



SAKRAND

30th ANNUAL REPORT

For the year ended 30th September, 2018

Sakrand Sugar Mills Limited



SAKRAND SUGAR MILLS LIMITED

THIRTIETH ANNUAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2018

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COMPANY PROFILE

BOARD OF DIRECTORS

Mr. Jamil Akberi	Chairman/Director
Mr. Dinshaw H. Anklesaria	Chief Executive/Director
Syed Abid Hussain	Director *
Mr. Abdul Naeem Quraishi	Director
Mr. Neville Mehta	Director
Mr. Amad Uddin	Director **
Dr. Jamshed H. Anklesaria	Director

* (Resigned on December 22, 2017)

** (Appointed on September 28, 2018)

AUDIT COMMITTEE

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

HR COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Amad Uddin

COMPANY SECRETARY

Mr. Amad Uddin

BANKERS

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Habib Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Sindh Bank Limited
Summit Bank Limited
United Bank Limited

AUDITORS

Parker Randall - A.J.S.
Chartered Accountants

LEGAL ADVISOR

Barrister Muhammad Jameel Choudhry

REGISTRAR

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

REGISTERED OFFICE

41-K, Block-6, P.E.C.H.S., Karachi
Phone. 0092-21-35303291-2
www.sakrandsugar.com

FACTORY ADDRESS

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the shareholders of **SAKRAND SUGAR MILLS LIMITED** will be held on Friday, April 19, 2019 at 11:00 a.m. at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on February 27, 2018.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended September 30, 2018 together with the Directors' report and the Auditors' report thereon.
3. To appoint auditors for the year ending September 30, 2019 and fix their remuneration. As per section 246 (2) of the Companies Act 2017, the Board of Directors of the Company recommend the appointment of UHY Hassan Naeem & Co. Chartered Accountants, as external auditors, for the year ending September 30, 2019.
4. To elect Directors of the Company in accordance with the provisions of the Companies Act, 2017. The number of elected directors of the Company, fixed by the Board of directors in their meeting, is seven (7). The retiring directors are;
 - i. Mr. Dinshaw H. Anklesaria
 - ii. Mr. Jamil Akberi
 - iii. Mr. Abdul Naeem Quraishi
 - iv. Mr. Neville Mehta
 - v. Dr. Jamshed H. Anklesaria
 - vi. Mr. Amad Uddin
5. Any other matter by the permission of the chair.

By order of the Board

Amad Uddin
Company Secretary

Karachi: April 03, 2019

NOTES:

1. The Shares Transfer Book of the Company will remain closed from April 11, 2019 to April 19, 2019 (both days inclusive).
2. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan (SECP).



A. For Attending the Meeting

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

B. For Appointing Proxies

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

4. Notice to Shareholders who have not provided CNIC:

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

5. Unclaimed/Unpaid Dividend and Share Certificates:

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

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



اطلاع برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ سکرٹری شگرملز لمیٹڈ کے حصص یافتہ گان کا تیسواں سالانہ اجلاس عام بروز جمعہ مورخہ 19 اپریل 2019 بوقت صبح 11:00 بجے بمقام بیچ لکٹری ہوٹل، مولوی تمیز الدین خان روڈ، کراچی میں منعقد ہوگا، جس میں درج ذیل امور طے پائیں گے۔

عمومی امور

- 1- 27 فروری 2018 کو منعقد ہونے والے سالانہ اجلاس عام کی کاروائی کی توثیق۔
- 2- 30 ستمبر 2018 کو اختتام پزیر ہونے والے سال کے لیے، کمپنی کے آڈٹ شدہ حسابات بمعہ ڈائریکٹرز اور آڈیٹرز رپورٹ کی وصولی، تجزیہ اور منظوری۔
- 3- 30 ستمبر 2019 کو ختم ہونے والے سال کے لیے آڈیٹرز کا تقرر اور ان کے معاوضہ کا تعین۔ کمپنیز ایکٹ 2017 کے سیکشن (2) 246 کے مطابق، کمپنی کے بورڈ آف ڈائریکٹرز نے 30 ستمبر 2019 کے مالیاتی سال کے بیرونی آڈٹ کے لئے میسرز یو۔ ایچ۔ وائے۔ حسن نعیم اینڈ کو، چارٹرڈ اکاؤنٹینٹس، کی سفارش کی ہے۔
- 4- کمپنیز ایکٹ 2017 کی دفعات کے مطابق ڈائریکٹرز کا انتخاب۔ کمپنی بورڈ آف ڈائریکٹرز نے منتخب کئے جانے والے ڈائریکٹرز کی تعداد 7 طے کی ہے۔ ریٹائرڈ ہونے والے ڈائریکٹرز درج ذیل ہیں۔

1- جناب ڈنشا ہوشانگ انکلیسر یا	4- جناب نیول مہتا
2- جناب جمیل اکیری	5- ڈاکٹر جمشید ہوشانگ انکلیسر یا
3- جناب عبدالنعم قریشی	6- جناب عماد الدین
- 5- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

عماد الدین
کمپنی سیکریٹری

کراچی

03 اپریل 2019ء

نوٹس:

- 1- کمپنی کی حصص منتقلی کی کتب 11 اپریل 2019 سے 19 اپریل 2019 تک بند رہیں گی (بشمول دونوں ایام)۔
- 2- نائب کی تقرری کی دستاویز، مختار نامہ، یا اس کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا شیئر رجسٹر آفس کے دفتر میں موصول ہو جانی



چاہیے۔

3۔ اراکین جنہوں نے اپنے حصص سی ڈی سی اکاؤنٹ میں جمع کروا رکھے ہیں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات پر عمل کریں۔

(الف) برائے شرکت اجلاس

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

(ب) پراکسی کی تقرری کے لیے

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

4۔ ان حصص یافتہ گان کے لیے نوٹس جنہوں نے اپنا قومی شناختی کارڈ مہیا نہیں کیا:

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

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

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

5۔ غیر وصول شدہ منافع منقسمہ:

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

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



VISION & MISSION STATEMENT

VISION

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

MISSION

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



DIRECTORS' REPORT

We are pleased to welcome you to the 30th Annual General Meeting of the Company and present the financial and operating results along with audited financial statements for the year ended September 30, 2018 together with the auditors' report thereon.

SEASON START

The Company commenced its crushing season of 2017-18 on November 30, 2017. The rate of cane was fixed by the High Court at Rs. 160 per maund.

RE-ORGANISATION

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

Keeping in view the good profits earned, the Company paid out interim dividend at 20% per share to its minority shareholders, whereas the sponsors' dividend went into the Company's organic growth as per the requirement of the Syndicate Long Term Loan Agreement.

FINANCIAL RESULTS

The comparative financial results are as follows:

	2018	2017	Increase/ (Decrease)	% age
	..... Rupees in '000'			
Sales	1,821,745	2,347,921	(526,176)	-22%
Cost of sales	(1,318,198)	(2,343,397)	(1,025,199)	-44%
Gross Profit	503,547	4,524	499,023	11,031%
Profit before taxation	388,077	223,947	164,130	73%
Net Profit after tax	268,232	197,260	70,972	36%
Earning per share	6.01	5.94	0.07	1%

OPERATING RESULTS

		2018	2017	Increase/ (Decrease)	% age
Sugarcane crushed	MT	367,222	459,573	(92,351)	-20%
Sugar produced	MT	39,660	42,320	(2,660)	-6%
Sugar recovery	%	10.80	9.22	1.58	17%
Molasses produced	MT	26,047	19,530	6,517	33%
Molasses recovery	%	5.500	4.252	1.25	29%



AUDITORS' REPORT

The Auditors of the Company have expressed a modified report on the financial statement over certain accounting treatments, however, the management keeps a clear commercial view of its transactions and intends to materialise the same in the coming year.

FUTURE OUTLOOK

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

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

CORPORATE SOCIAL RESPONSIBILITY AND HEALTH SAFETY ENVIRONMENT

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

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

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

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

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

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

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



LABOUR MANAGEMENT RELATIONS

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

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

AUDITORS

The external auditors "M/s. Parker Randell & Co.", Chartered Accountants stand retired. As per section 246 (2) of the Companies Act 2017, the Board of Directors of the Company recommend the appointment of UHY Hassan Nameem & Co. Chartered Accountants, as external auditors, for the year ending September 30, 2019, who have provided their consent to the Company.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- 1 The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
- 2 Proper books of accounts of the Company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of the financial statements, changes if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
- 4 There is no doubt on the going concern of the Company.
- 5 The Company maintains Provident Fund account for its employees. The value of investment of the fund as on June 30, 2018 is Rs. 72,097,017.
- 6 International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from if any, has been adequately disclosed.
- 7 The Company has an effective Internal Audit and controls department. The system of internal controls is sound and being monitored and reviewed by the Audit committee, as per the Code of Corporate Governance guidelines and Company's Act, 2017.
- 8 Key operating and financial data for last six years in summarized form is annexed.
- 9 There has been no material departure from the best practices of Corporate Governance except those mentioned in the preamble of the statement.
- 10 During the year, eight meetings of the Board of Directors and four meetings of Audit Committee were held as detailed below.

Name of Director	Number of meetings attended	
	BOD	Audit Committee
Mr. Dinshaw H. Anklesaria	8	
Mr. Jamil Akberi	8	4
Mr. Abdul Naeem Quraishi	6	4
Mr. Neville Mehta	6	4
Mr. Abid Hussain (resigned on 22.12.17)	-	
Dr. Jamshed H. Anklesaria	8	



- 11 The board has not arranged any training program for the Directors of the Company during the year.
- 12 During the year, Mr. Amad Uddin was appointed on the Board on September 28, 2018 to fill in the casual vacancy.
- 13 Keeping in view the profit earned, the Board declared interim dividend of Rs. 2 per share being 20% to each shareholder except for sponsoring shareholders.

PATTERN OF SHARE HOLDING

The pattern of share holding and additional information regarding pattern of shareholding as on September 30, 2018 is annexed.

