section 246(3) of the Companies Act, 2017, recommending appointment of M/s. Grant Thornton Anjum Rahman, Chartered Accountants as auditors of the Company, in place of retiring auditors at the Annual General Meeting of the Company.
5. To transact any other business with the permission of the chair.

By Order of the Board



**Zuhair Abbas**  
Company Secretary

Karachi: January 04, 2020

## Notes:

1. Share Transfer Books will be closed from January 21, 2020 to January 28, 2020 (both days inclusive) for the purpose of Annual General Meeting and payment of the final dividend.
2. Only those members whose names appear in the register of member of the Company as on January 20, 2020 will be entitled to attend and vote at the meeting.
3. A member entitled to attend, speak and vote may appoint any other person as his / her proxy to attend, speak and vote on his / her behalf. Proxies must be received at the Registered Office of the Company duly signed not later than 48 hours before the time of holding the meeting. Form of proxy is enclosed herewith.
4. Any change of address of Members should be notified immediately to the Company's Share Registrar office.

## A. For Attending the Meeting:

- i. 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.

- ii. 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:**

- i. 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.
- ii. The proxy form shall witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- v. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished [unless it has been provided earlier] along with proxy form to the Company.

**5. Transmission of the Annual Audited Financial Statements through CD/DVD or USB**

The Company has circulated financial statements to its members through CD at their registered address. Printed copy of above referred statements can be provided to members upon request. Request form is available on the website of the Company i.e. [www.aasml.com](http://www.aasml.com)

**6. Transmission of Annual Reports through e-mail**

The SECP vide SRO 787 (I)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website [www.aasml.com](http://www.aasml.com). The Company shall, however additionally provide hard copies of the annual report on request, to such members free of cost.

**7. Availability of Audited Financial Statements on Company's Website**

The audited financial statements of the Company for the year ended September 30, 2019, have been made available on the Company's website [www.aasml.com](http://www.aasml.com).

**8. 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.

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

Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of Income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:

S.No.	Nature of Shareholder	Rate of Deduction
1	Filers of income tax return	15%
2	Non - filer of income tax return	30%

To enable the Company to make tax deductions on the amount of cash dividend at 15% instead of 30%, 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
---------------------	---------------------	------	--------------	--------------	-------------------------------

## 10. 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 i.e. [www.aasml.com](http://www.aasml.com) and send it duly signed along with a copy of CNIC to the share Registrar of the Company i.e. M/s. CDC Share Services Limited, CDC House-99B, Block 'B', S.M.C.H.S, Main Shakra-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.

## 11. 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.

## **12. Demand a poll**

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 and Section 144 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

## **13. Unclaimed dividend**

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar M/s. **CDC Share Services Limited**, House-99B, Block 'B', S.M.C.H.S, Main Shahr-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.



# CHAIRMAN'S REVIEW

## Dear Shareholders

It is an honour for me to present the Company's Annual Report and Audited Financial Statements for the year ended September 30, 2019. Since the very first sugar production came off the production line in 1993, Al-Abbas Sugar Mills Limited has tried to uphold the philosophy of continuous improvement and adopted the best practices throughout its operations. These practices, coupled with the support of stakeholders, have allowed us to become one of the most respected Company in industry and achieve sustained levels of excellence and performance. Today, we begin by thanking our customers, bankers and shareholders for their continued support and faithfulness.

By the Grace of ALLAH, the Company has presented a strong financial performance in a challenging business environment by realizing profit after tax of Rs. 1.112 billion. To pass on the benefit of this success to the shareholders, the Board has proposed a dividend of Rs. 30 per share i.e. 300% for the Financial year 2018-19 for the approval of members at the Annual General Meeting to be held on January 28, 2020. This is in addition to the interim dividend of Rs. 20 per share, i.e. 200% already paid making a total cash dividend of Rs. 868.115 per share i.e. 500%.

The net sales from ethanol segment has jumped from Rs. 3.665 billion to Rs. 4.219 billion, yielding a growth of 15.12%. However, the increase was offset by the average sales performance from sugar sector which has shrink by almost 23% as compare to previous year due to the policy changes by the Government through Finance Bill 2019-20 by increasing the sales tax on sugar from Rs. 4.6 per kg to Rs. 10.2 per kg and also restricted the sugar industry to sell to unregistered buyers without the CNIC number. This has created a wave of uncertainty in sugar sector that reduced its revenues. The Government has temporarily deferred this matter for three months and if this remains unresolved it might create the catch-22 for the industry.

The Board performed its duties and responsibilities diligently by effectively guiding the Company in its strategic affairs. All Directors, including Independent Directors, fully participated and contributed in the decision-making process of the Board. The Board also played an important role in overseeing the Management's performance and focusing on major risk areas. The Board was fully involved in the budgeting and strategic planning processes. The Board also remained committed to ensure high standards of Corporate Governance to preserve and maintain stakeholder value.

The Company has an independent Internal Audit department and internal audit reports are presented to the Board Audit Committee on a quarterly basis wherein areas for improvement are highlighted.

The Board has setup and effective mechanism for an annual evaluation of the Board's own performance, members of the Board and its committees in order to identify potential areas for further improvement. The main focus remained on strategic growth, business opportunities, risk management, Board composition and providing oversight to the Management.

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 acknowledge with thanks the contributions made by the Management, Staff Members and Workers who worked day and night in achieving the Company's objectives. I am also thankful to the Board of Directors, shareholders, banking partners, others financial institutions, insurance companies, regulatory authorities and other stakeholders for their continued support and cooperation that will undoubtedly bring continual improvement and success for the Company.



**Zakaria Usman**  
Chairman

Karachi: December 30, 2019

# 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, 2019.

## Financial Position at a Glance:

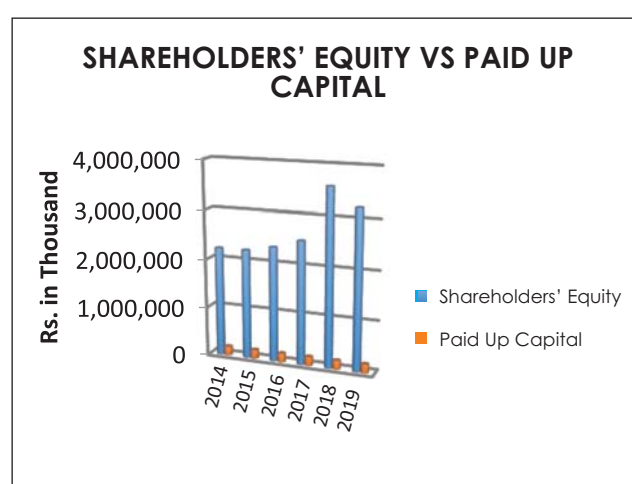
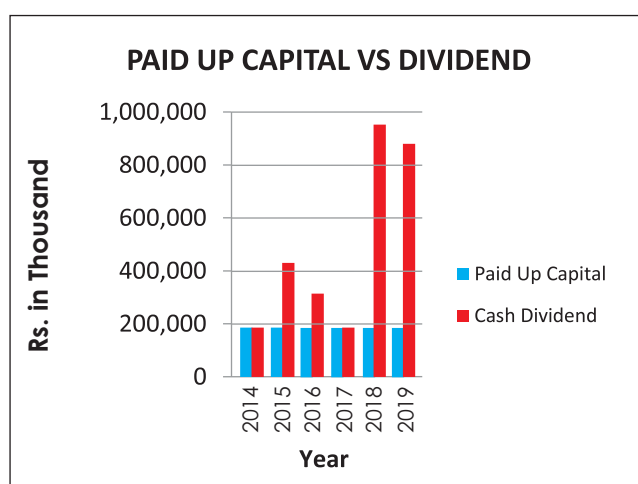
	2019 (Rupees in thousand)	2018
Profit before taxation	1,201,227	1,370,679
Taxation	<u>(89,249)</u>	<u>(76,899)</u>
Net profit for the year	<u>1,111,978</u>	<u>1,293,780</u>
<b>Earnings per share in rupees</b>	<u><b>64.05</b></u>	<u>74.52</u>

## Dividends and Appropriations

The Board of Directors in their meeting held on December 30, 2019 has proposed the final dividend of 300% i.e. Rs. 30 per share. This is in addition to the interim dividends of 200% i.e. Rs. 20 per share already paid. The total dividend for the year ended September 30, 2019 will thus amount to Rs. 868.115 million i.e. Rs. 50 per share. The approval for the final dividend shall be obtained at the Annual General Meeting to be held on January 28, 2020. These financial statements do not include the effect of final cash dividend. The appropriation approved by the Board is as follows:

(Rupees in thousands)

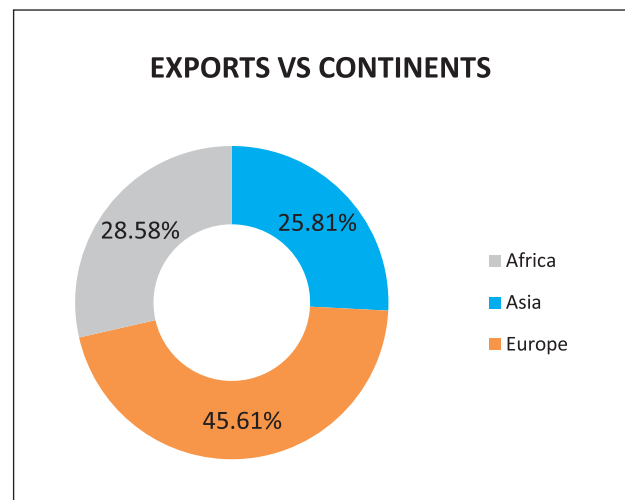
Profit after taxation	1,111,978
Un-appropriated profit brought forward	1,791,550
Final dividend 2018 @ Rs. 50/share	(868,115)
Interim dividends 2019 @ Rs. 20/share	(347,246)
Net loss transferred from capital reserves on account of disposal of investments	(441)
Loss on remeasurement of defined benefit obligation	(1,875)
Available for appropriation and Un-appropriated profit carried forward	1,685,851



## Business Review

The Financial Year 2018-19 proved to be another excellent year in this challenging economic environment as the Company was able to maintain the net profit threshold of Rs. 1 billion net profit. The Company posted profit after tax of Rs. 1,111.978 million.

Al-Abbas Sugar Mills Limited is committed producing high quality sugar and ethanol products through process excellence and innovation. The Company has the state-of-the-art sugar and ethanol plant. During the year the Company managed to export its products to different continents such as Europe, Africa and Asia.



The Management focused on improving operational efficiencies and quality of products and determined in their efforts to reduce the cost of doing business through various measures including innovation, planning and controlling costs, operational analysis and prudent financial management.

Directors have been closely monitoring the performance of the business to ensure the sustainable growth of the Company.

## Segment Results

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

### SUGAR SEGMENT

#### Operational Performance:

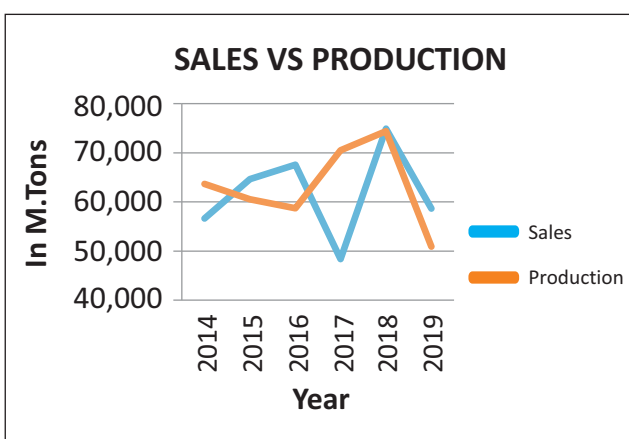
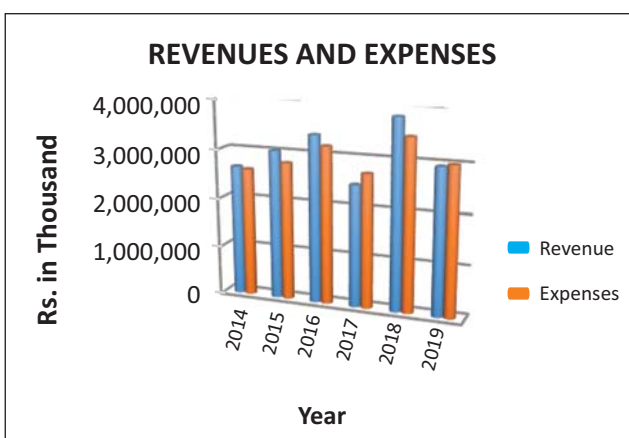
	2018-19	2017-18
Date of start of season	<b>December 13, 2018</b>	November 28, 2017
Duration of season (Days)	<b>84</b>	135
Crushing (M. Tons)	<b>467,828</b>	665,539
Production from sugarcane (M. Tons)	<b>50,892</b>	74,388
Sales (M. Tons)	<b>58,631</b>	74,903
Recovery (%)	<b>10.88 %</b>	11.17%

#### Financial Performance:

	2019	2018
	(Rupees in thousand)	
Sales	<b>2,945,685</b>	3,829,183
Cost of sales	<b>(2,883,406)</b>	(3,259,731)
Gross profit	<b>62,279</b>	569,452
Distribution cost	<b>(40,269)</b>	(144,017)
Administrative expenses	<b>(75,185)</b>	(64,038)
Operating segment result	<b>(53,175)</b>	361,397

During the year, your Company's sugar segment revenue was declined by approximately 23% as compared to previous year due to decrease in sales quantity. Gross profit margin also reduced by almost 89%. The main reason behind the decrease was the shortage in availability of sugarcane at higher prices and decrease in recovery rate was due to scarcity of water. The Company undertook aggressive selling price increases and measures to control costs. However the Company was unable to pass on the full impact of cost increases to consumers due to the increase of sales tax by Government through Finance Bill 2019-20 from Rs. 4.6 per kg to Rs. 10.2 per kg which drastically plummeted the effect of increase in sales prices of sugar. Distribution cost was reduced by almost 72% due to lesser quantity of sugar was exported during the year as compared to previous year. The absence of export subsidy on sugar by Federal / Sindh Government for the current season and suppression of selling price in international market didn't make the sugar export viable.

The sugar industry of Pakistan remained depressed throughout the year, the prices of sugar in domestic market increased lately during the year. The allowance of sugar export was increased from 1 million tons to 1.1 million tons by the Economic Coordination Committee (ECC) but the absence of subsidy element by the Government didn't make the export attractive for sugar industry.



### ETHANOL SEGMENT

#### Operating Performance:

Production (MT) - Unit I and II  
Sales (MT)

2019 2018

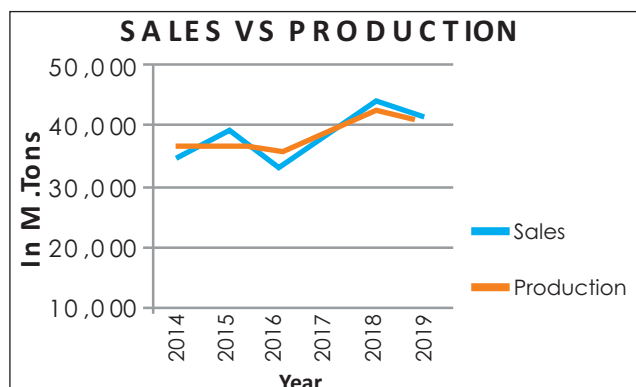
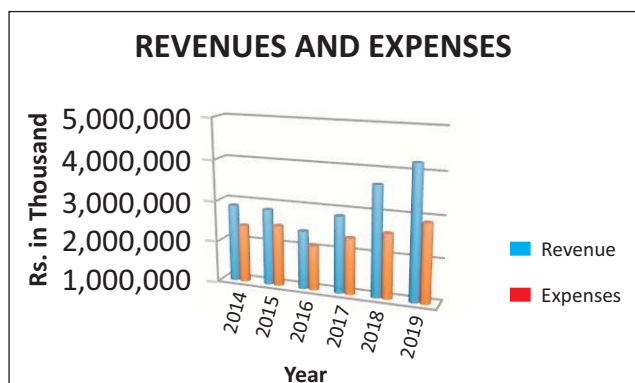
41,143 43,221  
41,487 43,979

2019 2018  
(Rupees in thousand)

#### Financial Performance:

Sales  
Cost of sales  
Gross profit  
Distribution cost  
Administrative expenses  
Operating segment profit

4,219,177	3,664,894
<u>(2,516,301)</u>	<u>(2,169,599)</u>
1,702,876	1,495,295
<u>(331,814)</u>	<u>(351,019)</u>
<u>(49,437)</u>	<u>(42,005)</u>
<u>1,321,625</u>	<u>1,102,271</u>



The revenue increased by approximately 15% mainly due to devaluation of Pak rupee. The cost of sales increased by almost 16% primarily due to shortage of raw material which increased the price sharply as compared to previous year.

The management of your Company worked hard to purchase the high-quality molasses at highly competitive price. The efforts can be evidenced by looking at the improved operating segment profit figures.

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 remained suspended during the period under review and the division has incurred operating segment loss of Rs. 38.935 million as compared to loss of Rs. 40.437 million for the same period last year. The loss mainly represents the fixed expenses.

### **STORAGE TANK TERMINAL**

Storage Tank Terminal contributed profit of Rs. 78.543 million during the year as compared to Rs. 93.455 million in last year. The decrease was due to the reduced operations for the maintenance of storage tanks. The ethanol produced by your company has also been stored in the tank terminal to facilitate the timely shipment 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.

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

As fully explained in note 28.1.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**

All the related party transactions are entered on arm's length basis in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2017. There are no material significant related party transactions made by the Company with Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders.

All the related party transactions during the financial year 2018-19 were placed before the Board's Audit Committee and the Board for their review and approval. These transactions were reviewed by Board's Audit Committee and approved by the Board. All the transactions were in line with the policy of related parties approved by the Board. The details of related party transactions are disclosed in note 40 and 45 of the financial statements of the Company.

### **Future Outlook**

#### **Sugar Segment**

The upcoming sugar crushing season i.e. 2019-20 is expected to be extremely difficult without proper implementation of an even price mechanism of sugarcane in all the provinces. The Sugar Industry of Sindh has demanded from the Sindh Government to release the outstanding amount of sugar subsidy on export of sugar sales for the year 17-18 and determine cane price judiciously.

The fate of mandatory requirement to record CNIC number on unregistered buyers on sales invoices

and permitted that input tax attributable to supplies made to unregistered buyers / persons for which CNIC number is not mentioned on respective sales invoices to be allowed on pro rate basis has to be decided by the Government. However, the Government has temporarily deferred the mandatory requirement of CNIC number for three months which will end on January 31, 2020.

In Pakistan sugar production is forecast at 5.2 million tons, a 5% decrease from the last season as delays in cane payments and reduced expectations surrounding support pricing are promoting some farmers to switch to other crops such as cotton and corn. Sugar consumption is forecast at 5.6 million tons, slightly higher than last year.

The global sugar production is forecast up by 2 million tons to 181 million as higher production in Brazil and the EU more than offset 8% decline in India. Consumption is also expected to rise due to growth in market such as Egypt, India, Indonesia and Pakistan. Global sugar stocks are forecast to be 8% lower on reduction in India, China, Pakistan and Thailand.

### **Ethanol Segment**

Ethanol segment of your company has proved to be the most profitable segment for many years. Your management is continuously working on further improvement. The production of ethanol is based on the availability of molasses which is produced through the process of sugar production; hence molasses is directly linked by the availability of sugarcane which is expected to be decline by 5% or so. Many sugar mills in the country are engaged in the production of ethanol as an alternate opportunity to cover the loss suffered due to depressed price of sugar. It is projected in light of overall deduction in sugarcane crop the gap of higher demand by the lesser availability of molasses may hit the prices of molasses to go up drastically. To mitigate this risk, the management of your Company has made a practice to procure the maximum quantity of next year's molasses requirement before the start of the crushing season.

The margin of this segment will depend on the exchange rate movement of Pak rupee against the dollar as the international prices of ethanol is expected to be at the same level. Despite all these facts prospects for this segment is quite bright.

### **Tank Terminal**

Your Company anticipates continuous earnings from Tank terminal segment. One of the major tenant has served the notice of vacating the terminal. However, the management of your Company has proactively located substitute tenants in order to maintain the earnings from this segment. On July 24, 2019 a judgment order was passed by the Honourable Divisional Bench of High Court of Sindh at Karachi which abides and adhere us to the conditions and restrictions imposed in the lease agreement with KPT in its true letter and spirit. However, the KPT has filed an appeal in the Honourable Supreme Court of Pakistan against the judgment issued by the Honourable Divisional Bench of High Court of Sindh at Karachi.

### **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) Independent Directors: Three (3)
  - ii) Non-Executive Directors: Three (3)
  - iii) Female Directors : Two (2)

### Remuneration policy of Non-Executive Directors

The fee of the Non-Executive and Independent Directors for attending the Board meetings of the Company is in accordance with the policy approved by the Board of Directors.

