

# ANNUAL 20 REPORT 20



**AL-ABBAS SUGAR MILLS LIMITED**

*Always deliver more than expected*



# CONTENTS

## 30th ANNUAL REPORT 2020

Corporate Information	02
Vision and Mission Statement	03
Notice of Annual General Meeting	04
Chairman's Review	08
Directors' Report	09
Pattern of Shareholding	19
Key Financial Data	22
Composition of Balance Sheet	23
Financial at a Glance	24
Independent Auditor Review Report to the Members of Al-Abbas Sugar Mills Limited	25
Statement of Compliance with the Code of Corporate Governance	26
Independent Auditors' Report to the Members	28
Statement of Financial Position	33
Statement of Profit or Loss	34
Statement of Comprehensive Income	35
Statement of Changes in Equity	36
Statement of Cash Flows	37
Notes to the Financial Statements	38
Chairman's Review (Urdu version)	85
Directors' Report (Urdu version)	96
Form of Proxy (English)	
Form of Proxy (Urdu)	
Form of Bank Account detail for Payment of Cash Dividend	
Form for Video Conference Facility	
Standard Request Form	

# 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  
Samba 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 AND MISSION STATEMENT

## VISION

The Company is committed to keep its focus on improving its core competencies and its clients' needs thereby, keeping the Company as one of the leading sugar and ethanol manufacturing unit as well as the provider of bulk storage services in the country with a purpose of creating enhanced value for its stakeholders, its community and overall economy of Pakistan.

## MISSION

- To be a profitable Company with an expert management team, motivated and productive employees and satisfied clients.
- To remain consistent with management philosophy to always observe the accepted standard of fair-conduct in dealing with employees, customers, suppliers and others.
- To keep shareholders informed and ensure timely dissemination of all material information to them and concerned regulators.
- To keep the Company always compliant with Corporate Governance rules and all other applicable laws, rules and regulations.
- To keep the workplace and working environment safe, clean and comfortable for all employees.
- To be a partner with the community in all efforts to preserve healthy environment, ecological balance, heritage and overall quality of life.

# NOTICE OF 30TH ANNUAL GENERAL MEETING



Notice is hereby given that the 30 th Annual General Meeting of **Al-Abbas Sugar Mills Limited** will be held at Beach Luxury Hotel, Karachi on Thursday, January 28, 2021 at 11:00 AM to transact the following business:

## Ordinary Business

1. To confirm the minutes of the 29th Annual General Meeting of the shareholders of the Company held on January 28, 2020.
2. To receive, consider and adopt Annual Audited Financial Statements for the year ended September 30, 2020, together with the reports of the Auditors' and Directors' thereon.
3. To declare and approve the cash dividend for the year ended September 30, 2020 on the ordinary shares of the Company. The Directors have recommended a final cash dividend at 100 % i.e. Rs. 10 per share. This is in addition to the interim dividend of 400 % i.e. Rs. 40.00 per share already paid. The total dividend for 2019-20 will thus amount to Rs. 868.115 million i.e. Rs. 50 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 2021. 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

A handwritten signature in black ink, appearing to read "Zuhair Abbas".

**Zuhair Abbas**  
Company Secretary

Karachi: January 07, 2021

## Notes:

1. Share Transfer Books will be closed from January 21, 2021 to January 28, 2021 (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, 2021 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 be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- v. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished [unless it has been provided earlier] along with proxy form to the Company.

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

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, 2020, 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 2020 effective July 1, 2020, 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
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#### 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 Shahra-e-Faisal, Karachi-74000, in case of physical shares.

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

#### 11. Form for Video Conference Facility

In accordance with Section 132 and 134 of the Companies Act, 2017, members can also avail video conference facility.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location other than the city of the Meeting, to participate in the meeting through video conference at least 7 days prior to the date of the Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the form and submit the same to the registered address of the Company 7 days before holding of the Annual General Meeting.

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 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 Shahra-e-Faisal, Karachi-74000 to collect/enquire about their unclaimed dividend, if any.

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



# CHAIRMAN'S REVIEW



Dear Shareholders

I am pleased to present the 30th Annual Report of the Company for the year ended September 30, 2020. The Company complies with the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Al-Abbas Sugar Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

During the year the COVID-19 pandemic has surfaced as a major event forcing the world into a lock-down and restricting economic activity across the board. Countries around the globe are setting up relief programs in a bid to contain the social and economic fallout of the pandemic. For Pakistan, this has come at a time when the country was heading towards some economic stability. Emergence of the pandemic has dampened the country's economic growth. This has led to downside risks posed to consumer demand amidst temporary business shut-downs and delayed harvest of crops.

The impact of COVID-19 turned positive for the ethanol segment. The revenue from of this segment has jumped from 4.219 billion to 4.610 billion, yielding a growth of 9.27%. The main reason for the increase is the increase in demand of hand sanitizers and other related products in which ethanol is one of the raw material.

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. 1.244 billion. To pass on the benefit of this achievement to the shareholders, the Board has proposed a dividend of Rs. 10 per share i.e. 100 % for the Financial year 2019-20 for the approval of members at the Annual General Meeting to be held on January 28, 2021. This is in addition to the interim dividend of Rs. 40 per share, i.e. 400% already paid making a total cash dividend of Rs. 50 per share i.e. 500 %.

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.

During the year under review, the Company received 35th Corporate Excellence Award conferred by the Management Association of Pakistan. The award affirms company's adherence for having the best corporate practices and governance in the Sugar Sector.

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. My colleagues on the Board have played an active and effective role in monitoring and advising on a rapidly unfolding situation. I would like to take this opportunity to extend my sincere gratitude to all Stakeholders and the Management of the Company for their contributions towards its success. The support and guidance from the SECP remained invaluable during the period. Lastly, I wish to acknowledge each and every one of our dedicated staff member, who worked with admirable determination to deliver on our commitments to our customers and maintained the highest level of service at all times. The Company's performance this year is owed truly to the selfless dedication of its staff, whom, when tested in the face of a once in a lifetime challenge, were found fully up to it.

A handwritten signature in black ink, appearing to read "Zakaria Usman".

**Zakaria Usman**  
Chairman

Karachi: December 24, 2020

# DIRECTORS' REPORT

In the name of ALLAH, the most gracious and most merciful, The Board of Directors have the pleasure in presenting to you the Company's Annual Audited Financial Statements and Auditors' report thereon for the year ended September 30, 2020.

## Industry Overview

Produced from sugarcane sugar constitutes Pakistan's second largest agro-based industry after textiles ranking fifth in the world in cane acreage and ninth in sugar production. An important cash crop in our country. Sugarcane is an important source of income for the farming community employing over 1.5 million people. This includes management, technology experts, skilled and unskilled workers. Given the climatic and other uncertainties deviations from the expected yield can result in a lower or higher than forecast production. Most of the time Pakistan produces enough sugar to meet the demand at home and if there is a bumper crop, the extra or surplus sugar is exported. Pakistan's sugarcane production has registered a decrease of 0.4% to 66.880 million metric tons in comparison to 67.174 million metric tons last year.

## Financial Position at a Glance:

	2020 (Rupees in thousand)	2019
Profit before taxation	1,370,241	1,201,227
Taxation	<u>(125,894)</u>	<u>(89,249)</u>
<b>Net profit for the year</b>	<b><u>1,244,347</u></b>	<b><u>1,111,978</u></b>
<b>Earnings per share in rupees</b>	<b><u>71.67</u></b>	<b><u>64.05</u></b>

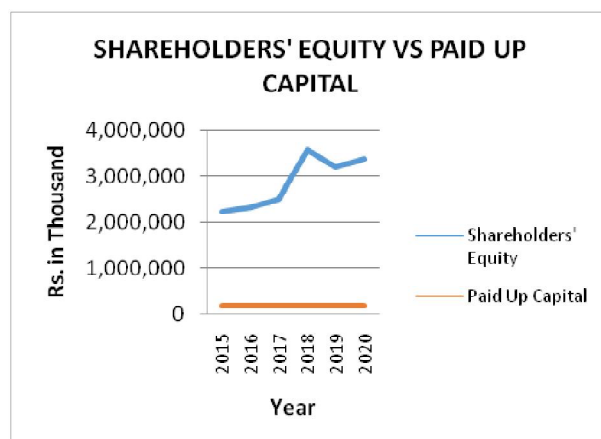
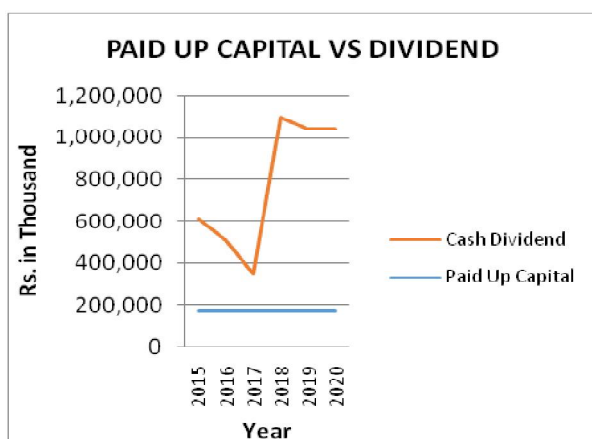
During the year the Company has made a provision of Rs. 274 million.

## Dividends and Appropriations

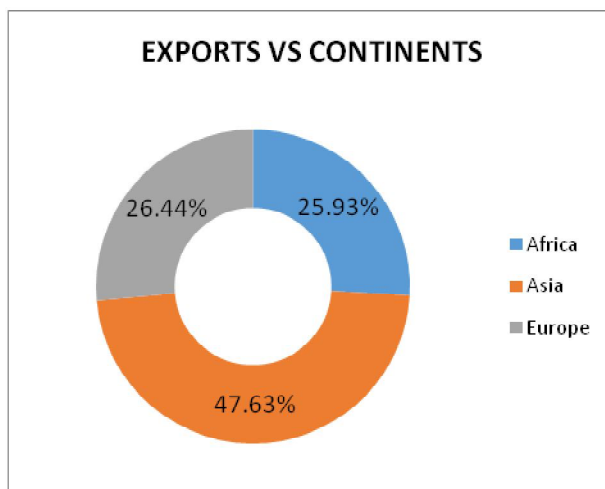
The Board of Directors in their meeting held on December 24, 2020 has proposed the final dividend of 100 % i.e. Rs. 10 per share. This is in addition to the interim dividends of 400 % i.e. Rs. 40 per share already paid. The total dividend for the year ended September 30, 2020 will thus amount to Rs. 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, 2021. 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	1,244,347
Un-appropriated profit brought forward	1,685,851
Final dividend 2019 @ Rs. 30/share	<u>(520,869)</u>
Interim dividends 2020 @ Rs. 40/share	<u>(694,492)</u>
Gain on remeasurement of defined benefit obligation	49,013
Available for appropriation and Un-appropriated profit carried forward	<b>1,763,850</b>



The Financial Year 2019-20 proved to be challenging economic environment as the Spread of the Novel Coronavirus (SARS-CoV-2) also known as COVID-19 which has severely affected national and global economies. Various enterprises are facing different issues with a certain degree of losses. Particularly, enterprises are facing a variety of problems such as decrease in demand, supply chain disruption, cancellation of export orders, raw material shortage and transportation disruptions, among others. Nevertheless, it is quite clear that enterprises around the globe are experiencing the significant impact of COVID-19 outbreak on their businesses. In Pakistan, the same sort of response was initially seen as in other parts of the world. In the first wave of COVID-19 complete lockdown was observed. However, gradually the Government moved to smart lockdown strategy and businesses were allowed to resume their operations with strict following of SOPs.



Alhamdulillah, your Company has managed to achieve the threshold of 1 billion net profit after all the economic challenges post by COVID-19 in Pakistan and particularly on sugar industry. During the year under review Ethanol sales remained geared primarily toward exports, which is a highly profitable business. A sharp spike in the global demand for hand-sanitizers and household cleaning products due to COVID-19 has had a reciprocal impact on the demand for Extra Neutral Alcohol (ENA) which is the main ingredient used in these products.

Al-Abbas Sugar Mills Limited is committed of 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.

### Segment Results

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

#### SUGAR SEGMENT

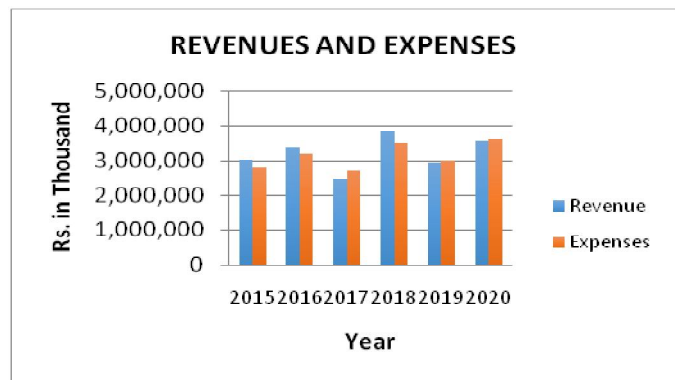
##### Operational Performance

	2019-20	2018-19
Date of start of season	<b>November 25, 2019</b>	December 13, 2018
Duration of season (Days)	<b>87</b>	84
Crushing (M. Tons)	<b>396,965</b>	467,828
Production from sugarcane(M. Tons)	<b>42,959</b>	50,892
Sales (M. Tons)	<b>56,810</b>	58,631
Recovery (%)	<b>10.82%</b>	10.88 %

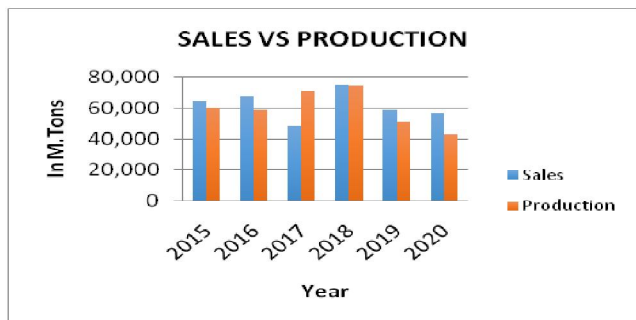
##### Financial Performance:

	2020 (Rupees in thousand)	2019
Sales	<b>3,543,055</b>	2,945,685
Cost of sales	<b>(3,371,792)</b>	(2,883,406)
Gross profit	<b>171,263</b>	62,279
Distribution cost	<b>(9,197)</b>	(40,269)
Administrative expenses	<b>(79,656)</b>	(75,185)
Operating segment result	<b>82,410</b>	(53,175)

During the year, your Company's sugar segment revenue was increased by approximately 20.28% as compared to previous year due to increase in sales price. Distribution cost was reduced by almost 77.16% due to export of sugar in last year. Sugar is only exported if there is a surplus production in the Country. However, in 19-20 the production of sugar was reduced as compare to previous year and even was not enough to meet the local demand. The mechanism of sugar selling price is based on the simple economics of demand and supply.



The prices of sugar in domestic market increased during the year due to the fact that the production of sugar was reduced. The shortage of sugar is evident from the fact that cane crushed and sugar production in Sindh region has decreased by 10.32% and 15.13% respectively which is also an indicator of imbalance in demand and supply.



## ETHANOL SEGMENT

### Operating Performance

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

2020

32,593  
31,908

2019

41,143  
41,487

### Financial Performance:

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

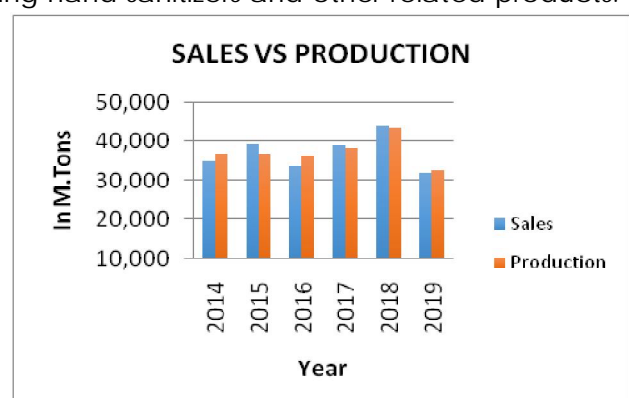
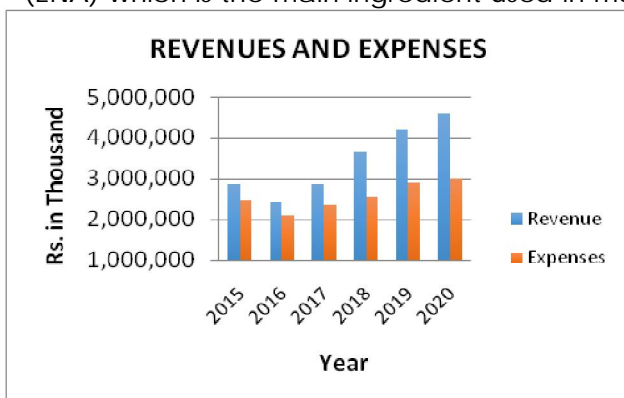
2020

**4,610,489**  
**(2,676,479)**  
**1,934,010**  
**(288,598)**  
**(52,008)**  
**1,593,404**

2019  
(Rupees in thousand)

4,219,177  
(2,516,301)  
1,702,876  
(331,814)  
(49,437)  
1,321,625

A sudden spike in the demand for ethanol was witnessed due to COVID-19 pandemic because there are no treatments or vaccines that are universally recognized by the medical communities. The only available option suggested by the World Health Organization is the use of preventive measures like wearing mask and washing hand with soap and sanitizers. Extra Neutral Alcohol (ENA) which is the main ingredient used in making hand sanitizers and other related products.



The revenue of ethanol segment increased by approximately 9.27% mainly due to increase in sales price and devaluation of Pak rupee. The cost of sales increased by almost 6.37% primarily due to shortage of raw material which has increased the price as compared to previous year.

The production of molasses is based on the production of sugar and if the production of sugar is reduced the similar impact can be seen for molasses. The production of sugar in 19-20 was reduced and same was witnessed for molasses plus the post COVID-19, a stiff competition by rival distilleries to procure an optimal amount of molasses for their production ensued, which reduced the availability of molasses in the market causing our ethanol production to decline by 9,579 M.Tons.

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 Bulk sale was reduced while the reliance placed on ISO 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. 38.694 million as compared to loss of Rs. 38.935 million for the same period last year. The loss mainly represents the fixed expenses.

### **STORAGE TANK TERMINAL**

Storage Tank Terminal contributed profit of Rs. 11.786 million during the year as compared to Rs. 78.543 million in last year. The decrease was due to the lesser demand and availability of tenants. 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.

### **Future Outlook**

#### **Sugar Segment**

The upcoming sugar crushing season i.e. 2020-21 is expected to be extremely difficult. Firstly, the support price of sugarcane has increased from Rs. 192 to Rs. 202 per 40kg recently notified by the Government of Sindh. Secondly, the shortage of sugarcane is expected in south Sindh due to the heavy rains which has damaged multiple crops including sugarcane. Your Company has started crushing from November 06, 2020. However, due to shortage of sugarcane supply the crushing was temporarily suspended. 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. The Company is also working towards the development in cane area for the improve quality of cane to achieve better recovery.

In Pakistan sugar production is forecast at 5.9 million tons, a 6% increase from the last season due to an expected increase in sugarcane area. Sugar consumption is forecast at 5.8 million tons, moderately higher than last year.

The global sugar production is forecast up by 21.8 million tons to 188 million tons as higher production in Brazil, India and Thailand. Consumption is also expected to rise by 6.2 million tons to 177 million tons. Consumption is forecast to recover slowly, due to the impact of the coronavirus on the economies of the different countries.

#### **Ethanol Segment**

Ethanol segment of your company has proved to be the most profitable segment for many years. With the unavailability of specific antiviral or a vaccine, non-pharmaceutical interventions could be the benchmark in curbing COVID-19 spread. The demand of ethanol was slightly reduced but the frenetic demand of hand sanitizer and related products has again increased as the world is now facing the second wave of the deadly virus thereby increased the demand of ethanol. We

expect that ethanol will remain in demand till the availability of the vaccines to the masses that are now in trial phase.

