



# SAKRAND SUGAR MILLS LIMITED

## TWENTY NINTH ANNUAL REPORT FOR THE YEAR ENDED SEPTEMBER 30<sup>th</sup>, 2017

CONTENTS	PAGE NO.
Company Profile	2
Notice of Annual General Meeting	3
Vision and Mission Statement	7
Directors' Report	8
Statement of Compliance with the Code of Corporate Governance	16
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	18
Pattern of Shareholding	19
Pattern of Shareholding as per requirements of Code of Corporate Governance	20
Auditors' Report	21
Statement of Financial Position	23
Profit and Loss Account	24
Other Comprehensive Income	25
Cash Flow Statement	26
Statement of Changes in Equity	27
Notes to the Financial Statements	28
Six Years' Review at a Glance	58
Form of Proxy	



## COMPANY PROFILE

### BOARD OF DIRECTORS

Mr. Jamil Akberi  
Mr. Dinshaw H. Anklesaria

Chairman/Director  
Chief Executive/Director

Syed Abid Hussain  
Mr. Abdul Naeem Quraishi  
Mr. Neville Mehta  
Mrs. Fatma Gulamali  
Dr. Jamshed H. Anklesaria

Director \*  
Director  
Director  
Director \*\*  
Director

\* (Resigned on December 22, 2017)

\*\* (Resigned on September 25, 2017)

### AUDIT COMMITTEE

Mr. Abdul Naeem Quraishi  
Mr. Jamil Akbari  
Mr. Neville Mehta

Chairman  
Member  
Member

### HR COMMITTEE

Syed Abid Hussain  
Mr. Jamil Akberi  
Mr. Neville Mehta

Chairman \*  
Member  
Member

### CHIEF FINANCIAL OFFICER

Mr. Amad Uddin

### COMPANY SECRETARY

Mr. Amad Uddin

### BANKERS

Allied Bank Limited  
Bank Al Habib 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](http://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 29th Annual General Meeting of the shareholders of **SAKRAND SUGAR MILLS LIMITED** will be held on Tuesday, February 27, 2018 at 09:00 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 March 02, 2017.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended September 30, 2017 together with the Directors' report and the Auditors' report thereon.
3. To appoint auditors for the year ending September 30, 2018 and fix their remuneration. The Board of Directors has proposed the appointment of M/s Parker Randall-AJS, Chartered Accountants, as external auditors for the year ending on September 30, 2018.
4. Any other matter by the permission of the chair.

By order of the Board

**Amad Uddin**  
Company Secretary

Karachi

Dated: February 14, 2018

### NOTES:

1. The Shares Transfer Book of the Company will remain closed from February 21, 2018 to February 27, 2018 (both day 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.

#### 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 Ameer Centre, Shahrah-e-Iraq, Saddar, Karachi.

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



## اطلاع برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ سکرنڈ شو گرلز لمیٹڈ کے حصص یافتہ گان کا اکتیسواں سالانہ اجلاس عام بروز منگل مورخہ 27 فروری 2018، بوقت صبح 9:00 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- 02 مارچ 2017 کو منعقد ہونے والے سالانہ اجلاس عام کی کاروائی کی توثیق۔
- 2- 30 ستمبر 2017 کو اختتام پذیر ہونے والے سال کے لیے، کمپنی کے آڈٹ شدہ حسابات بمع ذائیریکٹرز اور آڈیٹرز رپورٹ کی وصولی، تجزیہ اور منظوری۔
- 3- 30 ستمبر 2018 کو ختم ہونے والے سال کے لیے آڈیٹرز کا تقرر اور ان کے معاوضہ کا تعین۔
- 4- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

عماد الدین

کمپنی سیکریٹری

کراچی

14 فروری 2018

### نوٹ:

- 1- کمپنی کی حصص منتقلی کی کتب 21 فروری 2018 سے 27 فروری 2018 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 رجسٹرار 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 ہولڈر جن 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 مہیا کرنی 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 ہولڈر جن 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، پتے 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- اُن 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 یافتہ گان اپنا کمپیوٹرائزڈ قومی شناختی کارڈ یا مجاز شخص کا مسوائے نابالغان اور کارپوریٹ حصص یافتہ گان 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 پتے پر شیئر رجسٹرار کو جمع کروائیں:

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

407-408, Al Ameera Centre, Shahr-e-Iraq, Saddar, Karachi.