CONCLUSION

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

Thank you all,

for **SAKRAND SUGAR MILLS LIMITED**

D. H. Anklesaria

Dinshaw H. Anklesaria
Chief Executive
Karachi: March 20, 2019



ڈائریکٹرز کی رپورٹ

ہم آپ کو کمپنی کے تیسویں سالانہ اجلاس عام میں خوش آمدید کہتے ہیں ساتھ ہی پیش خدمت ہیں 30 ستمبر 2018ء کے مالیاتی اور کارکردگی کے نتائج اور آڈٹ شدہ مالیاتی گوشوارے بمع آڈیٹر رپورٹ۔

سیزن کا آغاز

کمپنی نے 2017-18 میں کرشنک سیزن کا آغاز 30 نومبر 2017ء میں کیا۔ اس سیزن کے لئے ہائی کورٹ نے گئے کی قیمت خرید 160 روپے فی 40 کلو مٹر کی تھی۔

تشکیل نو

کمپنی کی تشکیل نو کے عہدہ نتائج برآمد ہوئے۔ کمپنی کے تمام آپریشنز مزید عمدگی سے ادا ہو رہے ہیں جس سے سکروز کی ریکوری اور کمپنی کے مجموعی فائدہ (Gross profit) میں خاطر خواہ اضافہ ہوا ہے۔ عہدہ آمدنی کو مد نظر رکھتے ہوئے، کمپنی نے 20% فی شیئر کی بنیاد پر اقلیتی شیئر ہولڈرز میں عبوری منافع تقسیم کیا، جبکہ اسپانسرز کے منافع منقسمہ کی رقم کو طویل مدتی سٹڈیکیٹ معاہدہ کے مطابق کمپنی کی تعمیر و ترقی میں استعمال کیا گیا۔

مالیاتی نتائج

تفصیلی مالیاتی نتائج درج ذیل ہیں۔

	2018	2017	Increase/ (Decrease)	% age
	..... Rupees in '000'			
Sales	1,821,745	2,347,921	(526,176)	-22%
Cost of sales	(1,318,198)	(2,343,397)	(1,025,199)	-44%
Gross Profit	503,547	4,524	499,023	11,031%
Profit before taxation	388,077	223,947	164,130	73%
Net Profit after tax	268,232	197,260	70,972	36%
Earning per share	6.01	5.94	0.07	1%

آپریٹنگ نتائج

		2018	2017	Increase/ (Decrease)	% age
Sugarcane crushed	MT	367,222	459,573	(92,351)	-20%
Sugar produced	MT	39,660	42,320	(2,660)	-6%
Sugar recovery	%	10.80	9.22	1.58	17%
Molasses produced	MT	26,047	19,530	6,517	33%
Molasses recovery	%	5.500	4.252	1.25	29%



آڈیٹرز رپورٹ

کمپنی کے آڈیٹرز نے سالانہ مالیاتی گوشوارے پر اپنی رپورٹ میں کوالیفائد رائے دی ہے جس کی وجہ کچھ معاملات میں اکاؤنٹنگ کے طریقہ کار میں اختلاف ہے۔ جبکہ کمپنی انتظامیہ اپنے کاروباری تجربے کی بنیاد پر اپنے نقطہ نظر پر پورے اعتماد سے قائم ہے اور آنے والے وقت میں اسے ثابت کر دے گی۔

مستقبل کا جائزہ

کمپنی کی بیلنس شیٹ اب ایک مستحکم پوزیشن بیان کر رہی ہے۔ تمام قلیل مدتی قرضہ جات ادا کر دیئے گئے ہیں اس کے ساتھ ساتھ کسانوں کے بقایات میں بھی مالیاتی سال کے اختتام اور اس کے بعد بھی مسلسل کمی واقع ہوئی ہے۔ رواں سال کمپنی نے SAP-ERP سسٹم کو بخوبی نافذ العمل کیا ہے۔

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

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

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

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

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

لیبر اور انتظامیہ کے تعلقات

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

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



آڈیٹرز

آڈیٹرز ”میسرز پارکر رینڈل، اے۔ جے۔ ایس چارٹرڈ اکاؤنٹینٹ“ ریٹائر ہو رہے ہیں۔ کمپنیز ایکٹ 2017 کے سیکشن (2) 246 کے مطابق، کمپنی کے بورڈ آف ڈائریکٹرز نے 30 ستمبر 2019ء کے مالیاتی سال کے آڈٹ کے لئے ”میسرز یو۔ ایچ۔ وائے حسن نعیم اینڈ کو، چارٹرڈ اکاؤنٹینٹ“ فرم کی سفارش کی ہے جو بطور آڈیٹر کام کرنے پر اپنی رضامندی ظاہر کر چکی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے ضابطہ (فریم ورک)

- ۱۔ کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے شفاف معاملات کو ظاہر کرتے ہیں، ایکویٹی میں تبدیلی، کیش (فنانس) کا بہاؤ اور آپریشن ایک شفاف طور سے چل رہے ہیں۔
- ۲۔ کمپنی کی جانب سے حساب کتاب کا مناسب انتظام ہے اور اکاؤنٹس کے تمام کھاتے کمپنی احسن طریقے سے تشکیل دیتی ہے۔
- ۳۔ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹس کے طریقے کار اپنائے جاتے ہیں، مالیاتی تفصیلات کی تیاری مناسب اور دانشمند فیصلوں پر مبنی ہوتی ہے۔
- ۴۔ کمپنی کے پاس اپنے آپریشنز کو جاری رکھنے کے لئے مناسب انتظام موجود ہے، اور اس بات میں کوئی شک نہیں ہے کہ مستقبل میں بھی ایسا ہی رہے گا۔
- ۵۔ کمپنی نے اپنے مستقل ملازمین کے لئے پراویڈنٹ فنڈ جاری کیا ہوا ہے، اس سرمایہ کاری کی لاگت 30 جون 2018ء کے مطابق 72,097,017 روپے ہے۔
- ۶۔ مالیاتی گوشوارے کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی فنانشل رپورٹنگ اور اکاؤنٹنگ کے معیارات کی مکمل پیروی کی گئی ہے۔
- ۷۔ کمپنی کے پاس ایک متحرک آڈٹ اور کنٹرول ڈپارٹمنٹ ہے۔ کنٹرولز کے بہترین طریقوں پر عمل کیا جا رہا ہے اور آڈٹ کمیٹی اس کی مسلسل نگرانی کارپوریٹ گورننس اور کمپنیز ایکٹ 2017ء کے اصولوں کے عین مطابق کر رہی ہے۔
- ۸۔ کلیدی کارکردگی اور مالیاتی معلومات گذشتہ 6 سال کے ضمیمے میں مہیا کی گئی ہیں۔
- ۹۔ تمام قابل اطلاق کارپوریٹ گورننس کے بہترین اصولوں پر عمل کیا جا رہا ہے اور کسی بھی اصول کی عدم تعمیل نہیں کی گئی۔
- ۱۰۔ سال رواں کے دوران بورڈ، آف ڈائریکٹرز کی 8 میٹنگز جب آڈٹ کمیٹی کی 4 میٹنگز منعقد ہوئیں۔

Name of Director

Number of meetings attended

BOD

Audit Committee

Mr. Dinshaw H. Anklesaria

8

Mr. Jamil Akberi

8

4

Mr. Abdul Naeem Quraishi

6

4

Mr. Neville Mehta

6

4

Mr. Abid Hussain (resigned on 22.12.17)

-

Dr. Jamshed H. Anklesaria

8

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

۱۲۔ اس سال کے دوران 28 ستمبر 2018 کو بورڈ آف ڈائریکٹرز کی عارضی خالی جگہ پر گزرنے کے لئے عماد الدین صاحب کا تقرر کیا گیا۔

۱۳۔ حاصل کردہ منافع کو مد نظر رکھتے ہوئے، بورڈ نے صرف اقلیتی شیئر ہولڈرز کے لئے 2 روپے فی شیئر کے عبوری منافع منقسمہ کا اعلان کیا ہے۔



حصص داری کا خاکہ

30 ستمبر 2018ء کے حصص داری کا خاکہ، شیئرز ہولڈنگ کی تفصیلات کے ضمیمہ میں درج ہے۔

نتیجہ

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

بشکریہ

برائے سکریٹری شوگر ملز لمیٹڈ

D. H. Anjum

ڈائریکٹر انکسیریا

چیف ایگزیکٹو

کراچی: 20 مارچ 2019ء



CHAIRMAN'S REVIEW

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

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

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

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

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

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

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

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

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

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

Jamil Akberi

Chairman

Karachi: March 20, 2019



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES CODE OF CORPORATE GOVERNANCE REGULATIONS, 2017

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 through S.R.O. 1216(I)/2017 for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The total number of directors are (06) as per the following:
 - a. Male: **06**
 - b. Female: **-**

A casual vacancy aroused during the year is under process and will soon be updated.

2. The composition of Board is as follows:
 - a) Independent Directors: **-**
 - b) Other Non-executive Director: **04**
 - c) Executive Directors: **02**
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of 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. This year the Board could not arrange Directors' Training Program due to internal re-structuring. The Board has although noted the requirements for compliance in the coming year at the earliest possible.
10. No new appointment of Chief Financial officer, Company secretary and Head of internal audit was made during the year. However, the Company is currently in the process of assigning the position of Company Secretary to a person other than CFO, pursuant to the amendment issued by the Securities and Exchange Commission of Pakistan vide S.R.O 1475(I)/2018 dated 5 December 2018.



11. Both the CFO and CEO have duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
 - a) Audit Committee:
Mr. Abdul Naeem Quraishi - Chairman
Mr. Jamil Akberi
Mr. Neville Mehta
 - b) HR and Remuneration Committee:
Mr. Neville Mehta - Chairman
Mr. Jamil Akberi
Mr. AmadUddin
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee for the financial year ending September 30, 2018 was as per following:
 - a) Audit Committee: 04
 - b) HR and Remuneration Committee: 01
15. The Board has set up an effective internal audit function.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Directors

Jamil Akberi
Chairman

Dinshaw H. Anklesaria
Chief Executive Officer

Karachi: March 20, 2019

INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT

To the members of Sakrand Sugar Mills Limited

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

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

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

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

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

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance.

- Auditors were not invited in any Audit Committee meetings.
- No annual evaluation of the board's own performance, members of the board and of its committees were conducted during the year.

Based on our review, except for the above instances of non-compliance, 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 Regulation as applicable to the Company for the year ended September 30, 2018.

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

- Paragraph 1, the board of director comprises of 6 members instead of 7.
- Paragraph 2, no independent director exists in the Company.
- Paragraph 10, a single person simultaneously holds position of Chief Financial Officer (CFO) and Company Secretary with the Company.