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. The price of molasses has drastically shoot up and it will continue to rise as many distilleries has started to procure in advance. 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 also depend on the exchange rate movement of Pak rupee against the dollar which is strengthening at a moment. Despite all these facts prospects for this segment is quite bright.

### **Tank Terminal**

Your Company anticipates the same earnings from Tank terminal segment. However, the management of your Company has proactively locating tenants in order to maintain the earnings from this segment.

### **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.

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

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

### **Related Party Transactions**

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 2019-20 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 41 and 46 of the financial statements of the Company.

### **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

Five meetings were held during the year ended September 30, 2020. The number of meetings attended by each director is as follows:

Name of Directors	Status	Number of meetings attended
Mr. Zakaria Usman	Chairman	4/4
Mr. Asim Ghani	Chief Executive Officer	4/4
Mrs. Asma Aves Cochinwala	Female Director	4/4
Mrs. Darakshan Zohaib	Female Director	4/4
Mr. Haroon Askari	Independent Director	4/4
Mr. Muhammad Salman Hussain Chawala	Independent Director	4/4
Mr. Shahid Hussain Jatoi	Independent Director	4/4
Mr. Muhammad Siddiq Khokhar	Independent Director	4/4
Mr. Suleman Lalani	Non-Executive Director	4/4

### Audit Committee

During the year four meetings were held. Attendance by each member was as follows:

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

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

Name of Members	Status	Number of meetings attended
Mr. Muhammad Salman Hussain Chawala	Chairman (Independent)	1/1
Mr. Asim Ghani	Member	1/1
Mr. Shahid Hussain Jatoi	Member	1/1
Mr. Muhammad SiddiqKhokhar	Member	1/1
Mr. Zakaria Usman	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.

Name of Members	Status	Number of meetings attended
Mr. Haroon Askari	Chairman (Independent)	2/2
Mr. Asim Ghani	Member	2/2
Mrs. DarakshanZohaib	Member	2/2
Mr. Zakaria Usman	Member	2/2

### Auditors

The retiring auditors, M/s. ReandaHaroon 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 2020-2021 to the shareholders at the forthcoming Annual General Meeting. 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.

### 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 Company has installed a capital-intensive waste water treatment plant to recycle process waste water for its re-use at the plant. This has enhanced water resource capability and reduced its reliance on the procurement of water through other means. The project is leading to water conservation and improve compliance of environmental standards. The Company will continue to invest in projects that will reduce its environmental footprint.

The Company has strictly followed the SOPs that include installation of hand sanitizers and temperature monitoring before entering the premises of the Company and encouraged its employees to follow the SOPs in its true letter and spirit. The health and safety of the employees is the top most priority of the Company during in this pandemic.

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.



### Corporate Excellence Award

Al-Abbas Sugar Mills Limited has won the 35th Corporate Excellence Award conferred by the Management Association of Pakistan (MAP), Karachi. The Corporate Excellence Awards are conferred by the MAP with an objective to recognize the listed companies which excel in corporate and management practices.

The award manifests the Company's commitment to quality, maintenance of the highest professional standards and constantly strives to achieve excellence in all spheres of its activity. This award is considered the most prestigious achievement in the corporate sector. The quality of management practices of the companies in different areas like corporate governance, strategic planning, social responsibility, planning human resources, production management, research and development are appraised by the MAP.

### Material Changes in Financial Statements 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. 790.805 (2019: Rs. 586.316) 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, 2020 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, Substantial Shareholders, Chief Financial Officer and Company Secretary and their spouses and minor children except the following:

NAME	CATEGORY	NATURE OF TRANSACTION	MARKET	NO. OF SHARES
AbdulGhani	Substantial Shareholder	Inheritance - In	N/A	1,346,232
Noor Jahan Hajiyani	Spouse of Substantial Shareholder	Inheritance - Out	N/A	1,346,232
Asim Ghani	Chief Executive Officer	Buy	Negotiated Deal Market	500,000
Asim Ghani	Chief Executive Officer	Buy	Negotiated Deal Market	774,500
Asim Ghani	Chief Executive Officer	Gift- Out	N/A	1,386,000
Darakshan Zohaib	Director	Gift- In	N/A	543,000
Asma Aves Cochinwala	Director	Gift- In	N/A	843,000

### Risk Management

The objective of risk management is not necessarily to eliminate risk, but to ensure that the risks we do accept remain within a predetermined level of acceptability and control while pursuing value-enhancing opportunities. The ultimate goal of risk management within Al-Abbas Sugar Mills Limited is to continually assess the control environment to prevent and build resilience against any internal or external shocks, both anticipated and unforeseen.

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.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, Business Risk, Technology Obsolescence, and Return on Investments, Business Cycle, Increase in Price and Costs, Limited Resources, Retention of Talent etc.

The Company is dependent on the availability raw material. Sugarcane and molasses are the main raw materials and its availability is vital for operations. The appreciation or depreciation of the Rupee also carries risk and any depreciation would have a favourable impact on the bottom-line of the Company.

### **Internal Control System**

The Board reviews the effectiveness of established internal controls through the Audit Committee and Risk Management Committee, which receives reports from Management, Internal Audit, and the External Auditor on the systems of internal control and risk management arrangements. The Board confirms that the actions they consider necessary have been taken to remedy such weaknesses as it has determined to be significant from its review of the system of internal control.

The Internal Control System carries out the internal audit of various activities in accordance with the audit plan approved by the Board Audit Committee (BAC) prior to execution. Emphasis continues to be on internal compliance measured against set standards and best practices. Management is required to comply with defined policies and procedures. The BAC is responsible for ascertaining the adequacy and effectiveness of internal controls including financial and operational controls, accounting systems and reporting structure.

#### **Adequacy of Internal Financial Controls**

The Board has a responsibility for the sound system of internal control which requires the Company to provide information in the corporate and financial reporting statement about the key elements of its system for internal control and risk management in conjunction with annual financial reporting. The Board reviews the effectiveness of internal controls through the Board Audit Committee which receives reports from the management, internal audit, and the external auditors on the systems of internal control and risk management arrangements. The Company has a strong system of internal controls designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Company believes that the most effective way to combat irregularities and discrepancies is to build a strong framework of internal controls by reinforcing the five pillars of internal controls, i.e., control environment, risk assessment, corporate governance, information and communication, and monitoring. The internal control program is supported by the Chief Executive Officer who provides guidance and the resources to maintain a successful program. The internal control program is enforced through thoughtful, risk-based assessments. Internal audit plays an important role in evaluating the effectiveness of internal control systems.

### **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".

### **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 26 to 27.

### **Acknowledgement**

The commitment of Al-Abbas Sugar Mills Limited's staff towards work during the spread of virus was commendable. Few staff member, performing critical tasks, attended the offices during this period and many others performed their duties while working from home. The Board acknowledges the



dedication of staff, especially during the pandemic and lock down period. The Board would also like to take this opportunity to thank the regulatory authorities, bankers, business partners and other stakeholders for their support and cooperation. We also thank our valued customers and depositors for their trust and confidence.

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

A handwritten signature in black ink, appearing to read "Asim Ghani", written over a horizontal line.

**Asim Ghani**  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "Darakshan Zohaib", written over a horizontal line.

**Darakshan Zohaib**  
Director

Karachi: December 24, 2020

# PATTERN OF SHAREHOLDINGS

AS ON SEPTEMBER 30, 2020

Number of Shares	Shareholdings' slab		Total Number of Shares Held
	From	To	
283	1	100	14,527
537	101	500	240,034
82	501	1,000	72,561
85	1,001	5,000	217,952
12	5,001	10,000	90,200
4	10,001	15,000	50,500
2	15,001	20,000	35,500
2	20,001	30,000	56,900
1	30,001	135,000	130,479
1	135,001	165,000	162,398
1	165,001	210,000	206,600
1	210,001	290,000	285,500
1	290,001	575,000	574,400
1	575,001	605,000	602,783
1	605,001	730,000	728,087
1	730,001	945,000	943,027
1	945,001	965,000	964,802
1	965,001	1,715,000	1,714,500
1	1,715,001	2,295,000	2,294,468
1	2,295,001	2,310,000	2,309,250
1	2,310,001	5,470,000	5,667,832
<u>1020</u>			<u>17,362,300</u>

## CATAGORIES OF SHAREHOLDERS

AS ON SEPTEMBER 30, 2020

Shareholders Catagories	Number of Shares Held	Percentage
Associated Companies, undertaking and related parties	7,588,932	43.7093
Mutual Fund	164,198	0.9457
Directors, Chief Executive Officer, and their spouse and minor children.	4,243,480	24.4408
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%	11,986,050	69.0349
General Public a. Local b. Foreign	1,310,735 NIL	7.5493 NIL
Others	2,588,328	14.9077

# DETAIL OF SHAREHOLDERS CATAGORIES



AS ON SEPTEMBER 30, 2020

	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	5,667,832	32.6445
	<u>7,588,932</u>	<u>43.7093</u>
<b>2 Mutual funds</b>	<b>No. of Shares</b>	<b>Percentage</b>
Prordial Stocks Fund Limited	600	0.0035
MCBFSL-Trustee JS Value Fund	162,398	0.9353
CDC - Trustee JS Large Cap. Fund	1,200	0.0069
	<u>164,198</u>	<u>0.9457</u>
<b>3 Directors, CEO and their spouses and minor children</b>	<b>No. of Shares</b>	<b>Percentages</b>
Zakaria Usman	12,700	0.0731
Asim Ghani	2,309,250	13.3004
Asma Aves Cochinwala	943,027	5.4315
Darakshan Zohaib	964,802	5.5569
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	11,500	0.0662
	<u>4,243,480</u>	<u>24.4408</u>
<b>4 Executives</b>	<b>No. of Shares</b>	<b>Percentages</b>
	NIL	NIL
<b>5 Public Sector Companies and corporations</b>	<b>No. of Shares</b>	<b>Percentages</b>
	NIL	NIL
<b>6 NIT and ICP</b>	<b>No. of Shares</b>	<b>Percentages</b>
Investment Corporation of Pakistan	500	0.0029
CDC - Trustee National Investment (Uuit) Trust	602,783	3.4718
	<u>603,283</u>	<u>3.4747</u>

# DETAIL OF SHAREHOLDERS CATAGORIES

AS ON SEPTEMBER 30, 2020

	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>
	No. of Shares	Percentages
<b>8 Shareholder holding five percent or more voting interest in the Company</b>		
Haji Abdul Ghani	5,667,832	32.6445
Asim Ghani	2,309,250	13.3004
Jahangir Siddiqui & Sons Limited	2,294,468	13.2152
Trustee - Future Trust	1,714,500	9.8748
	<u>11,986,050</u>	<u>69.0349</u>

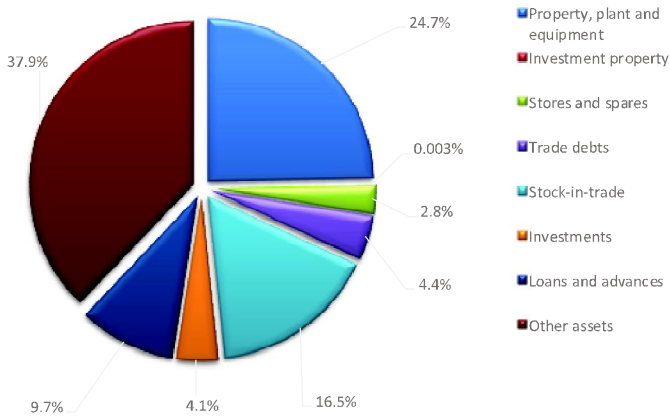
# KEY FINANCIAL DATA



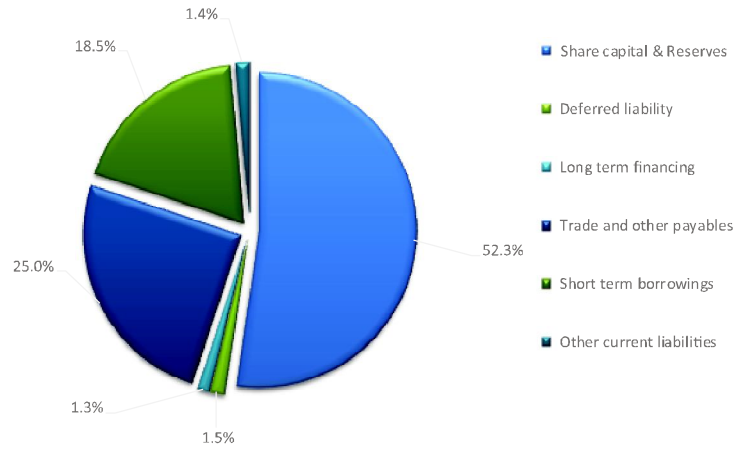
		2020	2019	2018	2017	2016	2015
<b>Investment Measure</b>							
Ordinary Share Capital	Rs. in ' 000 '	<b>173,623</b>	173,623	173,623	173,623	173,623	173623
Reserves	Rs. in ' 000 '	<b>3,221,027</b>	3,053,628	3,420,351	2,334,735	2,161,485	2054425
Ordinary Shareholder's Equity	Rs. in ' 000 '	<b>3,394,650</b>	3,227,251	3,593,974	2,508,358	2,335,108	2228048
Dividend on Ordinary Shares	Rs. in ' 000 '	<b>868,115</b>	868,115	920,201	173,623	329,884	434058
Dividend per Ordinary Share	Rs. in ' 000 '	<b>50.00</b>	50.00	53.00	10.00	19.00	25.00
Profit Before Taxation	Rs. in ' 000 '	<b>1,370,241</b>	1,201,227	1,370,679	206,948	524,570	553599
Profit After Taxation	Rs. in ' 000 '	<b>1,244,347</b>	1,111,978	1,293,780	142,976	457,883	494935
Earnings per share of Rs. 10	Rs.	<b>71.67</b>	64.05	74.52	8.23	26.37	28.50
<b>Measure of Financial Status</b>							
Current Ratio	x : 1	<b>1.58</b>	1.49	1.80	1.12	1.61	1.28
Total Debt Ratio	x : 1	<b>0.18</b>	0.25	0.13	0.35	0.00	0.12
Number of Days Stock	In days	<b>72.90</b>	109.90	130.22	102.45	56.45	82.68
<b>Measure of Performance</b>							
Sales	Rs. in ' 000 '	<b>8,153,544</b>	7,164,862	7,494,077	5,327,415	5,793,851	5867298
Cost of Goods Sold as % of Sales	%	<b>74.18</b>	75.36	72.33	89.27	86.82	85.94
Profit Before Taxation as % of Sales	%	<b>16.81</b>	16.77	18.29	3.88	9.05	9.43
Profit After Taxation as % of Sales	%	<b>15.26</b>	15.52	17.26	2.68	7.90	8.43
Quantity of sugar cane crushed	M.Tons	<b>396,965</b>	467,829	665,539	659,154	560,786	564,555
Quantity of sugar production	M.Tons	<b>42,959</b>	50,892	74,388	70,484	58,730	60,534
Recovery of sugar production	%	<b>10.82</b>	10.88	11.17	10.70	10.47	10.72
Quantity of Ethanol produced	M.Tons	<b>32,593</b>	41,143	43,221	38,213	36,402	36,946
Recovery of ethanol produced	%	<b>5.53</b>	5.49	5.59	5.49	5.54	5.65

# Composition of Balance Sheet

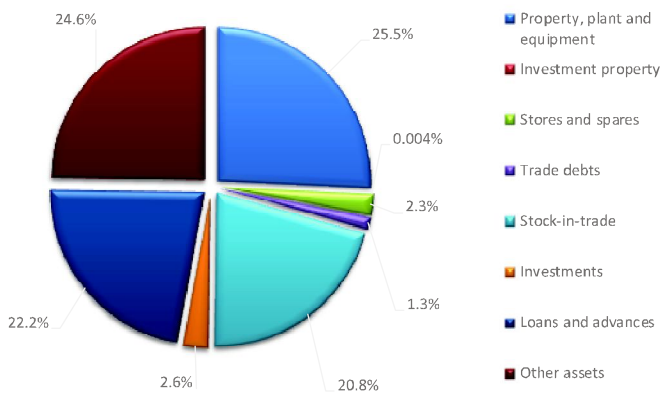
## Total Assets FY 2020



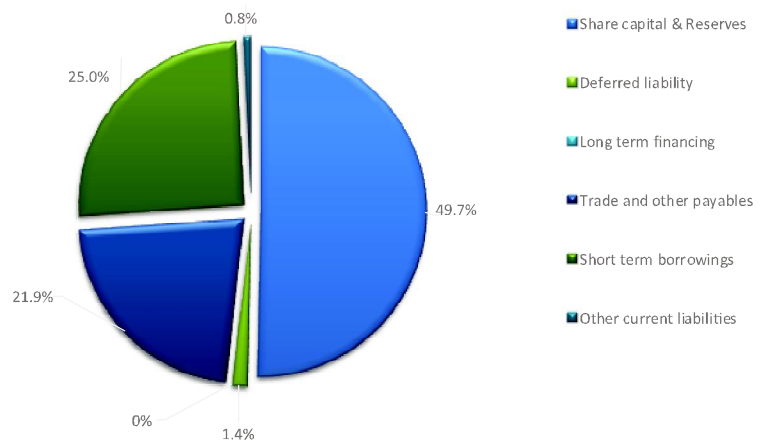
## Equities & Liabilities FY 2020



## Total Assets FY 2019



## Equities & Liabilities FY 2019

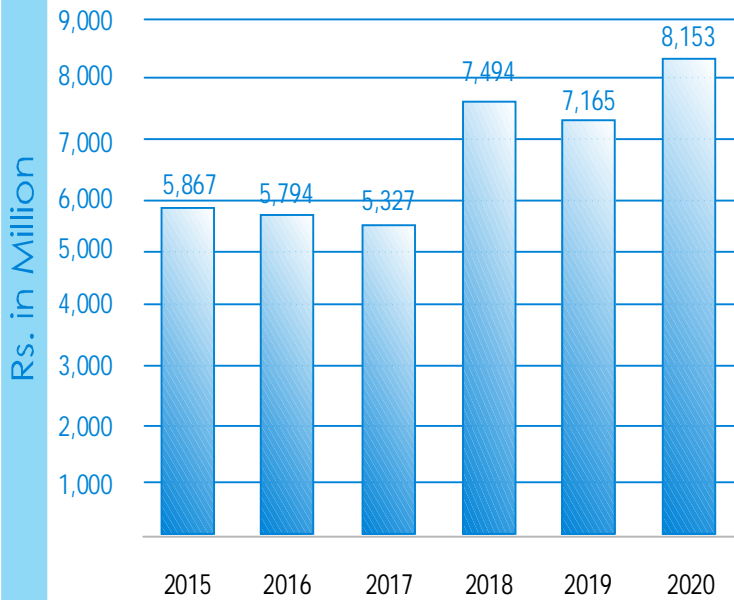




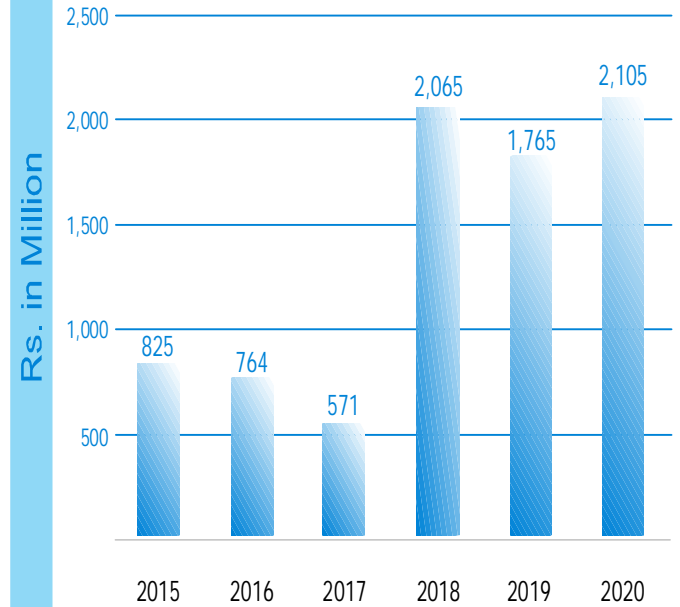
# Financials at a Glance



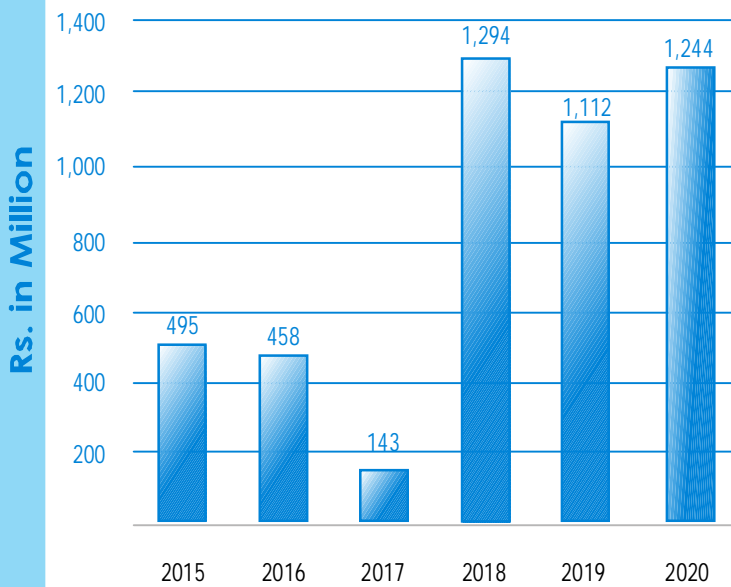
## Sales Revenue



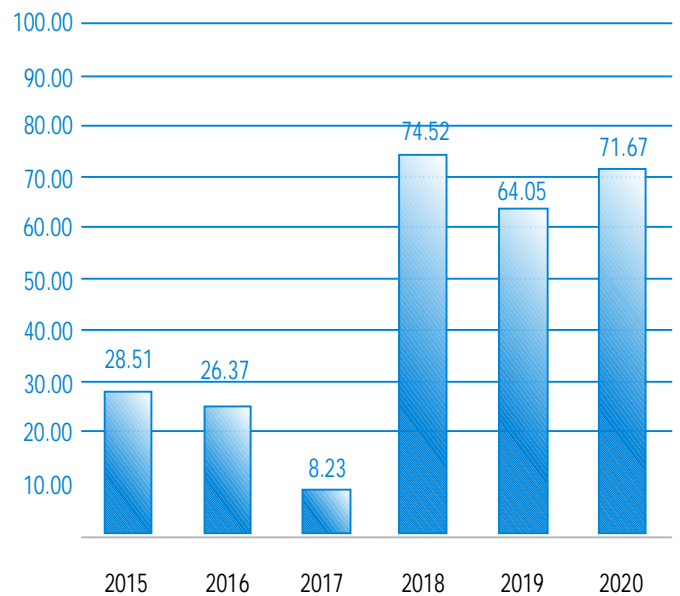
## Gross Profit



## 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, 2020 in accordance with the requirements of Regulation 36 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.