### Meetings of Board of Directors

During the year the election of Directors were held and the names of the current members of the Board of Directors are appearing in the Company Information page. Five meetings were held during the year ended September 30, 2019. The number of meetings attended by each director is as follows:

Name of Directors	Status	Number of meetings attended
Mr. Zakaria Usman	Chairman	5/5
Mr. Asim Ghani	Chief Executive Officer	5/5
Mrs. Asma Aves Cochinwala	Female Director	5/5
Mrs. Darakshan Zohaib	Female Director	4/5
Mr. Haroon Askari	Independent Director	3/3
Mr. Muhammad Salman Hussain Chawala	Independent Director	3/3
Mr. Muhammad Siddiq Khokhar	Independent Director	3/3
Mr. Shahid Hussain Jatoi	Non-Executive Director	3/3
Mr. Suleman Lalani	Non-Executive Director	5/5
Mr. Muhammad Iqbal Usman	Retired	2/2
Mr. Duraid Qureshi	Retired	0/2
Mr. Irfan Nasir Cheema	Retired	2/2

### Audit Committee

The Board of Directors has established an Audit Committee in compliance with the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 (now the Listed Companies (Code of Corporate Governance) Regulations, 2019). During the year, new Audit Committee was constituted and four meetings were held out of which two meetings were held before establishing a new committee. Attendance by each member was as follows:

Name of Members	Status	Number of meetings attended
Mr. Haroon Askari	Chairman (Independent)	2/2
Mrs. Asma Aves Cochinwala	Member	3/4
Mrs. Darakshan Zohaib	Member	4/4
Mr. Muhammad Salman Hussain Chawala	Member	2/2
Mr. Zakaria Usman	Member	4/4
Mr. Duraid Qureshi	Retired	0/2

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 repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 (now the Listed Companies (Code of Corporate Governance) Regulations, 2019).



### 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. During the year a new committee was setup and two meetings were held. The meetings attended by members are as follows:

Name of Members	Status	Number of meetings attended
Mr. Muhammad Salman Hussain Chawala	Chairman (Independent)	2/2
Mr. Asim Ghani	Member	2/2
Mr. Shahid Hussain Jatoi	Member	2/2
Mr. Muhammad Siddiq Khokhar	Member	2/2
Mr. Zakaria Usman	Member	2/2

### Investment Committee

The Board of Directors has not setup a new Investment Committee and instead the new Board decided to delegate the powers to the management of the Company. The investment committee held one meeting before the election of Directors. Attendance by each member was as follows:

Name of Members	Status	Number of meetings attended
Mr. Muhammad Iqbal Usman	Retired	1/1
Mr. Asim Ghani	Member	1/1
Mrs. Darakshan Zohaib	Member	1/1

### Risk Management Committee

The Board of Directors has established a Risk Management Committee comprises of four members and the chairman of the committee is an independent director to review of effectiveness of risk management procedures. During the period no meeting was held.

Name of Members	Status
Mr. Haroon Askari	Chairman (Independent)
Mr. Asim Ghani	Member
Mrs. Darakshan Zohaib	Member
Mr. Zakaria Usman	Member

### 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 2019-2020 to the shareholders at the forthcoming Annual General Meeting.

## Principal Risks and Uncertainties

The Company is exposed to certain inherent risks and uncertainties. However, the management of your Company considers the following as key risks:

- Data security and data privacy;
- Availability of raw material;
- Market disruption due to changes in tax laws and regulation;

The Board has established a risk management committee. The scope and purpose of Company's Risk Management framework is to identify potential risks in advance and analyze them and take precautionary measures to reduce the risks. The Company is proactive in its approach to risk management and undertakes contingency planning in the event that critical risks are realized.

## 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

Our primary objective is to minimize any negative impact we may have on the 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. The Management has initiated a capital-intensive waste water treatment plant, which is now in its execution phase. The project is expected to be completed during the FY 2019-20. The Company will continue to invest in projects that will reduce its environmental footprint.

The Company encourages its employees to identify potentially hazardous conditions, incorporates health and safety considerations into their daily activities and provides training on work safety and sound environmental practices.

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.

## Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the financial statement relates and the date of the report.

## Contribution to the National/Provisional Exchequer

The Company contributed a total amount of Rs. 586.316 (2018: Rs. 249.613) million to the Government Treasury in the shape of income tax, levies, excise duty and sales tax.

## Pattern of Shareholding and Shares Traded

The statement showing the pattern of shareholding as at September 30, 2019 required under Section 227(2) f of the Companies Act, 2017 is separately annexed to this report.

No trading in the shares of the Company was carried out by the Chief Executive, Directors, 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	Negotiated Deal Market	125,000

### Adequacy of Internal Financial Controls

The Board has established a system of internal control and formulated policies for ensuring efficient conduct of its business for safeguarding the Company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

The Board's Audit Committee actively reviews the adequacy and effectiveness of the internal control system and suggests improvements to strengthen the same through Internal Auditors' report. The system of internal control is sound in design for ensuring achievement of the Company's objectives, operational effectiveness, efficiency, reliable financial reporting and compliance with Laws and Regulations except as disclosed in Statement of Compliance.

### Credit Rating of the Company

The Pakistan Credit Rating Agency Limited (PACRA) has assigned long term entity rating of A+ and short term A1 to the Company an outlook rating as "stable". The long term entity rating of the Company has been improved from A to A+ as compare to last year.

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

The Company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Statement to this effect is annexed with this Report on page 25 to 26.

### Acknowledgement

The Directors believe that the success of an organization is greatly reflective of the efforts put in by the people who work for and with the Company. We acknowledge the contribution of each and every staff member of the Company. We also appreciate the valuable contribution and active role of the members of the audit and other committees in supporting and guiding the management on matters of great importance.

We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Banker and Financial Institution. We thank the Pakistan Sugar Mills Association, the Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan and the Management of Pakistan Stock Exchange for their continued support and guidance which has gone a long way in giving present shape to the Company.

For and on behalf of the Board of Directors



**Asim Ghani**  
Chief Executive Officer



**Darakshan Zohaib**  
Director

Karachi: December 30, 2019

# PATTERN OF SHAREHOLDINGS

AS ON SEPTEMBER 30, 2019

Number of Shares	Shareholdings' slab		Total Number of Shares Held
	From	To	
253	1	100	12,037
515	101	500	233,756
65	501	1,000	58,661
61	1,001	5,000	155,070
7	5,001	10,000	53,400
4	10,001	15,000	51,300
1	15,001	20,000	20,000
3	20,001	30,000	85,900
1	30,001	60,000	56,182
1	60,001	105,000	100,027
2	105,001	110,000	216,100
1	110,001	135,000	130,479
1	135,001	145,000	140,500
1	145,001	210,000	206,600
1	210,001	270,000	267,398
1	270,001	425,000	421,802
1	425,001	450,000	450,000
1	450,001	605,000	602,783
1	605,001	730,000	728,087
1	730,001	1,275,000	1,274,668
1	1,275,001	1,350,000	1,346,232
1	1,350,001	1,715,000	1,714,500
1	1,715,001	2,295,000	2,294,468
1	2,295,001	2,425,000	2,420,750
1	2,425,001	4,500,000	4,321,600
<u>927</u>			<u>17,362,300</u>

## CATAGORIES OF SHAREHOLDERS

AS ON SEPTEMBER 30, 2019

Shareholders Catagories	Number of Shares Held	Percentage
Associated Companies, undertaking and related parties	7,588,932	43.7093
Mutual Fund	408,498	2.3528
Directors, Chief Executive Officer, and their spouse and minor children.	2,968,980	17.1002
Executives	NIL	NIL
Public Sector Companies and Corporations	NIL	NIL
NIT and ICP	603,283	3.4747
Banks, development Finance institutions, non-Banking Finance Companies, insurance Companies, takaful, modarabas and pension funds	863,344	4.9725
Share holders holding 5%	13,372,218	77.0187
<b>General Public</b>		
a. Local	2,353,235	13.5537
b. Foreign	NIL	NIL
Others	2,576,028	14.8369

# DETAIL OF SHAREHOLDERS CATAGORIES

AS ON SEPTEMBER 30, 2019

	No. of Shares	Percentage
<b>1 Associated Companies , Undertakings and Related Parties</b>		
Al-Abbas Sugar Mills Limited-Employees Gratuity Fund	206,600	1.1899
Trustee - Future Trust	1,714,500	9.8748
Haji Abdul Ghani	4,321,600	24.8907
Noor Jahan Hajiani	<u>1,346,232</u>	<u>7.7538</u>
	<u>7,588,932</u>	<u>43.7093</u>
<b>2 Mutual funds</b>		
Prodenial Stocks Fund Limited	600	0.0035
MCBFSL-Trustee JS Value Fund	267,398	1.5401
MCFSL - Trustee Js Growth Fund	<u>140,500</u>	<u>0.8092</u>
	<u>408,498</u>	<u>2.3528</u>
<b>3 Directors, CEO and their spouses and minor children</b>		
Zakaria Usman	12,700	0.0731
Asim Ghani	2,420,750	13.9426
Asma Aves Cochinwala	100,027	0.5761
Darakshan Ghani	421,802	2.4294
Haroon Askari	100	0.0006
Muhammad Salman Hussain Chawala	-	0.0000
Shahid Hussain Jatoi	500	0.0029
Siddiq Khokhar	101	0.0006
Suleman Lalani	500	0.0029
Aves Cochinwala	1,000	0.0058
Hira Asim	<u>11,500</u>	<u>0.0662</u>
	<u>2,968,980</u>	<u>17.1002</u>
<b>4 Executives</b>		
	NIL	NIL
<b>5 Public Sector Companies and corporations</b>		
	NIL	NIL
<b>6 NIT and ICP</b>		
Investment Corporation of Pakistan	500	0.0029
CDC - Trustee National Investment (Uuit) Trust	<u>602,783</u>	<u>3.4718</u>
	<u>603,283</u>	<u>3.4747</u>

# DETAIL OF SHAREHOLDERS CATAGORIES

AS ON SEPTEMBER 30, 2019

	No. of Shares	Percentages
<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	200	0.0012
	<u>863,344</u>	<u>4.9725</u>
<b>8 Shareholder holding five percent or more voting interest in the Company</b>		
	<b>No. of Shares</b>	<b>Percentages</b>
Haji Abdul Ghani	4,321,600	24.8907
Asim Ghani	2,420,750	13.9426
Jahangir Siddiqui & Sons Limited	2,294,468	13.2152
Trustee - Future Trust	1,714,500	9.8748
Shunaid Qureshi	1,274,668	7.3416
Noor Jahan Hajiani	1,346,232	7.7538
	<u>13,372,218</u>	<u>77.0187</u>

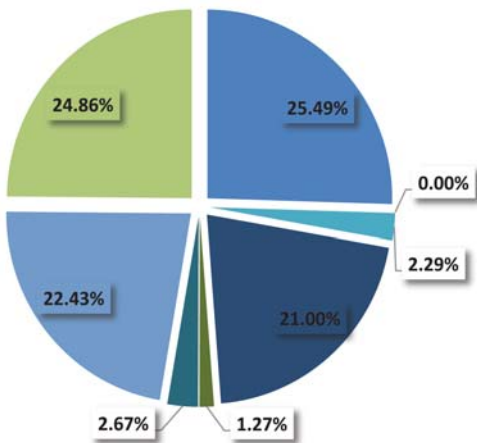
# KEY FINANCIAL DATA

		2019	2018	2017	2016	2015	2014
<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>3,053,628</b>	3,420,351	2,334,735	2,161,485	2,054,425	2,052,615
Ordinary Shareholder's Equity	Rs. in ' 000 '	<b>3,227,251</b>	3,593,974	2,508,358	2,335,108	2,228,048	2,226,238
Dividend on Ordinary Shares	Rs. in ' 000 '	<b>868,115</b>	920,201	173,623	329,884	434,058	173,623
Dividend per Ordinary Share	Rs.	<b>50.00</b>	53.00	10.00	19.00	25.00	10.00
Profit Before Taxation	Rs. in ' 000 '	<b>1,201,227</b>	1,370,679	206,948	524,570	553,599	388,119
Profit After Taxation	Rs. in ' 000 '	<b>1,111,978</b>	1,293,780	142,976	457,883	494,935	298,153
Earnings per share of Rs. 10	Rs.	<b>64.05</b>	74.52	8.23	26.37	28.51	17.17
<b>Measure of Financial Status</b>							
Current Ratio	x : 1	<b>1.49</b>	1.80	1.12	1.61	1.29	1.07
Total Debt Ratio	x : 1	<b>0.25</b>	0.13	0.35	0.00	0.13	0.27
Number of Days Stock	In days	<b>109.90</b>	130.22	102.45	56.45	82.69	93.42
<b>Measure of Performance</b>							
Sales	Rs. in ' 000 '	<b>7,164,862</b>	7,494,077	5,327,415	5,793,851	5,867,298	5,520,740
Cost of Goods Sold as % of Sales	%	<b>75.36</b>	72.33	89.27	86.82	85.94	85.85
Profit Before Taxation as % of Sales	%	<b>16.77</b>	18.29	3.88	9.05	9.44	7.03
Profit After Taxation as % of Sales	%	<b>15.52</b>	17.26	2.68	7.90	8.44	5.40
Quantity of sugar cane crushed	M.Tons	<b>467,829</b>	665,539	659,154	560,786	564,555	621,679
Quantity of sugar production	M.Tons	<b>50,892</b>	74,388	70,484	58,730	60,534	63,650
Recovery of sugar production	%	<b>10.88</b>	11.17	10.70	10.47	10.72	10.24
Quantity of Ethanol produced	M.Tons	<b>41,143</b>	43,221	38,213	36,402	36,946	36,875
Recovery of ethanol produced	%	<b>5.46</b>	5.52	5.49	5.54	5.65	5.73

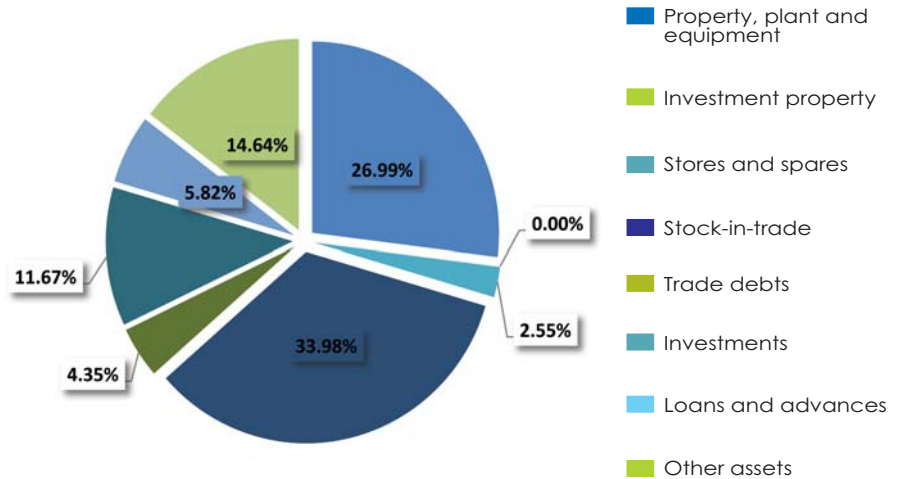


# Composition of Balance Sheet

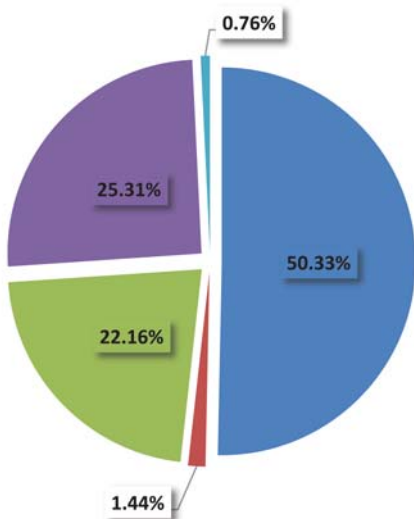
## Total Assets FY 2019



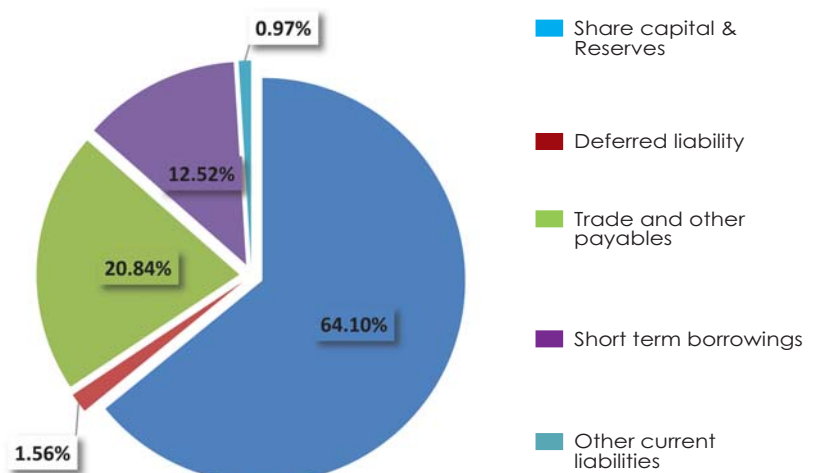
## Total Assets FY 2018



## Equities & Liabilities FY 2019

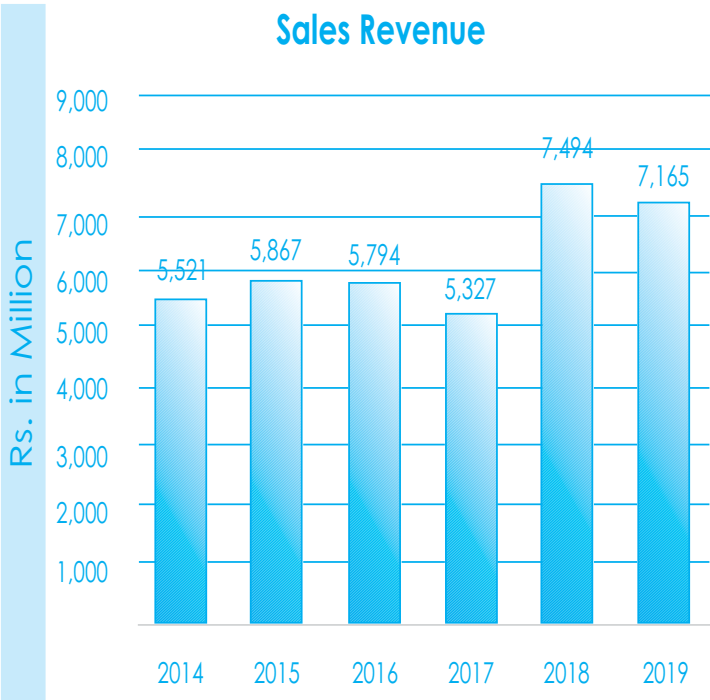


## Equities & Liabilities FY 2018

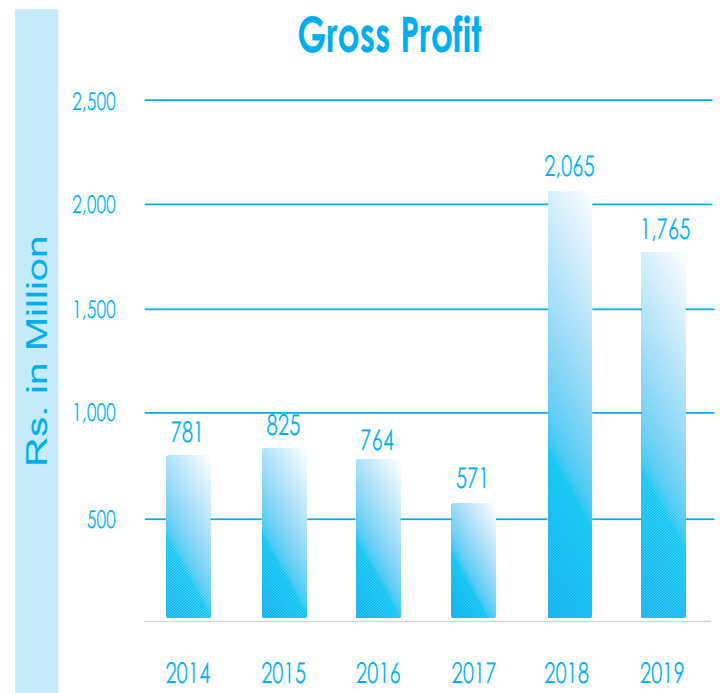


# Financials at a Glance

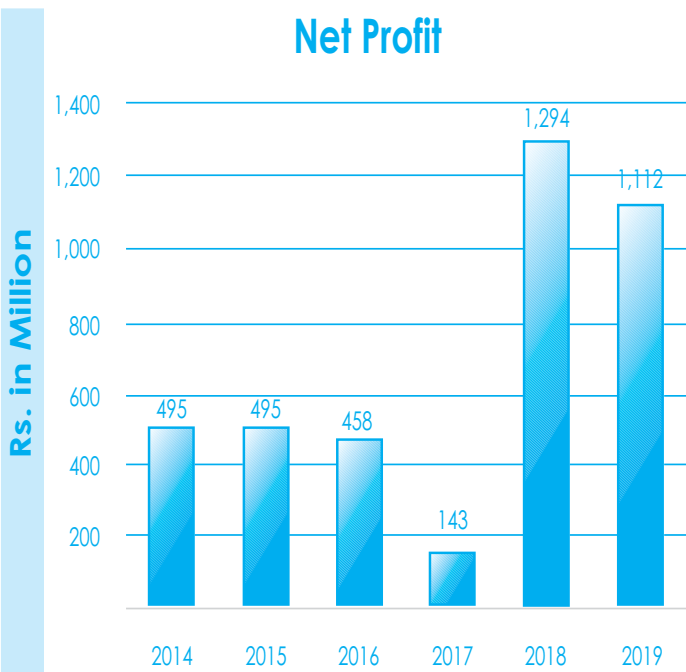
## Sales Revenue



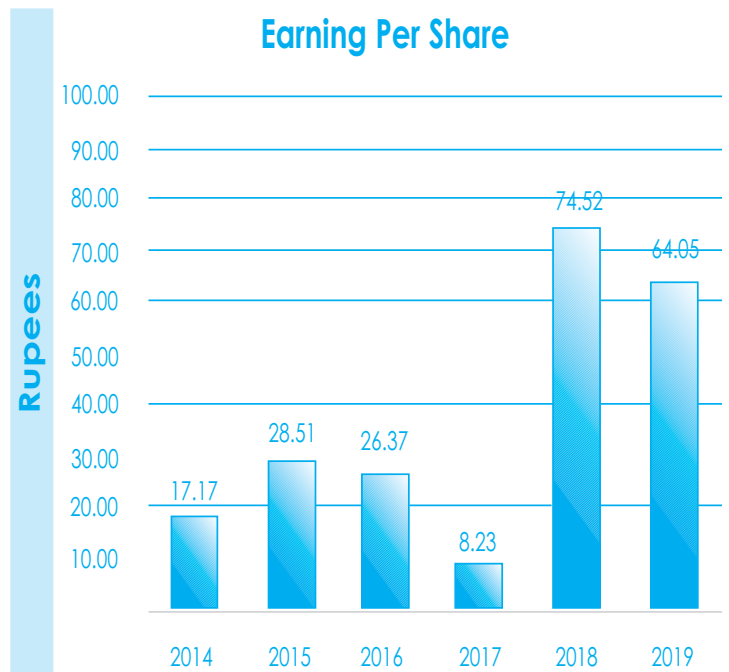
## Gross Profit



## Net Profit



## Earning Per Share



# INDEPENDENT AUDITOR'S REVIEW REPORT

## 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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations'), prepared by the Board of Directors of **Al-Abbas Sugar Mills Limited** for the year ended **September 30, 2019** 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, 2019.