5- 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 29th Annual General Meeting of the Company and present the financial and operating results along with audited financial statements for the year ended September 30, 2017 together with the auditors' report thereon.

### SEASON START

The Company commenced its crushing season of 2016-17 on November 15, 2016. For the season, the Government of Sindh has fixed the sugarcane price at Rs.182 per 40 Kg.

### RE-ORGANISATION

Keeping in view the extremely poor internal and financial positions, the Board decided to take strict steps that included revamping the entire management team both at the head office level as well as at the company's mill site via appointment of professionals with experience in turn around of sick units.

The change in new key management personnel paved the way towards a comprehensive revival of the company summarised as follows:

The mill operations were conducted successfully with a positive bottom line for the season and the company attaining gross profits after many years.

The company negotiated a long term loan with banking syndicate of Summit and Sindh Bank Limited for Rs 1000 Million with an equity injection of Rs.250 Million.

Further, the company negotiated a cash finance line of Rs.500 Million from Sindh Bank Limited.

Equity was raised via successful right issue of Rs 223 million and Rs 27 million were injected via sponsor's loan subordinated to long term bank loan.

Overdue banking liabilities and pending litigations were all successfully closed prior to disbursement of Long term loan facility via fresh equity/loan injection.

### FINANCIAL RESULTS

The comparative financial results are as follows:

	2017	2016	Increase/ (Decrease)	% age
	..... Rupees in '000' .....			
Sales	2,347,921	1,528,012	819,909	53.66
Cost of sales	(2,343,397)	(1,703,121)	(640,276)	37.59
Gross Profit / (loss)	4,524	(175,109)	179,633	102.58
Profit / (loss) before taxation	223,947	(458,799)	682,746	148.81
Net Profit / (loss) after tax	197,260	(226,544)	423,804	187.07





OPERATING RESULTS		2017	2016	Increase/ (Decrease)	% age
Sugarcane crushed	MT	459,573	296,274	163,299	55%
Sugar produced	MT	42,320	29,925	12,395	41%
Sugar recovery	%	9.22	10.09	(0.87)	-9%
Molasses produced	MT	19,530	12,354	7,176	58%
Molasses recovery	%	4.252	4.164	0.088	2%

### AUDITORS' REPORT

The auditors of the company have expressed a clean opinion on the financial statements. All previous qualifications have been properly cleaned by concentrated and hectic efforts of the new management via proper banking transactions.

### FINANCIAL LIABILITY OF HBL

Subsequent to year-end, the company has paid off the entire liability of HBL via encashment of pledged DSCs and crossed payment of differential amounts plus taxation on the accrued DSC's income.

### LIABILITY OF IDBP

The company reached an agreement with IDBL to settlement its entire liability at Rs.97.2 million. The same was paid within the year and all litigations closed with the approval granted by Sindh High Court.

### LIABILITY OF MCB BANK LTD.

The Bank had written off the amount in 2007 and the same has been accounted for in the financial statements.

### RECOVERY OF BAD DEBTS

After hectic efforts of the new management, the company has started recovery of old debts.

### 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.



## LABOUR MANAGEMENT RELATIONS

The management / labour relations remained cordial and helpful. I take this opportunity to thank and appreciate the spirit of understanding, good will 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 retire and being eligible offer their services for the year 2017-2018.

## 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, 2017 is Rs. 47,750,000/-
- 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 system of internal control is sound in design and has been effectively implemented and monitored.
- 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
Syed Abid Hussain	8	-
Mrs. Fatma Gulamali	4	-
Dr. Jamshed H. Anklesaria	6	-



- 11 The board has not arranged any training program for the Directors of the Company during the year.
- 12 During the year, trading of the following shares were carried out by the directors, key executives and their spouses and minor children:

<b>Directors and sponsors</b>	<b>Rupees</b>
Purchase of right shares by directors	83,117,430
Purchase of right shares by sponsor shareholders	59,337,640
Loan given by sponsor shareholders	27,000,000
 <b>Chief financial officer</b>	
Shares purchased of the Company	19,050,450

- 13 Despite of current year profit, no dividend has been announced during the year due to the fact that the company still have negative equity.