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, 2020.



**Reanda Haroon Zakaria & Company**  
Chartered Accountants

Place: Karachi  
Dated: December 24, 2020

# STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED SEPTEMBER 30, 2020



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

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

2. The composition of the board is as follows:

Category	Names
Independent Directors	Mr. Haroon Askari Mr. Muhammad Salman Hussain Chawala Mr. Muhammad 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. DarakshanZohaib

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has approved a revised vision and mission statement during the year, 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. 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.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. 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. DarakshanZohaib	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. Muhammad SiddiqKhokharUbYDMilw	Member
Mr. Zakaria Usman	Member

**Risk Management Committee**

Mr. Haroon Askari	Chairman
Mr. Asim Ghani	Member
Mrs. DarakshanZohaib	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:
  - a. Audit Committee: Four quarterly meetings during the financial year ended September 30, 2020
  - b. HR and Remuneration Committee: One meeting during the year ended September 30, 2020.
  - c. Risk Management Committee: Two meetings during the year ended September 30, 2020.
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 involved 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

Dated: December 24, 2020  
Karachi.

# INDEPENDENT AUDITOR'S REPORT

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



## Opinion

We have audited the annexed financial statements of **Al-Abbas Sugar Mills Limited** which comprise the statement of financial position as at September 30, 2020, 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2020 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 29.1 (c) to the financial statements which describe the uncertainty related to the outcome of the lawsuit filed against the Company and others by a Non-Executive Director of the Company. Our opinion is not qualified in respect of this matter.

## Key Audit Matters

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

Following are the key audit matters:

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<b>1. Valuation of Stock-in-trade</b>  As mentioned in note 12 to the financial statements the stock-in-trade balance consists of 16.4% 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.	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.

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.

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 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.

## **2. Company's Exposure to Litigation Risk**

The Company is exposed to different laws, regulations and interpretations there of and hence, there is a litigation risk. In our judgement, the Company has significant litigation cases as disclosed in notes no. 24.1, 28.1, 38.3, 38.4, 38.5 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.

## **3. Long Term Financing**

As mentioned in Note 23, company obtained loan under SBP refinance Scheme to finance Salaries and export as were available to company due to on going pandemic. The pricing is below the market rates and accordingly, loan is accounted for under IFRS -9 and as well as IAS - 20. The matter is considered key audit matter owing to use of Judgement involved in ascertaining the present value and portion of Grant.

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

Our audit procedures included the following:

## **4. Short Term & long Term Investment**

As we mentioned Note No. 7&16, we

We evaluated the appropriateness of the transaction through calculation of financial liability and amount of government grant

consider it significant audit matter as the investment portfolio is increased by 70% Since last year and use of judgements is involved in assessing the market rate as well as amortized cost.

in aggregate.

Further, we evaluated the appropriateness of market interest rate and effective interest rate through alternative market source including company's incremental borrowing rate as well as calculating the effective interest rate.

We have obtained open market offers to evaluate the fair market value of entity measurements.

We have performed amortized cost for Short term debt investment with reference to available banking data.

### **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 & Co*

**Reanda Haroon Zakaria & Company**  
**Chartered Accountants**

Place: Karachi  
Dated: December 24, 2020

# STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	Note	2020 (Rupees in thousand)	2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	1,601,789	1,634,297
Investment property	6	224	249
Long term investments	7	266,108	170,985
Long term loans	8	680	6
Long term deposits		11,848	11,848
Deferred taxation	9	-	-
		<b>1,880,649</b>	<b>1,817,385</b>
<b>Current Assets</b>			
Biological assets	10	1,912	729
Stores and spares	11	179,871	146,699
Stock-in-trade	12	1,069,294	1,346,695
Trade debts	13	286,795	81,158
Loans and advances	14	627,076	1,438,652
Trade deposits and short term prepayments	15	16,965	17,933
Short term investments	16	1,769,074	1,029,586
Other receivables	17	51,412	294,705
Interest accrued	18	13,954	11,497
Income tax refunds due from the government	19	56,548	103,447
Cash and bank balances	20	535,692	124,131
		<b>4,608,593</b>	<b>4,595,232</b>
<b>Total Assets</b>		<b>6,489,242</b>	<b>6,412,617</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized capital		400,000	400,000
Issued, subscribed and paid-up capital	21	173,623	173,623
Reserves	22	3,221,027	3,053,628
<b>Shareholders' equity</b>		<b>3,394,650</b>	<b>3,227,251</b>
<b>Non-Current Liabilities</b>			
Long term financing	23	82,158	-
Deferred liabilities	24	96,011	92,041
		<b>178,169</b>	<b>92,041</b>
<b>Current Liabilities</b>			
Trade and other payables	25	1,623,041	1,421,211
Accrued markup	26	3,664	6,648
Short term borrowings	27	1,200,000	1,623,237
Current maturity of long term financing	23	37,991	-
Unclaimed dividend		38,881	29,383
Provision for taxation	28	12,846	12,846
		<b>2,916,423</b>	<b>3,093,325</b>
<b>Contingencies and Commitments</b>	29		
<b>Total Equity and Liabilities</b>		<b>6,489,242</b>	<b>6,412,617</b>

The annexed notes from 1 to 52 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, 2020



	Note	2020 (Rupees in thousand)	2019
Sales - net	30	8,153,544	7,164,862
Cost of sales	31	<u>(6,048,271)</u>	<u>(5,399,707)</u>
<b>Gross profit</b>		<b>2,105,273</b>	<b>1,765,155</b>
(Loss) / Profit from other reportable segments - net	32	<u>(26,908)</u>	<u>39,608</u>
		<b>2,078,365</b>	<b>1,804,763</b>
Distribution cost	33	<u>(297,795)</u>	<u>(372,083)</u>
Administrative expenses	34	<u>(131,664)</u>	<u>(124,622)</u>
Other operating expenses	35	<u>(376,114)</u>	<u>(115,650)</u>
		<b>(805,573)</b>	<b>(612,355)</b>
<b>Operating profit</b>		<b>1,272,792</b>	<b>1,192,408</b>
Finance cost	36	<u>(52,979)</u>	<u>(63,942)</u>
Other income	37	<u>150,428</u>	<u>72,761</u>
<b>Profit before taxation</b>		<b>1,370,241</b>	<b>1,201,227</b>
Taxation	38	<u>(125,894)</u>	<u>(89,249)</u>
<b>Profit after taxation</b>		<b>1,244,347</b>	<b>1,111,978</b>
<b>Earnings per share - Basic and diluted</b>	39	<b>71.67</b>	<b>64.05</b>

The annexed notes from 1 to 52 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, 2020

	2020 (Rupees in thousand)	2019
Profit after taxation	1,244,347	1,111,978
Other comprehensive income for the year		
Items that will not be reclassified to statement of profit or loss account in subsequent periods		
Gain / (Loss) on remeasurement of investments at fair value through other comprehensive income	89,400	(109,218)
Loss on disposal of investment at fair value through other comprehensive income"	-	(152,247)
	89,400	(261,465)
Gain / (loss) on remeasurement of defined benefit obligation	49,013	(1,875)
<b>Total comprehensive income for the year</b>	<b>1,382,760</b>	<b>848,638</b>


The annexed notes from 1 to 52 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, 2020



	RESERVES						Total Share holder's Equity
	Issued, subscribed and paid-up capital	Revenue reserves			Capital reserves	Total Reserves	
		General reserve	Unappropriated profit	Sub total	Unrealized gain / (loss) on investment at fair value through other comprehensive income		
(Rupees in thousand)							
Balance as at October 1, 2018	173,623	1,458,000	1,791,550	3,249,550	170,801	3,420,351	3,593,974
<b>Total other comprehensive income for the year</b>							
Profit after taxation	-	-	1,111,978	1,111,978	-	1,111,978	1,111,978
<b>Other comprehensive income for the year</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)
Transferred 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 year</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>
Balance as at October 1, 2019	173,623	1,458,000	1,685,851	3,143,851	(90,223)	3,053,628	3,227,251
<b>Total other comprehensive income for the year</b>							
Profit after taxation	-	-	1,244,347	1,244,347	-	1,244,347	1,244,347
<b>Other comprehensive income for the year</b>							
Gain on remeasurement of investments at fair value through other comprehensive income	-	-	-	-	89,400	89,400	89,400
Gain on remeasurement of defined benefit obligation	-	-	49,013	49,013	-	49,013	49,013
<b>Total comprehensive income for the year</b>	-	-	1,293,360	1,293,360	89,400	1,382,760	1,382,760
<b>Transactions with owners</b>							
Final Dividend 2019: Rs. 30 per share	-	-	(520,869)	(520,869)	-	(520,869)	(520,869)
Interim Dividend 2020:Rs.6.5 per share	-	-	(112,855)	(112,855)	-	(112,855)	(112,855)
Interim Dividend 2020:Rs.33.5 per share	-	-	(581,637)	(581,637)	-	(581,637)	(581,637)
	-	-	(1,215,361)	(1,215,361)	-	(1,215,361)	(1,215,361)
<b>Balance as at September 30, 2020</b>	<u>173,623</u>	<u>1,458,000</u>	<u>1,763,850</u>	<u>3,221,850</u>	<u>(823)</u>	<u>3,221,027</u>	<u>3,394,650</u>

The annexed notes from 1 to 52 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

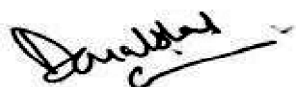
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Note	2020 (Rupees in thousand)	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	40	2,824,787	1,544,925
Finance cost paid		(55,963)	(61,219)
Workers' Welfare Fund Paid		(11,352)	(25,388)
Workers' Profit Participation Fund paid		(67,407)	(76,059)
Income tax paid		(78,995)	(99,880)
Long term loans recovered - net		(674)	407
Long term deposits - net		-	(242)
		<u>(214,391)</u>	<u>(262,381)</u>
<b>Net cash generated from operating activities</b>		<u>2,610,396</u>	<u>1,282,544</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred on property, plant and equipment		(81,807)	(227,227)
Proceeds from disposal of property, plant and equipment		4,226	3,422
Purchase of long term investments		(5,723)	-
Proceeds from sale of long term investments		-	221,998
Investment in TDRs and T-Bills - net		(739,488)	(1,028,986)
Interest / markup received		129,509	32,766
Dividend received		3,399	7,838
<b>Net cash used in investing activities</b>		<u>(689,884)</u>	<u>(990,189)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing obtained		120,149	-
Dividend paid		(1,205,863)	(1,201,378)
Short term borrowings obtained / (repaid) - net		(423,237)	921,147
<b>Net cash used in financing activities</b>		<u>(1,508,951)</u>	<u>(280,231)</u>
<b>Net increase in cash and cash equivalents</b>		411,561	12,124
<b>Cash and cash equivalents at beginning of the year</b>		124,131	112,007
<b>Cash and cash equivalents at the end of the year</b>		<u>535,692</u>	<u>124,131</u>

The annexed notes from 1 to 52 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, 2020



## 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 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions. Based on management's assessment the impact of COVID - 19 on the Company was significantly positive for ethanol segment considering the demand from its customers, However, for sugar segment the Company was not much impacted due to demand from its customer and measures taken by the Government to support the industry in which the Company operates. The Company is conducting business with some modifications to employee working and following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

### **3 BASIS OF PREPARATION**

#### **3.1 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.

#### **3.2 Basis of measurement**

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

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

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

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

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

- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment - 4.2 and 5
- Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of investment property - 4.3 and 6
- Assumptions and estimates used in determining the provision for slow moving stores and spares - 4.4 and 11
- Assumptions and estimates used in writing down items of stock in trade to their net realisable value - 4.5 and 12
- Assumptions and estimates used in calculating the provision for doubtful trade debts - 4.1 and 13
- Assumptions and estimates used in calculating the provision for doubtful loans, advances and other receivables - 4.11, 14 and 17
- Assumptions and estimates used in the recognition of current and deferred taxation - 4.14, 9 and 38
- Assumptions and estimates used in accounting for staff retirement benefits 4.15 - 25.5
- Assumptions and estimates used in disclosure and assessment of provision for contingencies - 29



**3.5 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 on or after 01 July, 2019 other than those disclosed in note 4.1 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.

**3.6 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, 2020:

**3.6.1** 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.

**3.6.2** 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.

**3.6.3** 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.

**3.6.4** Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

**3.6.5** Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these

amendments, the term 'interest rate benchmark reform' refers to the marketwide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provides relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

**3.6.6** Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

**3.6.7** Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

### **3.7 Annual Improvements to IFRS Standards 2018-2020 Cycle**

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9- The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph 83.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

## 4 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:

### 4.1 Changes in significant accounting policies

The Company has adopted IFRS 16 'Leases' which is effective from annual periods beginning on or after 01 January 2019.

#### 4.1.1 IFRS 16 'Leases'

IFRS 16 primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors has not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On initial application, the Company has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognises the lease payments associated with these leases as an expense in statement of profit or loss.

### 4.2 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.

#### **4.2.1 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.

#### **4.3 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.

#### **4.4 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.

#### **4.5 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.

#### **4.6 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

#### **4.7 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

#### **4.7.1 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.

#### **4.7.2 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.

#### **4.7.3 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.

#### **4.7.4 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.

#### **4.8 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.

#### **4.9 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.

#### **4.10 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.

#### **4.11 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.

#### **4.12 Deposits and prepayments**

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

#### **4.13 Cash and cash equivalents**

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

#### **4.14 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.

#### **4.15 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.

#### **4.16 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.

#### **4.17 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.

#### **4.18 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.

#### **4.19 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.

#### **4.20 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.
- Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future Cash Flow discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

**4.21 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.

#### **4.22 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.

#### **4.23 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.

#### **4.24 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.

#### **4.25 Government Grant**

This represents benefit of lower interest rate which is amortized and credited to income in the same year in which payment of installments including mark up expense falls.

	Note	2020 (Rupees in thousand)	2019
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>1,601,789</b>	1,454,700
Capital work in progress (CWIP)	5.2	-	179,597
		<b>1,601,789</b>	<b>1,634,297</b>

### 5.1 OPERATING FIXED ASSETS

	September 30, 2020								
	Cost			Accumulated depreciation			Written down		
	As at October 01, 2019	Additions / (Deletions)	Transferred from CWIP	As at September 30, 2020	As at October 01, 2019	Charge for the year / (on disposal)	As at September 30, 2020	value as at September 30, 2020	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	296,732	8,625	305,357	77,621	10
<b>Non-factory building</b>									
- on free-hold land	195,976	-	-	195,976	146,656	5,064	151,720	44,256	10
- on lease-hold land	24,799	-	-	24,799	12,937	1,186	14,123	10,676	10
Plant and machinery	2,674,639	-	235,146	2,909,785	1,526,652	85,106	1,611,758	1,298,027	5 to 10
Furniture and fittings	10,654	-	-	10,654	7,906	275	8,181	2,473	10
Vehicles	100,821	24,460	-	116,665	56,613	11,665	60,576	56,089	20
	-	(8,616)	-	-	-	(7,702)	-	-	-
Office equipment	37,104	1,214	-	38,318	25,841	1,192	27,033	11,285	10
Computers	8,934	584	-	9,518	8,223	263	8,486	1,032	30
Tools and tackles	4,268	-	-	4,268	4,141	25	4,166	102	20
	<b>3,540,401</b>	<b>26,258</b>	<b>235,146</b>	<b>3,793,189</b>	<b>2,085,701</b>	<b>113,401</b>	<b>2,191,400</b>	<b>1,601,789</b>	
	-	(8,616)	--	-	-	(7,702)	-	-	

	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)	-	-	

### 5.1.1 Reconciliation of written down value:

WRITTEN DOWN VALUE						
	As at October 01, 2019	Additions	Transferred from CWIP	Disposals	Depreciation charge for the year	As at September 30, 2020
----- (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	86,246	-	-	-	8,625	77,621
<b>Non-factory building</b>						
- on free-hold land	49,320	-	-	-	5,064	44,256
- on lease-hold land	11,862	-	-	-	1,186	10,676
Plant and machinery	1,147,987	-	235,146	-	85,106	1,298,027
Furniture and fittings	2,748	-	-	-	275	2,473
Vehicles	44,208	24,460	-	(914)	11,665	56,089
Office equipment	11,263	1,214	-	-	1,192	11,285
Computers	711	584	-	-	263	1,032
Tools and tackles	127	-	-	-	25	102
<b>September 30, 2020</b>	<b>1,454,700</b>	<b>26,258</b>	<b>235,146</b>	<b>(914)</b>	<b>113,401</b>	<b>1,601,789</b>
September 30, 2019	1,493,387	23,056	44,432	(999)	105,176	1,454,700

Note  
2020  
(Rupees in thousand)  
2019

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

Cost of sales	31	68,790	61,241
Storage tank terminal	32.1	12,137	13,025
Chemical and alloys	32.2	19,794	21,195
Administrative expenses	34	12,680	9,715
		<b>113,401</b>	<b>105,176</b>