**Reanda Haroon Zakaria & Company**  
Chartered Accountants

Engagement Partner  
**Farhan Ahmed Memon**

Place: Karachi  
Dated: December 30, 2019

# STATEMENT OF COMPLIANCE

## WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

- The total number of directors are eight as per the following:
  - Male: Six (6)
  - Female: Two (2)
- The composition of the board is as follows:

Category	Names
Independent Director	Mr. Haroon Askari Mr. Muhammad Salman Hussain Chawala Mr. Siddiq Khokhar
Non-Executive Directors	Mr. Shahid Hussain Jatoi Mr. Suleman Lalani Mr. Zakaria Usman
Chief Executive Officer	Mr. Asim Ghani
Female Directors	Mrs. Asma Aves Cochinwala Mrs. Darakshan Zohaib

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- 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.
- The board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. The board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 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.
- 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.
- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- Seven directors have already completed the directors' training program. The Board consists of one director who is exempted from the directors' training program in accordance with clause 19(2) of Chapter VI of the Listed Companies (Code of Corporate Governance) Regulations, 2019 due to having minimum 14 years of education and over 15 years of experience on the board of a listed Company.
- 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.
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The Board has formed committees comprising of members given below:

**Audit Committee**

Mr. Haroon Askari	Chairman
Mrs. Asma Aves Cochinwala	Member
Mrs. Darakshan Zohaib	Member
Mr. Muhammad Salman Hussain Chawala	Member
Mr. Zakaria Usman	Member

**Human Resource and Remuneration Committee**

Mr. Muhammad Salman Hussain Chawala	Chairman
Mr. Asim Ghani	Member
Mr. Shahid Hussain Jatoi	Member
Mr. Siddiq Khokhar	Member
Mr. Zakaria Usman	Member

**Risk Management Committee**

Mr. Haroon Askari	Chairman
Mr. Asim Ghani	Member
Mrs. Darakshan Zohaib	Member
Mr. Zakaria Usman	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:
- Audit Committee: Four quarterly meetings during the financial year ended September 30, 2019
  - HR and Remuneration Committee: Two meetings during the year ended September 30, 2019.
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 and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involve in the audit are not a close relative (spouses, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all the mandatory and non-mandatory requirements of the Regulations have been complied.



**Zakaria Usman**  
Chairman



**Asim Ghani**  
Chief Executive Officer

Karachi: December 30, 2019

# 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 comprises the statement of financial position as at September 30, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof confirm 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, 2019 and of the profit, 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 28.1 (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. First time adoption IFRS 9 – Financial Instruments</b>	
As referred to in note 3.1.2 to the financial statements, the Company has adopted IFRS 9 with effect from 01 July, 2019.  We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our audit procedures included the following:  We obtained necessary information from management for completeness of disclosures and evaluate the appropriateness of such information by cross checking it with relevant audit evidences  Evaluating the treatment of Equity instruments classified as At fair value - through Other Comprehensive income in accordance with the requirements of IFRS 9



## 2. Valuation of Stock-in-trade

As mentioned in note 11 to the financial statements the stock-in-trade balance consists of 21% of total assets of the Company. The cost of finished goods is determined at cost including a proportion of production overheads.

The obsolescence is calculated by taking into account the Net Realizable Value (NRV) of related stock-in-trade.

We have considered this area to be a key audit matter due to its materiality and judgments involved in estimating the NRV of underlying stock-in-trade as well as the management's judgement in determining an appropriate costing basis and assessing its valuation.

Our audit procedures included, amongst others, reviewing management's procedures for evaluating the NRV of stock-in-trade held, performing test on sample basis to assess the management's estimate of the NRV, evaluating the adequacy of allowance for write down of stock-in-trade to its NRV, if required and observing the physical stock-in-trade held as at the reporting date.

Further we evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade and the accuracy of allowance of write down of inventories to NRV assessed by the management, on the sample basis.

We also tested the calculations of per unit cost of finished goods and WIP and assessed the appropriateness of management's basis for the allocation of cost and production overheads.

We further tested the NRV of stock-in-trade by performing a review of sales close to and subsequent to the year end and compared with the cost, for a sample of products.

We also assessed the adequacy of the disclosures made in respect of accounting policies and detailed disclosure in accordance with the applicable financial reporting standards.

## 3. Company's Exposure to Litigation Risk

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. 23.1, 23.3, 27.1, 28.1, 37.3 and 37.4 to the accompanying financial statements.

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.

Our audit procedures included the following:

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.

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.

Discussing open matters and developments with the in-house legal department personnel of the Company.

Circularizing external confirmations, where appropriate, on material cases and assessing the replies received thereto.

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.



## **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.

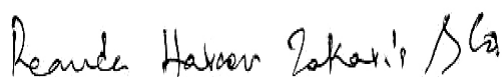
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 & Company**  
Chartered Accountants

**Place:** Karachi  
**Dated:** December 30, 2019

# STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	1,634,297	1,513,245
Investment property	5	249	277
Long term investments	6	170,985	654,448
Long term loans	7	6	413
Long term deposits		11,848	11,606
Deferred taxation	8	-	-
		<b>1,817,385</b>	<b>2,179,989</b>
<b>Current Assets</b>			
Biological assets	9	729	-
Stores and spares	10	146,699	143,148
Stock-in-trade	11	1,346,695	1,905,094
Trade debts	12	81,158	243,771
Loans and advances	13	1,438,652	326,027
Trade deposits and short term prepayments	14	17,933	9,343
Short term investments	15	1,029,586	600
Other receivables	16	294,705	592,157
Interest accrued	17	11,497	1,625
Income tax refunds due from the government	18	103,447	92,816
Cash and bank balances	19	124,131	112,007
		<b>4,595,232</b>	<b>3,426,588</b>
<b>Total Assets</b>		<b>6,412,617</b>	<b>5,606,577</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized capital		400,000	400,000
Issued, subscribed and paid-up capital	20	173,623	173,623
Reserves	21	3,053,628	3,420,351
<b>Shareholders' equity</b>		<b>3,227,251</b>	<b>3,593,974</b>
<b>Non-Current Liabilities</b>			
Long term deposits		-	22,381
Deferred liability	22	92,041	87,363
		<b>92,041</b>	<b>109,744</b>
<b>Current Liabilities</b>			
Trade and other payables	23	1,421,211	1,168,506
Accrued markup	24	6,648	4,017
Short term borrowings	25	1,623,237	702,090
Unclaimed dividend	26	29,383	15,400
Provision for taxation	27	12,846	12,846
		<b>3,093,325</b>	<b>1,902,859</b>
<b>Contingencies and Commitments</b>	28		
<b>Total Equity and Liabilities</b>		<b>6,412,617</b>	<b>5,606,577</b>

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



**Asim Ghani**  
Chief Executive Officer



**Darakshan Zohaib**  
Director



**Samir Hajani**  
Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019 (Rupees in thousand)	2018
Sales - net	29	7,164,862	7,494,077
Cost of sales	30	(5,399,707)	(5,429,330)
<b>Gross profit</b>		<b>1,765,155</b>	<b>2,064,747</b>
Profit from other reportable segments - net	31	39,608	53,018
		<b>1,804,763</b>	<b>2,117,765</b>
Distribution cost	32	(372,083)	(495,036)
Administrative expenses	33	(124,622)	(106,043)
Other operating expenses	34	(115,650)	(100,940)
		<b>(612,355)</b>	<b>(702,019)</b>
<b>Operating profit</b>		<b>1,192,408</b>	<b>1,415,746</b>
Finance cost	35	(63,942)	(64,081)
Other income	36	72,761	19,014
<b>Profit before taxation</b>		<b>1,201,227</b>	<b>1,370,679</b>
Taxation	37	(89,249)	(76,899)
<b>Profit after taxation</b>		<b>1,111,978</b>	<b>1,293,780</b>
<b>Earnings per share - Basic and diluted</b>	38	<b>64.05</b>	<b>74.52</b>

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



**Asim Ghani**  
Chief Executive Officer



**Darakshan Zohaib**  
Director



**Samir Hajani**  
Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

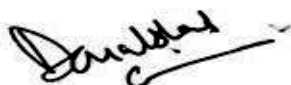
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<b>Profit after taxation</b>	<b>1,111,978</b>	1,293,780
<b>Other comprehensive income for the period</b>		
<b>Items that will not be reclassified to statement of profit or loss account in subsequent periods</b>		
Loss on remeasurement of investments at fair value through other comprehensive income	(109,218)	(54,620)
Loss on disposal of investment at fair value through other comprehensive income"	(152,247)	-
	(261,465)	(54,620)
Loss on remeasurement of defined benefit obligation	(1,875)	(14,646)
<b>Total comprehensive income for the period</b>	<b>848,638</b>	<b>1,224,514</b>

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



**Asim Ghani**  
Chief Executive Officer



**Darakshan Zohaib**  
Director



**Samir Hajani**  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Issued, subscribed and paid-up capital	RESERVES				Total Reserves	Total Share holder's Equity	
	Revenue reserves			Capital reserves Unrealized gain / (loss) on investment at fair value through other comprehensive income			
	General reserve	Unappropriated profit	Sub total				
(Rupees in thousand)							
<b>Balance as at October 1, 2017</b>	173,623	1,458,000	651,314	2,109,314	225,421	2,334,735	2,508,358
<b>Other comprehensive income for the period</b>							
<b>Profit after taxation</b>	-	-	1,293,780	1,293,780	-	1,293,780	1,293,780
<b>Other comprehensive income for the period</b>							
Loss on remeasurement of investments at fair value through other comprehensive income"	-	-	-	-	(54,620)	(54,620)	(54,620)
Loss on remeasurement of "defined benefit obligation"	-	-	(14,646)	(14,646)	-	(14,646)	(14,646)
<b>Total comprehensive income for the period</b>	-	-	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	-	-	(52,086)	(52,086)	-	(52,086)	(52,086)
	-	-	(138,898)	(138,898)	-	(138,898)	(138,898)
<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>
<b>Balance as at October 1, 2018</b>	<b>173,623</b>	<b>1,458,000</b>	<b>1,791,550</b>	<b>3,249,550</b>	<b>170,801</b>	<b>3,420,351</b>	<b>3,593,974</b>
<b>Other comprehensive income for the period</b>							
<b>Profit after taxation</b>	-	-	1,111,978	1,111,978	-	1,111,978	1,111,978
<b>Other comprehensive income for the period</b>							
Loss on remeasurement of investments at fair value through other comprehensive income	-	-	-	-	(109,218)	(109,218)	(109,218)
Loss on disposal of investment at fair value through other comprehensive income	-	-	(152,247)	(152,247)	-	(152,247)	(152,247)
Transfer from capital reserve to unappropriated profit on account of disposal of investments at fair value through other comprehensive income	-	-	151,806	151,806	(151,806)	-	-
Loss on remeasurement of defined benefit obligation	-	-	(1,875)	(1,875)	-	(1,875)	(1,875)
<b>Total comprehensive income for the period</b>	-	-	1,109,662	1,109,662	(261,024)	848,638	848,638
<b>Transactions with owners</b>							
Final Dividend 2018: Rs. 50 per share	-	-	(868,115)	(868,115)	-	(868,115)	(868,115)
Interim Dividend 2019: Rs. 7.5 per share	-	-	(130,217)	(130,217)	-	(130,217)	(130,217)
Interim Dividend 2019: Rs. 12.5 per share	-	-	(217,029)	(217,029)	-	(217,029)	(217,029)
	-	-	(1,215,361)	(1,215,361)	-	(1,215,361)	(1,215,361)
<b>Balance as at September 30, 2019</b>	<u>173,623</u>	<u>1,458,000</u>	<u>1,685,851</u>	<u>3,143,851</u>	<u>(90,223)</u>	<u>3,053,628</u>	<u>3,227,251</u>

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



**Asim Ghani**  
Chief Executive Officer



**Darakshan Zohaib**  
Director



**Samir Hajani**  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019 (Rupees in thousand)	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	1,544,925	1,566,884
Finance cost paid		(61,219)	(82,290)
Workers' Welfare Fund paid		(25,388)	-
Workers' Profit Participation Fund paid		(76,059)	(77,788)
Income tax paid		(99,880)	(78,503)
Long term loans recovered - net		407	74
Long term deposits - net		(242)	(200)
		<u>(262,381)</u>	<u>(238,707)</u>
<b>Net cash generated from operating activities</b>		<b><u>1,282,544</u></b>	<b><u>1,328,177</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred on property, plant and equipment		(227,227)	(34,979)
Proceeds from disposal of property, plant and equipment		3,422	2,648
Long term investments - net		221,998	-
Investment in TDRs and T-Bills		(1,028,986)	-
Interest / markup received		32,766	4,759
Dividend received		7,838	11,135
<b>Net cash used in investing activities</b>		<b><u>(990,189)</u></b>	<b><u>(16,437)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,201,378)	(136,880)
Short term borrowings obtained / (repaid) - net		921,147	(1,086,436)
<b>Net cash used in financing activities</b>		<b><u>(280,231)</u></b>	<b><u>(1,223,316)</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>12,124</b>	<b>88,424</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b><u>112,007</u></b>	<b><u>23,583</u></b>
<b>Cash and cash equivalents at the end of the year</b>		<b><u>124,131</u></b>	<b><u>112,007</u></b>

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



**Asim Ghani**  
Chief Executive Officer



**Darakshan Zohaib**  
Director



**Samir Hajani**  
Chief Financial Officer



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

## 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 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. The principal activities of the Company under following business segments / divisions comprises:

S. No	Division	Principal Activities	Location of undertaking	Commencement of commercial production
1	Sugar	Manufacturing and sale of sugar	Mirwah Gorchani, Mirpurkhas	December 15, 1993
2	Ethanol	Processing and sale of industrial ethanol	Mirwah Gorchani, Mirpurkhas	Unit I: August 20, 2000 Unit II: January 23, 2004
3	*Chemical, alloys and  **Power (note 1.1)	*Manufacturing and sales of calcium carbide and ferro alloys. Generation and sales of electricity.	Dhabeji, Thatta	*November 01, 2006  **April 06, 2010
4.	Tank Terminal	Providing bulk storage facility	Oil Industrial Area, Kemari, Karachi.	October 15, 2012

1.1 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 BASIS OF PREPARATION

### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Companies Act, 2017 (the Act). In case requirements differ, the provisions of or directives issued under the Act shall prevail.

### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in these notes.

### 2.3 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.

### 2.4 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 - 3.2 and 4
- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of investment property - 3.3 and 5
- Assumptions and estimates used in determining the provision for slow moving stores and spares - 3.4 and 10
- Assumptions and estimates used in writing down items of stock in trade to their net realisable value - 3.5 and 11
- Assumptions and estimates used in calculating the provision for doubtful trade debts - 3.1 and 12
- Assumptions and estimates used in calculating the provision for doubtful loans, advances and other receivables - 3.11, 13 and 16
- Assumptions and estimates used in the recognition of current and deferred taxation - 3.14, 8 and 37
- Assumptions and estimates used in accounting for staff retirement benefits 3.15 - 23.5
- Assumptions and estimates used in disclosure and assessment of provision for contingencies - 28

## **2.5 New or Amendments / interpretations to existing standards, interpretation and forth coming requirements:**

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July, 2018 other than those disclosed in note 3.1 are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

## **2.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July, 2019:

**2.6.1** Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

**2.6.2** Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in

IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- 2.6.3** On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

#### **3.1 Changes in significant accounting policies**

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

##### **3.1.1 IFRS 15 'Revenue from Contracts with Customers'**

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company adopted IFRS 15 from 01 Oct, 2018. The adoption of IFRS 15 had no material impact on revenue recognition or measurement related to contracts with customers. There was no adjustment required to beginning retained earnings on 1 October 2018 as a result of adopting the standard.

##### **3.1.2 IFRS 9 'Financial Instruments'**

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies if any, resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

###### **i Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement

of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The accounting policies that apply to financial assets are stated in note to the financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 September, 2018 and 01 October, 2017.

As at 30 September, 2018	Original classification under IAS 39	New classification under IFRS 9	Original Carrying Amount	New Carrying Amount
----- Rupees in '000' -----				
Long term investments	Available for sale	FVOCI	654,448	654,448
Long term loans - including current portion	Loans and receivables	Amortized cost	1,211	1,211
Long term deposits	Loans and receivables	Amortized cost	11,606	11,606
Trade debts	Loans and receivables	Amortized cost	259,203	259,203
Trade deposits - gross	Loans and receivables	Amortized cost	1,000	1,000
Other receivables	Loans and receivables	Amortized cost	1,030	1,030
Short term investments	Held to maturity	Amortized cost	600	600
Cash and bank balances	Loans and receivables	Amortized cost	112,007	112,007
<b>Total</b>			<b>1,041,105</b>	<b>1,041,105</b>

As at 01 October, 2017	Original classification under IAS 39	New classification under IFRS 9	Original Carrying Amount	New Carrying Amount
----- Rupees in '000' -----				
Long term investments	Available for sale	FVOCI	709,068	709,068
Long term loans - including current portion	Loans and receivables	Amortized cost	1,149	1,149
Long term deposits	Loans and receivables	Amortized cost	11,406	11,406
Trade debts	Loans and receivables	Amortized cost	43,744	43,744
Trade deposits - gross	Loans and receivables	Amortized cost	5,200	5,200
Other receivables	Loans and receivables	Amortized cost	210	210
Short term investments	Held to maturity	Amortized cost	600	600
Cash and bank balances	Loans and receivables	Amortized cost	23,583	23,583
<b>Total</b>			<b>794,960</b>	<b>794,960</b>

## ii Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, therefore no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

## **3.2 Property, plant and equipment**

### **Operating fixed assets - owned**

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 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 statement of profit or loss.

### **3.2.1 Capital work-in-progress**

Capital work-in-progress represents expenditures on fixed assets including advances in the course of construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use. Capital work-in-progress is stated at cost.

## **3.3 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 relevant note.

## **3.4 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 statement of financial position date. Value of items is reviewed at each statement of financial position date to record any provision for slow moving items and obsolescence.

## **3.5 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.

### **3.6 Impairment of non-financial assets**

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss.

### **3.7 Financial assets**

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

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

#### **Subsequent Measurement**

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### **3.7.1 Financial assets at amortized cost (debt instruments)**

Investment in TFCs and T-Bills are being measured at amortized cost as the Company is meeting both the conditions laid below:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

### **3.7.2 Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IFRS 9 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

The Company elected to classify irrevocably investment in listed equity investments under this category.

### **3.7.3 Impairment of financial assets**

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Currently these impairment of financial assets are suspended via SRO No. 985 of 2019 as issued by SECP.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

### **3.7.4 De-recognition**

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

### **3.8 Financial liabilities**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit



or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

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

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

### **3.10 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.

### **3.11 Loans, advances, deposits, prepayments and other receivables**

Loans, advances, deposits, prepayment and other receivables are carried at original amount less provision made for doubtful receivables based on a review of all outstanding amounts at the year end. Balance considered irrecoverable are written off.

### **3.12 Deposits and prepayments**

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

### **3.13 Cash and cash equivalents**

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

### **3.14 Taxation**

#### **a) Current**

Provision for current taxation is computed in accordance with the provisions of the Income Tax Ordinance, 2001.

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover or Alternate Corporate Tax (ACT), whichever is higher.

#### **b) Deferred**

Deferred income tax is provided using the statement of financial position liability method for all temporary differences at the statement of financial position 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 statement of financial position 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.

### **3.15 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, 2019, 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 statement of profit or loss in subsequent periods. Current and past service costs, gain or loss on settlement and net interest income or expense are accounted for in 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 upto a maximum of sixty days of employees at every year end is transferred to this account and paid at the retirement of employees.

### **3.16 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.

### **3.17 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 statement of financial position 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 statement of profit or loss.

### **3.18 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 statement of financial position date and adjusted to reflect the current best estimate.

### **3.19 Inter-segment pricing**

Transfer between business segments are recorded at net realizable value for bagasse and storage tank terminal. However, for molasses it is recorded at weighted average purchase price.

### 3.20 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 the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are dispatched or delivered to the customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.
- 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.
- Markup on growers loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of markup on loans considered doubtful is deferred.
- All gains / (losses) of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise and transferred to equity at the time of disposal.
- 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 and rental income of storage tank terminal are recorded on accrual basis. However during the year no such transaction relating to rental income on investment property occurred.