Chartered Accountants

Audit Engagement Partner:
Muhammad Shabbir Kasbati

Date: April 11, 2019

Place: Karachi



**PATTERN OF SHAREHOLDING
OF THE SHARES HELD BY THE SHAREHOLDERS
AS AT SEPTEMBER 30, 2018**

NUMBER OF SHAREHOLDERS	FROM	SHARE HOLDING	TO	TOTAL SHARES HELD
388	1	-	100	24,405
654	101	-	500	249,010
385	501	-	1000	344,751
512	1001	-	5000	1,365,147
154	5001	-	10000	1,177,429
46	10001	-	15000	573,556
25	15001	-	20000	448,370
15	20001	-	25000	350,000
14	25001	-	30000	400,000
4	30001	-	35000	134,500
7	35001	-	40000	271,160
5	40001	-	45000	214,500
6	45001	-	50000	290,840
4	50001	-	55000	213,169
3	55001	-	60000	177,098
2	60001	-	65000	125,244
2	65001	-	70000	137,200
2	70001	-	75000	148,000
1	75001	-	80000	76,800
1	80001	-	85000	84,000
2	85001	-	90000	175,000
3	95001	-	100000	300,000
1	100001	-	105000	101,500
2	105001	-	110000	214,500
1	110001	-	115000	110,980
1	115001	-	120000	120,000
2	120001	-	125000	245,500
3	125001	-	130000	385,500
1	130001	-	135000	131,000
1	135001	-	140000	140,000
2	140001	-	145000	283,000
1	155001	-	160000	157,500
1	180001	-	185000	185,000
1	195001	-	200000	198,000
1	205001	-	210000	207,092
1	225001	-	230000	230,000
1	275001	-	280000	276,300
1	295001	-	300000	299,700
1	305001	-	310000	310,000
1	400001	-	405000	403,000
2	415001	-	420000	835,270
1	420001	-	425000	424,700
1	465001	-	470000	468,820
1	530001	-	535000	534,500
1	595001	-	600000	600,000
1	680001	-	685000	681,400
1	795001	-	800000	800,000
2	1000001	-	1005000	2,004,108
1	1545001	-	1550000	1,545,826
1	1555001	-	1560000	1,559,960
1	1795001	-	1800000	1,800,000
1	1905001	-	1910000	1,905,045
1	2060001	-	2065000	2,063,000
1	2760001	-	2765000	2,761,742
1	4195001	-	4200000	4,200,000
1	11150001	-	11155000	11,152,878
2,276				44,616,000

S.No.	Category	No. of Shareholders	Total Shares Held	Percentage %
1	INDIVIDUALS	2,227	40,167,627	90.03
2	FINANCIAL INSTITUTIONS	14	2,311,060	5.18
3	INSURANCE COMPANIES	2	229,592	0.51
4	INVESTMENT COMPANIES	3	142,810	0.32
5	JOINT STOCK COMPANIES	25	874,919	1.96
6	MODARABA COMPANY	1	198,000	0.44
7	LEASING COMPANIES	2	340	0.00
8	CO-OPERATIVE SOCIETY	1	10,252	0.02
9	MUTUAL FUND	1	681,400	1.53
		2,276	44,616,000	100.00



**PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2018
AS PER REQUIREMENTS OF
THE CODE OF CORPORATE GOVERNANCE**

Category	Number of shares held	Category wise No. of shareholders	Category wise shares held	Percentage %
JOINT STOCK COMPANIES		25	874,919	1.96
INVESTMENT COMPANIES		3	142,810	0.32
DIRECTORS CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		8	19,322,923	43.31
DINSHAW H. ANKLESARIA	11,152,878			
JAMIL AKBARI	1,001,000			
FATMA GHULAM ALI	800,000			
ABDUL NAEEM QURAISHI	600,000			
NEVILLE MEHTA	2,063,000			
JAMSHED HOSHANG ANKLESARIA	1,000			
ROXANNE MEHTA	1,800,000			
AMAD UDDIN	1,905,045			
BANKS,DFIS,NBFIS,INSURANCE COMPANIES, MODARABA & MUTUAL FUNDS		20	3,420,392	7.67
CO-OPERATIVE SOCIETIES		1	10,252	0.02
INDIVIDUALS		2,219	19,840,596	46.72
		2,276	44,616,000	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

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

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

Report on the Audit of the Financial Statements

Qualified opinion

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

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

Basis for Qualified 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 qualified opinion.

1. As disclosed in note 11 to the accompanying financial statements, the Company is carrying stock-in-trade of compost fertiliser in process (the "Stock") amounting to Rs. 391.642 million, which represents over 20% of the overall net assets of the Company as at September 30, 2018. The Stock is accounted for solely on the basis of net realisable value (NRV) instead of cost as at reporting date, thus, constituting a departure from International Accounting Standards. We were unable to obtain sufficient appropriate audit evidence in respect of NRV of the aforementioned Stock. Further, we were unable to satisfy ourselves in respect of further process, if any, carried out by the Company for by-product processing up to the reporting date due to which the actual cost of the stock cannot be determined by us. Also, we were unable to satisfy ourselves by alternative means concerning the valuation of the Stock. Consequently, we were unable to determine whether any adjustments would have been required to be made in this respect in these financial statements.

Key Audit Matter

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. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following is the key audit matter:

Key Audit Matter	How the matter was addressed in our audit
Preparation and presentation of financial statements under the Companies Act, 2017.	
<p>The Fourth Schedule of the Companies Act, 2017 (the Act) became applicable for the first time for the preparation and presentation of Company's annual financial statements for the year ended September 30, 2018 as referred to in note 1.2 to the accompanying financial statements.</p> <p>The Act forms an integral part of statutory financial reporting framework as applicable in Pakistan and further prescribes nature and content of disclosures in relation to various elements of financial statements.</p> <p>As part of this transition to the requirement of the said Fourth Schedule, the management performed gap analysis to identify differences between the previous and the current reporting framework and as a result certain changes were made as described in note 1.2.3 to the Company's annexed financial statement.</p> <p>Due to the first time applicability and enhanced disclosures, we consider it as a key audit matter.</p>	<p>Our audit procedure includes the followings;</p> <ul style="list-style-type: none"> • We identified the procedures applied by management for identification of changes required by the Companies Act, 2017. • We assessed the adequacy and sufficiency of disclosures provided by the management in accordance with the new reporting requirements as required by Companies Act, 2017. • We evaluated the sources of information used by the management for the preparation of additional disclosures. • We assessed the consistency of such disclosures with other information as provided in financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The 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 is 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 the 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, except for the matters described in the Basis for Qualified Opinion Section, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company, however, was not deposited in the Central Zakat Fund established under section 7 of the Ordinance.

The engagement partner on the audit resulting in independent auditors' report is **Muhammad Shabbir Kasbati**.



Chartered Accountants

Date: April 11, 2019


Place: Karachi.

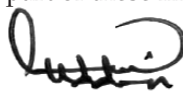


STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

	Note	2018	2017	2016
Rupees in '000'				
ASSETS				
Non-Current Assets			(Restated)	(Restated)
Property, plant and equipment	5	3,099,364	2,936,016	2,347,815
Intangible asset	6	4,915	-	-
Long-term investments	7	-	178,590	158,715
Long-term loans	8	323	344	158
Long-term deposits	9	2,098	1,626	1,431
		<u>3,106,700</u>	<u>3,116,576</u>	<u>2,508,119</u>
Current Assets				
Stores, spares and loose tools	10	42,073	28,490	28,000
Stock-in-trade	11	518,655	3,374	-
Trade debts	12	94	160,287	-
Loans and advances	13	18,874	54,847	16,600
Prepayments and other receivables	14	150,391	14,842	8,131
Short-term investment	15	30,000	86,000	-
Tax refunds due from government	16	27,446	23,377	22,725
Taxation-net		-	-	27,210
Cash and bank balances	17	46,439	141,775	1,331
		<u>833,972</u>	<u>512,992</u>	<u>103,997</u>
Total Assets		<u>3,940,672</u>	<u>3,629,568</u>	<u>2,612,116</u>
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorised share capital 60,000,000 (2017: 60,000,000) ordinary shares of Rs.10 each		<u>600,000</u>	<u>600,000</u>	<u>250,000</u>
Share capital				
Issued, subscribed and paid-up capital	18	446,160	446,160	223,080
Revenue reserves				
Accumulated loss		(566,148)	(824,289)	(1,045,624)
Capital reserves				
Surplus on revaluation of property, plant and equipment - net of deferred tax	19	1,789,432	1,811,584	1,339,697
Directors' / sponsors' subordinated loan	20	92,767	92,767	65,767
		<u>1,762,211</u>	<u>1,526,222</u>	<u>582,920</u>
Non-Current Liabilities				
Deferred taxation	21	377,921	315,048	192,255
Long term financing - secured	22	921,937	676,407	234,163
Deferred liabilities	23	76,811	76,070	68,154
Current Liabilities				
Trade and other payables	24	618,993	1,008,130	1,200,762
Unclaimed dividend		7,852	377	-
Unpaid dividend		1,459	-	-
Accrued mark-up	25	26,466	1,992	40,389
Current maturity of long-term financing		124,909	23,747	-
Short-term financing		-	-	124,997
Taxation - net	26	22,113	1,575	168,476
		<u>801,792</u>	<u>1,035,821</u>	<u>1,534,624</u>
Contingencies & Commitments	27			
Total Equity and Liabilities		<u>3,940,672</u>	<u>3,629,568</u>	<u>2,612,116</u>

The annexed notes from 1 to 49 form an integral part of these financial statements.


Dinshaw H. Anklesaria
Chief Executive


Amad Uddin
Chief Financial Officer



Jamil Akberi
Director




STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018 Rupees in '000'	2017
Sales - net	28	1,821,745	2,347,921
Cost of sales	29	(1,318,198)	(2,343,397)
Gross profit		503,547	4,524
Operating expenses			
Administrative expenses	30	(97,510)	(77,752)
Selling and distribution costs	31	(5,494)	(3,194)
		(103,004)	(80,946)
Operating profit / (loss)		400,543	(76,422)
Finance costs	32	(106,201)	(35,084)
Other charges	33	(33,324)	(15,126)
Default surcharge and penalty	34	(12,292)	(887)
(Loss) / gain on loan amortisation	35	(4,189)	19,850
Other income	36	143,540	331,616
Profit before taxation		388,077	223,947
Taxation	37	(119,845)	(26,687)
Profit after taxation		268,232	197,260
Earning per share - basic and diluted	38	6.01	5.94

The annexed notes from 1 to 49 form an integral part of these financial statements.


Dinshaw H. Anklesaria
Chief Executive


Amad Uddin
Chief Financial Officer



Jamil Akberi
Director




STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2018

	2018 Rupees in '000'	2017 (Restated)
Profit after taxation	268,232	197,260
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss:		
Actuarial loss during the year	-	(5,870)
Revaluation of property, plant and equipment	-	636,009
Related deferred tax	-	(134,177)
	-	501,832
Other comprehensive income for the year - net of tax	-	495,962
Total comprehensive income for the year	268,232	693,222

The annexed notes from 1 to 49 form an integral part of these financial statements.


Dinshaw H. Anklesaria
Chief Executive


Amad Uddin
Chief Financial Officer



Jamil Akberi
Director

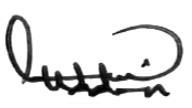


STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018 Rupees in '000'	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations	39	(286,418)	(154,123)
Zakat paid		(4,360)	-
Taxes paid		(40,501)	(9,936)
Finance cost paid		(72,701)	(66,774)
Net cash used in operating activities		(403,980)	(230,833)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(142,468)	(28,375)
Addition to intangible asset		(7,336)	-
Addition to capital work-in-progress		(83,534)	-
Short-term investments		56,000	(86,000)
Proceeds from encashment of DSCs		174,400	-
Proceed from disposal of property, plant and equipment		-	1,000
Long term deposits		(471)	(195)
Long term loans		21	(186)
Net cash used in investing activities		(3,388)	(113,756)
CASH FLOWS FROM FINANCING ACTIVITIES			
Directors' /Sponsors' subordinated loans		-	27,000
Issuance of right shares		-	223,080
Long term financing - secured		329,836	234,953
Dividend paid		(17,804)	-
Net cash generated from financing activities		312,032	485,033
Net (decrease) / increase in cash and cash equivalents		(95,336)	140,444
Cash and cash equivalents at the beginning of the year		141,775	1,331
Cash and cash equivalents at the end of the year	17	46,439	141,775

The annexed notes from 1 to 49 form an integral part of these financial statements.