### 5.1.3 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

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

Description	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain / (Loss)	Mode of disposal	Particular of buyers
----- (Rupees in thousand) -----							
Land Cruiser BC - 8039	1,487	1,487	-	600	600	Negotiation	Mr. Mustafa Jamal Khan
Daihatsu Cuore ADU - 447	405	401	4	191	187	Negotiation	Mr. Nawaz Khan
Honda Civic ALA - 414	1,320	1,242	78	550	472	Negotiation	Mrs. Humaira Suhaib
Honda Civic AQC - 419	1,595	1,458	137	725	588	Negotiation	Mr. M. Faheem Jan
Toyota Corolla AUG - 861	1,885	1,643	242	1,000	758	Negotiation	Mr. Zeeshan Abdullah
Suzuki Alto AUJ - 046	697	607	90	375	285	Negotiation	Mr. M. Waqas
Suzuki Cultus AWG - 869	943	664	279	500	221	Negotiation	Mr. M. Younus
Motor Cycle KHA - 5245	72	52	20	72	52	Company policy	Mr. M. Khan (employee)
Motor Cycle KHA - 5257	72	52	20	72	52	Company policy	Mr. Kewal Ram (employee)
Motor Cycle KHA - 5263	72	52	20	72	52	Company policy	Mr. M. Akram (employee)
Motor Cycle KIQ - 1728	68	44	24	69	45	Company policy	Mr. M. Shareef (employee)
<b>2020</b>	<b>8,616</b>	<b>7,702</b>	<b>914</b>	<b>4,226</b>	<b>3,312</b>		
2019	2,958	1,959	999	3,422	2,423		

#### 5.2 Capital work in progress - CWIP

Description	September 30, 2020			September 30, 2019				
	As at October 01, 2019	Additions	Transfer to operating fixed assets	As at September 30, 2020	As at October 01, 2018	Additions	Transfer to operating fixed assets	As at September 30, 2019
----- (Rupees in thousand) -----								
<b>Plant and machinery</b>								
Storage tank terminal	1,941	45,313	(47,254)	-	19,288	26,515	(43,862)	1,941
Advance to contractor	-	-	-	-	570	-	(570)	-
	1,941	45,313	(47,254)	-	19,858	26,515	(44,432)	1,941
Turbo Alternator	148,999	941	(149,940)	-	-	148,999	-	148,999
	148,999	941	(149,940)	-	-	148,999	-	148,999
Effluent Treatment Plant	28,657	9,295	(37,952)	-	-	28,657	-	28,657
	28,657	9,295	(37,952)	-	-	28,657	-	28,657
<b>Total</b>	<b>179,597</b>	<b>55,549</b>	<b>(235,146)</b>	<b>-</b>	<b>19,858</b>	<b>204,171</b>	<b>(44,432)</b>	<b>179,597</b>

## 6 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, 2020	1,600	-	1,600	1,351	25	1,376	224	10%
September 30, 2019	1,600	-	1,600	1,323	28	1,351	249	10%

6.1 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	2020 (Rupees in thousand)	2019
<b>7</b>	<b>LONG TERM INVESTMENTS</b>				
	At fair value through other comprehensive income - in quoted shares				
			7.1	<u><b>266,108</b></u>	<u>170,985</u>
<b>7.1</b>					
	2020	2019			
	<b>Number of shares par value Rs. 10 each</b>				
	4,500	4,500	Hum Network Limited	34	12
	2,488,061	2,488,061	Power Cement Limited - Ordinary Shares	21,970	11,843
	572,254	-	Power Cement Limited - Preference Shares	5,723	-
	4,500	4,500	Aisha Steel Mills Limited - Preference Shares"	68	58
	900	900	Aisha Steel Mills Limited - Ordinary Shares"	14	7
	1,000,000	1,000,000	Fauji Cement Limited	19,880	13,400
	368,051	320,045	Mehran Sugar Mills Limited	27,291	18,403
	872,850	872,850	IGI Holdings Limited	<u>191,128</u>	<u>127,262</u>
				<u><b>266,108</b></u>	<u>170,985</u>

**7.1.1** During the year the Company has exercised the preference right shares in the ratio of 23 preference Shares for every 100 ordinary Shares at the rate of Rs. 10 per share (i.e at par). These are non - redeemable but convertible into ordinary Shares upon the expiry of 12 months from the issue date. Conversion Ratio is to be determined by dividing the aggregate face value of preference shares plus the outstanding balance of any accumulated / accrued preferred dividend (if not paid till conversion) by Rs. 7.5/-. The rate of dividend on these shares is 1.5% above six months KIBOR.

As at September 30, 2020, the dividend accrued on these preference shares amounted to Rs. 0.021 (2019: Rs. nil) Million which has not been recorded in these financial statements as the Investee Company has accumulated losses and also has not recorded the same in its books of accounts.

**7.1.2** These are non- redeemable preference shares 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 share's is 3% above six months KIBOR.

As at September 30, 2020, the dividend accrued on these preference shares amounted to Rs. 0.08 (2019: Rs. 0.07) 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.

	2020	2019
	(Rupees)	
<b>The market value of each quoted security at the reporting date is as follows:</b>		
HUM Network Limited (HUMNL)	7.56	2.75
Power Cement Limited (POWER)	8.83	4.76
Power Cement Limited (POWERPS)	10.00	-
Aisha Steel Mills Limited (ASLPS)	15.18	12.97
Aisha Steel Mills Limited (ASL)	15.72	7.77
Fauji Cement Limited (FFC)	19.88	13.40
Mehran Sugar Mills Limited (MRNS)	74.15	57.50
IGI Holding Limited (IGIHL)	218.97	145.80

	Note	2020	2019
		(Rupees in thousand)	
<b>8 LONG TERM LOANS</b>			
<b>- Considered good and secured</b>			
Due from executives	8.1	-	310
Due from other employees		<u>986</u>	<u>204</u>
	8.2 & 8.3	<u>986</u>	514
Less: current portion of long term loans	14	<u>(306)</u>	<u>(508)</u>
		<u><u>680</u></u>	<u><u>6</u></u>

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

Balance at beginning of the year	310	830
Add: disbursements	<u>-</u>	<u>250</u>
	<u>310</u>	1,080
Less: recoveries during the year	<u>(310)</u>	<u>(770)</u>
Balance at end of the year	<u><u>-</u></u>	<u><u>310</u></u>

**8.2** 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 one to six years in equal monthly installments. These are secured against the retirement benefits of the employees and are within the limits of such securities.

**8.3** Maximum aggregate amount of loans outstanding at any month end was Rs. 0.986 (2019: Rs. 1.016) Million.

	Note	2020	2019
		(Rupees in thousand)	
<b>9 DEFERRED TAXATION</b>			
<b>Deferred Tax Assets arising in respect of</b>			
<b>Deductible temporary differences</b>			
Available tax losses		140,153	150,794
Minimum tax		45,833	18,885
Liabilities u/s 34(5)		79,267	74,022
Provisions		<u>34,609</u>	<u>34,609</u>
		<u>299,862</u>	278,310
<b>Taxable temporary differences</b>			
Accelerated tax depreciation		(229,050)	(218,644)
Investments		<u>(7,185)</u>	<u>(2,686)</u>
		<u>63,627</u>	56,980
Unrecognized deferred tax asset	9.1	<u>(63,627)</u>	<u>(56,980)</u>
		<u><u>-</u></u>	<u><u>-</u></u>

- 9.1 The Company has not recognized its entire deferred tax asset relating to tax losses up to the period ended September 30, 2020 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	2020 (Rupees in thousand)	2019
<b>10 BIOLOGICAL ASSETS</b>			
<b>At fair value</b>			
Carrying value at beginning of the year		729	-
Increase due to cultivation		1,912	729
		<u>2,641</u>	<u>729</u>
Reduction due to harvesting		(729)	-
<b>Carrying value at end of the year</b>		<u>1,912</u>	<u>729</u>

#### 10.1 Operations and principal activities at farms

The company's agriculture activities represents cultivation of sugarcane.

#### 11 STORES AND SPARES

Stores and spares		209,809	176,637
Provision for slow moving items and obsolescence		(29,938)	(29,938)
		<u>179,871</u>	<u>146,699</u>

#### 12 STOCK-IN-TRADE

Raw materials	12.1	369,654	266,193
Work-in-process		6,321	4,842
<b>Finished goods</b>			
Sugar	12.2	363,937	913,128
Ethanol	12.3	329,382	150,392
		693,319	1,063,520
Stock of bagasse in hand		-	12,140
		<u>1,069,294</u>	<u>1,346,695</u>

- 12.1 Value of raw material pledged with financial institutions as on the statement of financial position date amounts to Rs. Nil (2019: 119.34) Million.

- 12.2 Value of finished goods pledged with financial institutions as on the statement of financial position date amounts to Rs. Nil (2019: Rs. 85.394) Million.

- 12.3 Finished goods include stock items valued at net realizable value (NRV) at Rs. Nil (2019: Rs. 166.316) Million.

		2020 (Rupees in thousand)	2019
<b>13 TRADE DEBTS</b>			
<b>Considered good</b>			
Export		251,796	16,565
Local		34,999	64,593
		<u>286,795</u>	<u>81,158</u>
<b>Considered doubtful</b>			
Local		15,432	15,432
		<u>302,227</u>	<u>96,590</u>
Provision for doubtful debts		(15,432)	(15,432)
		<u>286,795</u>	<u>81,158</u>



	Note	2020 (Rupees in thousand)	2019
<b>14 LOANS AND ADVANCES</b>			
<b>Loans</b>			
<b>To growers</b>			
<b>- Interest based:</b>			
Considered good	14.1	16,498	16,092
<b>- Non - Interest Based:</b>			
Considered good		1,274	912
Considered doubtful		301	301
		1,575	1,213
Provision for loans considered doubtful		(301)	(301)
		1,274	912
Current portion of loans to employees and executives	8	306	508
		18,078	17,512
<b>Advances</b>			
<b>Considered good</b>			
To employees against expenses		165	155
To suppliers and contractors		601,307	1,420,064
Against letter of credit for stores and spares parts		7,526	921
		608,998	1,421,140
<b>Considered doubtful</b>			
To suppliers and contractors		73,669	73,669
		682,667	1,494,809
Provision for doubtful advances	14.2	(73,669)	(73,669)
		608,998	1,421,140
		627,076	1,438,652

**14.1** The rate of markup on such loans is 14.96% (2019: 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	2020 (Rupees in thousand)	2019
<b>15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Prepayments	15.1	16,965	17,933
<b>15.1 Prepayments</b>			
Rent		6,149	8,861
Establishment charges		4,718	4,315
Insurance		5,045	3,746
Software license fees		1,053	1,011
		16,965	17,933
<b>16 SHORT TERM INVESTMENTS</b>			
<b>At amortized cost</b>			
Term Deposit Receipts	16.1	1,380,600	833,600
Government Securities	16.2 & 16.3	388,474	195,986
		1,769,074	1,029,586

16.1 These carry profit ranging from 6.35% to 11.43% (2019: 6.74% to 12.65%) per annum.

## 16.2 Government Securities

Name of Security	Issue Date	Fair Value			Balance	
		As at Oct 01, 2019	Purchased during the period	Sold / Mutured during the period	As at September 30, 2020	September 30, 2020 Carrying Value
----- (Rupees in thousand) -----						
Market Treasury Bills - 3 Months	16-Aug-19	100,000	-	100,000	-	-
Market Treasury Bills - 3 Months	29-Aug-19	100,000	306,150	406,150	-	-
Market Treasury Bills - 3 Months	10-Oct-19	-	320,490	320,490	-	-
Market Treasury Bills - 3 Months	07-Nov-19	-	617,000	617,000	-	-
Market Treasury Bills - 3 Months	21-Nov-19	-	353,500	353,500	-	-
Market Treasury Bills - 3 Months	02-Jan-20	-	587,800	587,800	-	-
Market Treasury Bills - 3 Months	30-Jan-20	-	206,000	206,000	-	-
Market Treasury Bills - 3 Months	12-Mar-20	-	76,000	76,000	-	-
Market Treasury Bills - 3 Months	12-Mar-20	-	310,000	310,000	-	-
Market Treasury Bills - 3 Months	26-Mar-20	-	379,050	379,050	-	-
Market Treasury Bills - 3 Months	09-Apr-20	-	102,000	102,000	-	-
Market Treasury Bills - 3 Months	23-Apr-20	-	1,002,170	1,002,170	-	-
Market Treasury Bills - 3 Months	07-May-20	-	203,000	203,000	-	-
Market Treasury Bills - 3 Months	21-May-20	-	456,000	456,000	-	-
Market Treasury Bills - 12 Months	16-Aug-19	-	371,400	371,400	-	-
Market Treasury Bills - 12 Months	10-Oct-19	-	185,000	-	185,000	184,736
Market Treasury Bills - 3 Months	16-Jul-20	-	204,000	-	204,000	203,738
<b>Total as at September 30, 2020</b>						<b>388,474</b>
Total as at September 30, 2019						195,986

16.3 These carry profit ranging from 6.8% to 7.6% (2019: 13.6%) per annum.

	Note	2020 (Rupees in thousand)	2019
<b>17 OTHER RECEIVABLES</b>			
<b>- Considered good</b>			
Sales tax and excise duty	17.1	8,510	14,927
Defined benefit plan - Gratuity	17.2	42,872	-
Workers' profit participation fund	25.5	-	4,593
Others		30	780
		<b>51,412</b>	20,300
<b>- Considered doubtful</b>			
Freight subsidy on sugar export		274,405	274,405
		<b>325,817</b>	294,705
Provision for freight subsidy on sugar export	17.3	(274,405)	-
		<b>51,412</b>	294,705

**17.1** 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. 3.336 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.

**17.2 Defined benefit plan - related party**

As stated in note 4.15, 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 to 17.2.12 are based on the information included in that actuary's report.

	Note	2020 (Rupees in thousand)	2019
<b>17.2.1 The asset recognized in the balance sheet is as follows:</b>			
Present value of defined benefit obligation	17.2.2	(112,591)	(107,730)
Fair value of plan assets	17.2.3	181,814	133,458
Payables		(25,555)	(27,288)
Receivable from employees gratuity fund	17.2.7	43,668	(1,560)
Other liability - Payable to gratuity fund		(796)	-
Net receivable / (payable) at the balance sheet date		<u>42,872</u>	<u>(1,560)</u>

**17.2.2 Changes in present value of defined benefit obligation**

Present value of defined benefit obligation at the beginning of the year		107,730	90,931
Current service cost		19,288	16,925
Interest cost on defined benefit obligation		12,643	8,385
Benefits due but not paid (payables)		(21)	(646)
Benefits paid		(13,159)	(13,518)
Remeasurements due to - experience adjustments		(14,191)	5,960
Remeasurements due to - actuarial loss/ (gain) from change in assumption		301	(307)
Present value of defined benefit obligation at the end of the year		<u>112,591</u>	<u>107,730</u>

**17.2.3 Changes in fair value of plan assets**

Fair value of plan assets as at the beginning of the year		133,458	98,319
Contributions during the year		10,400	34,300
Interest income on plan assets		16,510	10,871
Benefit paid during the year - defined benefit obligation		(13,159)	(13,518)
Benefit paid during the year from payables		(518)	(292)
Return on plan assets, excluding interest income		35,123	3,778
Fair value of plan assets at the end of the year		<u>181,814</u>	<u>133,458</u>

#### 17.2.4 Plan assets comprises of

	2020		2019	
	Rupees in '000	%	Rupees in '000	%
Equity	87,998	48.40	108,499	81.30
Cash and/or deposits	65,453	36.00	24,959	18.70
Other	28,363	15.60	-	0.00
	<b>181,814</b>	<b>100</b>	133,458	100

	Note	2020 (Rupees in thousand)	2019
17.2.5 The following amounts have been charged to profit and loss account during the year			
Current service cost		19,288	16,925
Interest cost on defined benefit obligation		12,643	8,385
Interest income on plan assets		(16,510)	(10,871)
		<b>15,421</b>	<b>14,439</b>

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

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

Due to experience adjustments	14,191	(5,960)
Actuarial (loss)/gain from changes in financial assumptions	(301)	307
Return on plan assets, excluding interest income	35,123	3,778
	<b>49,013</b>	<b>(1,875)</b>

#### 17.2.7 Movement in net asset recognized in the balance sheet

Liability at the beginning of the year		(1,560)	(19,546)
Charge for the year	17.2.5	(15,421)	(14,439)
Remeasurements chargeable in other comprehensive income	17.2.6	49,013	(1,875)
Contributions		10,400	34,300
Payables reversed		1,236	-
Asset / (liability) at the end of the year		<b>43,668</b>	<b>(1,560)</b>

#### 17.2.8 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.

#### 17.2.9 Principal actuarial assumptions

The latest actuarial valuation for gratuity fund was carried out as at September 30, 2020 using the Projected Unit Credit Method (PUCM). The following significant assumptions used

for the actuarial valuation:

	2020	2019
Discount rate	9.75%	12.50%
Expected rate of increase in salary	8.75%	11.50%
Average retirement age of the employee	60 years	60 years
Withdrawal rates	Age based	Age based
Mortality rates	SLIC 2001-05	SLIC 2001-05

#### 17.2.10 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 reasonable 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 in assumption (Rupees in thousand)	Decrease in assumption
Discount rate	1	106,013	120,045
Salary increase	1	119,862	106,067

17.2.11 Expected charge for the year 2020-21 will be Rs. 11.509 million.

#### 17.2.12 Risks associated with the fund

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

**Final Salary Risk:** The risk that the final salary at the time of cessation of service is greater than what the company assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic 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. Especially in case of benefit payable are in streams of payments after retirement like pension etc.

	Note	2020 (Rupees in thousand)	2019
17.3	<b>Balance at the beginning of the year</b>	-	-
	Provision made during the year	274,405	-
	<b>Balance at the end of the year</b>	274,405	-

	Note	2020 (Rupees in thousand)	2019
<b>18 INTEREST ACCRUED</b>			
- On			
Growers loan	14.1	<b>3,187</b>	2,611
Term deposit receipts	16.1	<b>10,767</b>	8,886
		<u><b>13,954</b></u>	<u>11,497</u>
<b>19 INCOME TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
Income tax	19.1	<b>56,548</b>	103,447
<b>19.1 Balance at the beginning of the year</b>		<b>103,447</b>	92,816
Advance tax paid / deducted during the year		<b>78,995</b>	99,880
Provision for taxation for the year	38	<b>(123,935)</b>	(91,222)
Prior year tax		<b>(1,959)</b>	1,973
		<u><b>56,548</b></u>	<u>103,447</u>
<b>20 CASH AND BANK BALANCES</b>			
<b>Cash in hand</b>		<b>1,052</b>	941
<b>Cash at banks</b>			
Current accounts		<b>501,682</b>	24,504
Savings accounts	20.1	<b>32,958</b>	98,686
		<u><b>534,640</b></u>	<u>123,190</u>
		<u><b>535,692</b></u>	<u>124,131</u>

20.1 These carry profit ranging from 2.09% to 7.54% (2019: 2.87% to 7.56%) per annum.

## 21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2020 (Number of shares)	2019		2020 (Rupees in thousand)	2019
	<u><b>17,362,300</b></u>	<u>17,362,300</u>	Ordinary shares of par value of Rs.10 each fully paid in cash	<u><b>173,623</b></u>	<u>173,623</u>

21.1 Number of shares held by associated undertakings as on the statement of financial position date were 11,832,410 (2019: 10,557,912).

21.2 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	2020 (Rupees in thousand)	2019
<b>22 RESERVES</b>			
<b>Capital reserves</b>			
Unrealized loss on investment at fair value through other comprehensive income	22.1	(823)	(90,223)
<b>Revenue reserves</b>			
General reserve		1,458,000	1,458,000
Unappropriated profit	22.2	1,763,850	1,685,851
		<u>3,221,850</u>	<u>3,143,851</u>
		<u>3,221,027</u>	<u>3,053,628</u>

22.1 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).