### 3.21 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.

### 3.22 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.

### 3.23 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.

### 3.24 Biological assets

Biological assets are measured at their fair value less their point of sale costs. Gain / (loss) on such measurement is recognized in statement of profit or loss. Gain / (loss) on disposal of biological asset is recognized in statement of profit or loss in the year of disposal.

	Note	2019 (Rupees in thousand)	2018
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	<b>1,454,700</b>	1,493,387
Capital work in progress - (CWIP)	4.2	<b>179,597</b>	19,858
		<b>1,634,297</b>	1,513,245

#### 4.1 OPERATING FIXED ASSETS

	As at September 30, 2019								
	Cost			Accumulated depreciation			Written down		
	As at October 01, 2018	Additions / (Deletions)	Transferred from CWIP	As at September 30, 2019	As at October 01, 2018	Charge for the year / (on disposal)	As at September 30, 2019	value as at September 30, 2019	Rate of depreciation %
----- 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	287,149	9,583	296,732	86,246	10
<b>Non-factory building</b>									
- on free-hold land	195,976	-	-	195,976	141,030	5,626	146,656	49,320	10
- on lease-hold land	24,799	-	-	24,799	11,619	1,318	12,937	11,862	10
Plant and machinery	2,630,207	-	44,432	2,674,639	1,448,079	78,573	1,526,652	1,147,987	5 to 10
Furniture and fittings	10,654	-	-	10,654	7,601	305	7,906	2,748	10
Vehicles	82,009	21,770	-	100,821	50,273	8,299	56,613	44,208	20
	-	(2,958)	-	-	-	(1,959)	-	-	-
Office equipment	36,008	1,096	-	37,104	24,655	1,186	25,841	11,263	10
Computers	8,744	190	-	8,934	7,969	254	8,223	711	30
Tools and tackles	4,268	-	-	4,268	4,109	32	4,141	127	20
	<b>3,475,871</b>	<b>23,056</b>	<b>44,432</b>	<b>3,540,401</b>	<b>1,982,484</b>	<b>105,176</b>	<b>2,085,701</b>	<b>1,454,700</b>	
	-	(2,958)	-	-	-	(1,959)	-	-	

	As at September 30, 2018								
	Cost			Accumulated depreciation			Written down		
	As at October 01, 2017	Additions / (Deletions)	Transferred from CWIP	As at September 30, 2018	As at October 01, 2017	Charge for the year / (on disposal)	As at September 30, 2018	value as at September 30, 2018	Rate of depreciation %
----- 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
- on lease-hold land	-	-	-	-	-	-	-	-	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
	<b>3,466,266</b>	<b>15,121</b>	<b>-</b>	<b>3,475,871</b>	<b>1,879,578</b>	<b>107,606</b>	<b>1,982,484</b>	<b>1,493,387</b>	
	-	(5,516)	-	-	-	(4,700)	-	-	

#### 4.1.1 Reconciliation of written down value:

	WRITTEN DOWN VALUE					As at September 30, 2019
	As at October 01, 2018	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	95,829	-	-	-	9,583	86,246
<b>Non-factory building</b>						
- on free-hold land	54,946	-	-	-	5,626	49,320
- on lease-hold land	13,180	-	-	-	1,318	11,862
Plant and machinery	1,182,128	-	44,432	-	78,573	1,147,987
Furniture and fittings	3,053	-	-	-	305	2,748
Vehicles	31,736	21,770	-	(999)	8,299	44,208
Office equipment	11,353	1,096	-	-	1,186	11,263
Computers	775	190	-	-	254	711
Tools and tackles	159	-	-	-	32	127
<b>September 30, 2019</b>	<b>1,493,387</b>	<b>23,056</b>	<b>44,432</b>	<b>(999)</b>	<b>105,176</b>	<b>1,454,700</b>
September 30, 2018	1,586,688	15,121	-	(816)	107,606	1,493,387

Note  
2019  
(Rupees in thousand)  
2018

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

Cost of sales	30	61,241	63,392
Storage tank terminal	31.1	13,025	14,141
Chemical and alloys	31.2.1	11,824	12,800
Power	31.2.2	9,371	9,908
Administrative expenses	33	9,715	7,365
		<b>105,176</b>	<b>107,606</b>

#### 4.1.3 Particulars of immovable property in the name of the Company are as follows:

Particulars	Location	Usage of immovable property	Total Area
Freehold land and buildings thereon	Mirwah Gorchani, Mirpurkhas	Manufacturing facility	437.58 Acres
Freehold land and buildings thereon	Dhabeji Thatta	Manufacturing facility	30 Acres
Leasehold land buildings thereon	Oil Industrial Area, Kemari, Karachi	Storage facility	5700 Square meters
Bungalow	Clifton, Karachi	Investment property	218.75 Square yards

#### 4.1.4 The aggregate net book value of disposed assets doesn't exceeds the limit of Rs. 5 Million as per the requirement of Fourth Schedule to the Companies Act, 2017 therefore, no particulars are provided.

#### 4.2 Capital work in progress - CWIP

Description	September 30, 2019			September 30, 2018				
	As at October 01, 2018	Additions	Transfer to operating fixed assets	As at September 30, 2019	As at October 01, 2017	Additions	Transfer to operating fixed assets	As at September 30, 2018
------(Rupees in thousand)-----								
<b>Plant and machinery</b>								
Storage tank terminal	19,288	26,515	(43,862)	1,941	-	19,288	-	19,288
Advance to contractor	570	-	(570)	-	-	570	-	570
	19,858	26,515	(44,432)	1,941	-	19,858	-	19,858
Turbo Alternator	-	148,999	-	148,999	-	-	-	-
	-	148,999	-	148,999	-	-	-	-
Effluent Treatment Plant	-	28,657	-	28,657	-	-	-	-
	-	28,657	-	28,657	-	-	-	-
Total	19,858	204,171	(44,432)	179,597	-	19,858	-	19,858

#### 5 INVESTMENT PROPERTY

##### - Former office premises

Description	Cost			Depreciation			Written down value as on September	Rate of Depreciation
	Opening	Additions	Closing	Opening	Charges for the year	Closing		
------(Rupees in thousand)-----								
September 30, 2019	1,600	-	1,600	1,323	28	1,351	249	10%
September 30, 2018	1,600	-	1,600	1,292	31	1,323	277	10%

5.1 The estimated market value as per valuation carried out by M/s. Tristar International Consultant (Private) Limited as on November 30, 2017 is Rs. 45.684 Million.

**Note**                      **2019**                      2018  
(Rupees in thousand)

#### 6 LONG TERM INVESTMENTS

At fair value through other comprehensive income-in quoted shares

6.1                      **170,985**                      **654,448**

##### 6.1                      **2019**                      **2018** **Number of shares** **par value Rs. 10 each**

<b>4,500</b>	4,500	Hum Network Limited		<b>12</b>	29
<b>2,488,061</b>	2,488,061	Power Cement Limited		<b>11,843</b>	18,014
<b>4,500</b>	16,994,000	Aisha Steel Mills Limited - Preference Shares	6.1.1	<b>58</b>	330,703
<b>900</b>	3,398,800	Aisha Steel Mills Limited - Ordinary Shares	6.1.2	<b>7</b>	43,641
<b>1,000,000</b>	1,000,000	Fauji Cement Limited	6.1.3	<b>13,400</b>	22,360
<b>320,045</b>	253,000	Mehran Sugar Mills Limited	6.1.3	<b>18,403</b>	26,755
<b>872,850</b>	759,000	IGI Holdings Limited	6.1.3	<b>127,262</b>	212,946
				<u><b>170,985</b></u>	<u><b>654,448</b></u>

6.1.1 During the year the Company has sold 16,989,500 preference shares of Aisha Steel Mills Limited. 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, 2019, the dividend accrued on these preference shares amounted to Rs. 0.07 (2018: Rs.237.357) 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.

**6.1.2** During the year, the Company has sold 3,397,900 ordinary shares of Aisha Steel Mills Limited.

**6.1.3** On October 01, 2016, short term investments amounting to Rs. 234.900 Million have been reclassified from fair value through profit or loss to available for sale investments category under long term investments due to the fact that the management intends to hold these investments for a long term period. The reclassification had been 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 investment, as discussed above, was contrary to the requirements of IFRS. The Company, in reply through its adviser, 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 the hearing was conducted on November 04, 2019. On December 10, 2019 an Order was passed by SECP which dismissed the appeal on the grounds that the Impunged Order was rightly passed by the Respondent. The fine of Rs. 10,000 was imposed on each appellant director will be deposited in the designated bank account provided by the SECP.

	2019 (Rupees in thousand)	2018
<b>The market value of each quoted security at the reporting date is as follows:</b>		
HUM Network Limited (HUMNL)	2.75	6.50
Power Cement Limited (POWER)	4.76	7.24
Aisha Steel Mills Limited (ASLPS)	12.97	19.46
Aisha Steel Mills Limited (ASL)	7.77	12.84
Fauji Cement Limited (FFC)	13.40	22.36
Mehran Sugar Mills Limited (MRNS)	57.50	105.75
IGI Holding Limited (IGIHL)	145.80	280.56

## 7 LONG TERM LOANS

### - Considered good and secured

Due from executives	7.1	310	830
Due from other employees		204	381
	7.2 & 7.3	514	1,211
Less: current portion of long term loans	13	(508)	(798)
		6	413

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

Balance at beginning of the year	830	517
Add: disbursements	250	900
	1,080	1,417
Less: recoveries during the year	(770)	(587)
Balance at end of the year	310	830

**7.2** The above loans are interest free and are given to executives and other employees of the Company for 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 of the employees and are within the limits of such securities.



7.3 Maximum aggregate amount of loans outstanding at any month end was Rs. 1.016 (2018: Rs. 1.756) Million.

	Note	2019 (Rupees in thousand)	2018
<b>8 DEFERRED TAXATION</b>			
<b>Deferred Tax Assets arising in respect of Deductible temporary differences</b>			
Available tax losses		150,794	158,916
Liabilities u/s 34(5)		74,022	68,394
Provisions		34,609	35,097
		<u>259,425</u>	<u>262,407</u>
<b>Taxable temporary differences</b>			
Accelerated tax depreciation		(218,644)	(225,788)
Investments		(2,686)	(19,010)
		<u>38,095</u>	<u>17,609</u>
Unrecognized deferred tax asset	8.1	<u>(38,095)</u>	<u>(17,609)</u>
		<u>-</u>	<u>-</u>

8.1 The Company has not recognized its entire deferred tax asset relating to tax losses up to the period ended September 30, 2019 as the Management expects that major portion of taxes of the Company in foreseeable future will fall under combination of minimum tax and final tax regime.

	Note	2019 (Rupees in thousand)	2018
<b>9 BIOLOGICAL ASSETS</b>			
<b>At fair value</b>			
Carrying value at beginning of the year		-	-
Addition due to cultivation		1,374	-
Gain arising from changes in fair value less estimated cost to sale		892	-
Receipts from harvested sugarcane		(1,537)	-
<b>Carrying value at end of the year</b>		<u>729</u>	<u>-</u>

#### 9.1 Operations and principal activities at farms

The company's agriculture activities represents cultivation of sugarcane.

9.2 Comparative figures are not restated owing to trivial nature of the amount of biological asset.

	Note	2019 (Rupees in thousand)	2018
<b>10 STORES AND SPARES</b>			
Stores and spares		176,637	173,086
Provision for slow moving items and obsolescence		(29,938)	(29,938)
		<u>146,699</u>	<u>143,148</u>
<b>11 STOCK-IN-TRADE</b>			
Raw materials	11.1	266,193	592,542
Work-in-process		4,842	4,061
<b>Finished goods</b>			
Sugar	11.2	913,128	1,153,076
Ethanol		150,392	140,559
	11.3	1,063,520	1,293,635
Stock of bagasse in hand		12,140	14,856
		<u>1,346,695</u>	<u>1,905,094</u>

- 11.1** Value of raw material pledged with financial institutions as on the statement of financial position date amounts to Rs. 119.34 (2018: Nil) Million.
- 11.2** Value of finished goods pledged with financial institutions as on the statement of financial position date amounts to Rs. 85.394 (2018: Rs. 354.753) Million.
- 11.3** Finished goods include stock items valued at net realizable value (NRV) at Rs. 166.316 (2018: Rs. 1,153.076) Million

		<b>Cost</b>	<b>NRV</b>
		<b>(Rupees in thousand)</b>	
<b>Summary of related Cost and NRV is as under:</b>			
	Sugar	<u>199,151</u>	<u>166,316</u>
		<b>Note</b>	
		<b>2019</b>	<b>2018</b>
		<b>(Rupees in thousand)</b>	
<b>12</b>	<b>TRADE DEBTS</b>		
	<b>Considered good</b>		
	Export	<b>16,565</b>	210,711
	Local	<b>64,593</b>	33,060
		<u>81,158</u>	<u>243,771</u>
	<b>Considered doubtful</b>		
	Local	<b>15,432</b>	15,432
		<b>96,590</b>	259,203
	Provision for doubtful debts	<b>(15,432)</b>	(15,432)
		<u>81,158</u>	<u>243,771</u>
<b>13</b>	<b>LOANS AND ADVANCES</b>		
	<b>Loans</b>		
	<b>To growers</b>		
	<b>- Interest based:</b>		
	Considered good	13.1	<b>16,092</b>
	<b>- Non - Interest Based:</b>		
	Considered good		835
	Considered doubtful		301
			<b>1,213</b>
	Provision for loans considered doubtful		(301)
			<b>912</b>
	Current portion of loans to employees and executives	7	<b>508</b>
			<b>17,512</b>
	<b>Advances</b>		
	<b>Considered good</b>		
	To employees against expenses		81
	To suppliers and contractors		300,028
	Against letter of credit for stores and spares parts		12,395
			<b>155</b>
			<b>1,420,064</b>
			<b>921</b>
			<b>1,421,140</b>
	<b>Considered doubtful</b>		
	To suppliers and contractors		75,355
			<b>73,669</b>
	Provision for doubtful advances	13.2	387,859
			<b>(73,669)</b>
			<b>1,421,140</b>
			<b>1,438,652</b>

**13.1** The rate of markup on such loans is 14.96% (2018: 14.96%) per annum subject to final settlement with the respective grower. In order to ensure supply of sugarcane from certain growers, Company has provided fertilizers, seeds and tricograma cards which has been provided as loan and the Company will recover the same out of the cane supply from the said grower in the ensuing season.

	Note	2019 (Rupees in thousand)	2018
<b>13.2</b>			
Balance at the beginning of the year		(75,355)	(75,355)
Provision reversed during the year		<u>1,685</u>	<u>-</u>
Balance at end of the year		<u>(73,670)</u>	<u>(75,355)</u>

#### 14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Deposits		-	1,000
Prepayments	14.1	<u>17,933</u>	<u>8,343</u>
		<u>17,933</u>	<u>9,343</u>

##### 14.1 Prepayments

Rent		8,861	735
Establishment charges		4,315	3,966
Insurance		3,746	2,631
Software license fees		<u>1,011</u>	<u>1,011</u>
		<u>17,933</u>	<u>8,343</u>

#### 15 SHORT TERM INVESTMENTS

##### At amortized cost

Term Deposit Receipts	15.1	833,600	600
Treasury Bills	15.2	<u>195,986</u>	<u>-</u>
		<u>1,029,586</u>	<u>600</u>

**15.1** These carry profit ranging from 6.74% to 12.65% (2018: 3.99% to 6.84%) per annum.

**15.2** These carry profit at 13.60% (2018: Nil) per annum.

	Note	2019 (Rupees in thousand)	2018
<b>16 OTHER RECEIVABLES</b>			
<b>- Considered good</b>			
Sales tax and excise duty	16.1	14,927	84,661
Freight subsidy on sugar export	16.2	274,405	506,466
Workers' profit participation fund	16.3	4,593	-
Others		<u>780</u>	<u>1,030</u>
		<u>294,705</u>	<u>592,157</u>

**16.1** This includes amount of Rs 3.894 Million in respect of Show Cause Notice issued by Assistant Commissioner (Unit-08), Sindh Revenue Board, Karachi against short payment of Sindh Service Tax amounting to Rs. 15.575 Million for the financial year 2013-14, 2014-15, 2015-16 and 2016-17. An Order-in-Original has been issued demanding payment of Rs. 31.929 Million (Rs. 15.575 Million plus a penalty of Rs. 16.354 Million). The recovery of Rs. 3.894 Million was made directly by debiting the Company's National Bank account by Sindh Revenue Board. The Company has filed an appeal before Commissioner (Appeals) Karachi which has granted the Stay and the

Company has paid Rs. 0.558 Million to make 25% payment of principal amount in order to avoid Sindh Revenue Board for any further recovery under Section 66(1)(f). The case is pending before Commissioner (Appeals) Karachi and hearings are in progress.

- 16.2** This includes Rs. 232.062 (2018: Rs. 464.123) Million outstanding against the subsidy related to sugar exports of previous year. The management believes that the balance is recoverable as this represents receivable from the Government. Therefore, no provision has been made in these financial statements.

	Note	2019 (Rupees in thousand)	2018
<b>16.3 Workers' profit participation fund</b>			
Balance at beginning of the year		(5,967)	(10,689)
Interest for the year	35	(92)	(99)
		<u>(6,059)</u>	<u>(10,788)</u>
Charge for the year	34	(65,407)	(72,967)
		<u>(71,466)</u>	<u>(83,755)</u>
Paid during the year		76,059	77,788
		<u>4,593</u>	<u>(5,967)</u>
<b>17 INTEREST ACCRUED</b>			
<b>- On</b>			
Growers loan	13.1	2,611	1,625
Term deposit receipts / Treasury bills	15.1 & 15.2	8,886	-
		<u>11,497</u>	<u>1,625</u>
<b>18 INCOME TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
Income tax	18.1	103,447	92,816
<b>18.1</b>			
Balance at the beginning of the year		92,816	91,212
Advance tax paid / deducted during the year		99,880	78,503
Provision for taxation for the year	37	(91,222)	(81,600)
Prior year tax		1,973	4,701
		<u>103,447</u>	<u>92,816</u>
<b>19 CASH AND BANK BALANCES</b>			
<b>Cash in hand</b>		941	1,047
<b>Cash at banks</b>			
Current accounts		24,504	82,038
Savings accounts	19.1	98,686	28,922
		<u>123,190</u>	<u>110,960</u>
		<u>124,131</u>	<u>112,007</u>

- 19.1** These carry profit ranging from 2.87% to 7.56% (2018: 2.85% to 4.25%) per annum.

## 20 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019 (Number of shares)	2018 (Number of shares)		2019 (Rupees in thousand)	2018 (Rupees in thousand)
<u>17,362,300</u>	<u>17,362,300</u>	Ordinary shares of par value of Rs.10 each fully paid in cash	<u>173,623</u>	<u>173,623</u>

20.1 Number of shares held by associates as on the statement of financial position date are 7,601,432 (2018: 7,299,432).

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	2019 (Rupees in thousand)	2018 (Rupees in thousand)
<b>21 RESERVES</b>			
<b>Capital reserves</b>			
Unrealized (loss) / gain on investment at fair value through other comprehensive income	21.1	<b>(90,223)</b>	170,801
<b>Revenue reserves</b>			
General reserve		<b>1,458,000</b>	1,458,000
Unappropriated profit	21.2	<b>1,685,851</b>	1,791,550
		<u><b>3,143,851</b></u>	<u>3,249,550</u>
		<u><b>3,053,628</b></u>	<u>3,420,351</u>

21.1 Capital reserves will be utilized for any purpose only after it is realized and transferred to equity. 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.

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
<b>22 DEFERRED LIABILITY</b>			
Market Committee fee	22.1	<u><b>92,041</b></u>	<u>87,363</u>

22.1 The Company has challenged the levy of market committee fee on sugarcane milled since the crushing season 1992 / 93 till to date in the Honourable High Court of Sindh and filed a constitutional petition no 298 / 2004 and has also obtained a Stay Order from the Honourable High Court of Sindh. Pending the outcome of the petition, the Company has accounted for the levy as a matter of prudence.

	Note	2019 (Rupees in thousand)	2018
<b>23 TRADE AND OTHER PAYABLES</b>			
Creditors	23.1, 23.2 & 23.3	<b>1,034,798</b>	799,538
Accrued liabilities		<b>86,696</b>	83,406
Advances from customers		<b>138,455</b>	207,031
Short term deposits	23.4	<b>38,146</b>	-
Unearned storage service income		<b>9,323</b>	-
Sales tax payable		<b>43,556</b>	3,279
Workers' Profit Participation Fund	16.3	-	5,967
Workers' Welfare Fund		<b>52,828</b>	27,973
Retention money		<b>2,063</b>	2,050
Defined benefit plan - related party	23.5.1	<b>1,560</b>	25,837
Special Excise Duty payable		<b>9,696</b>	9,696
Others		<b>4,090</b>	3,729
		<b>1,421,211</b>	1,168,506

**23.1** This includes amount of 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 Honorable High Court of Sindh. However these notifications have been challenged by Pakistan Sugar Mills Association and other Sugar Mills in Honorable Supreme Court of Pakistan, the case has been pending with the Honorable Court as at September 30, 2019.

**23.2** This includes provision for quality premium recorded from the year 2002 to 2010 and 2019 amounting to Rs. 324.474 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. However, for season 18-19, the Company along with other sugar mills located in Sindh has filed a Suit No. 5160 of 2019 before Honourable High Court of Sindh at Karachi challenged the issuance of Notification bearing No. 8(142)/S.O (Ext)2018-19 dated 02-05-2019 in respect of quality premium and prayed that to declare this Notification as illegal, unlawful and unconstitutional. The case is pending before the Court.