Dinshaw H. Anklesaria
Chief Executive


Amad Uddin
Chief Financial Officer


Jamil Akberi
Director




STATEMENT OF CHANGES IN EQUITY - (RESTATED) FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note	Share capital	Capital reserve	Revenue reserve	Directors' / Sponsors subordinated loan	Total	
	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment	Accumulated (loss) / Un appropriated profit			
..... Rupees in '000'						
Balance as at 01-10-2016 - As previously reported	223,080	-	(1,045,624)	65,767	(756,777)	
Impact of restatement (Change in accounting policy)	3	-	1,339,697	-	1,339,697	
Balance as at 01-10-2016 - As restated	223,080	1,339,697	(1,045,624)	65,767	582,920	
Transaction with owners recorded directly in equity - distributions						
Issuance of right shares	18.1	223,080	-	-	223,080	
Sponsors' loan during the year		-	-	27,000	27,000	
Profit after taxation		-	-	-	197,260	
Other comprehensive income for the year - restated		-	501,832	(5,870)	-	495,962
Total comprehensive income for the year		-	501,832	191,390	-	693,222
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax		-	(29,945)	29,945	-	-
Balance as at 30-09-2017 - As restated	446,160	1,811,584	(824,289)	92,767	1,526,222	
Profit after taxation						
Other comprehensive income for the year - net of tax		-	-	-	-	268,232
Total comprehensive income for the year		-	-	-	-	268,232
Transaction with owners recorded directly in equity - distributions						
Interim dividend at 20% (i.e. Rs. 2 per share) for the interim year ended 31-03-2018		-	-	(32,243)	-	(32,243)
Total transaction with the owners of the Company - distributions		-	-	(32,243)	-	(32,243)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax						
Balance as at 30-09-2018	446,160	1,789,432	(566,148)	92,767	1,762,211	

The annexed notes from 1 to 49 form an integral part of these financial statements.

D.H. Anklesaria
Dinshaw H. Anklesaria
Chief Executive


Amad Uddin
Chief Financial Officer


Jamil Akberi
Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2018

1. STATUS AND NATURE OF BUSINESS

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

1.1 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- i) Adoption of Companies Act, 2017 (Refer note 1.2.3).
- ii) Change in accounting policy in respect of accounting treatment and presentation of the surplus on revaluation of property, plant and equipment. (Refer note 3).
- iii) The Company has entered in rescheduling arrangement with its bankers during the year in respect of certain long-term financing facilities (Refer note 22.1).

1.2 Basis of preparation

1.2.1 Statement of compliance

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

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

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

1.2.2 Basis of measurement

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

- a) Inventories are carried at lower of cost or net realisable value;
- b) Certain financial instruments are measured at amortised cost;
- c) Freehold land, factory and non-factory building on freehold land and plant & machinery are stated at revalued amounts.



1.2.3 Adoption of Companies Act, 2017

The Act has brought certain changes with regard to the preparation and presentation of these financial statements. The disclosure requirements contained in the Fourth Schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to particulars of immovable property, presentation of revaluation surplus on property, plant and equipment (refer note 5.1.1), change in threshold for identification of executives (refer note 42.2), additional disclosure requirements for related parties (refer note 4.22), comparison of sufficiency of tax provision (Refer note 37.4).

1.2.4 Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Pakistan Rupee (Rs) which is the Company's functional and presentation currency.

2. STANDARDS, AMENDMENTS AND INTERPRETATIONS AND FORTH COMING REQUIREMENTS

2.1 Standards, amendments to published standards and interpretations that are effective in 2018 and are relevant to the Company

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

Standards/ amendments/ interpretations		Effective date (accounting periods beginning on or after)
IAS 19	Employee Benefits (Amendments)	January 01, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 01, 2019
IAS 40	Investment Property (Amendments)	January 01, 2018
IFRS 2	Share-based Payment (Amendments)	January 01, 2018
IFRS 4	Insurance Contracts (Amendments)	January 01, 2018
IFRS 9	Financial Instruments	July 01, 2019
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019
IFRIC 22	Foreign Currency Transactions and Advance consideration	January 01, 2018
IFRIC 23	Uncertainty over Income Tax	January 01, 2019

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively.



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

The above standards, amendments and improvements to the standards are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

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

Standards

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

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

2.2 Standards, amendments and interpretations adopted during the year

The Company has adopted the following standards and amendments to published accounting standards which became effective during the year and have been adopted by the Company.

- IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)
- IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
(Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

2.3 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively, commencing from the period of revision.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these financial statements.



a) Property, plant & equipment and intangibles

The Company reviews the appropriateness of useful lives, method of depreciation / amortisation and residual values of property, plant & equipment and intangibles on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant & equipment and intangibles with a corresponding effect on the depreciation / amortisation charge and impairment.

b) Provision for trade debts, advances and other receivables

On an annual basis, the Company reviews the recoverability of its trade debts, advances and other receivables, to assess the amount required for provision of doubtful debts. Trade debts, advances and other receivables considered irrecoverable are written off. No provision is made in respect of the active customers who are considered good.

c) Taxation

The provision for taxation is accounted for by the Company after taking into account the current income tax laws and relevant decisions taken by appellate authorities. Accordingly, the recognition of deferred tax is also made, taking into account, the decisions and best estimates of future results of operations of the Company.

d) Stores and spares

The Company reviews the stores and spares for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.

e) Stock-in-trade

The Company reviews the net realisable value of stock-in-trade to assess any impairment in the respective carrying values. Net realisable value is estimated with reference to the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

f) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

3. CHANGE IN ACCOUNTING POLICY

Accounting and reporting of surplus on revaluation of property, plant & equipment

The Companies Act, 2017 introduced changes in accounting and reporting of surplus on revaluation of property, plant & equipment. The Companies Act, 2017 which came into effect on May 30, 2017, did not carry forward Section 235 of the repealed Companies Ordinance, 1984. Section 235 specifies the accounting treatment and presentation of the surplus on revaluation of property, plant & equipment, which was not in accordance with the IFRS requirements.



With the omission of the said specific section, the accounting difference between the IFRS and corporate law relating to the surplus on revaluation of property, plant & equipment has been eliminated.

Previously, the repealed Companies Ordinance, 1984, allowed the deficit to be offset against surplus of any other asset. However, as per International Accounting Standard (IAS) 16, the deficit on revaluation can only be offset against previous surplus of the same asset.

This change is considered a change in accounting policy under IAS 8, "Accounting Policies, Change in Accounting Estimates and Errors". Accordingly, the Company in accordance with the requirements of IAS 16, "Property, Plant and Equipment", has presented the surplus on revaluation of property, plant & equipment under equity if the related surplus of the same asset was not available to offset the particular category of asset.

Resultantly, the Company has changed its accounting policies for revaluation surplus on property, plant & equipment in these financial statements and applied the change retrospectively. The effect of the change is recognition of Rs. 1.339 million in respect of revaluation surplus on property, plant & equipment as a separate component of equity and derecognition of revaluation surplus on property, plant & equipment of the same amount, previously presented below equity in the statement of financial position.

As a result of retrospective application of change in accounting policy, the impact of each affected financial statements items are as follows:

Effect on statement of changes in equity:

	As at September 30, 2017			As at September 30, 2016		
	As previously reported	Increase / (decrease)	2017 (Restated)	As previously reported	Increase / (decrease)	2016 (Restated)
	Rupees in '000'					
Revaluation surplus on property, plant and equipment (within equity)	-	1,811,584	1,811,584	-	1,339,697	1,339,697
	-	1,811,584	1,811,584	-	1,339,697	1,339,697

Effect on statement of financial position:

Revaluation surplus on property, plant and equipment (below equity)	1,811,584	(1,811,584)	-	1,339,697	(1,339,697)	-
	1,811,584	(1,811,584)	-	1,339,697	(1,339,697)	-



For the year ended Sep 30, 2017		
As previously reported	Increase/ (decrease)	2016 (Restated)
..... Rupees in '000'		
Effect on statement of comprehensive income:		
Items that will not be reclassified to profit or loss:		
Revaluation of property, plant and equipment	- 636,009	636,009
Related deferred tax	- (134,177)	(134,177)
	<u>- 501,832</u>	<u>501,832</u>

The change did not have any impact on statement of profit or loss, earning per share (EPS) and operating, investing or financing cash flows of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant & equipment

a) Owned

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

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

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

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

Any revaluation increase arising on the revaluation of freehold land, factory and non-factory building on freehold land and plant & machinery is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant & equipment", except to the extent that it reverses a revaluation decrease for the same asset



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

During the year, the Company changed its accounting policy with respect to the accounting and presentation of revaluation surplus on property, plant & equipment. Previously, the Company's accounting policy was in accordance with the provisions of the repealed Companies Ordinance, 1984. Those provisions and the previous policy of the Company was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in IAS 16 "Property, Plant and Equipment". However, the Companies Act, 2017 has not specified any accounting treatment and presentation requirements with respect to revaluation surplus on property, plant & equipment. Accordingly, the Company has changed its accounting policy and is now following the accounting treatment and presentation of revaluation surplus on property, plant & equipment as prescribed in IAS 16. The detailed information and impact of this change in policy is provided in note 3 above.

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

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

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

b) Assets acquired under finance lease

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

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

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

4.2 Intangible asset and amortisation

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



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

4.3 Stores, spares and loose tools

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

4.4 Stock-in-trade

The basis of valuation has been specified against each:

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

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

4.5 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.6 Capital work-in-progress

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

4.7 Provisions

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



4.8 Impairment

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

4.9 Taxation

Income tax expense comprises of current and deferred tax.

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that further taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits will be utilised.

Deferred tax is calculated at the rates that are expected to apply to the periods when the differences reverse based on tax rates that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

4.10 Cash and cash equivalents

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

4.11 Share capital

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



4.12 Subordinated loan from directors

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

4.13 Post retirement benefits

4.13.1 Defined contribution plan - provident fund

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

4.13.2 Defined benefit plan - staff gratuity

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

4.14 Trade and other payables

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

4.15 Loans, advances and deposits

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

4.16 Borrowing costs

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

4.17 Foreign currency transactions

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



4.18 Finance lease obligations

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

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

4.19 Financial instruments

4.19.1 Financial assets

The management of the Company determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

a) Financial assets 'at fair value through profit or loss'

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets 'at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, advances, deposits, cash and bank balances and other receivables in the statement of financial position.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity.

d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity and (c) financial assets 'at fair value through profit or loss'.



4.19.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the assets. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value while the transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

4.19.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial assets 'at fair value through profit or loss' and 'available for sale'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the statement of profit or loss in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in the other comprehensive income.

For financial assets that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business in the statement of financial position.

Unquoted financial assets, where the fair value cannot be reliably determined, are recognised at cost less impairment, if any. Provision for impairment in value is taken to the statement of profit or loss.

b) Financial assets classified as 'loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are subsequently carried at amortised cost.

4.19.4 Impairment

The Company assesses at each date of statement of financial position whether there is an objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a financial asset below its cost / amortised cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets is taken to the statement of profit or loss.

4.19.5 Financial liabilities

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



4.19.6 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of profit or loss.