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

	Note	2020 (Rupees in thousand)	2019
<b>23 LONG TERM FINANCING - Secured</b>			
<b>From banking companies</b>			
Allied bank limited	23.1	59,751	-
Bank of Punjab	23.2	60,000	-
		<u>119,751</u>	-
Less: Amortization of Financial Liability		(13,347)	-
Financial Liability at Amortized Cost		106,404	-
Unwinding of amortized cost during the year		1,066	-
Payment made		(17)	-
		<u>107,453</u>	-
Current portion of long term financing		(37,991)	-
		<u>69,462</u>	-
Deferred income - Government Grant	23.3	13,347	-
Transferred to Profit & Loss		(651)	-
		<u>12,696</u>	-
		<u>82,158</u>	-

23.1 The Company has obtained sanctioned limit of 72 million under "Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns" for payment of wages and salaries to the workers and employees introduced by State Bank of Pakistan. Currently it is secured by ranking charges on plant and machinery of the Company. The security will be replaced by lien over Treasury Bills of Rs. 67 million. The repayment of financing under the Scheme will start from January 2021. The repayment will be made in equal 8 quarterly installments. It carries mark-up at the rate of SBP rate plus 0.75% per annum payable quarterly.

23.2 The Company has also obtained sanctioned limit of 60 million under "Refinance Scheme for Payment of Wages & Salaries to the Workers and Employees of Business Concerns" for payment of wages and salaries to the workers and employees introduced by State Bank of Pakistan. It is secured by ranking charges by lien over Term deposit receipts of Rs. 75 million. The repayment of financing under the Scheme will start from April 2021. The repayment will be made in equal 8 quarterly installments. It carries mark-up at the rate of SBP rate plus 0.4% per annum payable quarterly.

**23.3** Government grant amounting to Rs. 13.347 million has been recorded during the year ended September 30, 2020 and Rs. 0.651 million has been amortised during the year. In accordance with the terms of the grant, the company is prohibited to lay-off its employees for three months from the disbursement of the loan.

	Note	2020 (Rupees in thousand)	2019
<b>24 DEFERRED LIABILITIES</b>			
Market Committee fee	24.1	<u>96,011</u>	<u>92,041</u>

**24.1** 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	2020 (Rupees in thousand)	2019
<b>25 TRADE AND OTHER PAYABLES</b>			
Creditors	25.1, 25.2 & 25.3	<b>1,001,739</b>	1,034,798
Accrued liabilities		<b>71,067</b>	86,696
Advances from customers		<b>370,512</b>	138,455
Short term deposits	25.4	<b>34,817</b>	38,146
Unearned storage service income		-	9,323
Sales tax payable		<b>54,435</b>	43,556
Workers' Profit Participation Fund	25.5	<b>1,339</b>	-
Workers' Welfare Fund		<b>69,344</b>	52,828
Retention money		<b>2,079</b>	2,063
Defined benefit plan - related party	17.2.1	-	1,560
Special Excise Duty payable		<b>9,696</b>	9,696
Withholding tax payable		<b>6,719</b>	-
Others		<b>1,294</b>	4,090
		<u><b>1,623,041</b></u>	<u>1,421,211</u>

**25.1** 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.

**25.2** In accordance with Sugar Factories Control Act, 1950, the Company is required to pay quality premium at the rate of 50 paise per kg of sugarcane crushed for each 0.1 percent of excess sucrose recovery above the 8.7 percent to the sugarcane growers. The Company along with other sugar mills had challenged the levy of quality premium before the Honorable High Court of Sindh which had given adverse decision against had the sugar mills. The Company then filed an appeal with the Supreme Court of Pakistan and obtained Stay Order against impugned judgement of the Court.

Last year, the Honorable Supreme Court of Pakistan has disposed the appeal and issued an Order. The Company had already paid quality premium for period 1998-99 uptill now by taking consideration of the additional/excess payment over and above the notified minimum support price fixed by the Provincial Government.

During the year C.P - 3458 has been filed by Sindh Growers Alliance against the Company and other sugar mills in the high Court of Sindh whereby they urged for execution and implementation of Apex Court Order. The Honorable Court has disposed of the case by



making consensually agreed Order wherein it was directed that Cane Commissioner of Sindh shall examine each notification separately and determine the sucrose recovery rate according to each notification. The grower apply with their claims to the mills and mill will verify their claims within two months, thereafter, the payment will be made. As the Company already made excess/additional payments to the growers, the Company is confident that no additional liability will arise and as a matter of prudence the Company has not reversed the liability.

**25.3** 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.

**25.4** 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.

	Note	2020 (Rupees in thousand)	2019
<b>25.5 Workers' profit participation fund</b>			
Balance at beginning of the year		(4,593)	5,967
Interest for the year		-	92
Charge for the year	35	(4,593) 73,339	6,059 65,407
Net payment during the year		68,746 (67,407) 1,339	71,466 (76,059) (4,593)

## 26 ACCRUED MARKUP

Markup on short term borrowings		3,664	6,648
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## 27 SHORT TERM BORROWINGS

### From banking companies - secured Under Mark up arrangements

Cash / running finances		-	68,237
Export refinance	27.1	1,200,000	1,555,000
		1,200,000	1,623,237

**27.1** The available aggregate finance facilities (short term funded) amounted to Rs. 4.610 (2019: Rs. 4.010) Billion which have been arranged from various commercial banks out of which Rs. 3.485 (2019: 3.310) Billion are with export refinance and FE 25. Out of total export refinance limit, Rs. 3.485 (2019: 3.125) 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 0.50% to 1% (2019: 1 to 3 months KIBOR plus 0.70% to 1.50%) per annum payable quarterly in arrears or upon maturity and Export refinance carry markup ranging from SBP rate plus 0.50% to 1% (2019: SBP rate plus 0.60% to 1%) per annum. At the year end, facilities amounting to Rs. 3.410 (2019: Rs. 2.387) Billion remained unutilized. These facilities are expiring on various dates latest by June 30, 2021 and are renewable.

**27.2** The available facilities for opening letters of credit on the reporting date aggregate to Rs. 300 (2019: Rs. 300) Million of which facilities unutilized on reporting date amounting to Rs. 292.661 (2019: Rs. 278.46) Million.

**27.3** The available facilities in respect of letters of guarantee on the reporting date aggregate to Rs. 55.00 (2019: Rs. 55.00) Million of which facilities unutilized on reporting date amounting to Rs. 0.400 (2019: Rs. 0.400) Million.

	Note	2020 (Rupees in thousand)	2019
<b>28</b>	<b>PROVISION FOR TAXATION</b>	28.1	12,846
		<u>12,846</u>	<u>12,846</u>

**28.1** 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.

## **29 CONTINGENCIES AND COMMITMENTS**

### **29.1 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, 2020 for water, sewerage, conservancy and fire amounting to Rs. 24.120 (September 30, 2019: Rs. 24.075) 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. 81.752 (2019: Rs. 70.939) 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 (2019: Rs. 54.6) Million have been issued by the banking companies on behalf of the Company in favour of customers and suppliers.

## 29.2 Commitments

- a) Commitments in respect of outstanding letter of credit amounts to Rs. 7.317 (2019: Rs. 21.540) Million.
- b) Capital commitments in respect of plant and machinery amounting to Rs. nil (2019: Rs. 177.167) Million.

Note	Sugar		Ethanol		Total	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
<b>30 SALES - NET</b>						
<b>Gross sales</b>						
Local	4,170,739	3,057,183	212,542	254,226	4,383,281	3,311,409
Export	-	275,174	4,426,955	4,005,051	4,426,955	4,280,225
	<u>4,170,739</u>	<u>3,332,357</u>	<u>4,639,497</u>	<u>4,259,277</u>	<u>8,810,236</u>	<u>7,591,634</u>
<b>Less:</b>						
Sales tax	(627,684)	(386,672)	(29,008)	(40,100)	(656,692)	(426,772)
	<u>3,543,055</u>	<u>2,945,685</u>	<u>4,610,489</u>	<u>4,219,177</u>	<u>8,153,544</u>	<u>7,164,862</u>

30.1 It includes exchange gain of Rs. nil (2019: 11.430) Million on export of sugar and exchange loss of Rs. 38.845 (2019: Exchange gain of Rs. 8.557) Million on export of ethanol.

### 31 COST OF SALES

Cost of raw materials consumed	2,612,479	2,440,838	2,549,341	2,247,513	5,161,820	4,688,351
Stores and spare parts consumed	90,811	107,586	80,184	113,138	170,995	220,724
Packing materials	23,294	30,937	-	-	23,294	30,937
Salaries, wages and other benefits	254,243	247,701	61,318	55,365	315,561	303,066
Fuel, electricity and water charges	5,070	3,589	67,243	38,550	72,313	42,139
Other manufacturing expenses	43,008	43,417	36,765	30,928	79,773	74,345
Repairs and maintenance	28,440	7,452	33,142	14,612	61,582	22,064
Depreciation	39,609	33,939	29,181	27,302	68,790	61,241
	<u>3,096,954</u>	<u>2,915,459</u>	<u>2,857,174</u>	<u>2,527,408</u>	<u>5,954,128</u>	<u>5,442,867</u>
<b>Work-in-process</b>						
Opening	4,842	4,061	-	-	4,842	4,061
Closing	(6,321)	(4,842)	-	-	(6,321)	(4,842)
	<u>(1,479)</u>	<u>(781)</u>	<u>-</u>	<u>-</u>	<u>(1,479)</u>	<u>(781)</u>
	<u>3,095,475</u>	<u>2,914,678</u>	<u>2,857,174</u>	<u>2,527,408</u>	<u>5,952,649</u>	<u>5,442,086</u>
<b>Less:</b>						
Transfer price of molasses	(226,234)	(205,080)	-	-	(226,234)	(205,080)
Sale of fusel oil - net	-	-	(1,705)	(1,274)	(1,705)	(1,274)
Purchase of bagasse	14,700	-	-	-	14,700	-
Transfer price of bagasse	(67,242)	(38,530)	-	-	(67,242)	(38,530)
Stock adjustment of bagasse in hand	12,140	2,716	-	-	12,140	2,716
Sale of bagasse - net	(6,238)	(30,326)	-	-	(6,238)	(30,326)
	<u>(272,874)</u>	<u>(271,220)</u>	<u>(1,705)</u>	<u>(1,274)</u>	<u>(274,579)</u>	<u>(272,494)</u>
<b>Cost of goods manufactured</b>	<u>2,822,601</u>	<u>2,643,458</u>	<u>2,855,469</u>	<u>2,526,134</u>	<u>5,678,070</u>	<u>5,169,592</u>
<b>Finished goods</b>						
Opening	913,128	1,153,076	150,392	140,559	1,063,520	1,293,635
Closing	(363,937)	(913,128)	(329,382)	(150,392)	(693,319)	(1,063,520)
	<u>549,191</u>	<u>239,948</u>	<u>(178,990)</u>	<u>(9,833)</u>	<u>370,201</u>	<u>230,115</u>
	<u>3,371,792</u>	<u>2,883,406</u>	<u>2,676,479</u>	<u>2,516,301</u>	<u>6,048,271</u>	<u>5,399,707</u>

31.1 Salaries, wages and other benefits include Rs. 9.563 (2019: Rs. 8.138) Million in respect of defined benefit plan - gratuity.

### 31.2 Other Manufacturing Expenses

Security services	10,900	10,095	7,266	6,730	18,166	16,825
Printing and stationery	221	168	147	112	368	280
Vehicle running and hire	5,979	5,848	3,986	3,899	9,965	9,747
Insurance	9,242	10,083	5,292	5,843	14,534	15,926
Travelling and conveyance	1,020	777	511	518	1,531	1,295
Others	15,646	16,446	19,563	13,826	35,209	30,272
	<u>43,008</u>	<u>43,417</u>	<u>36,765</u>	<u>30,928</u>	<u>79,773</u>	<u>74,345</u>

	Note	2020 (Rupees in thousand)	2019
<b>32 (LOSS) / PROFIT FROM OTHER REPORTABLE SEGMENTS - NET</b>			
Net profit from storage tank terminal	32.1	11,786	78,543
Net loss from chemical, alloys and power segment and fixed expenses due to suspension	32.2	<u>(38,694)</u>	<u>(38,935)</u>
		<u>(26,908)</u>	<u>39,608</u>

**32.1 Net profit from storage tank terminal**

Storage service income		44,697	114,198
Inter-segment services		<u>20,963</u>	<u>17,100</u>
		<b>65,660</b>	<b>131,298</b>
<b>Less: direct expenses</b>			
Salaries, wages and other benefits	32.1.1	19,276	18,728
Water, fuel and power		1,767	1,519
Repairs and maintenance		1,451	2,977
Depreciation	5.1.2	12,137	13,025
Security services		2,224	2,218
Printing and stationery		15	45
Lease charges		3,179	2,988
Vehicle running		883	770
Insurance		5,271	4,038
Shipment expenses		615	847
Piping expenses		2,008	-
Fees and subscription		143	71
Establishment charges		3,374	3,254
Others		1,531	2,275
		<u>53,874</u>	<u>52,755</u>
		<b>11,786</b>	<b>78,543</b>

**32.1.1** Salaries, wages and other benefits include Rs. 0.774 (2019: Rs. 0.908) Million in respect of defined benefit plan - gratuity.

	Note	2020 (Rupees in thousand)	2019
<b>32.2 Net loss from chemical, alloys and power segment and fixed expenses due to suspension</b>			
Salaries, wages and other benefits	32.2.1	4,170	3,867
Water, fuel and power		1,988	1,394
Security services		10,078	10,061
Printing and stationery		8	6
Insurance		1,843	1,672
Travelling and conveyance		8	13
Repairs and maintenance		265	153
Depreciation	5.1.2	19,794	21,195
Others		540	574
		<u>38,694</u>	<u>38,935</u>

**32.2.1** Salaries, wages and other benefits include Rs. 0.076 (2019: Rs. 0.07) Million in respect of defined benefit plan - gratuity.



Note	Sugar		Ethanol		Total	
	2020	2019	2020	2019	2020	2019
----- (Rupees in thousand) -----						
<b>33 DISTRIBUTION COST</b>						
Sugar bags handling expenses	3,618	7,938	-	-	3,618	7,938
Export transportation and other expenses	-	14,537	285,250	328,839	285,250	343,376
Salaries and other benefits 33.1	1,408	1,168	3,348	2,975	4,756	4,143
Local transportation	-	13,294	-	-	-	13,294
Marking fees	4,171	3,332	-	-	4,171	3,332
	<u>9,197</u>	<u>40,269</u>	<u>288,598</u>	<u>331,814</u>	<u>297,795</u>	<u>372,083</u>

**33.1** Salaries and other benefits include Rs. 0.321 (2019: 0.416) Million in respect of defined benefit plan - gratuity.

### 34 ADMINISTRATIVE EXPENSES

Salaries and other benefits 34.1	38,370	35,117	25,725	23,411	64,095	58,528
Rent, rates and taxes	4,755	4,756	3,170	3,171	7,925	7,927
Communication charges	1,888	1,853	1,259	1,235	3,147	3,088
Traveling and conveyance	497	2,459	329	1,639	826	4,098
Printing and stationery	1,391	1,173	581	782	1,972	1,955
Entertainment	952	997	597	665	1,549	1,662
Vehicle running	4,043	4,280	2,531	2,853	6,574	7,133
Repairs and maintenance	1,302	760	577	507	1,879	1,267
Insurance	2,433	1,873	1,441	1,249	3,874	3,122
Fees and subscription	2,918	3,646	2,293	2,431	5,211	6,077
Legal and professional	7,007	5,435	4,671	3,623	11,678	9,058
Auditors' remuneration 34.2	1,173	1,182	782	788	1,955	1,970
Charity and donations 34.3	500	1,000	-	-	500	1,000
Newspaper and periodicals	71	71	47	47	118	118
Utilities	2,146	2,280	1,272	1,520	3,418	3,800
Depreciation on property, plant and equipment" 5.1.2	7,608	5,829	5,072	3,886	12,680	9,715
Depreciation on investment property"	25	28	-	-	25	28
Security charges	787	749	525	499	1,312	1,248
Board meetings expenses	1,333	1,284	888	856	2,221	2,140
Miscellaneous expenses	457	413	248	275	705	688
	<u>79,656</u>	<u>75,185</u>	<u>52,008</u>	<u>49,437</u>	<u>131,664</u>	<u>124,622</u>

**34.1** Salaries and other benefits include Rs. 4.885 (2019: Rs. 4.851) Million in respect of defined benefit plan - gratuity.

### 34.2 Auditors' remuneration

<b>Statutory Auditors</b>						
Annual audit fee	720	720	480	480	1,200	1,200
Half yearly review fee	78	78	52	52	130	130
Code of Corporate Governance Review fee	45	45	30	30	75	75
Out of pocket expenses	88	86	58	58	146	144
Other services	242	253	162	168	404	421
	<u>1,173</u>	<u>1,182</u>	<u>782</u>	<u>788</u>	<u>1,955</u>	<u>1,970</u>

**34.3** 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	2020 (Rupees in thousand)	2019
<b>35 OTHER OPERATING EXPENSES</b>			
Provision for sugar export subsidy		274,405	-
Unrealized exchange loss		502	-
Workers' profit participation fund		73,339	65,407
Workers' welfare fund		27,868	50,243
		<u>376,114</u>	<u>115,650</u>

<b>36 FINANCE COST</b>			
Mark-up on long term financing		416	-
Markup on short term borrowings		46,783	58,354
Interest on Workers Profit Participation Fund		-	92
Bank charges and guarantee commission		5,780	5,496
		<u>52,979</u>	<u>63,942</u>

<b>37 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Markup on loan to growers		1,671	1,605
Income from TDR / T-Bills / PLS deposits		130,295	41,033
Dividend		3,399	7,838
		<u>135,365</u>	<u>50,476</u>
<b>Income from non - financial assets</b>			
Scrap sales		912	9,102
Sale of mud fertilizer		288	-
Liability written back		7,048	-
Gain on disposal of property, plant and equipment		3,312	2,423
Income from biological asset	37.1	1,774	892
Reversal of provisions		-	8,639
Income from Bio-chemical lab		1,462	946
Miscellaneous		267	283
		<u>15,063</u>	<u>22,285</u>
		<u>150,428</u>	<u>72,761</u>

**37.1** 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	2020 (Rupees in thousand)	2019
<b>38 TAXATION</b>			
Current	38.1	123,935	91,222
Prior		1,959	(1,973)
		<u>125,894</u>	<u>89,249</u>

**38.1** 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.

**38.2** Income tax returns of the Company have been filed up to tax year 2020 which is considered



to be deemed assessment. However, the Commissioner of Income tax may, at any time during the period of five years from the date of filing of return, select the deemed assessment for audit.

- 38.3** 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 forward losses. Further, the appeal filed before the appellate forum is pending adjudication. Tax adviser of the Company expects favorable outcome of the appeal.
- 38.4** 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 extend 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.
- 38.5** 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(l) 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 allowing actual losses to be carried forward but refund of Rs.20.978 M is still pending to be allowed.

	Note	2020 (Rupees in thousand)	2019
<b>39 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Net profit for the year		<u>1,244,347</u>	<u>1,111,978</u>
		(No. of shares)	
Weighted average number of ordinary shares outstanding		<u>17,362,300</u>	<u>17,362,300</u>
Basic and diluted earnings per share-Rupees	39.1	<u>71.67</u>	<u>64.05</u>

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

	Note	2020 (Rupees in thousand)	2019
<b>40 CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		<b>1,370,241</b>	<b>1,201,227</b>
<b>Adjustment for:</b>			
Depreciation on property, plant and equipment		113,401	105,176
Depreciation on investment property		25	28
Markup on loan to growers		(1,671)	(1,605)
Provision for staff retirement benefits - gratuity		15,421	14,439
Income from TDR / T-Bills / PLS deposits		(130,295)	(41,033)
Dividend income		(3,399)	(7,838)
Gain on disposal of property, plant and equipment - net		(3,312)	(2,423)
Finance cost		52,979	63,850
Provision for subsidy on sugar export		274,405	-
Increase in market committee fee		3,970	4,678
Decrease in long term deposit		-	(22,381)
Income from biological asset		(1,774)	(892)
Workers' Welfare Fund		27,868	50,243
Workers' Profit Participation Fund charge including interest		73,339	65,499
		<b>420,957</b>	<b>227,741</b>
Working capital changes	40.1	<b>1,033,589</b>	<b>115,957</b>
<b>Cash generated from operations</b>		<b>2,824,787</b>	<b>1,544,925</b>

40.1 Working capital changes	2020 (Rupees in thousand)	2019
<b>(Increase) / decrease in current assets</b>		
Biological assets	591	163
Stores and spare parts	(33,172)	(3,551)
Stock-in-trade	277,401	558,399
Trade debts	(205,637)	162,613
Loans and advances	811,576	(1,112,625)
Trade deposits and short term prepayments	968	(8,590)
Other receivables	13,308	297,452
	<b>865,035</b>	<b>(106,139)</b>
<b>Increase / (decrease) in trade and other payables</b>	<b>168,554</b>	<b>222,096</b>
<b>Cash generated from working capital</b>	<b>1,033,589</b>	<b>115,957</b>

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

	Chief Executive		Executives		Total	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
Managerial remuneration	13,091	11,953	41,908	36,697	54,999	48,650
Medical allowances	1,309	858	3,761	3,396	5,070	4,254
Leave fare allowance	4,000	4,000	-	-	4,000	4,000
Other perquisites	2,149	2,936	13,265	11,115	15,414	14,051
Retirement benefits	1,200	1,200	4,465	4,150	5,665	5,350
<b>Total</b>	<b>21,749</b>	<b>20,947</b>	<b>63,399</b>	<b>55,358</b>	<b>85,148</b>	<b>76,305</b>
<b>No. of persons</b>	<b>1</b>	<b>1</b>	<b>18</b>	<b>16</b>	<b>19</b>	<b>17</b>

41.1 Chief Executive Officer is provided with the Company maintained cars for business and personal use.

41.2 The Company has paid Rs. 1.600 (2019: Rs. 1.650) Million for meeting fees to its Non-Executive Directors during the year.