**23.3** This includes amount of Rs. 366.047 Million recorded by the management in respect of sugarcane purchases for crushing season 2017-18. A notification was issued by Cane Commissioner Sindh which has fixed the price of sugarcane at Rs. 182 per maund 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 Rs. 160 per maund from the growers for crushing season 2017-18. The Company has paid the sugarcane growers at the rate of Rs. 160 per maund and accrued the balance liability. Pending the final order of the High Court, the Company has recorded the unpaid amount as a matter of prudence.

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

#### **23.5 Defined benefit plan - related party**

As stated in note 3.15, 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, 2019 using projected unit credit method. The disclosures made in notes 23.5.1 to 23.5.12 are based on the information included in that actuary's report.

	Note	2019 (Rupees in thousand)	2018
<b>23.5.1 The liability recognized in the statement of financial position is as follows:</b>			
Present value of defined benefit obligation	23.5.2	(107,730)	(90,931)
Fair value of plan assets	23.5.3	133,458	98,319
Payables - (Benefits due but not paid)		(27,288)	(26,934)
Receivable from employees gratuity fund	23.5.7	(1,560)	(19,546)
Other liability - Payable to gratuity fund	23.5.8	-	(6,291)
Net payable at the end of the year		(1,560)	(25,837)

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

Present value of defined benefit obligation at the beginning of the year		90,931	96,232
Current service cost		16,925	14,052
Interest cost on defined benefit obligation		8,385	5,978
Benefits due but not paid (payables)		(646)	(24,366)
Benefits paid		(13,518)	(18,641)
Remeasurements due to - experience adjustments		5,960	17,900
Remeasurements due to - actuarial gain from change in assumption		(307)	(224)
Present value of defined benefit obligation at the end of the year		107,730	90,931

### 23.5.3 Changes in fair value of plan assets

Fair value of plan assets as at the beginning of the year		98,319	106,277
Contributions during the year		34,300	-
Interest income on plan assets		10,871	7,756
Benefit paid during the year - defined benefit obligation		(13,518)	(18,641)
Benefit paid during the year from payables		(292)	(103)
Return on plan assets, excluding interest income		3,778	3,030
Fair value of plan assets at the end of the year		133,458	98,319

2019		2018	
Rupees in '000	%	Rupees in '000	%

### 23.5.4 Plan assets comprises of

Investments	108,499	81.30	58,401	59.40
Bank balance and receivables	24,959	18.70	39,918	40.60
	133,458	100.00	98,319	100.00

### 23.5.5 The following amounts have been charged to statement of profit or loss during the year

	2019 (Rupees in thousand)	2018
Current service cost	16,925	14,052
Interest cost on defined benefit obligation	8,385	5,978
Interest income on plan assets	(10,871)	(7,756)
	14,439	12,274



	Note	2019 (Rupees in thousand)	2018
<b>23.5.6 Total Remeasurements chargeable in Other Comprehensive Income</b>			
<b>Gain / (loss) on remeasurements of defined benefit obligation</b>			
Due to experience adjustments		(5,960)	(17,900)
Actuarial gain from changes in financial assumptions		307	224
Return on plan assets, excluding interest income		3,778	3,030
		<u>(1,875)</u>	<u>(14,646)</u>

### 23.5.7 Changes in net liability

Liability / (Asset) at the beginning of the year		19,546	(7,374)
Charge for the year in statement of profit or loss	23.5.5	14,439	12,274
Remeasurements chargeable in OCI	23.5.6	1,875	14,646
Contributions	23.5.3	(34,300)	-
Liability at the end of the year		<u>1,560</u>	<u>19,546</u>

### 23.5.8 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 the same against the net receivable from the Fund.

### 23.5.9 Principal actuarial assumptions

The latest actuarial valuation for gratuity fund was carried out as at September 30, 2019 using the Projected Unit Credit Method (PUCM). The following significant assumptions used for the actuarial valuation:

	2019	2018
Discount rate used for interest cost charged to statement of profit or loss	<u>10.00%</u>	<u>8.00%</u>
Discount rate used for year end obligation	<u>12.50%</u>	<u>10.00%</u>
Expected rate of increase in salary	<u>11.50%</u>	<u>9.00%</u>
Expected rate of return on plan assets	<u>10.00%</u>	<u>8.00%</u>
Withdrawal rates	<u>Age based</u>	<u>Age based</u>
Average retirement age of an employee	<u>60 years</u>	<u>60 years</u>
Mortality rates	<u>SLIC 2001-2005 setback 1 year</u>	<u>SLIC 2001-2005 setback 1 year</u>

### 23.5.10 Year end sensitivity analysis on defined benefit obligation

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analyses 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:

	Impact on defined benefit obligation		
	Changes in assumption	Increase	Decrease
%		- - - (Rupees in thousand) - - -	
Discount rate	1	101,293	(115,024)
Salary increase	1	114,834	(101,360)

**23.5.11** Expected charge for the year 2019-20 will be Rs. 13.928 Million.

**23.5.12** Risks associated with the fund

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

**Final Salary Risk (linked to inflation 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.

	Note	2019 (Rupees in thousand)	2018
<b>24 ACCRUED MARKUP</b>			
Markup on short term borrowings		6,648	4,017
<b>25 SHORT TERM BORROWINGS</b>			
<b>From banking companies - secured Under Mark up arrangements</b>			
Cash / running finances	25.1	68,237	83,090
Export refinance	25.1	1,555,000	619,000
		1,623,237	702,090

**25.1** The available aggregate finance facilities (short term funded) amounted to Rs. 4.010 (2018: Rs. 4.006) Billion which have been arranged from various commercial banks out of which Rs. 3.310 (2018: 3.085) Billion are with export refinance and FE 25. Out of total export refinance limit, Rs. 3.125 (2018: 2.600) 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 markup ranging from 1 to 3 months KIBOR plus 0.70% to 1.50% (2018: 1 to 3 months KIBOR plus 0.65% to 0.75%) per annum payable quarterly in arrears or upon maturity and Export refinance carry markup ranging from of SBP rate plus 0.60% to 1 % (2018: SBP rate plus 0.70% to 1%) per annum. At the year end, facilities amounting to Rs. 2.387 (2018: Rs. 3.304) Billion remained unutilized. These facilities are expiring on various dates latest by March 31, 2020 and are renewable.

**25.2** The available facilities for opening letters of credit on the reporting date aggregate to Rs. 300 (2018: Rs. 304.044) Million of which facilities unutilized on reporting date amounting to Rs. 278.46

(2018: Rs. 200) Million.

**25.3** The available facilities in respect of letters of guarantee on the reporting date aggregate to Rs. 55.00 (2018: Rs. 55.00) Million of which facilities unutilized on reporting date amounting to Rs. 0.400 (2018: Rs. 0.400) Million.

	Note	2019 (Rupees in thousand)	2018
<b>26 UNCLAIMED DIVIDEND</b>	26.1	<u>29,383</u>	<u>15,400</u>

**26.1** In pursuant of the provisions of the Companies Act, 2017 the Company has sent final notice to the shareholders in respect of unclaimed dividend of more than three years old and will be transferred to Government account in case they remain unclaimed after the expiry of notice period. The Company has also requested the Securities and Exchange Commission of Pakistan to provide the designated bank account details in order to transfer the amount of unclaimed dividend older than three years.

	Note	2019 (Rupees in thousand)	2018
<b>27 PROVISION FOR TAXATION</b>	27.1	<u>12,846</u>	<u>12,846</u>

**27.1** 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 favour of the Company.

## **28 CONTINGENCIES AND COMMITMENTS**

### **28.1 Contingencies**

- 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 total amount outstanding as at September 30, 2019 for water, sewerage, conservancy and fire amounting to Rs. 24.075 (September 30, 2018: Rs. 23.997) Million. The management, in the light of legal advisor's opinion, is confident that the case will be decided in favour 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. As per legal adviser there are no financial implications related to this matter at the moment.
- c)** A Suit, bearing no. 281 has been filed in 2013 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 Ex-Chief Executive and eight others, alleging mismanagement in the Company's affairs including siphoning off and divergence of Company's funds by the Ex-Chief Executive and others. The prayer sought in the suit mainly comprises 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 the forensic audit of the Company and removal of its Ex-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)** 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. 70.939 (2018: Rs. 54.698) 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.
- f)** 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.

- g)** 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.

During the year the Commissioner Inland Revenue (Appeals-I), Karachi, decided the Appeal in favour of Assistant Commissioner Inland Revenue, Large Taxpayers Unit, Karachi. Aggrieved with the decision of Commissioner Inland Revenue (Appeals-I), Karachi, the Company has filed appeal before Appellate Tribunal Inland Revenue, Karachi, who has remanded back the case to Assistant Commissioner Inland Revenue, Large Taxpayers Unit, Karachi.

Tax advisor of the Company is hopeful that the decision of tax department will be in Company's favour therefore, no provision has been made in these financial statements.

- h)** A Show Cause Notice was issued by Assistant Commissioner (Unit-08), Sindh Revenue Board, Karachi against short payment of Sindh Service Tax amounting to Rs. 15.575 Million for the financial year 2013-14, 2014-15, 2015-16 and 2016-17. An Order-in-Original has been issued demanding payment of Rs. 31.929 Million (Rs. 15.575 Million plus a penalty of Rs. 16.354 Million). The recovery of Rs. 3.336 Million was made by directly debiting the Company's National Bank account by Sindh Revenue Board. The Company has filed an appeal before Commissioner (Appeals) Karachi which has granted the Stay and the Company has paid Rs. 0.558 Million to make 25% payment of principal amount in order to avoid Sindh Revenue Board for any further recovery under Section 66(1)(f). The case is pending before Commissioner (Appeals) Karachi and hearings are in progress.
- i)** Bank guarantees of Rs. 54.60 (2018: Rs. 54.6) Million have been issued by the banking companies on behalf of the Company in favour of customers and suppliers.

## **28.2 Commitments**

- a) Commitments in respect of outstanding letter of credit amounts to Rs. 21.540 (2017: Rs. 104.044) Million.
- b) Capital commitments in respect of plant and machinery amounting to Rs. 177.167 (2018: Rs. 27.907) Million.

	Note	Sugar		Ethanol		Total	
		2019	2018	2019	2018	2019	2018
(Rupees in thousand)							
<b>29. SALES - NET</b>							
<b>Gross sales</b>							
Local		<b>3,057,183</b>	489,961	<b>254,226</b>	245,981	<b>3,311,409</b>	735,942
Export	29.1	<b>275,174</b>	3,400,726	<b>4,005,051</b>	3,457,924	<b>4,280,225</b>	6,858,650
		<b>3,332,357</b>	3,890,687	<b>4,259,277</b>	3,703,905	<b>7,591,634</b>	7,594,592
<b>Less:</b>							
Sales tax		<b>(386,672)</b>	(61,504)	<b>(40,100)</b>	(39,011)	<b>(426,772)</b>	(100,515)
		<b>2,945,685</b>	3,829,183	<b>4,219,177</b>	3,664,894	<b>7,164,862</b>	7,494,077

**29.1** It includes exchange gain of Rs. 11.430 (2018: 85.632) Million on export of sugar and Rs. 8.557 (2018: Rs. 6.052) Million on export of ethanol.

### 30 COST OF SALES

Cost of raw materials consumed		<b>2,442,377</b>	3,044,175	<b>2,247,513</b>	1,864,922	<b>4,689,890</b>	4,909,097
Stores and spare parts consumed		<b>107,586</b>	107,811	<b>113,138</b>	72,670	<b>220,724</b>	180,481
Packing materials		<b>30,937</b>	49,528	-	-	<b>30,937</b>	49,528
Salaries, wages and other benefits	30.1	<b>247,701</b>	249,534	<b>55,365</b>	54,666	<b>303,066</b>	304,200
Fuel, electricity and water charges		<b>3,589</b>	4,646	<b>38,550</b>	56,544	<b>42,139</b>	61,190
Other manufacturing expenses	30.2	<b>41,878</b>	41,376	<b>30,928</b>	32,686	<b>72,806</b>	74,062
Repairs and maintenance		<b>7,452</b>	5,947	<b>14,612</b>	6,624	<b>22,064</b>	12,571
Depreciation	4.1.2	<b>33,939</b>	35,936	<b>27,302</b>	27,456	<b>61,241</b>	63,392
		<b>2,915,459</b>	3,538,953	<b>2,527,408</b>	2,115,568	<b>5,442,867</b>	5,654,521
<b>Work-in-process</b>							
Opening		<b>4,061</b>	4,498	-	-	<b>4,061</b>	4,498
Closing		<b>(4,842)</b>	(4,061)	-	-	<b>(4,842)</b>	(4,061)
		<b>(781)</b>	437	-	-	<b>(781)</b>	437
		<b>2,914,678</b>	3,539,390	<b>2,527,408</b>	2,115,568	<b>5,442,086</b>	5,654,958
<b>Less:</b>							
Transfer price of molasses		<b>(205,080)</b>	(195,764)	-	-	<b>(205,080)</b>	(195,764)
Sale of fusel oil - net		-	-	<b>(1,274)</b>	(931)	<b>(1,274)</b>	(931)
Transfer price of bagasse		<b>(38,530)</b>	(54,309)	-	-	<b>(38,530)</b>	(54,309)
Stock adjustment of bagasse in hand		<b>2,716</b>	(7,488)	-	-	<b>2,716</b>	(7,488)
Sale of bagasse - net		<b>(30,326)</b>	(18,151)	-	-	<b>(30,326)</b>	(18,151)
		<b>(271,220)</b>	(275,712)	<b>(1,274)</b>	(931)	<b>(272,494)</b>	(276,643)
<b>Cost of goods manufactured</b>		<b>2,643,458</b>	3,263,678	<b>2,526,134</b>	2,114,637	<b>5,169,592</b>	5,378,315
<b>Finished goods</b>							
Opening		<b>1,153,076</b>	1,149,129	<b>140,559</b>	195,521	<b>1,293,635</b>	1,344,650
Closing		<b>(913,128)</b>	(1,153,076)	<b>(150,392)</b>	(140,559)	<b>(1,063,520)</b>	(1,293,635)
		<b>239,948</b>	(3,947)	<b>(9,833)</b>	54,962	<b>230,115</b>	51,015
		<b>2,883,406</b>	3,259,731	<b>2,516,301</b>	2,169,599	<b>5,399,707</b>	5,429,330

**30.1** Salaries, wages and other benefits include Rs. 8.138 (2018: Rs. 8.182) Million in respect of defined benefit plan - gratuity.

### 30.2 Other Manufacturing Expenses

Security services	<b>10,095</b>	10,281	<b>6,730</b>	6,854	<b>16,825</b>	17,135
Printing and stationery	<b>168</b>	178	<b>112</b>	118	<b>280</b>	296
Vehicle running	<b>5,848</b>	5,765	<b>3,899</b>	3,843	<b>9,747</b>	9,608
Insurance	<b>10,083</b>	9,421	<b>5,843</b>	5,441	<b>15,926</b>	14,862
Travelling and conveyance	<b>777</b>	467	<b>518</b>	311	<b>1,295</b>	778
Others	<b>14,907</b>	15,264	<b>13,826</b>	16,119	<b>28,733</b>	31,383
	<b>41,878</b>	41,376	<b>30,928</b>	32,686	<b>72,806</b>	74,062

	Note	2019 (Rupees in thousand)	2018
<b>31 PROFIT FROM OTHER REPORTABLE SEGMENTS - NET</b>			
Net profit from storage tank terminal	31.1	<b>78,543</b>	93,455
Net loss from chemical, alloys and power segment and fixed expenses due to suspension	31.2	<b>(38,935)</b>	(40,437)
		<b>39,608</b>	53,018



	Note	2019 (Rupees in thousand)	2018
<b>31.1 Net profit from storage tank terminal</b>			
Storage service income		114,198	135,796
Inter-segment services		17,100	17,100
		<u>131,298</u>	<u>152,896</u>
<b>Less: direct expenses</b>			
Salaries, wages and other benefits	31.1.1	18,728	18,269
Water, fuel and power		1,519	2,389
Repairs and maintenance		2,977	5,903
Depreciation	4.1.2	13,025	14,141
Security services		2,218	2,201
Printing and stationery		45	46
Lease charges		2,988	2,809
Vehicle running		770	770
Insurance		4,038	2,726
Shipment expenses		847	3,442
Fees and subscription		71	750
Establishment charges		3,254	2,996
Others		2,275	2,999
		<u>52,755</u>	<u>59,441</u>
		<u>78,543</u>	<u>93,455</u>

**31.1.1** Salaries, wages and other benefits include Rs. 0.908 (2018: Rs. 0.748) Million in respect of defined benefit plan - gratuity.

### 31.2 Net loss from chemical, alloys and power segment and fixed expenses due to suspension

#### Fixed expenses due to suspension

Chemical and alloys	31.2.1	21,718	22,689
Power	31.2.2	17,217	17,748
		<u>38,935</u>	<u>40,437</u>

#### 31.2.1 Chemical and alloys

Salaries, wages and other benefits	31.2.1.1	2,157	2,039
Water, fuel and power		777	886
Security services		5,611	5,576
Printing and stationery		4	3
Vehicle running		-	99
Insurance		933	949
Travelling and conveyance		7	5
Repairs and maintenance		85	74
Depreciation	4.1.2	11,824	12,800
Others		320	258
		<u>21,718</u>	<u>22,689</u>

**31.2.1.1** Salaries, wages and other benefits include Rs. 0.07 (2018: Rs. 0.058) Million in respect of defined benefit plan - gratuity.



	Note	2019 (Rupees in thousand)	2018
<b>31.2.2 Power</b>			
Salaries, wages and other benefits	31.2.2.1	1,710	1,617
Water, fuel and power		617	702
Security services		4,450	4,422
Printing and stationery		2	1
Vehicle running expenses		-	78
Insurance Expenses		739	752
Travelling and conveyance		6	4
Repairs and maintenance		68	59
Depreciation	4.1.2	9,371	9,908
Others		254	205
		<u>17,217</u>	<u>17,748</u>

31.2.2.1 Salaries, wages and other benefits include Rs. 0.056 (2018: Rs. 0.046) Million in respect of defined benefit plan - gratuity.

Note	Sugar		Ethanol		Total	
	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)					

### 32 DISTRIBUTION COST

Sugar bags handling expenses	7,938	11,629	-	-	7,938	11,629
Export transportation and other expenses	14,537	127,616	328,839	348,344	343,376	475,960
Salaries and other benefits 32.1	1,168	881	2,975	2,675	4,143	3,556
Local transportation	13,294	-	-	-	13,294	-
Marking fees	3,332	3,891	-	-	3,332	3,891
	<u>40,269</u>	<u>144,017</u>	<u>331,814</u>	<u>351,019</u>	<u>372,083</u>	<u>495,036</u>

32.1 Salaries and other benefits include Rs. 0.416 (2018: 0.363) Million in respect of defined benefit plan - gratuity.

### 33 ADMINISTRATIVE EXPENSES

Salaries and other benefits	33.1	35,117	29,196	23,411	19,464	58,528	48,660
Rent, rates and taxes		4,756	3,522	3,171	2,348	7,927	5,870
Communication charges		1,853	1,844	1,235	1,229	3,088	3,073
Traveling and conveyance		2,459	1,223	1,639	815	4,098	2,038
Printing and stationery		1,173	896	782	598	1,955	1,494
Entertainment		997	1,032	665	688	1,662	1,720
Vehicle running		4,280	4,489	2,853	2,993	7,133	7,482
Repairs and maintenance		760	1,330	507	887	1,267	2,217
Insurance		1,873	2,053	1,249	1,369	3,122	3,422
Fees and subscription		3,646	3,213	2,431	2,143	6,077	5,356
Legal and professional		5,435	5,000	3,623	3,333	9,058	8,333
Auditors' remuneration	33.2	1,182	1,132	788	755	1,970	1,887
Charity and donations	33.3	1,000	1,000	-	-	1,000	1,000
Newspaper and periodicals		71	60	47	40	118	100
Utilities		2,280	2,354	1,520	1,569	3,800	3,923
Depreciation on property, plant and equipment	4.1.2	5,829	4,419	3,886	2,946	9,715	7,365
Depreciation on investment property		28	31	-	-	28	31
Security charges		749	597	499	398	1,248	995
Board meetings expenses		1,284	249	856	166	2,140	415
Miscellaneous expenses		413	398	275	264	688	662
		<u>75,185</u>	<u>64,038</u>	<u>49,437</u>	<u>42,005</u>	<u>124,622</u>	<u>106,043</u>

33.1 Salaries and other benefits include Rs. 4.851 (2018: Rs. 3.434) Million in respect of defined benefit plan - gratuity.

### 33.2 Auditors' remuneration

<b>Statutory Auditors</b>						
Annual audit fee	720	660	480	440	1,200	1,100
Half yearly review fee	78	68	52	45	130	113
Code of Corporate Governance Review fee	45	36	30	24	75	60
Out of pocket expenses	86	116	58	78	144	194
Other services	253	252	168	168	421	420
	<u>1,182</u>	<u>1,132</u>	<u>788</u>	<u>755</u>	<u>1,970</u>	<u>1,887</u>

**33.3** No organization or person to whom donations are paid exceeds the limits prescribed under Fourth Schedule to the Companies Act, 2017. None of the Directors or their spouse have any interest in the donees' fund.