4.20 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of discounts and applicable taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement of management with the goods and the amount of revenue can be measured reliably on the following basis:

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

4.21 Dividends

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised as a liability in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

4.22 Related party transactions

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

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



The followings are the related parties of the Company:

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

4.23 Off-setting of financial assets and liabilities

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

4.24 Earning per share

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

	Note	2018 Rupees in '000'	2017
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,015,830	2,936,016
Capital work-in-progress	5.3	83,534	-
		<u>3,099,364</u>	<u>2,936,016</u>



5.1 The statement of operating fixed assets is as follows:

	Cost/revalued amount			Accumulated depreciation				
	As at Oct 01, 2017	Additions	As at Sept 30, 2018	As at Oct 01, 2017	For the year	As at Sept 30, 2018	WDV as at Sept 30, 2018	Depreciation rate per annum %
	(Rupees in '000')							
Owned assets								
Freehold land	510,901	-	510,901	-	-	-	510,901	-
On freehold land								
- Factory building	366,115	-	366,115	13,730	17,399	31,129	334,986	5
- Non-factory building	330,736	-	330,736	127,203	10,049	137,252	193,484	5
Plant and machinery	2,509,893	129,791	2,639,684	666,517	29,025	695,542	1,944,142	UoP
Office equipments and others	13,461	2,342	15,803	8,272	669	8,941	6,862	10
Furniture and fixture	8,350	609	8,959	6,024	243	6,267	2,692	10
Vehicles	55,656	9,726	65,382	37,783	5,138	42,921	22,461	20
Tents and tarpaulins	2,321	-	2,321	2,153	51	2,204	117	33
Tools and tackles	4,343	-	4,343	4,078	80	4,158	185	33
30-09-2018	3,801,776	142,468	3,944,244	865,760	62,654	928,414	3,015,830	

The statement of operating fixed assets for last year is as follows:

	Cost/ revalued amount				Accumulated depreciation				WDV as at Sept 30, 2017	Depreciation rate per annum %
	As at Oct 01, 2016	Additions/ (Disposal)	Revaluation surplus	As at Sept 30, 2017	As at Oct 01, 2016	For the year / (Adjustment)	Revaluation adjustment	As at Sept 30, 2017		
(Rupees in '000')										
Owned assets										
Freehold land	322,151	-	188,750	510,901	-	-	-	-	510,901	-
On freehold land										
- Factory building	358,470	-	7,645	366,115	120,351	16,706	(123,327)	13,730	352,385	5
- Non-factory building	330,736	-	-	330,736	139,846	10,316	(22,959)	127,203	203,533	5
Plant and machinery	2,486,132	23,761	-	2,509,893	916,663	43,180	(293,326)	666,517	1,843,376	UoP
Office equipments and others	10,621	2,840	-	13,461	7,726	546	-	8,272	5,189	10
Furniture and fixture	7,949	401	-	8,350	5,774	250	-	6,024	2,326	10
Vehicles	55,974	1,373	-	55,656	34,504	4,277	-	37,783	17,873	20
		(1,691)				(998)				
Tents and tarpaulins	2,321	-	-	2,321	2,070	83	-	2,153	168	33
Tools and tackles	4,343	-	-	4,343	3,948	130	-	4,078	265	33
30-09-2017	3,578,697	28,375	196,395	3,801,776	1,230,882	75,488	(439,612)	865,760	2,936,016	
		(1,691)				(998)				



5.1.1 Freehold land approximately represents 102.18 acres of land situated at Deh Tharo Unar, Taluka Sakrand, District Nawabshah, Sindh on which factory and non factory buildings are constructed. The property is utilised as manufacturing facility for production of sugar.

5.1.2 Freehold land, factory building and non-factory building on freehold land and plant & machinery of the Company were revalued on February 23, 2017 by PBA approved independent professional valuator M/s. MYK Associates (Private) Limited, appointed by the banking syndicate of Summit Bank Limited and Sindh Bank Limited. The revaluation resulted in surplus of Rs. 636.009 million which was incorporated in the financial statements for the year ended September 30, 2017.

	Note	2018 Rupees in '000'	2017
5.2 Depreciation for the year has been allocated as follows:			
Cost of sales	29.1	46,504	60,016
Administrative expenses	30	16,150	15,472
		<u>62,654</u>	<u>75,488</u>

	Plant and machinery Rupees in '000'	Total
5.3 Capital work-in-progress		
Capital expenditure incurred during the year	129,791	129,791
Advances made during the year	83,534	83,534
Transferred to plant and machinery during the year	(129,791)	(129,791)
Balance as at 30-09-2018	<u>83,534</u>	<u>83,534</u>

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

	2018			2017
Particulars	Cost	Accumulated depreciation	Written down value	Written down value
	..... Rupees in '000'			
Freehold land	7,602	-	7,602	7,602
On freehold land				
-Factory building	98,915	68,103	30,811	32,796
-Non-factory building	20,272	18,962	1,310	1,340
Plant & machinery	1,245,386	735,389	509,997	414,124
	<u>1,372,175</u>	<u>822,454</u>	<u>549,720</u>	<u>455,862</u>



	Note	2018 Rupees in '000'	2017
6. INTANGIBLE ASSET			
Computer software		<u>4,915</u>	<u>-</u>
6.1 Net carrying amount			
Addition during the year		7,336	-
Amortisation charged		<u>(2,421)</u>	<u>-</u>
Closing net book value		<u>4,915</u>	<u>-</u>
Amortisation rate (%)		<u>33%</u>	<u>-</u>

6.2 This relates to the SAP ERP installed during the year.

6.3 The entire amortisation has been allocated to 'Administrative expenses'.

7. LONG-TERM INVESTMENTS

Held to maturity

Defence Saving Certificates (DSCs) - at cost		70,500	70,500
Unrealised gain on investments			
Opening balance		108,090	88,215
Amortised for the year	7.1	<u>14,590</u>	<u>19,875</u>
		<u>122,680</u>	<u>108,090</u>
Closing balance		193,180	178,590
Encashed during the year		(174,401)	-
Loss recognised on early encashment of DSCs		<u>(18,779)</u>	<u>-</u>
		<u>-</u>	<u>178,590</u>

7.1 This represents Defense Saving Certificates (DSC's) purchased by the Company on June 11, 2009 and on November 11, 2009 amounting to Rs. 35.5 million and Rs. 35.0 million with maturity of 10 years from the date of purchase of DSC's having effective interest rate of 12.15%. These pledged DSC's have been early encashed against settlement of rescheduled financing facilities of National Bank of Pakistan (NBP) and Habib Bank Limited (HBL) during the year as fully disclosed in note 22.1.2 & 22.1.3.

	Note	2018 Rupees in '000'	2017
8. LONG-TERM LOANS			
Secured - considered good			
Loans to employees	8.1	437	466
Current portion shown under current assets	13	<u>(114)</u>	<u>(122)</u>
		<u>323</u>	<u>344</u>



- 8.1 These are interest free loans given to employees for the purchase of vehicles other than directors and executives of the Company. The loan is recoverable in 60 to 84 instalments from the date of disbursement and is secured by registration of vehicles in the name of the Company.

	Note	2018 Rupees in '000'	2017
9. LONG-TERM DEPOSITS			
Unsecured - interest free			
Utilities		1,273	1,289
Rent		818	330
Others		7	7
		<u>2,098</u>	<u>1,626</u>
10. STORES, SPARES AND LOOSE TOOLS			
Stores		10,400	7,042
Spares		30,072	20,364
Loose tools		1,601	1,084
		<u>42,073</u>	<u>28,490</u>
11. STOCK-IN-TRADE			
Finished goods		117,758	-
Sugar in process		2,729	3,374
Molasses		418	-
Compost fertiliser in process		391,642	-
Bagasse		6,108	-
		<u>518,655</u>	<u>3,374</u>
12. TRADE DEBTS			
Unsecured - considered good			
Trade debts		94	30,139
Reversal for doubtful debts	12.1	-	130,148
		<u>94</u>	<u>160,287</u>
12.1 Ageing analysis of trade debts:			
Neither past due nor impaired		94	30,139
Above one year		-	130,148
		<u>94</u>	<u>160,287</u>



	Note	2018 Rupees in '000'	2017
13. LOANS AND ADVANCES			
Current portion of long-term loans	8	114	122
Unsecured - considered good			
Loan to growers		5,783	5,518
Advance to suppliers and contractors		10,160	47,929
Others		2,817	1,278
		<u>18,760</u>	<u>54,725</u>
		18,874	54,847
Considered doubtful			
Loan to growers		9,506	9,506
Advance to suppliers and contractors		13,884	13,884
Others		3,588	3,588
		<u>26,978</u>	<u>26,978</u>
Provision for doubtful debts		(26,978)	(26,978)
		<u>18,874</u>	<u>54,847</u>

14. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments		1,089	475
Government subsidy receivable on export of sugar	14.1	130,940	-
Sales tax	14.2	6,465	6,465
Other receivables	14.3	11,897	7,902
		<u>150,391</u>	<u>14,842</u>

14.1 This represents export subsidy on export of sugar as announced by the federal and provincial governments of Pakistan.

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

14.3 This include a sum of Rs. 1.017 million paid subsequent to the decision of Supreme Court that held the levy of sales tax on disposal of fixed assets as lawful with certain exceptions and set aside the decision of the High Court of Sindh that had earlier declared the said levy as unlawful. The payment was made so as to avail amnesty offered by the government and for avoiding additional tax to provide against the risk from an unfavorable judgment.



	Note	2018 Rupees in '000'	2017 Rupees in '000'	
15. SHORT-TERM INVESTMENT				
Term deposit receipt	15.1	<u>30,000</u>	<u>86,000</u>	
15.1 This represents three months term deposit receipt with United Bank Limited carrying mark-up at the rate of 6% (2017: 6%) per annum. This is secured against outstanding letter of credit for import of plant and machinery as disclosed in note 27.10 to the financial statements.				
		2018 Rupees in '000'	2017 Rupees in '000'	
16. TAX REFUNDS DUE FROM GOVERNMENT				
Income tax refundable		19,429	18,087	
Sales tax refundable		<u>8,017</u>	<u>5,290</u>	
		<u>27,446</u>	<u>23,377</u>	
17. CASH AND BANK BALANCES				
Cash in hand		77	379	
Cash at banks:				
In current accounts		46,352	141,386	
In saving accounts		<u>10</u>	<u>10</u>	
		<u>46,362</u>	<u>141,396</u>	
		<u>46,439</u>	<u>141,775</u>	
18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
2018 Number of shares in '000'	2017	2018 Rupees in '000'	2017 Rupees in '000'	
16,900	16,900	Fully paid ordinary shares of Rs. 10 each issued for cash	169,000	169,000
5,408	5,408	Fully paid ordinary shares of Rs. 10 each issued as bonus shares	54,080	54,080
22,308	22,308	Fully paid ordinary shares of Rs. 10 each issued as right shares (18.1)	223,080	223,080
<u>44,616</u>	<u>44,616</u>	<u>446,160</u>	<u>446,160</u>	



- 18.1 In the prior year, the Company made a right issue of 22.308 million shares at a price of Rs. 10 each to its existing shareholders in proportion to their shareholding against which an amount of Rs. 223.08 million was received. The primary purpose, along with others, of the right issue was to settle the entire proceeds received against overdue loans being the principle condition of the restructuring financing packages which had been negotiated with a syndicate of banks amounting to Rs. 1,000 million. The Company has fully implemented its plan and has settled overdue loans against proceeds received as disclosed in offering document and has successfully obtained syndicated long-term finance facility (SLTFF) as fully disclosed in note 22.1.4 to the financial statements.
- 18.2 All ordinary shares rank equally with regard to residual assets of the Company. The ordinary shareholders except for sponsoring shareholders 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. The sponsoring shareholder rights are restricted to receive dividends as and when declared by the Company until the closure of syndicated long-term finance facility as a result of agreement with banking syndicate. There is no agreement with shareholders for voting rights, board selection, rights first refusal and block voting. As at reporting date, the sponsoring shareholder holds 28.495 million ordinary shares.
- 18.3 As at reporting date, chief executive officer, directors and their spouses held 43.31% (2017: 41.29%) and the balance of 56.69% (2017: 58.71%) are held by individuals and others.