41.3 Fourteen (2019: Fourteen) Executives of the Company are also provided with the Company maintained cars for the business and their personal use.

	Note	2020 (Rupees in thousand)	2019
<b>42 FINANCIAL INSTRUMENTS BY CATEGORY</b>			
<b>Financial Assets</b>			
<b>- At amortized cost</b>			
Loans including current portion	8	986	514
Long term deposits		11,848	11,848
Trade debts - gross	13	302,227	96,590
Trade deposits	15	-	-
Interest accrued - TDRs	18	10,767	8,886
Other receivables	17	30	780
Cash and bank balances	20	535,692	124,131
Short term investments	16	1,769,074	1,029,586
		<b>2,630,624</b>	<b>1,272,335</b>
<b>- At fair value through other comprehensive income</b>			
Long term investments	7	266,108	170,985
		<b>2,896,732</b>	<b>1,443,320</b>
<b>Financial Liabilities</b>			
<b>- At amortized cost</b>			
Long term financing including current maturity	23	120,149	-
Trade and other payables	25	1,112,335	1,165,793
Accrued markup	26	3,664	6,648
Short term borrowings	27	1,200,000	1,623,237
Unclaimed dividend		38,881	29,383
		<b>2,475,029</b>	<b>2,825,061</b>

#### 43 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / 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.

##### 43.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Out of the total financial assets of Rs. 2.897 (2019: Rs. 1.443) Billion, the

financial assets which are subject to credit risk amounted to Rs. 2.896 (2019: Rs. 1.442) 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. 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:

	Note	2020 (Rupees in thousand)	2019
Loans including current portion		986	514
Long term deposits		11,848	11,848
Trade debts - gross		302,227	96,590
Interest accrued - TDRs		10,767	8,886
Short term investments		1,769,074	1,029,586
Long term investments		266,108	170,985
Other receivables		30	780
Bank balances		534,640	123,190
		<u>2,895,680</u>	<u>1,442,379</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 parties.

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

	Note	2020 (Rupees in thousand)	2019
Sugar		9,539	47,947
Ethanol		251,796	16,565
Chemical and alloys		9,636	9,636
Storage tank terminal		11,752	2,938
Bagasse		6,377	6,377
Others		13,127	13,127
		<u>302,227</u>	<u>96,590</u>

The aging of trade receivable at the reporting date is:

Past due 1-30 days	267,555	67,450
Past due 30-150 days	5,532	-
Past due 150 days	29,140	29,140
	<u>302,227</u>	<u>96,590</u>

The Company has made adequate provision of Rs. 15.432 Million for receivables past due over three 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.

	Note	2020 (Rupees in thousand)	2019
<b>Bank balances</b>			
With external credit rating			
A1+		533,435	122,681
A1		1,018	322
A2		51	51
A3		136	136
		<u>534,640</u>	<u>123,190</u>

### 43.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring 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:

	2020					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years and over
(Rupees in thousand)						
<b>Financial Liabilities</b>						
Long term financing	120,149	120,149	7,469	29,938	59,876	22,866
Trade and other payables	1,112,335	1,112,335	174,870	937,465	-	-
Accrued markup	3,664	3,664	3,664	-	-	-
Short term borrowings	1,200,000	1,200,000	1,200,000	-	-	-
Unclaimed dividend	38,881	38,881	-	38,881	-	-
	<u>2,475,029</u>	<u>2,475,029</u>	<u>1,386,003</u>	<u>1,006,284</u>	<u>59,876</u>	<u>22,866</u>
(Rupees in thousand)						
	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>

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2020, the Company has Rs. 3.410 (2019: Rs. 2.387) Billion available and unutilized short term borrowings limit from financial institutions and also has Rs. 534.64 (2019: Rs. 123.19) Million being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

### 43.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to foreign exchange risk, interest rate risk and other price risk are as follows:-

#### 43.3.1 Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economic transaction or receivables or payables that exist due to transactions in foreign currency. The Company is exposed to foreign exchange currency risk on ethanol denominated in US Dollars. Approximately 95.42% from ethanol segment is denominated in currencies other than Pak Rupees which forms 50.25% of the total gross revenue of the Company. The Company's exposure to foreign currency risk for US Dollars is as follows:-

	Note	2020 (Rupees in thousand)	2019
Foreign debtors		251,796	16,565
Advance from foreign customers		(19,447)	(81,423)
<b>Net exposure</b>		<b>232,349</b>	<b>(64,858)</b>

The following significant exchange rate has been applied:

	Average rate		Spot rate at reporting date	
	2020	2019	2020	2019
USD to PKR	160.69	145.15	165.70	156.37

#### 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:

	Note	2020 (Rupees in thousand)	2019
<b>Effect on profit or loss</b>			
US Dollars		(23,235)	6,486

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

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

#### 43.3.2 Interest rate risk

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

will fluctuate because of changes in market interest rate . The interest rate exposure of the Company arises from long term financing, short term borrowings, loans to growers, short term investments and bank balances.

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

	2020 Effective interest rate (in percent)	2019	2020 Carrying amount - - - (Rupees in thousand) - - -	2019
<b>Financial assets</b>				
<b>Fixed rate instruments</b>				
Loans to growers	14.96	14.96	16,498	16,092
Term deposit receipts (TDR)	6.35 to 11.43	6.74 to 12.65	1,380,600	833,600
Treasury bills	6.80 to 7.60	13.6	388,474	-
			<u>1,785,572</u>	<u>849,692</u>
<b>Variable rate instruments</b>				
Bank balances	3.09 to 7.54	2.87 to 7.56	<u>32,958</u>	<u>98,686</u>
<b>Financial liabilities</b>				
<b>Variable rate instruments</b>				
Short term borrowings	2.5 to 3	2.6 to 14.455	<u>1,200,000</u>	<u>1,623,237</u>

#### 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 2019.

	Statement of profit or loss 100 bp increase      decrease - - - (Rupees in thousand) - - -	
<b>Financial assets</b>		
<b>As at September 30, 2020</b>		
Cash flow sensitivity	<u>330</u>	<u>(330)</u>
<b>As at September 30, 2019</b>		
Cash flow sensitivity	<u>987</u>	<u>(987)</u>

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

	Statement of profit or loss 100 bp increase      decrease - - - (Rupees in thousand) - - -	
<b>Financial liabilities</b>		
<b>As at September 30, 2020</b>		
Cash flow sensitivity	<u>(12,000)</u>	<u>12,000</u>
<b>As at September 30, 2019</b>		
Cash flow sensitivity	<u>(16,232)</u>	<u>16,232</u>



### 43.3.3 Other price risk

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

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

	Share prices 10%	
	increase	(decrease)
	- - - (Rupees in thousand) - - -	
<b>As at September 30, 2020</b>		
Fair value through OCI	<u>26,611</u>	<u>(26,611)</u>
 As at September 30, 2019		
Fair value through OCI	<u>17,099</u>	<u>(17,099)</u>

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

### 43.4 Fair value of financial instruments

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

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

**43.4.1** 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, 2020 is as follows:

	Level 1	Level 2	Level 3
	- - - - - (Rupees in thousand) - - - - -		
<b>Long term investments</b>			
<b>September 30, 2020</b>	<u>266,108</u>	-	-
September 30, 2019	<u>170,985</u>	-	-

#### 43.5 Capital risk management

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

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

		2020 (Rupees in thousand)	2019
Long term financing including current maturity		120,149	-
Accrued markup		3,664	6,648
Short term borrowings		<u>1,200,000</u>	<u>1,623,237</u>
Total debt		<u>1,323,813</u>	<u>1,629,885</u>
Less: cash and bank balances		<u>(535,692)</u>	<u>(124,131)</u>
<b>Net debt</b>	A	<u>788,121</u>	<u>1,505,754</u>
<b>Shareholders' equity</b>	B	<u>3,394,650</u>	<u>3,227,251</u>
<b>Equity and net debt</b>	C = A + B	<u>4,182,771</u>	<u>4,733,005</u>
<b>Gearing ratio</b>	(D = A / C)	<u>18.84%</u>	<u>31.81%</u>

**2019**                      **2018**

#### 44 PLANT CAPACITY AND ACTUAL PRODUCTION

##### Sugar Unit

Sugarcane crushing capacity per day in M.T	8,500	8,500
Actual no. of days season operated	87	84
Sugar cane crushed during the year in M .T	467,829	467,829
Sugarcane yield	10.82%	10.88%
Capacity in M.T based on number of days operated and sugarcane yield	80,014	77,683
Actual production in M. T	42,959	50,892

##### Ethanol Unit

###### Unit - I

Capacity in liters per day	85,000	85,000
Actual no. of days operated	297	304
Capacity in liters based on number of days operated	25,245,000	25,840,000
Actual production in liters	23,718,780	27,736,199

###### Unit - II

Capacity in liters per day	85,000	85,000
Actual no. of days operated	221	333
Capacity in liters based on number of days operated	18,785,000	28,305,000
Actual production in Liters	17,432,185	25,182,918

	<b>2020</b>	<b>2019</b>
<b>Chemical alloys and others</b>		
Capacity in M.T based on 320 days	<b>27,220</b>	27,220
Actual production in M.T	-	-
<b>Power</b>		
Capacity in Kilo Watts Hour (KWH) per day	<b>312,000</b>	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	<b>22,850</b>	22,850
Actual capacity utilized per month based on ethanol in M.T	<b>6,000</b>	22,850

#### 44.1 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.
- d) **Tank terminal**  
Lesser demand and availability of tenant.

## 45 SEGMENT REPORTING

Note	2020				Total	2018
	Sugar	Ethanol	Chemical, alloys and power	Storage tank terminal		
----- (Rupees in thousand) -----						
<b>Segment assets and liabilities</b>						
Segment assets	1,217,172	1,662,611	394,996	145,346	3,420,125	4,842,418
Unallocated segment assets					3,069,117	1,570,199
					<u>6,489,242</u>	<u>6,412,617</u>
Segment liabilities	1,482,428	1,257,400	104	26,098	2,766,030	2,966,705
Unallocated segment liabilities					328,562	218,661
					<u>3,094,592</u>	<u>3,185,366</u>
Addition in capital work in progress	5.2	9,295	46,254	-	55,549	204,171
Unallocated additions in operating fixed assets		-	-	-	26,258	23,056
					<u>81,807</u>	<u>227,227</u>
<b>Segment statement of profit or loss</b>						
Sales - net	30	3,543,055	4,610,489	-	8,153,544	7,164,862
Cost of sales	31	(3,371,792)	(2,676,479)	-	(6,048,271)	(5,399,707)
<b>Gross profit</b>		<u>171,263</u>	<u>1,934,010</u>	-	<u>2,105,273</u>	<u>1,765,155</u>
(Loss) / Profit from other reportable segments - net	32	-	-	(38,694)	11,786	39,608
		<u>171,263</u>	<u>1,934,010</u>	<u>(38,694)</u>	<u>11,786</u>	<u>1,804,763</u>
Distribution cost	33	(9,197)	(288,598)	-	(297,795)	(372,083)
Administrative expenses	34	(79,656)	(52,008)	-	(131,664)	(124,622)
<b>Operating segment results</b>		<u>82,410</u>	<u>1,593,404</u>	<u>(38,694)</u>	<u>1,648,906</u>	<u>1,308,058</u>
Other operating expenses	35				(376,114)	(115,650)
Other income	37				150,428	72,761
Finance cost	36				(52,979)	(63,942)
Profit before taxation					1,370,241	1,201,227
Taxation	38				(125,894)	(89,249)
Profit after taxation					<u>1,244,347</u>	<u>1,111,978</u>
<b>Depreciation</b>		<u>47,217</u>	<u>34,253</u>	<u>19,794</u>	<u>113,401</u>	<u>105,176</u>

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

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

### 45.3 Revenue from major products

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

### 45.4 Information about major customers

Revenue from major customers (5% or above of segment's gross sales) of sugar segment represents Rs. 2,451 (2019: Rs. 2,043) Million of total sugar segment gross revenue amounting to Rs. 4,171 (2019: Rs. 3,332) Million, ethanol segment of Rs. 3,286 (2019: Rs. 3,630) Million of total ethanol segment revenue amounting to Rs. 4,388 (2019: Rs. 4,259) Million. Revenue from chemical and alloys and power segment is none due to suspension.

#### 46 RELATED PARTY TRANSACTIONS

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

	2020 (Rupees in thousand)	2019
<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"	9,697	8,289
Paid to Employees Gratuity Fund on account of installment recovered from employees"	8,901	14,580
Contribution paid to Employees Gratuity Fund	10,400	34,300
<b>Associated Undertaking</b>		
<b>- Kharadar General Hospital</b>		
Donation given	500	500
<b>- Ghani Usman Securities Limited</b>		
Commission on sale of shares	-	612

46.1 During the year, the Company has paid dividend to its Directors and other related parties amounting to Rs. 827.194 (2019: Rs. 766.149) Million.

	2020 (Rupees in thousand)	2019
<b>47 DISCLOSURE RELATING TO SHARIAH COMPLIANCE AND COMPANY'S LISTING ON ISLAMIC INDEX:</b>		
i Financing arrangements as per Islamic mode	200,000	225,000
ii Shariah Compliant bank balances as at year end	29,605	96,489
iii Profit earned from Shariah Compliant bank balances during the year	4,478	4,427
iv Markup paid on islamic mode of financing during the year	2,681	3,171
v Interest paid on conventional financing during the year	44,486	55,183

#### 48 NON-ADJUSTING EVENTS

The board of directors of the Company in its meeting held on December 24, 2020 have proposed a final cash dividend of Rs. 10 (2019: Rs. 30) per share amounting to Rs. 173.623 (2019: Rs. 520.869) Million for approval of the members in the annual general meeting to be held on January 28, 2021. The financial statements for the year ended September 30, 2020 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, 2021.

#### 49 NUMBER OF EMPLOYEES

Total number of employees at year end and average number of employees during the year were 939 (2019: 947) and 1,019 (2019: 1,056) respectively.

## 50 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
Cost of raw material consumed - Cost of sales	Other manufacturing expenses - Cost of sales	31	<u>1,539</u>

## 51 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.

## 52 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 24, 2020 by the Board of Directors of the Company.



**Asim Ghani**  
Chief Executive Officer



**Darakshan Zohaib**  
Director



**Samir Hajani**  
Chief Financial Officer

## چیئر مین کی جائزہ رپورٹ

### معزز حصص یافتگان

مجھے کمپنی کی 30 ویں سالانہ رپورٹ برائے سال ستمبر 2020 پیش کرتے ہوئے بے حد مسرت ہو رہی ہے۔ بورڈ آف ڈائریکٹرز کے تنظیمی ڈھانچے، طریقہ کار اور اجلاسوں کے لیکمیٹریز ایکٹ 2017 اور لیکمیٹریز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں مذکورہ قوانین پر مکمل عملدرآمد کرتا ہے اس حوالے سے العباس شوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا گیا جس کا مقصد کمپنی کے متعین کردہ مقاصد اور اہداف کے حصول کے لئے بورڈ کی مجموعی کارکردگی اور موہبت کا جائزہ لینا تھا۔

دنیا بھر کے ممالک رواں سال میں COVID-19 کی وجہ سے لاک ڈاؤن اور محدود معاشی سرگرمیوں پر مجبور ہو گئے اور اس وبا سے پہنچنے والے نقصانات کے ازالے کے لئے انھوں نے طرح طرح کے امدادی پروگرامز شروع کئے۔ پاکستان میں بھی یہ وبا ایسے وقت میں شروع ہوئی جب اس کی معیشت استحکام اور ترقی حاصل کر رہی تھی لیکن اس وبا کے باعث یہ حد درجست روی کا شکار ہو گئی۔ چنانچہ ملک بھر میں کاروبار کی عارضی بندش اور فصلوں کی کاشت میں تاخیر ہوئی۔

اتھنول سیگمنٹ کے لئے COVID-19 کی وبا بہت نفع بخش ثابت ہوئی اور اس سیگمنٹ کی آمدنی 4.219 بلین روپے سے بڑھ کر 4.610 بلین روپے ہو گئی جبکہ منافع کی شرح %9.27 رہی اس اضافہ کی بنیادی وجہ ہینڈ سینیٹا نرز اور دیگر متعلقہ اشیاء کی مانگ میں اضافہ تھی یعنی ان اشیاء میں اتھنول کا استعمال بحیثیت خام مال بہت زیادہ اضافہ ہوتا ہے۔

اللہ کا شکر ہے کہ اس موجودہ مشکل صورتحال میں کمپنی نے بہترین کارکردگی کا مظاہرہ کرتے ہوئے 1.244 بلین روپے کا بعد از ٹیکس منافع حاصل کیا۔ اس منافع کے فوائد حصص یافتگان تک منتقل کرنے کے لئے بورڈ نے حتمی نقد منافع منقسمہ برائے سال 2019-2020 /10 روپے فی حصص یعنی %100 دینے کی تجویز دی ہے جس کی منظوری کمپنی کے سالانہ اجلاس عام منعقدہ 28 جنوری 2021 میں حاصل کی جائے گی۔ یہ حتمی نقد منافع منقسمہ اس عبوری منافع منقسمہ 40 روپے فی حصص یعنی %400 کے علاوہ ہے جو پہلے ہی حصص یافتگان کو پہلے ہی ادا کیا جا چکا ہے۔ اس طرح کل حتمی نقد منافع منقسمہ برائے سال 2019-2020 /50 روپے فی حصص یعنی %500 ہوا ہے۔

بورڈ نے کمپنی کے طے کردہ اہداف کے حصول کے لئے اپنی ذمہ داریاں بحسن و خوبی سرانجام دیں ہیں۔ تمام ڈائریکٹرز بشمول آزاد ڈائریکٹرز نے بورڈ کی فیصلہ سازی کے عمل میں بھرپور حصہ لیا نیز بورڈ نے اہم معاملات میں انتظامیہ کی رہنمائی کرنے میں اہم کردار ادا کیا اور ساتھ ہی جٹ سازی اور کمپنی کے مقررہ اہداف کے حصول میں بھرپور حصہ لیا۔ بورڈ کارپوریٹ گورننس قوانین پر عمل درآمد اور تمام اسٹیک ہولڈرز کے مفادات کے تحفظ کے لئے پرعزم ہے۔

زیر جائزہ سال میں کمپنی نے میجمنٹ ایسوسی ایشن آف پاکستان سے 35 واں کارپوریٹ ایکسیلینس ایوارڈ حاصل کیا جو اس بات کا ثبوت ہے کہ کمپنی شوگر انڈسٹری میں بہترین کارپوریٹ گورننس قوانین پر عمل پیرا ہے۔