	Note	2019 (Rupees in thousand)	2018
<b>34 OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund		65,407	72,967
Workers' welfare fund - Current		24,855	27,973
- Prior	34.1	25,388	-
		<u>115,650</u>	<u>100,940</u>

**34.1** The Sindh Revenue Board has created a demand to Rs. 21.163 Million plus penalty of Rs. 1.058 Million for the years 2015 and 2016 against the Company on account of Sindh Workers' welfare Fund (SWWF). The Company has filed an appeal before the Commissioner Appeals Sindh Revenue Board on the ground that due to adjustment of huge brought forward losses, Company would not be liable to pay SWWF. The appeal is pending adjudication. However, during the year, the Company has paid Rs. 25.388 Million for the years 2015, 2016 and 2017 under protest availing the benefits of amnesty scheme announced by the Sindh Revenue Board.

	Note	2019 (Rupees in thousand)	2018
<b>35 FINANCE COST</b>			
Markup on short term borrowings		58,354	57,042
Interest on Workers Profit Participation Fund		92	99
Bank charges and guarantee commission		5,496	6,940
		<u>63,942</u>	<u>64,081</u>

**36 OTHER INCOME**

**Income from financial assets**

Markup on loan to growers		1,605	1,953
Income from TDR / PLS deposits		41,033	1,563
Dividend		7,838	12,135
		<u>50,476</u>	<u>15,651</u>

**Income from non - financial assets**

Scrap sales		9,102	909
Reversal of provisions		8,639	-
Gain on disposal of property, plant & equipment		2,423	1,832
Income from biological asset	36.1	892	155
Income from Bio-chemical lab		946	112
Miscellaneous		283	355
		<u>22,285</u>	<u>3,363</u>
		<u>72,761</u>	<u>19,014</u>

**36.1** 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.

	Note	2019 (Rupees in thousand)	2018
<b>37 TAXATION</b>			
Current		91,222	81,600
Prior	37.1	(1,973)	(4,701)
		<u>89,249</u>	<u>76,899</u>

- 37.1** This represents turnover tax under section 113 of the Income Tax Ordinance, 2001 and Final Tax Regime ( FTR), therefore, no numerical tax reconciliation is given.
- 37.2** Income tax returns of the Company have been filed up to tax year 2019 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.
- 37.3** 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.
- 37.4** The Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) for the tax year 2014 whereby income tax demand of Rs. 28.751 Million has been raised based on wrong apportionment of expenses between NTR and FTR, disallowances of expenses / cash withdrawal and not accounting for brought forward tax losses. The Company applied for rectification of Order to ACIR, LTU, Karachi, for wrong apportionment of expenses and not accounting brought forward tax losses and filed an appeal with the Commissioner Appeals Inland Revenue which gave the relief and allowed expenses / cash withdrawal to the extent of Rs. 26 Million and confirmed disallowances of expenses of Rs. 140 Million against the Company. The Company has filed the appeal before Tribunal against the disallowance of expenses of Rs. 140 Million. However, the CIR has also filed an appeal before Tribunal against the relief of Rs. 26 Million. The tax adviser of the Company expects favorable outcome, therefore, no provision has been made in these financial statements.
- 37.5** During the year, the case of the Company was selected for Audit u/s 177 of the Ordinance for the tax year 2017. Pursuant to the audit proceeding recently the concerned Officer Inland Revenue has completed the audit proceeding and duly passed the amended order under Section 122(I) of the Income Tax Ordinance , 2001 in which no taxable income has been assessed due to availability of previous tax years assessed brought forward losses. However, the Officer has not allowed / determined actual losses to be carried forward and proper credit of taxes paid amounting to Rs. 20.978 Million. This being an apparent mistake from records is duly notified through rectification letter under Section 221 of the Income Tax Ordinance, 2001 and rectification order is pending.

	Note	2019 (Rupees in thousand)	2018
<b>38 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Net profit for the year		<u>1,111,978</u>	<u>1,293,780</u>
		<b>(No. of shares)</b>	
Weighted average number of ordinary shares outstanding		<u>17,362,300</u>	<u>17,362,300</u>
Basic and diluted earnings per share - Rupees	38.1	<u>64.05</u>	<u>74.52</u>

- 38.1** 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.

	Note	2019 (Rupees in thousand)	2018
<b>39 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		<b>1,201,227</b>	1,370,679
<b>Adjustment for:</b>			
Depreciation on property, plant and equipment		105,176	107,606
Depreciation on investment property		28	31
Markup on loan to growers		(1,605)	(1,953)
Provision for staff retirement benefits - gratuity		14,439	12,274
Income from TDR / PLS deposits		(41,033)	(1,563)
Dividend income		(7,838)	(12,135)
Gain on disposal of property, plant and equipment - net		(2,423)	(1,832)
Finance cost		63,850	64,081
Subsidy on sugar export		-	(865,424)
Increase in market committee fee		4,678	6,656
Decrease in long term deposit		(22,381)	-
Income from biological asset		(892)	-
Workers' Welfare Fund		50,243	27,973
Workers' Profit Participation Fund charge including interest		65,499	72,967
		<b>227,741</b>	(591,319)
Working capital changes	39.1	<b>115,957</b>	787,524
<b>Cash generated from operations</b>		<b>1,544,925</b>	<b>1,566,884</b>

#### 39.1 Working capital changes

<b>(Increase) / decrease in current assets</b>			
Biological assets		163	-
Stores and spare parts		(3,551)	16,035
Stock-in-trade		558,399	57,581
Trade debts		162,613	(215,459)
Loans and advances		(1,112,625)	186,793
Trade deposits and short term prepayments		(8,590)	5,984
Other receivables		297,452	326,229
		<b>(106,139)</b>	377,163
<b>Increase / (decrease) in trade and other payables</b>		<b>222,096</b>	410,361
<b>Cash generated from working capital</b>		<b>115,957</b>	<b>787,524</b>

#### 40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	----- Rupees in thousand -----							
Management remuneration	11,953	9,483	-	1,276	36,697	29,562	48,650	40,321
Medical allowances	858	940	-	128	3,396	2,691	4,254	3,759
Leave fare allowance	4,000	-	-	-	-	-	4,000	-
Other perquisites	2,936	2,299	-	134	11,115	8,737	14,051	11,170
Retirement benefits	1,200	869	-	117	4,150	3,464	5,350	4,450
<b>Total</b>	<b>20,947</b>	<b>13,591</b>	<b>-</b>	<b>1,655</b>	<b>55,358</b>	<b>44,454</b>	<b>76,305</b>	<b>59,700</b>
No. of persons	1	1	-	1	16	14	17	16

- 40.1** The aggregate amount of perquisites during the year on retired Chairman's vehicle was Rs. 0.063 (2018: Rs. 0.195) Million. The boarding and lodging expenses incurred for a retired Non-Executive Director amounted to Rs. 0.149 (2018: Rs. 0.252) Million.
- 40.2** Chief Executive Officer is provided with the Company maintained car for business and personal use.
- 40.3** The Company has paid Rs. 1.650 (2018: Rs. Nil) Million for meeting fees to its Non-Executive Directors during the year.
- 40.4** Fourteen (2018: Fourteen) Executives of the Company are also provided with the Company maintained cars for the business and their personal use.

**2019**                      **2018**  
**(Rupees in thousand)**

**41 FINANCIAL INSTRUMENTS BY CATEGORY**

**Financial Assets**

**- At amortized cost**

Loans including current portion	7	<b>513</b>	2,009
Long term deposits		<b>11,848</b>	11,606
Trade debts - gross	12	<b>96,590</b>	259,203
Trade deposits	14	-	1,000
Interest accrued - TDRs and T-Bills	17	<b>8,886</b>	-
Other receivables	16	<b>780</b>	1,030
Cash and bank balances	19	<b>124,131</b>	112,007
Short term investments	15	<b>1,029,586</b>	600
		<u><b>1,272,334</b></u>	<u>387,455</u>

**- At fair value through other comprehensive income**

Long term investments	6	<u><b>170,985</b></u>	<u>654,448</u>
		<u><b>1,443,319</b></u>	<u>1,041,903</u>

**Financial Liabilities**

**- At amortized cost**

Long term deposits		-	22,381
Trade and other payables	23	<b>1,165,793</b>	888,723
Accrued markup	24	<b>6,648</b>	4,017
Short term borrowings	25	<b>1,623,237</b>	702,090
Unclaimed dividend		<b>29,383</b>	15,400
		<u><b>2,825,061</b></u>	<u>1,632,611</u>

**42 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 / markup rate risk and price risk). The Company's overall risk management program 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.

## 42.1 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. 1.443 (2018: Rs. 1.042) Billion, the financial assets which are subject to credit risk amounted to Rs. 1.442 (2018: Rs. 1.042) Billion.

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:

	2019 (Rupees in thousand)	2018
Loans including current portion	513	1,211
Long term deposits	11,848	11,606
Trade debts - gross	96,590	259,203
Trade deposits	-	1,000
Interest accrued - TDRs and T-Bills	8,886	1,625
Short term investments	1,029,586	600
Long term investments	170,985	654,448
Other receivables	780	1,030
Bank balances	123,190	110,960
	<u>1,442,378</u>	<u>1,041,683</u>

### Loans

The Company believes that no impairment allowance is required in respect of loans because these are not past due. 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.

### Trade debts

All the trade debts at the statement of financial position 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:

	2019 (Rupees in thousand)	2018
Sugar	47,947	199,180
Ethanol	16,565	11,531
Chemical and alloys	9,636	9,636
Storage tank terminal	2,938	19,352
Bagasse	6,377	6,377
Others	13,127	13,127
	<u>96,590</u>	<u>259,203</u>

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

Past due 1-30 days	67,450	30,883
Past due 30-150 days	-	199,180
Past due 150 days	29,140	29,140
	<u>96,590</u>	<u>259,203</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.

**Quality of financial assets**

The Company keeps its fund with banks having good credit ratings. Currently the funds are kept with banks having rating from A1+ to A3.

	2019 (Rupees in thousand)	2018
<b>Bank balances</b>		
With external credit rating		
A1+	122,681	84,485
A1	322	26,323
A2	51	152
A3	136	-
	<u>123,190</u>	<u>110,960</u>

**42.2 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 statement of financial position liquidity ratios against internal and external requirements and maintaining debt financing plans.



The following are the contractual maturities of the financial liabilities:

	2019					
	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>						
Trade and other payables	1,165,793	1,165,793	202,572	963,221	-	-
Accrued markup	6,648	6,648	6,648	-	-	-
Short term borrowings	1,623,237	1,623,237	1,623,237	-	-	-
Unclaimed dividend	29,383	29,383	-	29,383	-	-
	<u>2,825,061</u>	<u>2,825,061</u>	<u>1,832,457</u>	<u>992,604</u>	<u>-</u>	<u>-</u>
	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) -----						
Financial Liabilities						
Long term deposits	22,381	22,381	-	-	-	22,381
Trade and other payables	888,723	888,723	154,157	734,566	-	-
Accrued markup	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>

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2019, the Company has Rs. 2.387 (2018: Rs. 3.304) Billion available and unutilized short term borrowings limit from financial institutions and also has Rs. 123.19 (2018: Rs. 110.96) Million being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

### 42.3 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:-

#### 42.3.1 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 8.26% of the Company's revenue from sugar segment and 94.03% from ethanol segment is denominated in currencies other than Pak Rupees which forms 56.38% of the total gross revenue of the Company. The Company's exposure to foreign currency risk for US Dollars is as follows:-

	2019	2018
	(Rupees in thousand)	
Foreign debtors	16,565	210,711
Advance from foreign customers	(81,423)	(125,906)
<b>Net exposure</b>	<u>(64,858)</u>	<u>84,805</u>

The following significant exchange rate has been applied:

	Average rate		Spot rate at reporting date	
	2019	2018	2019	2018
USD to PKR	<u>145.15</u>	<u>109.97</u>	<u>156.37</u>	<u>124.10</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 higher / (lower) by the amount shown below:

	2019 (Rupees in thousand)	2018
<b>Effect on profit or loss</b>		
US Dollars	<u>6,486</u>	<u>(8,481)</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.

### 42.3.2 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:

	2019 Effective interest rate (in percent)	2018	2019 Carrying amount - - - (Rupees in thousand) - - -	2018
<b>Financial assets</b>				
<b>Fixed rate instruments</b>				
Loans to growers	14.96	14.96	16,092	11,890
Term deposit receipts (TDR)	6.74 & 12.65	3.99 & 4.09	833,600	600
Treasury bills	13.6	-	195,986	-
			<u>1,045,678</u>	<u>12,490</u>
<b>Variable rate instruments</b>				
Bank balances	2.87 to 7.56	2.85 to 4.25	98,686	28,922
<b>Financial liabilities</b>				
<b>Variable rate instruments</b>				
Short term borrowings	2.6 to 14.55	2.7 to 8.76	1,623,237	702,090

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

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other

variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

#### Financial assets

##### As at September 30, 2019

Cash flow sensitivity

Statement of profit or loss 100 bp	
increase	decrease
- - - (Rupees in thousand) - - -	

987	(987)
-----	-------

As at September 30, 2018

Cash flow sensitivity

289	(289)
-----	-------

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

#### Financial liabilities

##### As at September 30, 2019

Cash flow sensitivity

Statement of profit or loss 100 bp	
increase	decrease
- - - (Rupees in thousand) - - -	

(16,232)	16,232
----------	--------

As at September 30, 2018

Cash flow sensitivity

(7,021)	7,021
---------	-------

### 42.3.3 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 fair value investments through OCI as follows:

##### As at September 30, 2019

Fair value through OCI

Share prices 10%	
increase	(decrease)
- - - (Rupees in thousand) - - -	

17,099	(17,099)
--------	----------

17,099	(17,099)
--------	----------

As at September 30, 2018

Fair value through OCI

65,445	(65,445)
--------	----------

65,445	(65,445)
--------	----------

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

#### 42.4 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 statement of financial position date. The carrying values of all other financial assets and liabilities reported in the financial statements approximate their fair value.

##### 42.4.1 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, 2017 is as follows:

	Level 1	Level 2	Level 3
	----- (Rupees in thousand) -----		
<b>Long term investments</b>			
<b>September 30, 2019</b>	<b>170,985</b>	-	-
September 30, 2018	654,448	-	-

#### 42.5 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 commensuration to the circumstances. The Company finances its expansions 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 statement of financial position are as follows:

		2019 (Rupees in thousand)	2018
Accrued markup		6,648	4,017
Short term borrowings		1,623,237	702,090
Total debt		1,629,885	706,107
Less: cash and bank balances		(124,131)	(112,007)
<b>Net debt</b>	A	<b>1,505,754</b>	594,100
<b>Shareholders' equity</b>	B	<b>3,227,251</b>	3,593,974
<b>Equity and net debt</b>	C = A + B	<b>4,733,005</b>	4,188,074
<b>Gearing ratio</b>	(D = A / C)	<b>31.81%</b>	14.19%

	2019	2018
<b>43 PLANT CAPACITY AND ACTUAL PRODUCTION</b>		
<b>Sugar Unit</b>		
Sugarcane crushing capacity per day in M.T	7,500	7,500
Actual no. of days season operated	84	135
Sugar cane crushed during the year in M .T	467,829	665,540
Sugarcane yield	10.88%	11.18%
Capacity in M.T based on number of days operated and sugarcane yield	68,544	113,167
Actual production in M. T	50,892	74,388
<b>Ethanol Unit</b>		
<b>Unit - I</b>		
Capacity in liters per day	85,000	85,000
Actual no. of days operated	304	342
Capacity in liters based on number of days operated	25,840,000	29,070,000
Actual production in liters	24,589,884	27,736,199
<b>Unit - II</b>		
Capacity in liters per day	87,500	87,500
Actual no. of days operated	333	296
Capacity in liters based on number of days operated	29,137,500	25,900,000
Actual production in Liters	27,485,993	25,182,918
<b>Chemical alloys and others</b>		
Capacity in M.T based on 320 days	27,220	27,220
Actual production in M.T	-	-
<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

#### 43.1 Reasons for shortfall in capacity utilization

##### a) Sugar

Lesser availability of sugarcane.

##### b) Ethanol

Lesser availability of molasses and its quality.

##### c) Chemical, alloys and power

Production facilities have been suspended.

## 44 SEGMENT REPORTING

Note	2019				Total	2018
	Sugar	Ethanol	Chemical, alloys and power	Storage tank terminal		
(Rupees in thousand)						
<b>Segment assets and liabilities</b>						
Segment assets	1,950,334	2,328,910	414,773	148,401	4,842,418	4,581,543
Unallocated segment assets					1,570,199	1,025,034
					<u>6,412,617</u>	<u>5,606,577</u>
Segment liabilities	1,254,400	1,672,697	104	39,504	2,966,705	1,794,884
Unallocated segment liabilities					218,661	217,719
					<u>3,185,366</u>	<u>2,012,603</u>
Addition in capital work in progress"	4.2	28,657	175,514	-	204,171	19,858
Unallocated additions in operating fixed assets		-	-	-	23,056	15,121
					<u>227,227</u>	<u>34,979</u>
<b>Segment statement of profit or loss</b>						
Sales - net	29	2,945,685	4,219,177	-	7,164,862	7,494,077
Cost of sales	30	(2,883,406)	(2,516,301)	-	(5,399,707)	(5,429,330)
<b>Gross profit</b>		<u>62,279</u>	<u>1,702,876</u>	-	<u>1,765,155</u>	<u>2,064,747</u>
Profit from other reportable segments - net	31	-	-	(38,935)	78,543	53,018
		<u>62,279</u>	<u>1,702,876</u>	<u>(38,935)</u>	<u>78,543</u>	<u>2,117,765</u>
Distribution cost	32	(40,269)	(331,814)	-	(372,083)	(495,036)
Administrative expenses	33	(75,185)	(49,437)	-	(124,622)	(106,043)
<b>Operating segment results</b>		<u>(53,175)</u>	<u>1,321,625</u>	<u>(38,935)</u>	<u>78,543</u>	<u>1,516,686</u>
Other operating expenses	34				(115,650)	(100,940)
Other income	36				72,761	19,014
Finance cost	35				(63,942)	(64,081)
Profit before taxation					<u>1,201,227</u>	<u>1,370,679</u>
Taxation	37				(89,249)	(76,899)
Profit after taxation					<u>1,111,978</u>	<u>1,293,780</u>
Depreciation		39,768	31,188	21,195	13,025	107,606

**44.1** Revenue reported in note no. 29 and 31 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 30.

**44.2** The accounting policies of the reportable segments are the same as the Companies' accounting policies described in note number 3 to these financial statements.

### 44.3 Revenue from major products

The break up of Companies' revenue from external customers for major products is given in note number 29 to these financial statements.

### 44.4 Information about major customers

Revenue from major customers (5% or above of segment's gross sales) of sugar segment represents Rs. 2,043 (2018: Rs. 1,628) Million of total sugar segment gross revenue amounting to Rs. 3,332 (2018: Rs. 3,891) Million, ethanol segment of Rs. 3,630 (2018: Rs. 2,940) Million of total ethanol segment revenue amounting to Rs. 4,258 (2018: Rs. 3,704) Million. Revenue from chemical and alloys and power segment is none due to suspension.

## 45 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. 40 to these financial statements. Transactions with related parties are as follows:

	2019 (Rupees in thousand)	2018
<b>Post Employment Benefit Plan</b>		
<b>- Al-Abbas Sugar Mills Limited - Employee Gratuity Fund</b>		
Loan installments recovered from employees on behalf of Employees Gratuity Fund	8,289	8,729
Paid to Employees Gratuity Fund on account of installment recovered from employees	14,580	28,505
Contribution paid to Employees Gratuity Fund	34,300	-
<b>Associated Undertaking</b>		
<b>- Kharadar General Hospital</b>		
Donation given	500	1,000
<b>- Ghani Usman Securities Limited</b>		
Commission on sale of shares	612	-

45.1 During the year, the Company has paid dividend to its Directors and other related parties amounting to Rs. 766.149 (2018: Rs. 65.85) Million.

	2019 (Rupees in thousand)	2018
<b>46 DISCLOSURE RELATING TO SHARIAH COMPLIANCE AND COMPANY'S LISTING ON ISLAMIC INDEX:</b>		
i Financing arrangements as per Islamic mode	225,000	300,000
ii Shariah Compliant bank balances as at year end	96,489	25,026
iii Profit earned from Shariah Compliant bank balances during the year	4,427	779
iv Markup paid on islamic mode of financing during the year	3,171	9,539
v Interest paid on conventional financing during the year	55,183	47,503

## 47 NON-ADJUSTING EVENTS

The board of directors of the Company in its meeting held on December 30, 2019 have proposed a final cash dividend of Rs. 30 (2018: Rs. 50) per share amounting to Rs. 520.869 (2018: Rs. 868.115) Million for approval of the members in the annual general meeting to be held on January 28, 2020. The financial statements for the year ended September 30, 2019 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, 2020.

## 48 NUMBER OF EMPLOYEES

Total number of employees at year end and average number of employees during the year were 947 (2018: 897) and 1,056 (2018: 1,168) respectively.