2018 2017
..... Rupees in '000'

19. SURPLUS ON REVALUATION OF FIXED ASSETS

Surplus on revaluation

As at October 01,	2,464,746	1,871,515
Revaluation surplus on freehold land	-	188,750
Revaluation surplus on factory and non factory buildings	-	153,932
Revaluation surplus on plant & machinery	-	293,327
Transferred to retained earnings in respect of incremental depreciation charged during the year - net of deferred tax	(22,152)	(29,945)
Relevant deferred tax	(9,048)	(12,833)
	(31,200)	593,231
As at September 30,	2,433,546	2,464,746

Relevant deferred tax:

As at October 01,	653,162	531,818
On increased revaluation surplus during the year	-	134,177
Reversal on incremental depreciation charged during the year	(9,048)	(12,833)
As at September 30,	644,114	653,162
	1,789,432	1,811,584



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

20. DIRECTORS' / SPONSORS' SUBORDINATED LOANS

These represent unsecured, interest free loan which are repayable at the discretion of the Company. These loans are also subordinated to syndicated long-term financing facility (SLTFF). The Company's agreement with the syndicate stipulates that the financing availed by the Company are to be extinguished in full before any payment is made against the subordinated loans as disclosed in note 22.1.4.

2018 **2017**
..... Rupees in '000'

21. DEFERRED TAXATION

Deferred tax liability arising on taxable temporary difference due to:

Accelerated depreciation	115,966	45,667
Surplus on revaluation of property, plant & equipment	644,114	653,162
Unrealised gain on amortisation of long-term investments	-	32,427
Amortisation of long-term financing	3,090	4,524
	763,170	735,780

Deferred tax asset arising on taxable temporary difference due to:

Provision against doubtful debts	7,824	8,093
Provision for staff gratuity	5,902	5,883
Carried forward tax losses, minimum taxes and tax credits	371,523	406,756
	385,249	420,732
	377,921	315,048



22. LONG TERM FINANCING - SECURED

22.1 Mark-up bearing

PARTICULARS	NBP I	NBP II	HBL	SLTFF	Total 2018	Total 2017
..... Rupees in '000'						
Opening balance	81,247	90,045	111,292	417,570	700,154	385,425
Obtained during the year	-	-	-	570,000	570,000	417,570
Amortisation	-	7,248	-	1,776	9,024	6,707
	81,247	97,293	111,292	989,346	1,279,178	809,702
Repaid during the year	(23,747)	(20,469)	(36,298)	-	(80,514)	(138,867)
Settled through encashment of DSCs	-	(84,655)	(74,994)	-	(159,649)	-
Loss on early settlement of loan	-	7,831	-	-	7,831	-
Written back	-	-	-	-	-	(31,654)
Waiver of loan	-	-	-	-	-	(20,299)
Effect of re-measurement	-	-	-	-	-	25
Reclassification	-	-	-	-	-	81,247
	57,500	-	-	989,346	1,046,846	700,154
Current portion	(34,000)	-	-	(90,909)	(124,909)	(23,747)
	23,500	-	-	898,437	921,937	676,407
Note	22.1.1	22.1.2	22.1.3	22.1.4		



22.1.1 National Bank of Pakistan-I

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

22.1.2 National Bank of Pakistan-II (formerly National Development Finance Corporation)

This represents the liability determined in accordance with the rescheduling agreement reached between the Bank and the Company on June 4, 2009 and consequent thereto an amount of Rs. 105.125 million was agreed be paid as full and final discharge of the total outstanding liability. The liability was pledged against Defense Saving Certificates (DSCs) of Rs. 35.000 million maturing after 10 years from the date of purchase of the DSCs, having value equivalent to the amount of remaining outstanding liability of Rs. 105.125 million at encashment / maturity date. The rescheduled liability was interest free and was amortised to the date of settlement using effective interest rates prevailing as at each reporting date.

During the year, the Company approached the Bank for early settlement of the rescheduled liability amounting to Rs. 105.125 million through early maturity of pledged DSCs and the remaining amount to be settled through cash which has been approved by the bank and as a result the liability was fully settled during the year. Loss on early maturity of DSCs and early settlement of outstanding liability was taken to the statement of profit or loss.

22.1.3 Habib Bank Limited

This represents the liability determined in accordance with the rescheduling agreement reached between the bank and the Company on September 15, 2009. As a result of rescheduling, an amount of Rs. 9.133 million was taken to profit or loss for the year ended September 30, 2009 out of the total outstanding liability of Rs. 120.425 million and the settlement of remaining outstanding amount of Rs. 111.292 was pledged against DSCs of Rs. 35.500 million with Bank having maturity after 10 years from the date of purchase of the DSCs, having equivalent value to the amount of remaining outstanding liability of Rs. 111.292 million at encashment / maturity date. As a result of rescheduling, the mark-up rate was revised to one year KIBOR with floor at the rate of 7% per annum (2017: 7% per annum) on outstanding liability.

During the year, the Company approached the Bank for early settlement of the rescheduled liability amounting to Rs. 111.292 million through early encashment of pledged DSCs and the remaining amount to be settled through cash which has been approved by the bank and as a result the liability was fully settled during the year and the loss on early maturity of DSCs was taken to statement of profit or loss.



The facility was secured by way of first charge on entire project assets situated at Deh Unar, Kazi Ahmed, Taluka Sakrand, Nawabshah, ranking parri passu with other secured creditors and hypothecation of stocks which was fully vacated by the bank during the year.

22.1.4 Syndicated long term finance facility (SLTFF)

This represent long-term finance facility obtained by the Company from syndicate of Summit Bank Limited and Sindh Bank Limited (the Banks) for working capital purpose amounting to Rs. 1,000 million. This carries mark-up at the rate of 3 months KIBOR plus 3% (2017: KIBOR plus 3%) per annum payable quarterly. The principal amount is repayable in 22 equal quarterly instalments after 18 months grace period.

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

	Note	2018 Rupees in '000'	2017
23. DEFERRED LIABILITIES			
Quality premium	23.1	56,461	56,461
Staff gratuity	23.2	20,350	19,609
		<u>76,811</u>	<u>76,070</u>

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

23.2 Contributions to the fund are made based on actuarial recommendations. The last actuarial valuation was carried out as at September 30, 2017 using the Projected Unit Credit Method.



	2018	2017
	..... Rupees in '000'	.....
Principal assumptions		
Discount rate	-	8.00% p.a
Expected rate of eligible salary increase in future year - short term	-	5.00% p.a
Expected rate of eligible salary increase in future year - long term	-	6.50% p.a
Changes in defined benefit liabilities are:		
Opening defined benefit obligation	19,609	11,693
Expense for the year / current service cost	741	1,011
Interest cost	-	1,035
Actuarial losses	-	5,870
Closing defined benefit obligation	<u>20,350</u>	<u>19,609</u>
Liability for gratuity arose in the following manner:		
Opening net liability	19,609	11,693
Expense for the year	741	2,046
Other comprehensive expense	-	5,870
Closing net liability	<u>20,350</u>	<u>19,609</u>

24. TRADE AND OTHER PAYABLES

	2018	2017
	..... Rupees in '000'	.....
Trade payables		
Sugar cane and others	203,234	687,722
Accrued expenses	31,500	52,340
Other payables		
Advance from customers	332,228	178,803
Sales tax and excise duty payable	358	62,372
Payable to FBR in respect of dividend distribution	4,747	-
Payable to central zakat fund in respect of dividend distribution	757	-
Sindh workers' welfare fund	10,430	4,384
Sindh workers' profit participation fund	25,555	10,742
Others	10,184	11,767
	<u>384,259</u>	<u>268,068</u>
	<u>618,993</u>	<u>1,008,130</u>



	2018	2017
	..... Rupees in '000'	.....
25. ACCRUED MARK-UP		
On long-term financing	<u>26,466</u>	<u>1,992</u>
26. TAXATION - NET		
Advance tax	70,479	36,496
Less: provision for taxation	<u>92,592</u>	<u>38,071</u>
	<u>22,113</u>	<u>1,575</u>
27. CONTINGENCIES & COMMITMENTS		
Contingencies		
27.1	During the year ended September 30, 2018, the Company received order u/s 177 of the Income Tax Ordinance, 2001, for tax year 2012 in which tax against the Company amounting to Rs. 459.00 million has been imposed by the Income Tax Department. The Company against the said order has filed an appeal which is currently pending adjudication with Commissioner Appeals (IR). The Company, based on legal advice from its advisors, is confident that the eventual outcome of the said matter will be decided in the favour of the Company, hence, no provision has been made in these financial statements as at reporting date.	
27.2	The Company has filed an appeal which is currently pending with Commissioner Appeals (IR) against Sales Tax Order No. 17/17/2018 dated April 23, 2018, passed by the Deputy Commissioner (IR) for sales tax periods from July, 2016 to November, 2017 disallowing input tax claimed by the Company in respect of certain of its purchases along with penalty determined in accordance with the said Act amounting to Rs. 2.022 million. The Company has paid Rs. 0.202 million under protest during the year being 10% of the amount determined and which has been charged to the statement profit or loss. The management is confident above the favourable outcome of the above pending matters, therefore, no provision has been made in these financial statements for any liability arising thereof.	
27.3	The Company has filed Appeal No. 20 of 2003, Appeal No. 588 of 2004 and Appeal No. 559 of 2004 before the High Court of Pakistan (the Court) against the impugned Order-in-Original No. 12 of 2001 dated March 28, 2001, Order-in-Original No. 117 of 1997 dated August 07, 1997 and Order-in-original No. 06 of 1998 dated January 22, 1998 amounting to Rs. 4.214 million passed by the Additional Collector Sales Tax (Adjudication) at Hyderabad against the Company. These appeals are currently pending before the Court and are to be decided yet. The management based on legal advice obtained from its advisors is confident that the said appeals will be accepted as prayed by the Company.	