آپ کی کمپنی پائیدار طویل المدتی ترقی کی راہ پر گامزن ہے اور اپنے اسٹیک ہولڈرز کے زیادہ منافع کے لئے بہترین پیداوار کے حصول کے لئے اپنے وسائل کا بھرپور استعمال کر رہی ہے۔ بورڈ میں شامل میرے رفقاء نے ہر مشکل صورتحال میں خصوصی طور پر اپنا بھرپور کردار ادا کیا ہے۔ اس موقع پر میں کمپنی کے تمام اسٹیک ہولڈرز اور انتظامیہ کا شکر یہ ادا کرتا ہوں کہ انہوں نے کمپنی کی کامیابی کے لئے اپنا کردار ادا کیا نیز SECP کی حمایت و تعاون پر بھی میں انتہائی ممنون و مشکور ہوں۔ آخر میں اسٹاف کی بے لوث لگن اور انتھک محنت جو اس نے کسٹمرز سے کئے ہوئے وعدے پورے کرنے کے لئے کی اسکا بہت مشکور ہوں کیونکہ اس سال کے انتہائی کٹھن حالات میں کمپنی کی یہ ترقی اسٹاف کی اس انتھک محنت اور لگن کا نتیجہ ہے۔



زکریا عثمان

چیئر مین

کراچی 24 دسمبر 2020



## اظہار تشکر:

ہم مشکور ہیں کہ العباس شوگر ملز لمیٹڈ کے عملے نے وبا کے پھیلاؤ کے دوران بہت عزم و حوصلے، لگن، ہمت اور انتہائی محنت سے اپنے کام کو سرانجام دیا اور کچھ عملے کے ارکان نے تو غیر معمولی کارکردگی کا مظاہرہ کرتے ہوئے لاک ڈاؤن اور وبا کے پھیلاؤ کے دوران انتہائی جانفشانی سے اپنے دفتری فرائض منصبی گھر سے ادا کیے جس پر بورڈ عملے کا انتہائی مشکور ہے۔ بورڈ اپنے کاروباری رفقاء کار انتظامی حکام بینکرز اور دیگر کاروباری شراکت داروں کا تہہ دل سے ممنون و مشکور ہے کہ انہوں نے ہم پر انتہائی اعتماد کیا۔ ہم اپنے کسٹمرز کے اس اعتماد پر بھی بہت ممنون ہیں جو انہوں ہم پر کیا۔

## منجانب: بورڈ آف ڈائریکٹرز



درخشاں زوہیب  
ڈائریکٹر



عاصم غنی  
چیف ایگزیکٹو آفیسر

کراچی: 24 دسمبر 2020

آج کے مشکل اور مسابقتی ماحول میں کمپنی کے ترقی کے منصوبوں کو کامیابی سے پاسیہ تکمیل تک پہنچانے کے لیے ممکنہ لاحق خطرات سے نمٹنے کی حکمت عملی بنانا لازمی ہے یہ ممکنہ خطرات مثلاً ریگولیٹری رسک، کاروباری رسک، ٹیکنالوجی کی فرسودگی، سرمایہ کاری پر منافع، کاروباری حراری، اخراجات اور قیمت میں اضافہ، محدود وسائل اور ہنرمند افرادی قوت جیسے امور بہتر حکمت عملی کے متقاضی ہوتے ہیں۔

کمپنی کے منافع کا انحصار خام مال کی دستیابی پر ہے۔ گنا اور شیرہ کی دستیابی پیداواری عمل کے لیے لازم و ملزوم ہیں۔ روپے کی قدر میں کمی کے خطرے جیسے عناصر بھی کمپنی کے اثاثوں پر براہ راست اثر انداز ہوتے ہیں۔

## اندرونی مالیاتی نظم و نسق:

بورڈ مختلف متعلقہ مالی معاملات کا جائزہ آڈٹ کمیٹی اور مینجمنٹ سے موصول شدہ انٹرنل اور ایکسٹرنل آڈٹ رپورٹس کی روشنی میں لیتا ہے تاکہ کمپنی کو بروقت کارپوریٹ اور مالیاتی رپورٹنگ بالخصوص سالانہ مالیاتی رپورٹنگ مل سکے اور کسی بھی مالیاتی خطرے سے بچنے کی منصوبہ بندی ہو سکے۔ بورڈ اس نظم و نسق کا جائزہ آڈٹ کمیٹی اور اندرونی و بیرونی آڈیٹرز سے موصول شدہ مختلف رپورٹس کی روشنی میں انتظامیہ کے مختلف فیصلوں اور اقدامات کی توثیق کرتا ہے۔

بورڈ کی آڈٹ کمیٹی (BAC) کے تحت مینجمنٹ کے اقدامات کا عملدرآمد کے لیے پہلے سے طے شدہ آڈٹ کے منصوبوں پر عملدرآمد ہوتا ہے اور اس امر پر بھی زور ہوتا ہے کہ انتظامیہ کے عملی اقدامات پہلے سے طے شدہ اور بہترین معیار کے مطابق ہوں ساتھ ہی مینجمنٹ کی ذمہ داری ہے کہ وہ متعین کردہ پالیسیوں اور موجودہ طریقہ کار پر عملدرآمد کریا اور آڈٹ کمیٹی کی یہ ذمہ داری ہے کہ وہ مالیاتی اور آپریشنل کنٹرول اکاؤنٹنگ نظام اور رپورٹنگ کی ساخت اور موزونیت پر گہری نظر رکھے۔

## جامع مالیاتی نظام کی افادیت:

بورڈ آڈٹ اور رسک کمیٹیوں کے ذریعے قائم کردہ اندرونی و بیرونی نظم و نسق کی موثریت کی جانچ کرتا ہے۔ ان کمیٹیوں کو مینجمنٹ، انٹرنل اور ایکسٹرنل آڈیٹرز کی طرف سے اندرونی نظام اور رسک مینجمنٹ سے متعلق رپورٹس ملتی ہیں۔

بورڈ آڈٹ اور رسک مینجمنٹ کمیٹیوں کے ذریعے مینجمنٹ، انٹرنل اور ایکسٹرنل آڈیٹرز سے موصول شدہ کی رپورٹس کی روشنی میں اندرونی و بیرونی نظاموں کی افادیت کا جائزہ لیتا ہے تاکہ کسی بھی متوقع خطرے سے بچا جاسکے۔ کمپنی کے اندرونی مالیاتی نظام کا ڈھانچہ انتہائی مضبوط بنیادوں پر استوار ہے۔ تاکہ پیداواری عمل کی کارکردگی، مالیاتی گوشواروں کا درست بیان اور موجودہ متعلقہ قوانین پر عملدرآمد کو یقینی بنایا جاسکے نیز بورڈ اندرونی نظام کے جائزے کے بعد اگر اس نظام میں کوئی اہم کمزوری نظر آتی ہے تو یقین دہانی کرتا ہے کہ انتظامیہ نے اس کے تدارک کے لیے تمام تر ضروری اقدامات اٹھالیے ہیں۔

کمپنی اس امر پر یقین رکھتی ہے کہ بے ضابطگیوں اور تضادات ختم کرنے کے لیے سب سے موثر طریقہ اندرونی نظام کے پانچ ستونوں یعنی نظام کا ماحول، خطرے کی تشخیص، مالیاتی خطرے کا پہلے سے بھانپنا، کارپوریٹ گورننس، معلومات اور مواصلات کی نگرانی ہیں۔ یہ نظام چیف ایگزیکٹو آفسر کی زیر نگرانی و رہنمائی اور وسائل کی فراہمی کی بدولت کامیابی سے چل رہا ہے جس کا انٹرنل آڈٹ ڈیپارٹمنٹ ہمہ وقت جائزہ لینے میں اہم کردار ادا کرتا ہے۔

## 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 آڈٹ لک ریٹنگ میں مستحکم جیسے شاندار اعشاریے دیے ہیں۔

## 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 نمبر 26 سے صفحہ نمبر 27 میں درج ہے۔

## کارپوریٹ ایکسپلینس ایوارڈ:

العباس شوگر ملز لمیٹیڈ نے اس سال مینجمنٹ ایسوسی ایشن آف پاکستان (MAP) کراچی 35 واں کارپوریٹ ایکسپلینس ایوارڈ جیتا ہے۔ اس ایوارڈ کا مقصد ان سٹریٹجک اعلیٰ خدمات کا اعتراف ہے جو انھوں نے کارپوریٹ قوانین پر عملدرآمد اور بہترین نظم و نسق کے حوالے سے انجام دیں جس کا اعتراف اس ایوارڈ کی شکل میں میپ (MAP) کی جانب سے کیا گیا ہے۔

## مالیاتی گوشواروں اور معاہدات میں اہم تبدیلیاں:

زیرجائزہ 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 اور صوبائی خزانے میں حصہ:

زیرجائزہ سال میں کمپنی نے قومی اور صوبائی خزانے میں مختلف طرح کے ٹیکسیز بالخصوص سیلز ٹیکس اور انکم ٹیکس کی مد میں 790.805 روپے (2019:586.316) جمع کرائے تھے۔

## حصص یافتگان کا بیانیہ اور حصص کی خرید و فروخت:

کمپنی ایکٹ 2017 کی دفعہ (2) 227 کے تحت حصص یافتگان کا تفصیلی بیانیہ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔ نیز زیرجائزہ سال کے دوران چیف ایگزیکٹو، ڈائریکٹر، چیف فنانسنگ آفیسر، کمپنی سیکریٹری اور ان کے نابالغ بچوں میں سے کسی نے بھی کمپنی کے حصص میں کوئی لین دین نہیں کیا سوائے مندرجہ ذیل کے جس کی تفصیلات درج ذیل ہیں۔

نام	درجہ بندی	حصص کی نوعیت	مارکیٹ سے لین دین	حصص کی تعداد
عبدالغنی	اہم حصص دار	وراثتی حصص ملے	-	1,346,232
نور جہاں حاجیانی	اہم حصص دار کی شریک حیات	غیر وراثتی حصص دیئے	-	1,346,232
عاصم غنی	منتظم اعلیٰ	خریداری	مارکیٹ سے طے شدہ خریداری	500,000
عاصم غنی	منتظم اعلیٰ	خریداری	مارکیٹ سے طے شدہ خریداری	774,500
عاصم غنی	منتظم اعلیٰ	تحفتاً دیئے	-	1,386,000
درخشاں ذوہیب	ڈائریکٹر	تحفتاً وصول کیے	-	543,000
اسماء کوچین والا	ڈائریکٹر	تحفتاً وصول کیے	-	843,000

## مالیاتی نقصان کے خطرے سے بچاؤ کا نظام:

اگرچہ مالیاتی نقصان کے خطرے کا انتظام کرنے سے ضروری نہیں ہے کہ خطرہ مکمل طور پر ختم ہو جائے تاہم مواقع بڑھانے کی جستجو کے دوران یہ نقصان قابل قبول کم سے کم سطح پر قابو میں رہے گا۔ العباس شوگر ملز لمیٹیڈ کا بھی یہی مقصد ہے کہ کسی بھی متوقع اور غیر متوقع اندرونی و بیرونی مالیاتی خطرے سے مؤثر طور پر نمٹا جاسکے۔ آپ کی کمپنی کے بورڈ نے بھی ایک رسک مینجمنٹ کمیٹی قائم کی ہے جس کا مقصد کسی بھی ممکنہ مالیاتی خطرے کو پہلے سے بھانپ کر اس سے بچنے کے لیے مؤثر اقدامات کرنا اور کسی متوقع اور غیر متوقع خطرے سے نمٹنے کی اہلیت کی بڑھانا اور مسلسل انضباطی ماحول کی جانچ کرتے رہنا ہے تاکہ اس سے مؤثر طور پر نمٹا جاسکے۔ کمپنی کو ان اہم مالیاتی خطرات کا ادراک ہے اور وہ اس کمیٹی کے ذریعے انتہائی ذمہ داری سے ان خطرات سے بچنے کے لیے پیشگی طور پر انتظام اور دیگر متعلقہ اقدامات اٹھاتی ہے۔

## رسک مینجمنٹ کمیٹی:

بورڈ آف ڈائریکٹرز نے ایک رسک مینجمنٹ کمیٹی بنائی ہے اس کمیٹی کے چار اراکین ہیں جبکہ اس کا چیئر مین ایک آزاد ڈائریکٹر ہوتا ہے جس کی سربراہی میں یہ کمیٹی رسک مینجمنٹ طریقوں کی افادیت کا جائزہ لیتی ہے۔ زیر جائزہ سال میں اس کمیٹی کے دو اجلاس ہوئے جن کی تفصیل اس طرح سے ہے۔

اراکین کے نام	حیثیت	اجلاس میں شرکت کی تعداد
جناب ہارون عسکری	چیئر مین۔ آزاد	2/2
جناب عاصم غنی صاحب	رکن	2/2
محترمہ درخشاں ذوہیب	رکن	2/2
جناب زکریا عثمان صاحب	رکن	2/2

## آڈیٹرز:

کمپنی کے سبکدوش ہونے والے آڈیٹرز میسرز ہارون زکریا چارٹرڈ اکاؤنٹنٹس نے اپنی پیشہ وارانہ اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ نے کمپنی کے ہونے والے سالانہ اجلاس عام میں ان کی تقرری برائے سال 2020-21 کے لیے سفارش کی ہے۔ مزید برآں کچھ ممبران نے ایک نوٹس کمپنیز ایکٹ 2017 کی دفعہ (3) 246 کے تحت میسرز گرانٹ تھارٹن، انجم رحمان چارٹرڈ اکاؤنٹنٹس کو موجودہ سبکدوش ہونے والے آڈیٹرز کی جگہ اگلے سال کے لئے کمپنی کا آڈیٹرز نامزد کیا ہے یعنی آڈیٹرز کے تقرری حتمی منظوری اس سالانہ اجلاس عام منعقدہ 28 جنوری 2021 میں باہمی اتفاق رائے سے کی جائے گی۔

## کارپوریٹ سماجی ذمہ داری:

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

## کمپنی کے کاروبار کے ماحول پر اثرات:

ہمارا بنیادی مقصد ہمارے کاروبار کے ماحول پر پڑنے والے منفی اثرات کو کم کرنا ہے یعنی کمپنی کی ماحولیاتی پالیسی کا مقصد ہمارے پیداواری عمل اور اس سے منسلک ماحولیاتی امور سے نمٹنا ہے۔ آپ کی کمپنی اپنی ماحولیاتی ذمہ داریوں اور معاشرے کی پائیدار ترقی میں اپنی ذمہ داریوں سے بخوبی آگاہ ہے۔ کمپنی نے پلانٹ میں استعمال شدہ پانی کو دوبارہ قابل استعمال بنانے کے لیے ایک بڑا پلانٹ لگایا ہے اس سے آبی وسائل کی صلاحیت میں اضافہ ہوا ہے اور دوسرے زرائع سے پانی کی خریداری پر بھی انحصار کم ہوا ہے۔ یہ منصوبہ پانی کے تحفظ اور ماحولیاتی معیار کے بہتر حصول کو ممکن بنائے گا، کمپنی ایسے منصوبوں میں سرمایہ کاری جاری رکھے گی جو اس کے منفی ماحولیاتی اثرات کو کافی حد تک کم کرے گی۔ کمپنی نے SOPs پختی سے عملدرآمد کیا ہے جس میں کمپنی کے دفاتر میں داخلے کے وقت ہینڈ سینیٹاز کا استعمال اور داخل ہونے والے لوگوں کے جسمانی درجہ حرارت کا مشاہدہ اور اپنے ملازمین کو SOPs پر عملدرآمد کی ترغیب جیسے اقدامات شامل ہیں یعنی اس وبائی مرض کے دوران ملازمین کی صحت اور حفاظت کمپنی کی اولین ترجیحات میں شامل ہے۔ اس ماحولیاتی پالیسی کے نفاذ کا باقاعدگی سے جائزہ لیا جاتا ہے تاکہ اس امر کو یقینی بنایا جاسکے کہ صحت سے متعلق اعلیٰ معیارات کو اس صنعت کے پیداواری عمل کے دوران مد نظر رکھا گیا ہے۔ ملازمین کو صحت و صفائی کی تربیت فراہم کی جاتی ہے تاکہ وہ اپنا کام طے شدہ پالیسیوں کے مطابق کریں۔

## آڈٹ کمیٹی:

آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ان اجلاسوں میں شرکت کی تفصیل اس طرح سے ہے۔

اجلاسوں میں شرکت کی تعداد	حیثیت	اراکین کے نام
4/4	چیئرمین۔ آزاد	جناب بارون عسکری
4/4	رکن	محترمہ اسماء کوچن والا
3/4	رکن	محترمہ درخشاں ذوہیب
4/4	رکن	جناب محمد سلمان حسین چاؤلہ
4/4	رکن	جناب زکریا عثمان

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 کمپنیز کے لیے کوڈ آف کارپوریٹ گورننس 2019 کے تقاضوں کے مطابق کمپنی کے انٹرنل اور ایکسٹرنل آڈٹ رپورٹس میں ظاہر کردہ معاملات پر متعلقہ آڈیٹرز کے ہمراہ الگ الگ اجلاسوں میں 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۔ جس کے لیے کمپنی کی ایک انسانی وسائل کمیٹی ہے۔ یہ کمیٹی اہم عہدوں پر تعیناتی رخصتی اور معاوضوں کا جائزہ لیتی ہے۔ زیر جائزہ سال میں اس کمیٹی کا ایک اجلاس ہوا جس میں اراکین کی شرکت کی تفصیل اس طرح ہے۔

اجلاس میں شرکت کی تعداد	حیثیت	اراکین کے نام
1/1	چیئرمین۔ آزاد	جناب محمد سلمان حسین چاؤلہ
1/1	رکن	جناب عاصم غنی صاحب
1/1	رکن	جناب شاہد حسین جتوئی
1/1	رکن	جناب محمد صدیق کھوکھر
1/1	رکن	جناب زکریا عثمان صاحب

## بورڈ آف ڈائریکٹرز کی ترتیب:

ڈائریکٹرز کی کل تعداد 8 ہے۔

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 ڈائریکٹرز کے مشاہرہ کی پالیسی:

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کی بورڈ کے اجلاسوں میں شرکت کی فیس اور ان کے مشاہرہ کا تعین بورڈ کی طے شدہ پالیسی کے مطابق ہے۔

## بورڈ آف ڈائریکٹرز کے اجلاس:

اجلاسوں میں شرکت کی تعداد	حیثیت	ڈائریکٹر کے اسماء گرامی
4/4	چیرمین	جناب زکریا عثمان صاحب
4/4	چیف ایگزیکٹو آفیسر	جناب عاصم غنی صاحب
4/4	خاتون ڈائریکٹر	محترمہ اسماء کوچن والا
4/4	خاتون ڈائریکٹر	محترمہ درخشاں ذوہیب
4/4	آزاد ڈائریکٹر	جناب ہارون عسکری
4/4	آزاد ڈائریکٹر	جناب محمد سلمان حسین چاؤلہ
4/4	آزاد ڈائریکٹر	جناب شاہد حسین جتوئی
4/4	آزاد ڈائریکٹر	جناب محمد صدیق کھوکھر
4/4	نان ایگزیکٹو ڈائریکٹر	جناب سلیمان لالانی

## انتھنول ڈویژن:

انتھنول ڈویژن گذشتہ کئی سالوں سے سب سے زیادہ منافع بخش کاروبار ثابت ہو رہا ہے۔ کورونا کی ویکسین کی عدم دستیابی اور مستقل علاج دریافت نہ ہونے کے باعث کورونا COVID-19 پھیلنے کا خدشہ رہا ہے۔ اگرچہ انتھنول کی طلب میں قدرے کمی واقع ہوئی ہے لیکن کورونا کی COVID-19 دوسری شدید لہر کی باعث ہینڈ سینیٹائزر اور دیگر صفائی ستھرائی کی متعلقہ اشیاء کی مانگ میں عالمی سطح پر زبردست اضافہ ہوا ہے۔ لہذا ان عوامل کی بناء پر توقع ہے کہ انتھنول کی طلب میں بھی کافی اضافہ ہوگا تاوقتیکہ کورونا کی ویکسین نہیں آجاتی جو کہ اس وقت ابتدائی مراحل میں ہے۔ کمپنی کی انتظامیہ مستقل انتھنول کی بہتری کے لیے کام کر رہی ہے۔ انتھنول کی پیداوار کا انحصار شیرہ کی دستیابی پر ہے جو کہ چینی کی پیداوار سے ہوتا ہے۔ شیرہ کی قیمت میں حیران کن حد تک اضافہ ہوا ہے جس کی باعث دیگر ڈسٹری کمپنیوں نے شیرہ کی پیشگی خریداری شروع کر دی ہے۔ اس ریسک کو کم کرنے کے لیے آپ کی کمپنی نے بھی کرٹنگ سیزن شروع ہونے سے قبل شیرہ کی زیادہ سے زیادہ خریداری شروع کر دی ہے۔