## 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	Rupees in thousand
Export transportation - Distribution expenses	Other manufacturing expenses - Cost of sales	30	8,545
Miscellaneous expenses - Administrative expenses	Printing and stationery - Administrative expenses	33	377
Miscellaneous expenses - Administrative expenses	Fees and subscription - Administrative expenses	33	239
Miscellaneous expenses - Administrative expenses	Board meeting expenses - Administrative expenses	33	415

## 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 30, 2019 by the Board of Directors of the Company.



**Asim Ghani**  
Chief Executive Officer



**Darakshan Zohaib**  
Director



**Samir Hajani**  
Chief Financial Officer

## کمپنی کی مالی ساکھ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ہماری کمپنی کو طویل المدت میں مستحکم کمپنی کے طور پر A+ اور قلیل المدت میں A1 جیسے شاندار مثبت اشارے دیے ہیں جبکہ طویل المدت کے لئے مثبت اعشاریہ گزشتہ سال کے اعشاریہ A سے بڑھ کر A+ ہو گیا ہے۔

## لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی تعمیل:

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی مکمل تعمیل کی ہے اور اس سلسلے میں کمپنی کا بیانیہ اس رپورٹ کے ہمراہ صفحہ 25 سے صفحہ 26 تک درج ہے۔

## اظہار تشکر:

ڈائریکٹرز کو یقین ہے کہ کمپنی کی کامیابی میں ان تمام لوگوں کا حصہ ہے جنہوں نے کمپنی کے لئے کام کیا ہے۔ ہم اپنے تمام ملازمین کی ان کوششوں کا اعتراف کرتے ہیں نیز ہم اپنی آڈٹ اور دیگر کمیٹیوں کے اراکین کا انتظامیہ کی رہنمائی اور حمایت کو سراہتے ہیں۔ ہم اپنے کاروباری رفقاء، بینکرز اور دیگر مالیاتی اداروں کے بے حد مشکور ہیں۔ ہم پاکستان شوگر ملز ایسوسی ایشن، سیکورٹیز آف پاکستان اور پاکستان اسٹاک ایکسچینج کے بھرپور اور مستقل تعاون اور رہنمائی پر ان کے بے حد شکرگزار ہیں کہ ان کے اس تعاون کی بدولت کمپنی طویل عرصہ سے کامیابیوں کے اس مقام پر ہے۔

## منجانب: بورڈ آف ڈائریکٹرز



درخشاں زوہیب  
ڈائریکٹر



عاصم غنی  
چیف ایگزیکٹو آفیسر

کراچی: 30 دسمبر 2019

## کمپنی کے کاروبار کے ماحول پر اثرات:

ماحول کے حوالے سے ہمارا بنیادی مقصد ماحول پر مرتب ہونے والے کسی بھی منفی اثرات کو کم سے کم کرنا ہے جو کہ ہمارے پیداواری عمل سے منسلک ہیں۔ ہمیں اپنی ماحولیاتی ذمہ داریوں اور معاشرے کی ترقی میں درکار ہمارے حصے سے مکمل آگاہی ہے۔ اس حوالے سے کمپنی نے بھاری سرمایہ سے ایک واٹر ٹریٹمنٹ پلانٹ لگانے کا آغاز کر دیا ہے اور اس پلانٹ پر کام ابھی جاری ہے اور اندازاً یہ پروجیکٹ 20-2019 تک کام کا آغاز کر دیگا۔ یہ ہی نہیں بلکہ کمپنی آئندہ بھی اسی طرح کے منصوبوں میں سرمایہ کاری کریگی۔ ماحولیاتی آلودگی کی کمی میں مددگار ثابت ہوں۔

کمپنی اپنے ملازمین کی بھی حوصلہ افزائی کرتی ہے کہ وہ روزمرہ کے کام کاج کے دوران صحت و صفائی اور ماحولیاتی آلودگی سے متعلق امور کا خاص خیال رکھیں اس امر کے لئے انہیں مناسب تربیت بھی دی جاتی ہے۔ نیز متعلقہ پالیسیز کے نفاذ پر نظر ثانی کی جاتی ہے کہ ملازمین روزمرہ کام کے دوران انڈسٹری میں مروجہ معیار کا پوری طرح خیال رکھ رہے ہیں۔

## مالیاتی گوشواروں اور معاہدات میں اہم تبدیلیاں:

زیر جائزہ سال کے آخر سے لے کر کمپنی کے مالیاتی گوشواروں کو بیان کرنے کی تاریخ تک کمپنی کے معاہدات اور مالیاتی گوشواروں میں کوئی تبدیلی نہیں ہوئی ہے۔

## قومی خزانے میں حصہ

زیر جائزہ سال میں کمپنی نے قومی اور صوبائی خزانے میں مختلف طرح کے ٹیکسز، بلخصوص سیلز، انکم ٹیکس اور ایکسائز ڈیوٹی کی مد میں 586.316 ملین روپے جمع کرائے۔ (2018:249.613)

## حصص یافتگان کی فہرست اور حصص کی خرید و فروخت:

کمپنی ایکٹ 2017 کی دفعہ (2) 227 کے تحت حصص یافتگان کی فہرست اور حصص خرید و فروخت کی تفصیلات اس رپورٹ کے ساتھ منسلک ہیں۔ نیز زیر جائزہ سال کے دوران چیف ایگزیکٹو ڈائریکٹرز، چیف فائنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات یا نابالغ بچوں میں سے کسی نے بھی کمپنی کے حصص میں کوئی لین دین نہیں کیا ماسوائے درج ذیل ڈائریکٹر کے جن کی تفصیلات درج ذیل ہیں:

نام	حیثیت	شیرز کا لین دین	نوعیت	شیرز کی تعداد
جناب عاصم غنی	چیف ایگزیکٹو آفیسر	حصص کی خریداری	عام مارکیٹ سے خریداری	125,000

## جامع مالیاتی انتظام:

مالیاتی نظام کے حوالے سے بورڈ نے انتہائی موثر پالیسیز اور اندرونی نظام وضع کیا ہوا ہے جس کا مقصد کمپنی کے اثاثوں کی حفاظت، غلطیوں اور بدعنوانی کی نشان دہی، مستند اور جامع مالیاتی ریکارڈ مرتب کرنا اور بروقت درکار جامع مالیاتی دستاویزات تیار کرنا ہے۔

بورڈ کی آڈٹ کمیٹی باقاعدگی سے اندرونی نظام کی افادیت اور درستگی کو جانچتی ہے اور مزید بہتری کی تجاویز پیش کرتی ہے۔ یہ کمیٹی سہ ماہ میں انٹرنل آڈٹ رپورٹس پر بھی غور و خاص کرتی ہے۔ کمپنی کے موثر اندرونی نظام وضع کرنے کا مقصد کمپنی کے متعین کردہ مقاصد بالخصوص پیداواری عمل میں بہتری، کارکردگی، قابل بھروسہ مالیاتی بیانیے بالخصوص متعلقہ قانونی قواعد و ضوابط پر عملدرآمد ماسوائے ان امور کے جو اسٹیٹمنٹ آف کمپلائنس کے بیانہ میں ظاہر کئے گئے ہیں۔

## رسک مینجمنٹ کمیٹی:

بورڈ آف ڈائریکٹرز نے 14 اراکین پر مشتمل ایک رسک مینجمنٹ کمیٹی بنائی ہے اس کمیٹی کا چیرمین ایک خود مختار ڈائریکٹر ہے جس کی سربراہی میں یہ کمیٹی رسک مینجمنٹ طریقوں کی افادیت کا جائزہ لیتی ہے۔ زیر جائزہ سال میں اس کمیٹی کا کوئی اجلاس نہیں ہوا۔ اراکین کی تفصیل اس طرح ہے:

حیثیت	اراکین کے نام
چیرمین۔ خود مختار	جناب ہارون عسکری صاحب
رکن	جناب عاصم غنی صاحب
رکن	محترمہ درخشاں زوہیب
رکن	جناب زکریا عثمان صاحب

## آڈیٹرز

کمپنی کے سبکدوش ہونے والے آڈیٹرز میسرز ریانڈ ہارون زکریا 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 2019-20 تقرری کے لیے سفارش کی ہے۔

## غیر یقینی اور اہم 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 خاص طور پر مندرجہ ذیل کے حوالے کئے ہیں۔

☆ کمپنی کا مواد، بالخصوص مالیاتی مواد، کی حفاظت اور خفیہ ہونا۔

☆ خام مال کی دستیابی

☆ حالیہ ٹیکس قوانین میں تبدیلی کے باعث مارکیٹ میں بے چینی اور ہلچل الغرض ان سب طرح کے خدشات اور غیر یقینی صورتحال سے نمٹنے کے لئے آپ کی کمپنی نے بہت مستحکم پالیسیز مرتب کی ہیں۔

نیز ان تمام اقدامات پر عمل درآمد کے لئے بورڈ نے ایک رسک مینجمنٹ کمیٹی بنائی ہے۔ اس کمیٹی کا دائرہ کار اور مقصد یہ ہے کہ پُرخطر معاملات کو پہلے ہی سے دیکھ کر تجزیہ کر لیا جائے اور اس ضمن میں مناسب اقدامات کئے جائیں۔

مالیاتی خطرات اور غیر یقینی صورتحال سے نمٹنے کے لئے کمپنی پہلے ہی سے درکار متعلقہ اقدامات کرنے کے حوالے سے بہت فعال ہے تاہم اگر کسی مالیاتی خطرے یا غیر یقینی صورتحال کا سامنا ہو جائے تو ان مالیاتی خطرات اور غیر یقینی صورتحال سے نمٹنے کی جامع منصوبہ بندی اور ٹھوس اقدامات کرنے پر یقین رکھتی ہے۔

## 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 ایس آر پروگرام کے تحت صحت کے شعبے میں حصہ لیا۔

## آڈٹ کمیٹی:

بورڈ آف ڈائریکٹرز نے کارپوریٹ کوڈ آف گورننس ریگولیشن 2019 کے تقاضوں کے مطابق ایک آڈٹ کمیٹی قائم کی ہے۔ جس کے 14 اجلاس منعقد ہوئے جس میں کہ 12 اجلاس اس نئی کمیٹی سے پہلے اور 2 اجلاس بعد میں ہوئے۔ ان اجلاسوں میں اراکین کی شرکت کی تفصیل کچھ اس طرح سے ہے۔

اجلاسوں میں شرکت کی تعداد	حیثیت	اراکین کے نام
2/2	چیرمین - خود مختار	جناب ہارون عسکری صاحب
3/4	رکن	محترمہ اسماء کوچین والا
4/4	رکن	محترمہ درخششاں زوہیب
2/2	رکن	جناب سلمان حسین چاولہ صاحب
4/4	رکن	جناب زکریا عثمان صاحب
0/2	ریٹائرڈ	جناب درید قریشی صاحب

آڈٹ کمیٹی نے بورڈ آف ڈائریکٹرز کو اپنی رپورٹ پیش کرنے سے پہلے سہ ماہی، ششماہی اور سالانہ آڈٹ شدہ حسابات اور متعلقہ فریق رجسٹر کا جائزہ لیا مزید برآں آڈٹ کمیٹی نے لسٹڈ کمپنی کے لئے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کے تقاضوں کے مطابق کمپنی کے انٹرنل اور ایکسٹرنل آڈٹ رپورٹس میں ظاہر کردہ معاملات پر متعلقہ آڈیٹرز کے ہمراہ 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۔ یہ کمیٹی اہم عہدوں پر افراد کی تعیناتی، رخصتی اور معاوضہ کا جائزہ لیتی ہے ساتھ ہی بہترین انسانی وسائل کے حصول کے لئے کوشاں رہتی ہے۔ مزید برآں یہ کمیٹی انسانی وسائل کی پالیسیوں اور طریقہ کار میں بہتری جیسے امور میں بھرپور جائزہ لیتی ہے۔ زیر جائزہ سال میں ایک نئی کمیٹی بنائی گئی جس کے 12 اجلاس منعقد ہوئے جن میں اراکین نے کچھ اس طرح سے شرکت کی:

اجلاسوں میں شرکت کی تعداد	حیثیت	رکن کے نام
2/2	چیرمین - خود مختار	جناب محمد سلمان حسین چاولہ صاحب
2/2	رکن	جناب عاصم غنی صاحب
2/2	رکن	جناب شاہد حسین جنٹوئی صاحب
2/2	رکن	جناب محمد صدیق کھوکھر صاحب
2/2	رکن	جناب زکریا عثمان صاحب

## سرمایہ کاری کمیٹی

اس سال بورڈ نے نئی سرمایہ کاری کمیٹی تشکیل نہیں دی ہے بلکہ بورڈ نے اس کمیٹی کے اراکین کو ہی تمام اختیارات سونپ دئے ہیں۔ بورڈ آف ڈائریکٹرز کے انتخابات سے پہلے اس کمیٹی کا ایک اجلاس ہوا تھا جس میں شریک اراکین کی تفصیلات کچھ اس طرح ہیں:

اجلاسوں کی تعداد	حیثیت	اراکین کے نام
1/1	ریٹائرڈ	جناب محمد اقبال عثمان صاحب
1/1	رکن	جناب عاصم غنی صاحب
1/1	رکن	محترمہ درخششاں زوہیب

## پاور کمیٹل اور بھرت یونٹ:

اس یونٹ کی پیداوار موجودہ نامساعد کاروباری حالات کے باعث 2011 سے معطل ہے اور حالات بہتر ہونے تک پیداوار کے دوبارہ شروع کرنے کے معاملے پر نظر ثانی کی جائے گی۔ مجموعی طور پر کمپنی اپنی بھرپور کوشش کر رہی ہے کہ اخراجات پر قابو پایا جائے اور پیداواری عمل کو بہتر کیا جائے اور مجموعی طور پر منافع بڑھانے کے لئے دیگر ممکن اقدامات کئے جائیں۔

## بورڈ آف ڈائریکٹرز کی ترتیب:

ڈائریکٹرز کی کل تعداد 8 ہے یعنی:

☆	مرد حضرات	(6)	چھ
☆	خواتین	(2)	دو

## بورڈ کی ڈائریکٹرشپ

☆	خود مختار۔ ایگزیکٹو ڈائریکٹر	(3)	تین
☆	نان ایگزیکٹو ڈائریکٹر	(3)	تین
☆	خواتین ڈائریکٹر	(2)	دو

## نان ایگزیکٹو ڈائریکٹر کے مشاہرہ کی پالیسی:

ڈائریکٹرز کے لئے بورڈ کے اجلاس میں شرکت کی فیس اور نان ایگزیکٹو ڈائریکٹر کے مشاہرہ کا تعین بورڈ کی طے شدہ پالیسی کے مطابق ہے۔

## بورڈ آف ڈائریکٹر کے اجلاس:

زیر جائزہ سال میں ڈائریکٹرز کے انتخابات ہوئے اور موجودہ ڈائریکٹرز کے نام کمپنی کی ویب سائٹ کے کمپنی انفارمیشن پیج پر درج ہیں۔ اس سال یعنی 30 ستمبر 2019 میں 5 اجلاس منعقد ہوئے اور جن ڈائریکٹرز نے ان اجلاسوں میں شرکت کی ان کے نام اور شرکت کی تفصیل درج ذیل ہے:

اجلاسوں میں شرکت کی تعداد	ڈائریکٹرشپ	ڈائریکٹر کے اسماء گرامی
5/5	چیئرمین	جناب زکریا عثمان صاحب
5/5	چیف ایگزیکٹو	جناب عاصم غنی صاحب
5/5	خاتون ڈائریکٹر	محترمہ اسماء کوچن والا
4/5	خاتون ڈائریکٹر	محترمہ درخشاں زوہیب
3/3	خود مختار ڈائریکٹر	جناب ہارون عسکری صاحب
3/3	نان ایگزیکٹو ڈائریکٹر	جناب شاہد حسین جتوئی صاحب
3/3	خود مختار ڈائریکٹر	جناب سلمان حسین چاولہ صاحب
3/3	خود مختار ڈائریکٹر	جناب محمد صدیق کھوکھر صاحب
5/5	خود مختار ڈائریکٹر	جناب سلیمان لالانی صاحب
2/2	ریٹائرڈ	جناب محمد اقبال عثمان صاحب
0/2	ریٹائرڈ	جناب درید قریشی صاحب
2/2	ریٹائرڈ	جناب عرفان ناصر چیمہ صاحب

## متعلقہ فریق کے معاملات:

یہ معاملات کاروبار میں مروجہ اصول یعنی فریق کے درمیان آزادانہ اور بناء کسی دباؤ کے معاملات کی بنیاد پر کمپنیز ایکٹ 2017 کی متعلقہ دفعات کے تحت انجام پزیر ہوئے ہیں نیز کمپنی کے کسی بھی ڈائریکٹر یا افسر بالانے ایسی کوئی معاملات نہیں کی ہے جو کہ کمپنی کے مفاد کے خلاف ہو یا حصص یافتگان کی منظوری کی ضرورت پڑے۔ ایسے تمام معاملات زیر جائزہ سال 2018-19 میں بورڈ اور آڈٹ کمیٹی کو غور و خوض اور منظوری کے لئے پیش کئے گئے تھے جو بعد ازاں کمپنی پالیسیز کے مطابق ہونے کی بناء پر بورڈ نے منظور کر لئے تھے۔

یہ معاملات کمپنی کے آڈٹ شدہ گوشواروں کے نوٹ نمبر 40 اور 45 میں بیان کئے گئے ہیں۔

## مستقبل کے امکانات

### شکر یونٹ:

اگلا کرشنگ سیزن 2019-20 ملک کے سارے صوبوں میں گنے کی یکساں قیمت خرید نہ ہونے کے باعث کافی مشکل دکھائی دیتا ہے۔ چینی کی صنعت نے حکومت سندھ سے درخواست کی ہے کہ 2017-18 کی باقی ماندہ شوگر ایکسپورٹ سبسڈی کی رقم جلد از جلد ادا کرے نیز گنے کی مناسب قیمت خرید کا تعین بھی فوری طور پر کرے۔ اس کے علاوہ حکومت کو سیلز انوائس جاری کرتے وقت شناختی کارڈ نمبر (CNIC) درج کرنے کا مسئلہ بھی طے کرنا ہے یعنی اب فروخت کنندہ کے لئے لازم ہے کہ وہ سیلز انوائس جاری کرتے وقت خریدار کا CNIC نمبر سیلز انوائس پر درج کریگا تو اس سیلز انوائس پر درج ان پٹ ٹیکس کا فائدہ خریدار کو دیا جائے گا۔ یہ شرط فی الحال عارضی طور پر 31 جنوری 2020 تک موخر کر دی گئی ہے۔

پاکستان میں 5.2 ملین ٹن چینی کی پیداوار متوقع ہے جو گزشتہ سیزن سے 5 فی صد کم ہے کیونکہ گنے کی رقوم کی ادائیگی میں تاخیر اور کسانوں کی گنے کی فصل کی کاشت میں امدادی قیمت نہ ہونے کے باعث عدم دلچسپی ہے اس عدم دلچسپی کے باعث کئی کسانوں میں دوسری فصلوں مثلاً کپاس کئی وغیرہ کی کاشت کا رجحان بڑھ گیا۔ چینی کی کھپت 5.6 ملین ٹن ہونے کی توقع ہے جو گزشتہ سال کی نسبت قدرے زیادہ ہے۔

بین الاقوامی طور پر چینی کی پیداوار 2 ملین ٹن کے اضافہ سے 181 ملین ٹن ہونے کی توقع ہے جس میں کہ برازیل اور یورپ کا سب سے زیادہ جبکہ انڈیا میں 8 فی صد کی توقع ہے۔ دوسری طرف کئی ملکوں مثلاً مصر، انڈونیشیا، پاکستان وغیرہ میں چینی کی منڈیاں بڑھنے سے چینی کی کھپت بڑھنے کے بھی امکانات ہیں۔ اسی طرح بین الاقوامی طور پر چینی کے ذخائر بھی چین، انڈیا، پاکستان اور تھائی لینڈ میں کم ہونے کی وجہ سے 8 فی صد تک کم ہونے کی توقع ہے۔

### اتھنول یونٹ:

اتھنول یونٹ بدستور گزشتہ کئی سالوں سے سب سے زیادہ منافع بخش یونٹ ثابت ہو رہا ہے۔ اتھنول کی پیداوار کا انحصار شیرہ کی دستیابی پر ہے جو کہ چینی کی پیداوار سے حاصل ہوتا ہے چنانچہ شیرہ کا انحصار گنے کی کم دستیابی ہونے کی بناء پر اتھنول کی بھی پیداوار 5 فی صد کم ہونے کا امکان ہے۔ ملک میں کئی شوگر ملز گزشتہ کئی سالوں سے اتھنول کی پیداوار میں مصروف ہیں تاکہ چینی کی گری ہوئی قیمت فروخت سے پیدا شدہ نقصان کا ازالہ کر سکیں۔ اس تناظر میں یعنی گنے کی مجموعی پیداوار میں کمی اور بڑھتی ہوئی طلب کے واضح فرق کے باعث شیرہ کی دستیابی جیسے عوامل کے باعث شیرہ کی قیمت خرید بھی بہت حد تک بڑھ سکتی ہے۔ اس خطرے سے نمٹنے کے لئے آپ کی کمپنی نے سیزن کے شروع ہونے سے پہلے وافر مقدار میں شیرہ کے سودے کرنے کی پالیسی اپنائی ہوئی ہے۔

اتھنول کی بین الاقوامی قیمتیں برقرار رہنے کے باعث منافع کی شرح بڑھنے کا انحصار پاکستانی روپے کا ڈالر کے مقابلے میں گرنے کے رجحان پر منحصر ہے۔

### ٹینک ٹریٹمنٹ:

آپ کی کمپنی کو اس یونٹ سے شاندار آمدنی بدستور مستحکم رہنے کی توقع ہے۔ اگر چہ اس یونٹ کے ایک بڑے کرایہ دار نے ٹریٹمنٹ خالی کرنے کا نوٹس دے دیا ہے مگر کمپنی اس کا متبادل مستحکم کرایہ دار تلاش کر رہی ہے تاکہ اس یونٹ کی مستحکم آمدنی برقرار رہ سکے۔ 24 جولائی 2019 کو ہائی کورٹ سندھ کے معزز ڈویژنل بینچ کراچی نے اپنے فیصلے کے حکم نامے کے تحت معزز عدالت نے کمپنی کو اس بات کا پابند کیا کہ وہ کے پی ٹی سے کیے ہوئے لیز معاہدہ پر اس کی طے شدہ دفعات کے تحت عملدرآمد کرے مگر کے پی ٹی نے معزز سپریم کورٹ آف پاکستان میں اس فیصلے کے خلاف ایک اپیل دائر کی ہوئی ہے۔