- 27.4** The Company filed Constitution Petition (CP) No. D-2123/2011 against Commissioner Inland Revenue in the Sindh High Court challenging the validity and legality of section 3A of the Federal Excise Act, 2005 and SRO 655(1)/2007 dated July 29, 2007 which, in a judgement dated February 22, 2013 was decided in favour of the Company. Aggrieved by the judgement of the Sindh High Court, the Commissioner Inland Revenue constituted Civil Petition for Leave to Appeal (CPLA) No. 750 of 2013 in the Honorable Supreme Court of Pakistan which is currently pending. The management and the legal advisors of the Company are confident that the matter will eventually be decided in favour of the Company and the judgement passed by Sindh High Court in this respect will be upheld.
- 27.5** Appeals were instituted by the Company before Appellate Tribunal, Karachi, against Order-in-Original No. 26 of 2006 dated September 30, 2006 and Order-in-Original No. 62 of 2006 dated September 30, 2006 passed by Additional Collector (Customs, Central Excise and Sales Tax) Hyderabad, whereby a demand of further tax of Rs. 5.917 million was established. The Appellate Tribunal decided the case in favour of the Company in orders dated April 04, 2008, however, being aggrieved by the decisions, Civil Appeals No. 938 of 2011 and 939 of 2011 were filed in Sindh High Court which were dismissed and as a result CPLA No. 85 of 2009 and CPLA No. 86 of 2009 were instituted before Honorable Supreme Court of Pakistan by the department. These CPLAs were subsequently disposed off in a judgement dated February 06, 2012 and remanded back to Sindh High Court which is currently pending adjudication. The management and the legal advisors of the Company are confident about the favorable outcome of the above matters, therefore, no provisions in this respect are made in these financial statements.
- 27.6** The Company along with other sugar mills (Petitioners) has filed Constitution Petition (CP) No. 230 of 2014 challenging certain provisions of prevailing sugar sectors regulatory regime which is currently pending before the Honorable High Court of Sindh. The Petitioners have challenged the said provision being contradictory with Constitution of the Islamic Republic of Pakistan. At this juncture, it is not possible to assess and estimate the financial impact of the case in question.
- 27.7** The Government of Sindh (GOS) during the year issued notification no. 18(142)/S.O (EXT) 2017 fixing the minimum price of sugarcane at the rate of Rs.182 per 40 kgs for the crushing season 2017-2018. The Company along with other Sugar Mills (the Petitioners) has filed a Constitution Petition (CP) in High Court of Sindh (the Court) challenging the said notification. The Court in its judgement fixes the minimum price of sugarcane at the rate of Rs.160 per 40 for crushing season 2017-2018 and the balance of Rs. 22 per 40 kg to be decided by the Honorable Supreme Court of Pakistan which is currently pending. The management of the Company believes that the matter will ultimately be decided in favour of the Company, therefore, no provision in respect of rate differential amounting Rs. 88.365 million has been made in these financial statements.
- 27.8** No provision on account of the above referred pending cases has been made in these financial statements as the management of the Company is of the view that these matters will eventually be settled in favour of the Company.
- 27.9** Contingencies in respect of quality premium has been disclosed in note 23.1 to the financial statements.



Commitments

27.10 Commitments for outstanding letter of credit against import of plant and machinery amounts to Rs.27.53 million (2017: nil) as at reporting date.

	2018	2017
	..... Rupees in '000'	.....
28. SALES - NET		
Sugar - Local	1,596,832	2,448,967
Sugar - Export	245,209	-
Molasses	150,989	151,548
	<u>1,993,030</u>	<u>2,600,515</u>
Sales tax	(171,285)	(252,594)
	<u>1,821,745</u>	<u>2,347,921</u>
29. COST OF SALES		
Sugarcane consumed	1,582,495	2,103,906
Manufacturing expenses	250,984	242,865
	<u>1,833,479</u>	<u>2,346,771</u>
Sugar in process		
Opening	3,374	-
Closing	(2,729)	(3,374)
	645	(3,374)
Finished goods		
Opening	-	-
Closing	(117,758)	-
	(117,758)	-
Molasses		
Opening	-	-
Closing	(418)	-
	(418)	-
Bagasse		
Opening	-	-
Closing	(6,108)	-
	(6,108)	-
Compost fertilizer in process		
Opening	-	-
Closing	(391,642)	-
	<u>(391,642)</u>	<u>-</u>
	<u>1,318,198</u>	<u>2,343,397</u>



	Note	2018 Rupees in '000'	2017
29.1 Manufacturing expenses			
Salaries, wages and other benefits	29.1.1	103,245	86,320
Stores and spares consumed		47,334	38,992
Fuel and power		25,927	24,470
Repairs and maintenance		14,360	25,142
Vehicle maintenance		2,535	864
Insurance		5,570	2,788
Depreciation	5.2	46,504	60,016
Bagasse, mud, ash handling and others		5,509	4,273
		<u>250,984</u>	<u>242,865</u>

29.1.1 This includes Rs. 0.621 (2017: Rs. 3.831) million in respect of staff gratuity and Rs. 1.516 (2017: 1.227) million in respect contribution to staff provident fund.

30. ADMINISTRATIVE EXPENSES

Salaries and other benefits	30.1	52,836	35,346
Rent, rates and taxes		4,856	1,718
Insurance		1,674	317
Water, gas and electricity		2,069	1,406
Printing and stationary		1,742	1,504
Postage, telephone, telegrams and telex		745	970
Vehicle maintenance		2,164	1,572
Repairs and maintenance		800	390
Traveling and conveyance		938	390
Fee and subscription		1,817	6,576
Legal and professional		2,613	4,674
Auditors' remuneration	30.2	1,274	1,559
Entertainment		1,577	1,318
Computer maintenance		1,115	2,417
Charity and donation	30.3	3	1
Depreciation	5.2	16,150	15,472
Amortisation		2,421	-
Others		2,716	2,122
		<u>97,510</u>	<u>77,752</u>

30.1 This includes Rs. 0.120 (2017: Rs. 1.011) million in respect of staff gratuity and Rs. 0.370 (2017: 0.239) million in respect contribution towards staff provident fund.



	Note	2018 Rupees in '000'	2017
30.2 Auditors' remuneration comprises of:			
Statutory audit fee		700	700
Half yearly review		220	216
Other certifications		284	535
Out of pocket expenses		70	108
		<u>1,274</u>	<u>1,559</u>
30.3 No donation were made to any donee in which any director or his spouse had any interest at any time during the year.			
31. SELLING AND DISTRIBUTION COSTS			
Loading, stacking and sampling		3,512	3,194
Export related expenses		1,982	-
		<u>5,494</u>	<u>3,194</u>
32. FINANCE COSTS			
Mark-up on long-term financing		98,793	28,267
Bank charges		160	110
Interest expense	32.1	7,248	6,707
		<u>106,201</u>	<u>35,084</u>
32.1 This represents interest expense in respect of amortisation of term finance facility of NBP using effective interest rate @ 8.05% (2017 : 8.05% p.a).			
33. OTHER CHARGES			
Sindh workers' welfare fund		6,046	4,384
Sindh workers' profit participation fund		14,813	10,742
Loss on early settlement of long-term financing	22.1	7,831	-
Zakat		4,360	-
Other charges		274	-
		<u>33,324</u>	<u>15,126</u>
34. DEFAULT SURCHARGE AND PENALTY			
Sales tax default surcharge and penalty		<u>12,292</u>	<u>887</u>
34.1 This represents penalties along with default surcharge imposed by Federal Board of Revenue (FBR) against the Company by various orders passed under section 48 of the Sales Tax Act, 1990.			



	Note	2018 Rupees in '000'	2017
35. (LOSS)/ GAIN ON LOAN AMORTISATION			
National Bank of Pakistan		-	(25)
Amortisation of investment in DSC's	35.1	14,590	19,875
Loss on early encashment of DSC's		(18,779)	-
		<u>(4,189)</u>	<u>19,850</u>

35.1 This represents amortisation of investment in DSC's at the rate of 12.15% (2017: 12.15%).

36. OTHER INCOME

Profit on short-term investment	4,365	165
Cash subsidy from government on export of sugar	130,940	-
Exchange gain	7,944	-
Gain on disposal of fixed assets	-	307
Reversal of accrued mark-up	-	22,748
Loan waived off during the year	-	71,753
Trade and other payable written back	-	106,495
Reversal of bad debts	-	130,148
Other	291	-
	<u>143,540</u>	<u>331,616</u>

37. TAXATION

Current	(56,972)	(38,071)
Deferred	(62,873)	11,384
	<u>(119,845)</u>	<u>(26,687)</u>

37.1 The relationship between income tax expense and accounting profit has not been presented in these financial statements as the provision for taxation for the current year is based on final tax on exports and minimum tax under section 113 of the Income Tax Ordinance, 2001.

37.2 Section 5(A) of the Income Tax Ordinance, 2001, imposes tax at the rate of 5 percent of accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least 20 percent of its after tax profit with six months from the end of its tax year through cash which is contingent upon distribution of cash dividend upto March 31, 2019. Therefore, no provision in this respect has been made in these financial statements.



37.3 Income tax assessments of the Company have been completed upto the tax year 2018 (accounting year ended September 30, 2017) which are deemed to have been assessed under section 120 of the Income Tax Ordinance, 2001 except for tax year 2012 as disclosed in note 27.1 to the financial statements.

37.4 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available which can be analysed as follows;

	Tax assessed	Provision for taxation
	..... Rupees in '000' .....	..... Rupees in '000'
Accounting year 2017 (Tax year 2018/2017)	35,695	38,071
Accounting year 2016 (Tax year 2017/2016)	-	-
Accounting year 2015 (Tax year 2016/2015)	26,137	-
	2018	2017
	..... Rupees in '000' .....	..... Rupees in '000'

38. EARNING PER SHARE - BASIC AND DILUTED

Profit for the year - (Rupees in '000')	268,232	197,260
Weighted average number of shares	44,616	* 33,215
Earning per share - (Rupees)	6.01	* 5.94

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

* Weighted average number of shares has been restated to include the impact of bonus element at the time of right issue resulting a reduction in EPS by Rs. 1.64 per ordinary share.



2018 2017
..... Rupees in '000'

39. CASH GENERATED FROM OPERATIONS

Profit before taxation	388,077	223,947
------------------------	---------	---------

Adjustments for non - cash charges and other items:

Depreciation	62,654	75,488
Amortisation	2,421	-
Finance cost	97,175	28,377
Interest expense-imputed	7,248	6,707
Loss on early settlement of loan	7,831	-
Amortisation of investment in DSC's	(14,590)	-
Loss on early encashment of DSC's	18,779	-
Sindh workers' welfare fund	6,046	-
Sindh workers' profit participation fund	14,813	-
Export subsidy	(130,940)	-
Provision for gratuity	1,053	2,046
Gain on disposal of property, plant & equipment	-	(307)
Effect of increase in KIBOR	-	25
Long term loan waived and written back	-	(69,167)
Gain on amortisation of investment	-	(19,875)
	72,490	23,294

Working capital changes

Change in current assets

Stores, spares and loose tools	(13,583)	(490)
Stock-in-trade	(515,281)	(3,374)
Trade debts	160,193	(160,287)
Loans and advances	21,928	(24,203)
Prepayments and other receivables	(4,609)	(6,711)
Tax refunds due from government	-	-
	(351,352)	(195,065)

Change in current liabilities

Trade and other payables	(395,633)	(206,299)
	(286,418)	(154,123)



40. PLANT CAPACITY AND PRODUCTION

Installed production capacity - Metric ton	86,400	86,400
Duration of season - Days	148	121
Actual production - Metric ton	39,660	42,320
Actual Crushing - Days	122	106
% of capacity attained	46%	49%

- 40.1 Shortfall in actual production from rated capacity was due to the scarcity / shortage of raw material (sugarcane) supply.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

41.1 Market risk

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

41.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. As of September 30, 2018, the Company is exposed to such risk mainly in respect of short-term investments and long-term financing.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's profit by Rs. 10.168 million (2017: 4.356 million) and a 1% decrease would result in an increase in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitive analysis. This analysis is prepared assuming that all other variables held constant and the amount of net liabilities outstanding as at the date of statement of financial position.