انتھنول کے شعبے میں منافع کی شرح کا انحصار ڈالر کے مقابلے میں پاکستانی روپے کی قدر پر ہے جو کہ فی الوقت بتدریج مستحکم ہو رہی ہے۔ ان تمام عوامل کے باوجود اس شعبے کی ترقی کے امکانات کافی روشن ہیں۔

## ٹینک ٹریمنٹ:

آپ کی کمپنی کو اس ڈویژن سے بدستور شاندار آمدنی کی توقع ہے تاہم پھر بھی کمپنی دیگر مستحکم کرایہ دار تلاش کر رہی ہے تاکہ اس آمدنی کو برقرار رکھا جاسکے۔

## پاور کیمیکل اور بھرت ڈویژن:

اس یونٹ کی پیداوار موجودہ نامساعد کاروباری حالات کی باعث 2011 سے معطل ہے اور حالات کے بہتر ہونے تک پیداوار دوبارہ شروع کرنے کے معاملے پر نظر ثانی کی جائے گی۔

مجموعی طور پر کمپنی اپنی پھر پور کوشش کر رہی ہے کہ اخراجات میں زیادہ سے زیادہ کمی کی جائے اور پیداواری عمل کو بہتر سے بہتر کیا جائے تاکہ کمپنی کے مجموعی منافع میں اضافہ ممکن ہو سکے۔

## آڈیٹرز کی رپورٹ پر تبصرہ:

جیسا کہ مالیاتی گوشواروں کے نوٹ نمبر 29 میں مکمل وضاحت کی گئی ہے کہ ایک سوٹ نمبر 281 سندھ ہائی کورٹ کراچی میں کمپنی اور دیگر نو افراد کے خلاف دائر کیا گیا ہے جس کے وضاحتی نوٹ میں کمپنی کے معاملات میں بدانتظامی کا الزام ہے۔ کمپنی کی انتظامیہ مدعی کے ان تمام الزامات کی تردید کرتی ہے اور اس کا موقف ہے کہ اس سوٹ کا کوئی ٹھوس نتیجہ برآمد نہیں ہوگا اور اس معاملے میں کمپنی کی طرف سے کوئی مالی انکشاف متوقع نہیں ہے۔

## متعلقہ فریق کے معاملات:

یہ معاملات کاروبار میں مروجہ اصول یعنی فریق کے درمیان آزادانہ اور بے کسی دباؤ کے معاملات کی بنیاد کمپنیز ایکٹ 2017 کی متعلقہ دفعات کے تحت انجام پزیر ہوئے ہیں۔ نیز کمپنی نے کسی بھی ڈائریکٹریا افسر کے ساتھ ایسی کوئی معاملت نہیں کی ہے جو کہ کمپنی کے مفاد کے خلاف ہو یا جس کے لیے حصص یافتگان کی منظوری کی ضرورت پڑے۔

بیسے تمام معاملات زیر جائزہ سال 2019-20 میں بورڈ اور آڈٹ کمیٹی کو غور و خوض اور منظوری کے لیے پیش کیے گئے جو بعد ازاں کمپنی پالیسیز کے مطابق ہونے کی بناء پر بورڈ نے منظور کر لیے تھے۔ یہ معاملات کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 41 اور 46 میں بیان کیے گئے ہیں۔



کورونا COVID-19 کی وباء کے باعث اتھنول کی طلب میں بہت زیادہ اضافہ دیکھنے میں آیا کیونکہ اس وباء سے بچنے کے لئے کوئی علاج یا ویکسین جو طبی اداروں سے تسلیم شدہ نہیں تھی ماسوائے حرف چند ایک طریقے جو ورلڈ ہیلتھ آرگنائزیشن نے تجویز کئے ہیں جیسا کہ ماسک پہننا ہاتھوں کو صابن سے دھونا اور سینٹائز کرنا وغیرہ جبکہ سینٹائز روڈیگر متعلقہ مصنوعات میں ایکٹرائیوٹل الکوحل (ENA) انتہائی بنیادی جز ہے۔

اتھنول ڈیزائن کی فروخت %9.27 بڑھ گئی جس کی وجہ پاک روپے کی قدر میں کمی اور اتھنول کی قیمت فروخت میں اضافہ تھی جبکہ لاگت فروخت خام مال کی قلت کے باعث %6.37 گزشتہ سال کے مقابلے میں بڑھ گئی۔

شیرہ کی پیداوار کا انحصار چینی کی پیداوار پر ہوتا ہے یعنی اگر چینی کی پیداوار اگر کم ہو تو اس کا براہ راست اثر شیرہ کی پیداوار پر پڑتا ہے۔ زیر جائزہ سال 2019-20 میں چینی کی کم پیداوار اور کورونا کی وباء آنے کے باعث حریف ڈسٹری کمپنیوں میں زبردست مسابقتی دوڑ جاری ہے تاکہ وہ آنے والے دنوں میں اپنی پیداوار بڑھاسکیں اس بناء پر مارکیٹ میں شیرہ کی دستیابی انتہائی کم ہے ان عوامل کی بناء پر ہماری اتھنول کی پیداوار 9,579 میٹرک ٹن کم ہوئی اس کے علاوہ انتظامیہ کی بھرپور کوشش رہی ہے کہ سیلز مکس تبدیل کر کے زیادہ سے زیادہ منافع بخش سیلز مکس بنایا جائے دوسری طرف بلک فروخت میں کمی واقع ہوئی آئی ایس او (ISO) فروخت میں اضافہ ہوا۔

پاور کیمیکل اور بھرت ڈویژن:

زیر جائزہ سال میں بھی کیمیکل اور بھرت ڈویژن بدستور معطل رہا اور اس کا اس سال پیداواری خسارہ 38.694 ملین روپے گزشتہ کے 38.935 ملین روپے رہا جس کی بنیادی وجہ اس کے لازمی انتظامی اخراجات تھے۔

اسٹوریج ٹینک ٹریمنٹ:

اس سال اسٹوریج ٹینک ٹریمنٹ کا منافع 11.786 ملین روپے گزشتہ سال کے 78.543 ملین روپے رہا۔ منافع میں اس کمی کی وجہ طلب اور کرایہ داروں کی کمی تھی نیز ہمارے برآمدی آرڈرز کی بروقت تکمیل کے لئے کمپنی کا پیدا شدہ شیرہ بھی یہیں ذخیرہ کیا گیا۔ ٹریمنٹ بطور پبلک بونڈڈ وئیر ہاؤس اسٹینس شدہ ہے جس کی بلک مائع کارگو 22,850 میٹرک ٹن ذخیرہ کرنے کی گنجائش ہے۔ ٹریمنٹ کو اتھنول کے ساتھ ساتھ دوسری پیٹرو لیوم مصنوعات پر مشتمل خطرناک سامان ذخیرہ کرنے کی اجازت حاصل ہے۔

مستقبل کے امکانات:

شوگر ڈویژن:

اگلا آنے والا کرشنگ سیزن 2020-21 انتہائی مشکل ہے کیونکہ اول تو حکومت سندھ نے گنے کی امدادی قیمت خرید 192 روپے سے بڑھ کر 202 روپے فی من مقرر کی ہے۔ دوسرے جنوبی سندھ میں زیادہ بارشوں کے باعث دیگر فصلوں کے ساتھ ساتھ گنے کی فصل کو بھی کافی نقصان ہوا ہے۔ آپ کی کمپنی نے 6 نومبر 2020 سے کرشنگ شروع کی جو گنے کی قلت کے باعث عارضی طور پر معطل ہوئیں۔ شوگر انڈسٹری نے سندھ حکومت سے مطالبہ کیا ہے کہ چینی کی برآمدی سبسڈی 18-2017 کے بقایا جات کو جلد سے جلد ادا کیا جائے۔ کمپنی گنے کے شعبے کی ترقی کے لئے کام کر رہی ہے تاکہ گنے سے بہتر سے بہتر ریکوری حاصل کی جاسکے۔

پاکستان میں چینی کی پیداوار کی پیش گوئی 5.9 ملین ٹن ہے جو گزشتہ سیزن کے مقابلے میں %6 زیادہ ہے۔ جبکہ چینی کی کھپت کی پیش گوئی 5.8 ملین ٹن ہے جو گزشتہ سال کے مقابلے میں معمولی زیادہ ہے۔

عالمی سطح پر چینی کی پیداوار 21.8 ملین ٹن سے 188 ملین ٹن کی پیش گوئی ہے جس میں برازیل، انڈیا اور تھائی لینڈ کا ہے۔ کورونا وائرس کی وجہ سے مختلف ملکوں میں چینی کی کھپت میں سست روی سے اضافہ کی توقع ہے۔

2019	2020	مالیاتی کارکردگی
(روپے ہزار میں)		
2,945,685	3,543,055	فروخت
(2,883,406)	(3,371,792)	لاگت فروخت
62,279	171,263	خام منافع
(40,269)	(9,197)	تقسیمی لاگت
(75,185)	(79,656)	انتظامی اخراجات
(53,175)	(82,410)	پیداواری - نقصان

زیرجائزہ سال میں شکر یونٹ کی فروخت قیمت فروخت میں اضافہ کے باعث گزشتہ سال کی بنسبت %20.28 زیادہ رہی جبکہ تقسیمی لاگت %77.16 کم ہوئی کیونکہ گزشتہ سال برآمدی فروخت زیادہ تھی۔ چینی صرف اس وقت برآمد ہوتی ہے جب ملک میں چینی کی اضافی پیداوار موجود ہو مگر سال 20-19 میں چینی کی پیداوار گزشتہ سالوں کے مقابلے میں کم ہوئی جو ملکی ضروریات پوری کرنے کے لئے ناکافی تھی نیز شکر کی قیمت فروخت کا تعین طلب و رسد کے سادہ سے اصول پر ہوتا ہے۔ ملکی مارکیٹ میں شکر کی قیمت فروخت شکر کی کم پیداوار کے باعث زیادہ تھی۔ سندھ ریجن میں گنے کی کرشنگ %10.32 اور شکر کی پیداوار %15.13 کم ہوئی جو اس امر کی جانب اشارہ ہے کہ طلب و رسد میں عدم توازن تھا۔

#### انتھنول یونٹ - پیداواری کارکردگی:

2019	2020	پیداواری کارکردگی:
41,143	32,593	پیداوار - میٹرک ٹن (یونٹ I اور II)
41,487	31,908	فروخت - میٹرک ٹن

#### مالیاتی کارکردگی:

4,219,177	4,610,489	فروخت
(2,516,301)	(2,676,479)	لاگت فروخت
1,702,876	1,934,010	خام مال منافع
(331,814)	(288,598)	تقسیمی لاگت
(49,437)	(52,008)	انتظامی اخراجات
<b>1,321,625</b>	<b>1,593,404</b>	پیداواری منافع

## کاروبار پر ایک جائزہ:

مالیاتی سال 2019-2020 نول کرونا وائرس (SARS-COV-2) یعنی COVID-19 کی وبا کے باعث ہماری اور دنیا بھر کی معیشتیں بری طرح متاثر ہوئی ہیں۔ نیز دنیا بھر کے کاروبار بھاری نقصانات کا سامنا کر رہے ہیں نہ صرف نقصانات بلکہ طلب و رسد میں کمی، برآمدی آرڈرز کی منسوخی خام مال کی قلت، ٹرانسپورٹ کی بندش وغیرہ جیسے نقصانات کا سامنا ہے یعنی یہ امر واضح ہے کہ COVID-19 کے بڑے مہیب اثرات دنیا بھر کے کاروبار پر اثر انداز ہوئے ہیں۔ پاکستان میں بھی اس وبا کے شروع میں دنیا بھر کی معیشتوں کی طرح بڑے بڑے اثرات مرتب ہوئے یعنی اس وبا کی پہلی لہر کے دوران مکمل لاک ڈاون پورے ملک میں رہا مگر پھر حکومت نے اس وبا سے نمٹنے کی حکمت عملی تبدیل کرتے ہوئے جزوی لاک ڈاون کیا تاکہ لوگ بتائی ہوئی احتیاتی تدابیر یعنی SOPs پر عمل کرتے ہوئے اپنے کاروبار دوبارہ شروع کر سکیں۔

الحمد للہ آپ کی کمپنی نے COVID-19 کی وبا کے کاروبار پر بالخصوص شوگر انڈسٹری پر مہیب اثرات کے باوجود بلین روپے کا خالص منافع حاصل کیا۔ زیر جائزہ سال کے دوران انتھول کی فروخت میں برآمدی فروخت کے باعث زبردست اضافہ ہوا جس کی بنیادی وجہ کورونا COVID-19 کی وبا کے باعث ہینڈ سینیٹائزر اور دیگر صفائی ستھرائی کی اشیاء کی مانگ زبردست اضافہ ہوا اور ان اشیاء میں ایکسٹرانیوٹرل الکوحل (ENA) سب سے بڑے خام مال کے طور پر استعمال ہوتا ہے۔ العباس شوگر ملز لمیٹڈ انتہائی اعلیٰ چینی اور انتھول کی مصنوعات کی معیاری پیداوار کے حصول کے لیے اعلیٰ طریقہ استعمال کے لئے پرعزم ہے اور کمپنی کے پاس انتہائی اعلیٰ درجہ کے چینی اور انتھول کے پلانٹ ہیں ساتھ ہی کمپنی نے اپنی برآمدی مصنوعات کی فروخت کو مختلف براعظموں مثلاً یورپ، افریقہ اور ایشیا وغیرہ کو مزید بہتر انداز میں منظم کیا ہے۔

## پیداواری نتائج:

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

## شکر یونٹ - پیداواری کوائف

2018-19	2019-20	پیداواری کارکردگی
13 دسمبر 2018	25 نومبر 2019	موسم کے آغاز کی تاریخ
84	87	پیداواری دن
467,828	396,965	کرشنگ - (میٹرک ٹن)
50,892	42,959	گنے سے پیداوار - (میٹرک ٹن)
58,631	56,810	فروخت - (میٹرک ٹن)
10.88%	10.82%	شکر حصول کی شرح - فی صد

## ڈائریکٹرز رپورٹ

شروع اللہ کے نام سے جو نہایت مہربان اور رحم کرنے والا ہے۔ بورڈ آف ڈائریکٹرز نہایت مسرت کے ساتھ آپ کی خدمت میں کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ برائے سال 30 ستمبر 2020 پیش کر رہا ہے۔

### انڈسٹری کا جائزہ

پاکستان میں چینی سازی کی صنعت ٹیکسٹائل انڈسٹری کے بعد دوسری بڑی صنعت اور دنیا میں گنے کی فی ایکڑ رقبہ کاشت کے لحاظ سے پانچویں بڑی صنعت ہے اور شکر کی پیداوار کے لحاظ سے دنیا کی نویں بڑی صنعت ہے اور ہمارے لیے انتہائی اہم نقد فصل ہے۔ ہمارے کاشتکار طبقے کے لئے گنے کی فصل ایک انتہائی اہم ذریعہ آمدنی ہے۔ جس سے کہ 15 لاکھ سے زائد ہنرمند اور غیر ہنرمند اور دیگر ماہر لوگ وابستہ ہیں مگر موجودہ غیر یقینی صورت حال کے پیش نظر ماحولیاتی تبدیلی کے باعث چینی کی متوقع پیداوار رقبے کے لحاظ سے کم یا زیادہ ہو سکتی ہے۔ پاکستان کافی طویل عرصہ سے چینی کی ملکی ضروریات بخوبی پوری کر رہا ہے اور زائد چینی برآمد بھی کرتا ہے لیکن گزشتہ سال کی پیداوار 67.14 ملین ٹن کے مقابلے میں اس سال پاکستان میں گنے کی پیداوار 66.880 ملین میٹرک ٹن ہوئی۔ اس طرح پیداوار میں 0.4% فی صد کی کمی واقع ہوئی۔

### مالیاتی کارکردگی ایک نظر میں:

2019	2020
روپے ہزار میں	روپے ہزار میں
1,201,227	1,370,241
(89,249)	(125,894)
<u>1,111,978</u>	<u>1,244,347</u>
<u>64.05</u>	<u>71.67</u>

منافع قبل از ٹیکس

ٹیکس

خالص منافع

فی حصص منافع۔ روپے میں

کمپنی نے زیر جائزہ سال میں 274 ملین روپے کا پرویشن کیا ہے۔

### منافع منقسمہ اور اس کی تخصیص:

بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 24 دسمبر 2020 میں حتمی نقد منافع منقسمہ 100% یعنی 10 روپے فی حصص کی تجویز پیش کی ہے اور یہ حتمی نقد منافع اس 400% عبوری منافع منقسمہ یعنی 40 روپے فی حصص کے علاوہ ہے جو پہلے ہی ادا کیا جا چکا ہے۔ چنانچہ کل منافع منقسمہ برائے سال 30 ستمبر 2020 -/868.115 ملین روپے یعنی 50 روپے فی حصص ہوا ہے۔

حتمی منافع منقسمہ کی منظوری بورڈ کمپنی کے سالانہ اجلاس عام منعقدہ 28 جنوری 2021 کے دوران حصص یافتگان سے حاصل کرے گا۔ ان مالیاتی گوشواروں میں حتمی نقد منافع منقسمہ کی تخصیص شامل نہیں ہے جبکہ دیگر مختص شدہ تخمینے جو کہ بورڈ نے منظور کیے ہیں مندرجہ ذیل ہیں۔

روپے ہزار میں

1,244,347

1,685,851

(520, 869)

(694, 492)

49,013

1,763,850

منافع بعد از ٹیکس

غیر مختص منافع منقسمہ۔ سال کے شروع میں

حتمی منافع منقسمہ سال 2019 30 روپے فی حصص

عبوری منافع سال 2020 40 روپے فی حصص

ملازمین کے مالی فوائد کے منصوبوں کی ذمہ داری کے از سر نو تعین پر منافع

خالص دستیاب غیر مختص شدہ منافع

# 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 **Thursday January 28, 2021 at 11:00 a.m.** and at any adjournment thereof.

Signed under my / our hand this .....day of .....2021.

**(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 سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکولر نمبر 1 بتاریخ 26 جنوری 2000 میں مقرر کردہ گائیڈ لائنز پر عمل کرنا ہوگا۔

## الف۔ برائے اجلاس میں شرکت:

- (i) - افراد کی صورت میں اکاؤنٹ ہولڈر اور یا سب اکاؤنٹ ہولڈر اور ان کی رجسٹریشن تفصیلات سی ڈی سی کے ضابطوں کے مطابق اپ لوڈ ہوں اجلاس میں شرکت کے موقع پر اپنی شناخت کے لئے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ بمع پارٹنرسپٹ 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 کرانا 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 ٹیفیشیل اونرز کی سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں نیابتی فارم کے ہمراہ منسلک ہونی چاہئیں۔
- (iv) - نیابتی کو اجلاس کے موقع پر اپنا اصل سی این آئی سی یا پاسپورٹ پیش کرنا ہوگا۔
- (v) - کارپوریٹ 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:

Details of Shareholder	
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number <b>"Mandatory"</b>	<b>PK</b> (24 digits) (Kindly provide your accurate IBAN (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, 2021**.

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 instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents through courier or soft copy through email are requested to fill this form and send it to the Company Secretary / Share Registrar.

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

## STANDARD REQUEST FORM

Date:

### The Share Registrar

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

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

### Hard copy through courier

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

### Soft Copy through email address

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

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

Signature of the Member / shareholder

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

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



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