## انتھنول یونٹ۔ پیداواری کارکردگی:

2018	2019	پیداواری کارکردگی
43,221	41,143	پیداواری۔ میٹرک ٹن (یونٹ اور II)
43,979	41,487	فروخت۔ میٹرک ٹن

## مالیاتی کارکردگی:

2018	2019	فروخت
3,664,894	4,219,177	لاگت فروخت
(2,169,599)	(2,516,301)	خام مال منافع
1,495,295	1,702,876	تقسیمی لاگت
(351,019)	(331,814)	انتظامی اخراجات
(42,005)	(49,437)	پیداواری منافع
<b>1,102,271</b>	<b>1,321,625</b>	

فروخت میں پاکستانی روپے کی قیمت کرنے کی وجہ سے تقریباً 15 فیصد کا اضافہ ہوا ہے جبکہ لاگت فروخت میں 16 فیصد کے اضافے کا سبب خام مال کی قلت کے باعث قیمت خرید کا گزشتہ سالوں کی بہ نسبت انتہائی تیزی سے بڑھنا تھا۔

آپ کی کمپنی کی انتظامیہ نے سب سے اعلیٰ شیرہ بہت ہی مسابقتی قیمت پر خرید ہے اور اس کی ان کاوشوں کا ثبوت مالیاتی نتائج سے بخوبی ظاہر ہے۔ انتھنول کا منافع بڑھانے کے لئے انتظامیہ نے یہ کوشش بھی کی ہے کہ انتھنول کا سیلز کلس بھی مناسب تبدیلی کر کے اسے مزید منافع بخش بنایا جائے۔ مزید برآں ISO سیز پر کم انحصار کیا گیا جبکہ بلک اور ڈرم فروخت میں اضافہ ہوا۔

## پاور کیمیکل اور بھرت یونٹ:

زیر جائزہ عرصے میں بھی کیمیکل اور بھرت ڈویژن میں پیداواری عمل معطل رہا۔ اور اس یونٹ میں لازمی اخراجات کے باعث 38.935 ملین روپے کا خسارہ برداشت کرنا پڑا جبکہ گزشتہ سال یہ خسارہ 40.437 ملین روپے تھا۔ اس کی بنیادی وجہ لازمی انتظامی اخراجات تھے۔

## اسٹوریج ٹینک ٹریمنٹل:

اسٹوریج ٹینک ٹریمنٹل نے اس سال 78.543 ملین روپے کا منافع کمایا جبکہ گزشتہ سال یہ منافع 93.455 ملین روپے تھا۔ اس منافع میں کمی کی بنیادی وجہ اسٹوریج ٹینک کی ضروری مرمت کے باعث اسٹوریج سروسز میں کمی تھی۔ آپ کی کمپنی کی طرف سے تیار شدہ انتھنول کا ذخیرہ برآمدی آرڈرز کی بروقت ترسیل کے لیے ٹریمنٹل ٹینک میں محفوظ رکھا جاتا ہے۔ ٹریمنٹل ٹینک لائنس شدہ ہے اور بلک مائع کارگو سے نمٹنے کے لیے پبلک بونڈ ڈویژن ہاؤس کے تحت اس کی گنجائش 22,850 میٹرک ٹن فی ماہ ہے۔ ٹریمنٹل میں انتھنول کے ساتھ ساتھ دوسرے پیڑولیم مصنوعات پر مشتمل خطرناک سامان ذخیرہ کرنے کی اجازت ہے۔

## آڈیٹر کی رپورٹ پر تبصرہ

جیسا کہ مالیاتی گوشواروں کے نوٹ 28.1.C میں مکمل وضاحت کی گئی ہے کہ ایک مقدمہ نمبر 281 سندھ ہائی کورٹ کراچی میں کمپنی اور دیگر 9 افراد کے خلاف دائر کیا گیا ہے۔ جن پر 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۔

## پیداواری نتائج:

شکر، اتھول، ٹینک ٹریٹمنٹ پاور کیمیکل اور بھرت ڈویژن کی پیداواری تفصیلات کچھ اس طرح سے ہیں؛  
شکر یونٹ - پیداواری کارکردگی:

2017 -18	2018-19	
28 نومبر 2017	13 دسمبر 2018	موسم کے آغاز کی تاریخ
135	84	پیداواری دن
665,539	467,828	کرسٹنگ - میٹرک ٹن
74,388	50,892	گنے سے پیداوار - میٹرک ٹن
74,903	58,631	فروخت - میٹرک ٹن
11.17%	10.88%	شکر حصولی کی شرح - فی صد

## شکر یونٹ - مالیاتی کارکردگی:

2018	2019	
		(روپے ہزار میں)
3,829,183	2,945,685	فروخت
(3,259,731)	(2,883,406)	لاگت فروخت
569,452	62,279	خام منافع
(144,017)	(40,269)	تقسیمی لاگت
(64,038)	(75,185)	انتظامی اخراجات
361,397	(53,175)	پیداواری - منافع / نقصان

گزشتہ سال کی بہ نسبت اس سال چینی کی فروخت تقریباً 23 فیصد کم رہی جس کی وجہ کم مقدار میں چینی کی فروخت تھی۔ نیز خام منافع کی شرح بھی تقریباً 89 فیصد کم رہی اس کی وجہ سے پچھلے سال کا اضافی بوجھ صارفین کو منتقل کرنا پڑا کیونکہ حکومت نے فنانس بل 2019-20 کے ذریعے سیلز ٹیکس میں بھی 6.4 روپے فی کلو سے 10.2 روپے فی کلو کا ہوشربا اضافہ کر دیا ہے ان تمام عوامل کی بدولت چینی کی قیمت فروخت میں اضافہ کرنا پڑا۔ مزید برآں گزشتہ سال کی بہ نسبت اس سال چینی کی تقسیمی لاگت بھی 72 فیصد تک کم ہوئی جسکی بنیادی وجہ چینی کی برآمد میں بہت حد تک کمی تھی جبکہ چینی برآمد میں کمی کا بنیادی عنصر وفاقی اور صوبائی حکومتوں کا اس سیزن میں ایکسپورٹ سبسڈی نہ دینا تھی اس بناء پر چینی کی برآمد کمپنی کے لئے فائدہ مند نہیں تھی۔

پاکستان کی شوگر انڈسٹری بدستور سارا سال مندی کا شکار رہی، جبکہ مقامی منڈی میں چینی کی قیمت فروخت میں بھی کافی تاخیر سے اضافہ ہوا۔ اسکے علاوہ اکنامک کوآرڈینیشن کمیٹی (ECC) نے چینی برآمد کا کوٹا ایک ملین سے بڑھا کر 1.1 ملین کر دیا مگر حکومت کی جانب سے شوگر ایکسپورٹ سبسڈی نہ ہونے کے باعث چینی کی برآمد شوگر انڈسٹری کے لئے فائدہ مند نہیں تھی۔

بورڈ آف ڈائریکٹر کو آپ کی کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بشمول آڈٹ رپورٹ برائے سال 30 ستمبر 2019 پیش کرتے ہوئے بے حد مسرت ہو رہی ہے۔

2018	2019	مالیاتی صورتحال ایک نظر میں:
(روپے ہزار میں)		
1,370,679	1,201,227	منافع قبل از ٹیکس
(76,899)	(89,249)	ٹیکس
1,293,780	1,111,978	خالص سالانہ منافع بعد از ٹیکس
<b>74.52</b>	<b>64.05</b>	فی حصص منافع - روپے

### منافع منقسمہ اور تخصیص:

بورڈ آف ڈائریکٹر نے اپنے اجلاس منعقدہ 28 جنوری 2020 میں حتمی نقد منافع منقسمہ 300 فی صد یعنی 30 روپے فی حصص کی تجویز پیش کی ہے اور یہ حتمی نقد منافع اس 200 فیصد یعنی 20 روپے فی حصص کے علاوہ ہے، جو پہلے ہی ادا کیا جا چکا ہے۔ چنانچہ کل نقد منافع منقسمہ برائے سال 30 ستمبر 2019 868.115 ملین روپے یعنی 50 روپے فی حصص ہے۔ حتمی نقد منافع منقسمہ کی منظوری بورڈ کمپنی کے سالانہ اجلاس عام منعقدہ 28 جنوری 2020 کے دوران حصص یافتگان سے حاصل کرے گا ان مالیاتی گوشواروں میں حتمی نقد منافع منقسمہ کے حسابات شامل نہیں ہیں۔ مزید برآں دیگر مختص شدہ تخمینے جو بورڈ نے منظور کئے ہیں درج ذیل ہیں:

1,111,978	منافع بعد از ٹیکس
1,791,550	غیر مختص شدہ منافع - سال کے آغاز میں
(868,115)	حتمی نقد منافع منقسمہ سال 2018-50 روپے فی حصص
(347,246)	عبوری نقد منافع سال 2019-20 روپے فی حصص
(441)	سرمایہ کاری پر نقصان کی فاضل سرمایہ سے منہائی
(1,875)	ملازمین کے مالی فوائد کے منصوبوں کی ذمہ داری کے ازسرنو تعین پر نقصان
<b>1,685,851</b>	اگلے سال کے لئے غیر تخصیص شدہ منافع

### کاروبار پر ایک جائزہ

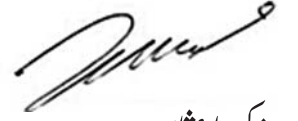
موجودہ مشکل معاشی حالات کے باوجود سال 2018-19 کمپنی کے لئے پھر ایک شاندار سال ثابت ہوا جس میں کمپنی ایک ارب روپے سے زائد کا منافع پھر سے حاصل کرنے میں کامیاب ہوئی یعنی کمپنی نے بعد از ٹیکس 1,111,978 ملین روپے کا منافع کمایا۔

العباس شوگر ملز عمدہ اور معیاری چینی اور انتھونول کی مصنوعات کی معیاری پیداوار کے حصول کے لئے علیٰ طریقہ کار کے استعمال پر سختی سے عمل پیرا ہے۔ اور اس امر کے لئے کمپنی کے پاس نہایت جدید چینی اور انتھونول کے پلانٹ موجود ہیں۔ زیر جائزہ سال میں کمپنی نے اپنی مصنوعات کی مختلف براعظموں مثلاً یورپ افریقہ ایشیا میں برآمدی فروخت کو مزید بہتر انداز میں منظم کیا ہے۔

انتظامیہ نے بہتر پیداواری کارکردگی اور معیاری مصنوعات کے حصول پر اپنی توجہ مرکوز کی ہوئی ہے اس امر کے لئے اخراجات میں کمی کے لئے بھرپور منضبط کاوشیں، اختراعی اور محتاط معاشی منصوبہ بندی کے لئے اقدامات کئے ہیں۔

ڈائریکٹر ز کاروبار کی کارکردگی کو باریک بینی سے مانیٹر کرتے ہیں تاکہ کمپنی کی بہتر سے بہتر ترقی کا حصول ممکن ہو سکے۔

آپ کی کمپنی پابند اطویل المدتی ترقی کی راہ پر گامزن ہے اور اپنے اسٹیک ہولڈرز کے بہترین مفاد کی خاطر بہترین پیداوار کے حصول لئے اپنے تمام وسائل کا بھرپور استعمال کر رہی ہے اس موقع پر میں اپنی انتظامیہ، اسٹاف ممبرز اور دیگر ملازمین کا بے حد مشکور ہوں کہ انہوں نے اپنی دن و رات کی سخت محنت سے کمپنی اعراض و مقاصد حاصل کئے۔ میں اس موقع پر اپنے بورڈ، حصص یافتگان، بینکنگ اور دیگر مالیاتی رفقاء کا بھی بے حد مشکور ہوں کہ انہوں نے کمپنی کو اپنا بھرپور تعاون پیش کیا جو یقیناً کمپنی کو کامیابی کی مزید راہوں پر گامزن کر دیگا۔



زکریا عثمان  
چیرمین

کراچی: 30 دسمبر 2019

### محترم حصص یافتگان

کمپنی کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے سال 30 دسمبر 2019 کا پیش کرنا میرے لئے بہت بڑا اعجاز ہے۔ کمپنی کی پہلی پیداوار یعنی 1993 سے ہی العباس شوگر ملز لمیٹڈ نے مستقل طور پر بھرپور کوشش کی ہے کہ پیداواری عمل میں بہتری کی خاطر بہتر سے بہتر لائحہ عمل اختیار کیا جائے اور یہ سب کمپنی کے اسٹیک ہولڈرز کے بھرپور تعاون سے حاصل ہوا کہ آج کمپنی نے انڈسٹری میں نہ صرف معیار کی بلند یوں کو چھو لیا ہے بلکہ انڈسٹری میں سب سے نمایاں کمپنی کے طور پر سامنے آئی ہے۔ آج ہم اپنے معزز صارفین، بینکرز اور حصص یافتگان کے شکریہ سے آغاز کریں گے کہ انہوں نے کمپنی کے ساتھ اپنی مسلسل وفاداری اور اپنا بھرپور تعاون فراہم کیا۔

اللہ تعالیٰ کا کرم ہے انتہائی مشکل کاروباری حالات ہونے کے باوجود کمپنی نے 1.112 بلین روپے کا بعد از ٹیکس منافع حاصل کیا۔ اس منافع کے ثمرات حصص یافتگان کو منتقل کرنے کے لئے بورڈ نے حتمی نقد منافع منقسمہ 300 فیصد یعنی 30 روپے فی حصص برائے سال 2018-19 کی تجویز دی ہے اور اس کی منظوری کمپنی کے اجلاس عام منعقدہ 28 جنوری 2020 کے دوران حصص یافتگان سے لی جائے گی۔ یہ حتمی نقد منافع منقسمہ اس عبوری نقد منافع منقسمہ کے علاوہ ہے جو 20 روپے فی حصص یعنی 200 فی صد کے حساب سے پہلے ہی ادا کیا جا چکا ہے۔ اس طرح کل نقد منافع منقسمہ 868.115 بلین روپے یعنی 50 روپے فی حصص ہوا ہے۔

اتھنوں کی خالص فروخت 3.665 بلین روپے سے بڑھ کر 4.219 بلین روپے ہو گئی یعنی گزشتہ سال کی نسبت اتھنوں کی فروخت میں 15.12 فیصد اضافہ ہوا مگر یہ اضافہ اس وجہ سے بے اثر رہا کہ شوگر یونٹ کی فروخت 23 فیصد کم ہوئی جسکی بنیادی وجہ 20-2019 کے فنانس بل کے ذریعہ حکومتی پالیسیوں میں تبدیلی تھا یعنی حکومت نے شوگر کے سیلز ٹیکس میں 4.6 روپے فی کلو سے 10.20 روپے فی کلو کا اضافہ کر دیا ساتھ ہی شوگر انڈسٹری پر فروخت کے وقت سیلز انوائس پر غیر رجسٹرڈ خریدار کے CNIC نمبر کے اندراج کی شرط لازم کر دی ہے۔ ان حکومتی اقدامات نے شوگر انڈسٹری میں بے یقینی اور بے چینی کی ایک لہر دوڑا دی جس کے باعث شوگر سیکٹر کی فروخت نمایاں طور پر کم رہی۔ گوکہ حکومت نے عارضی طور پر یہ شرط تین مہینوں کے لئے موخر کر دی ہے تاہم اگر یہ مسئلہ حل نہ ہو تو یہ حکومتی اقدامات شوگر انڈسٹری کے لئے مزید مشکلات کا باعث بنیں گے۔

بورڈ نے کمپنی کے متعین کردہ اہداف کے حصول کے لئے بہت موثر طور پر کمپنی کی رہنمائی کرتے ہوئے اپنے فرائض اور ذمہ داریاں نہایت لگن اور توجہ سے ادا کی ہیں۔ تمام ڈائریکٹرز بشمول آڈیٹرز ایکٹرز نے بورڈ کے فیصلہ سازی کے عمل میں بھرپور حصہ لیا اور تعاون کیا۔ بورڈ نے انتظامیہ کی کارکردگی پر گہری نظر رکھنے اور پُر خطر مالی معاملات طے کرنے کے ساتھ ساتھ جٹ سازی اور اسٹریٹجیک پلاننگ کے عمل میں بھی بورڈ نے پوری طرح سے حصہ لیا۔ نیز بورڈ تمام اسٹیک ہولڈرز کے مفادات کے تحفظ اور متعلقہ قوانین کی پاسداری کرنے کے لئے انتہائی پُر عزم ہے۔

کمپنی نے ایک آڈیٹرز ڈیپارٹمنٹ قائم کیا ہوا ہے جو سہ ماہی بنیادوں پر اپنی آڈٹ رپورٹ بورڈ کی آڈٹ کمیٹی کو پیش کرتا ہے۔ جو کہ اپنے اجلاسوں میں بہتر کارکردگی کے متقاضی شعبوں میں بہتری کے اقدامات تجویز کرتی ہے۔

بورڈ بذات خود اپنی کارکردگی، ممبران اور اس کے قائم کردہ کمیٹیوں کی سالانہ کارکردگی کا جائزہ لینے کے لئے اور ان کمیٹیوں کے ظاہر کردہ بہتری کے متقاضی شعبوں میں بہتری کے لئے ایک بہت موثر نظام وضع کیا ہے۔ بورڈ نے بنیادی طور پر اپنی توجہ کمپنی کی ترقی، کاروباری مواقع، رسک مینجمنٹ، بورڈ کے ڈھانچے کی تشکیل اور انتظامیہ کی غلطیوں کو درست کرانے جیسے معاملات پر اپنی توجہ مرکوز کی ہوئی ہے۔

# 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 **Tuesday January 28, 2020 at 11:00 a.m.** and at any adjournment thereof.

Signed under my / our hand this .....day of .....2020.

**(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 .....	2, Signature .....
Name .....	Name .....
CNIC / Passport No. ....	CNIC / Passport No. ....
Address .....	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 بیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکولر نمبر 1 بتاریخ 26 جنوری 2000 میں مقرر کردہ گا۔ بینڈ 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 اینٹیٹی 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 پیفیشیل اوزر 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 اینٹیٹی 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:

<b>Details of Shareholder</b>	
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
<b>Details of Bank Account</b>	
Title of Bank Account	
International Bank Account Number (IBAN) " <b>Mandatory</b> "	<b>PK</b> (24 digits) (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, M/s. CDC Share Services Limited; CDC House, 99-B, Block B, Main 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 **28 January, 2020**.

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.

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## 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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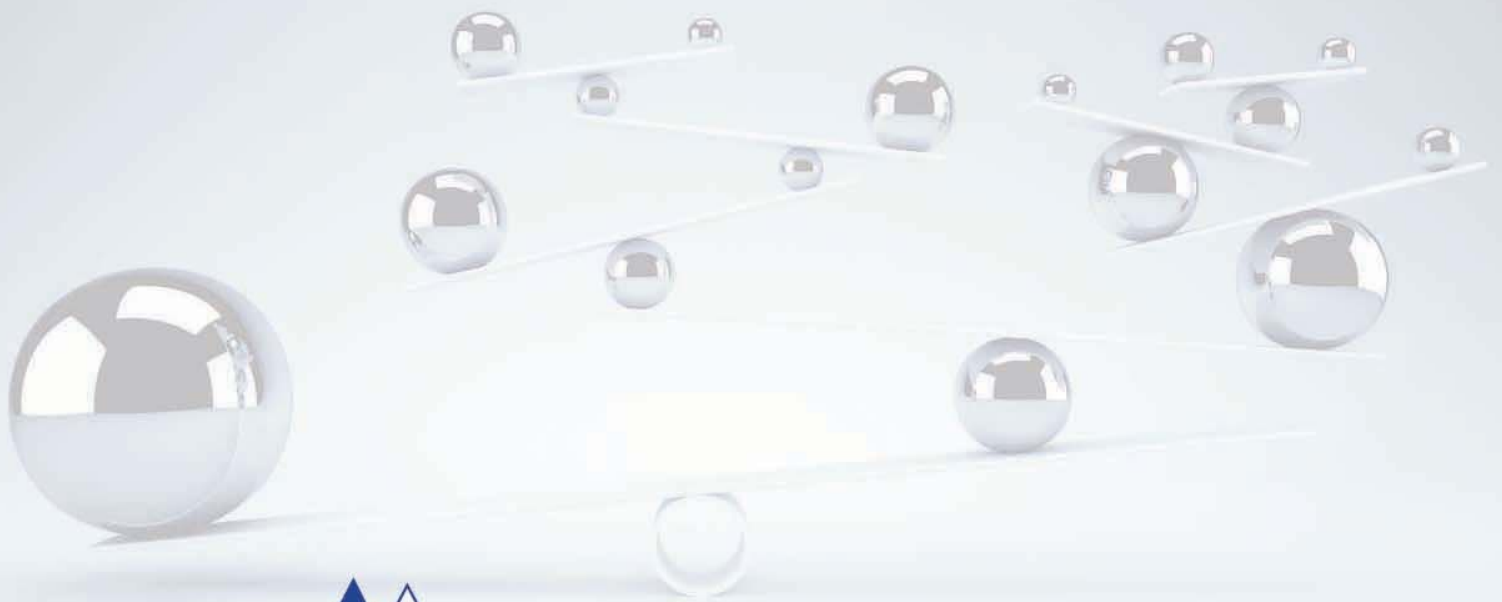


Jama Punji is an Investor  
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\*Mobile apps are also available for download for android and ios devices



**AL-ABBAS SUGAR MILLS LTD.**

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



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