41.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of the changes in foreign exchange rates. The Company is not exposed to foreign currency risk as at September 30, 2018 due to neither of the assets or liabilities are dominated in foreign currencies.

41.1.3 Equity risk

Equity risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of September 30, 2018, the Company is not exposed to equity price risk.

41.2 Credit risk

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

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

	2018	2017
	..... Rupees in '000'	.....
Long-term investments	-	178,590
Long-term deposits	2,098	1,626
Trade debts	94	160,287
Prepayments and other receivables	130,940	-
Short-term investment	30,000	86,000
	<u>163,132</u>	<u>426,503</u>

Quality of financial assets

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



Name of banks	Ratings		Agency	2018	2017
	Short-term	Long-term		..... Rupees in '000'	
National Bank of Pakistan	A1+	AAA	PACRA	1,391	1,619
Allied Bank Limited	A1+	AAA	PACRA	672	671
Askari Bank Limited	A1+	AA+	PACRA	4	4
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,933	156
Sindh Bank Limited	A-1+	AA	JCR-VIS	151	215
Summit Bank Limited	A-1	A-	JCR-VIS	10,625	8,969
United Bank Limited	A-1+	AAA	JCR-VIS	12,680	28,909
MCB Bank Limited	A1+	AAA	PACRA	131	102
Soneri Bank Limited	A1+	AA-	PACRA	12,025	100,001
Meezan Bank Limited	A-1+	AA+	JCR-VIS	4,167	62
Bank Al Habib Limited	A1+	AA+	PACRA	2,583	689
				46,362	141,396

41.3 Liquidity risk

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
-----Rupees in '000'-----					
Long term financing - secured	-	-	-	921,937	921,937
Deferred liabilities	-	-	-	76,811	76,811
Trade and other payables	41,847	52,278	192,640	-	286,765
Current maturity of long-term financing	-	53,954	70,955	-	124,909
Unclaimed dividend	7,852	-	-	-	7,852
Unpaid dividend	1,459	-	-	-	1,459
Taxation - net	-	22,113	-	-	22,113
Accrued mark-up	-	26,466	-	-	26,466
30-09-2018	51,158	154,811	263,595	998,748	1,468,312
Long term financing - secured	-	-	-	676,407	676,407
Deferred liabilities	-	-	-	76,070	76,070
Trade and other payables	77,498	-	751,829	-	829,327
Current maturity of long-term financing	-	23,747	-	-	23,747
Unclaimed dividend	377	-	-	-	377
Taxation - net	-	1,575	-	-	1,575
Accrued mark-up	-	1,992	-	-	1,992
30-09-2017	77,875	27,314	751,829	752,477	1,609,495

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



41.4 Fair value of financial instruments

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

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

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

International Financial Reporting Standard 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. As at reporting date, the Company only has certain property, plant and equipments measured at revalued amount using level 2 valuation techniques. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

41.5 Capital risk management

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



	2018 Rupees in '000'	2017 Rupees in '000'
Long term financing - secured	921,937	676,407
Current maturity of long-term financing	124,909	23,747
Total debt	1,046,846	700,154
Total equity	1,762,211	1,526,222
Total debt and equity	2,809,057	2,226,376
Gearing ratio	37%	31%

42. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	Chief executive		Directors		Executive	
	2018	2017	2018	2017	2018	2017
	..... Rupees in '000'					
Remuneration	-	-	5,665	-	9,556	4,382
Bonus	-	-	-	-	1,286	-
Medical	-	-	83	-	328	-
Conveyance	-	-	258	-	621	128
Company's contribution to provident fund	-	-	142	-	65	-
Others	-	-	31	-	60	11
	-	-	6,179	-	11,916	4,521
Number of person	-	-	1	-	6	2

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

42.2 Comparative figures have been restated to reflect changes in the definition of executives as per Companies Act, 2017.



43. TRANSACTIONS WITH RELATED PARTIES

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

	2018 Rupees in '000'	2017
Directors and sponsors		
Purchase of right shares by directors	-	83,117
Purchase of right shares by sponsor shareholders	-	59,338
Loan given by sponsor shareholders	-	27,000
Remuneration paid	6,179	-
Chief financial officer		
Shares purchased of the Company	-	19,050

44. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	2018 (Un-audited) Rupees in '000'	2017 (Un-audited)
Size of the fund - Total assets		74,643	71,327
Cost of the investment made		72,097	47,750
Fair value of investments	44.1	72,643	71,327
Percentage of investments made		97.3%	100.0%

44.1 The break-up of fair value of investments is:

	2018 Rupees in '000'	%	2017 Rupees in '000'	%
Shares in listed companies	-	-	3,593	5%
Investment in deposit certificates	-	-	66,697	94%
Investment in mutual funds	35,546	49%	-	-
Saving accounts	37,097	51%	1,037	1%
	<u>72,643</u>	<u>100%</u>	<u>71,327</u>	<u>100%</u>

All the investments out of aforementioned funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

45. OPERATING SEGMENTS

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

45.1 Revenue from sale of sugar represents 91.71% of the total revenue whereas remaining represent revenue from sale of molasses.



45.2 13% of the revenue of the Company relates to customers outside of Pakistan.

45.3 All non-current assets of the Company as at September 30, 2018 are located in Pakistan.

46. NUMBER OF EMPLOYEES

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

	2018 Rupees in '000'	2017 Rupees in '000'
Total number of employees as at reporting date	<u>199</u>	<u>192</u>
Total number of factory employees as at reporting date	<u>188</u>	<u>181</u>
Average number of employees during the year	<u>196</u>	<u>199</u>
Average number of factory employees during the year	<u>185</u>	<u>188</u>

47. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. however, there were no material reclassification other than the following;


Reclassification from	Reclassification to	---(Rupees in '000')---
i) Short-term financing	Long-term financing	57,500
ii) Loan and advances - to supplier and contractors	Trade payables - sugarcane and others	14,044


48. AUTHORISATION FOR ISSUE

These financial statements were approved on March 20, 2019 by the board of directors of the Company.

49. GENERAL

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


Dinshaw H. Anklesaria
Chief Executive


Amad Uddin
Chief Financial Officer


Jamil Akberi
Director



SIX YEARS' REVIEW AT A GLANCE

FINANCIAL RESULTS		2018	2017	2016	2015	2014	2013
		(Rs. in 000)					
Sales		1,821,745	2,347,921	1,528,012	2,613,738	3,486,661	2,560,803
Gross (loss) / profit		503,547	4,524	(175,109)	(2,756)	(203,702)	(133,830)
Operating profit/(loss)		400,543	(77,309)	(436,155)	(150,892)	(348,242)	(263,950)
Profit/ (loss) before taxation		388,077	223,947	(458,799)	(190,579)	(424,328)	(330,535)
Profit/(loss) after taxation		268,232	197,260	(226,544)	(228,161)	(186,426)	(332,289)
Accumulated loss for the year		(566,148)	(824,289)	(1,045,626)	(881,714)	(718,799)	(569,464)
OPERATING RESULTS		2018	2017	2016	2015	2014	2013
Sugarcane crushed	(tonnes)	367,222	459,573	296,274	441,621	770,516	516,227
Sugar recovery	(%)	10.80	9.22	10.09	10.21	9.19	9.89
Sugar produced	(tonnes)	39,660	42,320	29,925	45,100	70,864	51,050
Molasses recovery	(%)	5.50	4.25	4.16	4.24	4.33	4.32
Molasses produced	(tonnes)	26,047	19,530	12,354	18,700	33,397	22,306
Operating period	(days)	148	121	99	98	142	109
ASSETS EMPLOYEED		2018	2017	2016	2015	2014	2013
		(Rs. in 000)					
Fixed capital expenditure		3,099,364	2,936,016	2,347,815	2,468,870	2,592,051	1,568,312
Long term loans and deposits		2,421	1,970	1,589	1,750	1,900	1,830
Investments		-	178,590	158,715	141,520	126,188	112,517
Current assets		833,972	512,992	103,997	276,037	541,704	553,704
Total assets employed		3,940,672	3,629,568	2,612,116	2,888,177	3,261,843	2,236,364
FINANCED BY		2018	2017	2016	2015	2014	2013
		(Rs. in 000)					
Shareholders' equity		(119,988)	(378,129)	(822,544)	(658,634)	(495,719)	(346,384)
Revaluation on fixed assets		1,789,432	1,811,584	1,339,697	1,402,329	1,467,993	746,140
Subordinate loan from directors		92,767	92,767	65,767	65,767	45,998	-
Long term liabilities		921,937	676,407	234,163	245,563	283,318	316,625
Deferred liabilities		359,151	391,118	260,409	1,003,672	396,462	289,729
Current liabilities		801,792	1,035,821	1,534,624	829,480	1,563,791	1,230,254
Total funds invested		3,940,672	3,629,568	2,612,116	2,888,177	3,261,843	2,236,364
Break-up value per share	(Rupees)	(2.69)	(8.48)	(36.87)	(29.52)	(22.22)	(15.53)
Earnings per share	(Rupees)	6.01	5.94	(10.16)	(10.23)	(8.36)	(14.90)

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FORM OF PROXY

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

I / We _____

of _____

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

Ordinary Shares, as per Register Folio No. _____

and / or CDC Participant's I.D. Numbers _____

and Account / Sub-Account No. _____

hereby appoint _____

who is also a Member of the Company as my / our Proxy to vote for me / us and on my / our behalf
at the 30th Annual General Meeting of the Company to be held on April 19, 2019 and at any adjournment
thereof.

Signed _____ day of 2019.

**RUPEES FIVE
REVENUE STAMP**

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

1. Witness Signature: _____

Name: _____

Address: _____

CNIC/Passport No. _____

2. Witness Signature: _____

Name: _____

Address: _____

CNIC/Passport No. _____

NOTE :

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



پراکسی فارم

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

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

جو کہ کمپنی کا ممبر بھی ہے، کو بطور اپنا پراکسی مقرر کرتا / کرتی ہوں تاکہ وہ 19 اپریل 2019ء کو منعقد کیئے جانے والے کمپنی کے 30 ویں سالانہ اجلاس عام میں میری / ہماری جگہ ووٹ دے سکیں۔

دستخط _____ مورخہ _____

ممبر کے دستخط

مبلغ پانچ روپے
 کے ڈاک ٹکٹ

گواہان:

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

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

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

REGISTERED OFFICE
41-K, Block 6, P.E.C.H.S., Karachi.
www.sakrandsugar.com

FACTORY
Deh Tharo Unar, Taluka Sakrand,
District Shaheed Benazirabad, Sindh.