#### **PATTERN OF SHARE HOLDING**

The pattern of share holding and additional information regarding pattern of shareholding as on 30th September, 2017 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: February 07, 2018



## ڈائریکٹرز کا تجزیہ

ہم آپ کو کمپنی کی انیسویں سالانہ جزل میٹنگ میں خوش آمدید کہتے ہیں۔ ساتھ ہی پیش خدمت ہے 30 ستمبر 2017ء کے مالیاتی اور کارکردگی کے نتائج، آڈٹ شدہ مالیاتی گوشوارے بمع آڈیٹرز رپورٹ۔

### سیزن کا آغاز:

کمپنی نے 2016-2017 میں کرشنک سیزن کا آغاز نومبر 15، 2016ء میں کیا اس سیزن کے لئے سندھ گورنمنٹ نے گنے کی قیمت خرید 182 روپے فی 40 کلو مقرر کی تھی۔

### تشکیل نو:

کمپنی کی اندرونی اور مالیاتی خستہ حالی کو مد نظر رکھتے ہوئے بورڈ نے انتہائی سنجیدگی کے ساتھ ہیڈ آفس اور مل کی سطح پر پوری انتظامی ٹیم کی تشکیل نو کا فیصلہ کیا اور ایسے پیشہ ور اور تجربہ کار افراد کو اپنی ٹیم کا حصہ بنایا جو اس بیمار کمپنی کو دوبارہ سے اپنے قدموں پر کھڑا کر سکیں۔

نئی انتظامیہ نے اپنی انتھک محنت اور لگن سے کمپنی کو ترقی کی راہ پر گامزن کیا جن میں سے مندرجہ ذیل امور قابل ذکر ہیں۔

- کمپنی نے یہ سیزن کامیابی اور مثبت طریقہ سے مکمل کیا یہی وجہ ہے کہ کئی سال بعد کمپنی نے مجموعی فائدہ (Gross Profit) حاصل کیا۔
- کمپنی نے سندھ بینک اور سمٹ بینک سے کامیابی کے ساتھ 1,000 ملین کا سنڈیکیٹ طویل مدتی قرضہ حاصل کیا۔ اس کے ساتھ 250 ملین کا سرمایہ بھی حاصل کیا گیا جس میں سے 223 ملین رائٹ حصص کے ذریعہ سے اور 27 ملین اسپانسرز نے سرمایہ کاری کی۔ اس کے علاوہ کمپنی نے سندھ بینک لمیٹڈ سے 500 ملین کی کیش فنانس کی سہولت بھی حاصل کر لی ہے۔
- طویل مدتی قرضہ کے حصول سے قبل ہی کمپنی نے نئی سرمایہ کاری کے ذریعے تمام پرانے غیر ادا شدہ قرضہ جات اور مقدمے کامیابی کے ساتھ نمٹا دیئے تھے۔

### مالیاتی نتائج:

تقابلی مالیاتی نتائج درج ذیل ہیں۔

	2017	2016	Increase/ (Decrease)	% age
..... Rupees in '000' .....				
Sales	2,347,921	1,528,012	819,909	53.66
Cost of sales	(2,343,397)	(1,703,121)	(640,276)	37.59
Gross Profit / (loss)	4,524	(175,109)	179,633	102.58
Profit / (loss) before taxation	223,947	(458,799)	682,746	148.81
Net Profit / (loss) after tax	197,260	(226,544)	423,804	187.07
<b>OPERATING RESULTS</b>				
	2017	2016	Increase/ (Decrease)	% age
Sugarcane crushed	MT 459,573	296,274	163,299	55%
Sugar produced	MT 42,320	29,925	12,395	41%
Sugar recovery	% 9.22	10.09	(0.87)	-9%
Molasses produced	MT 19,530	12,354	7,176	58%
Molasses recovery	% 4.252	4.164	0.088	2%



## آڈیٹرز رپورٹ:

کمپنی کے آڈیٹرز نے سالانہ اکاؤنٹس پر اپنی غیر مشروط رائے کا اظہار کیا ہے۔  
کمپنی کی نئی انتظامیہ کی انتھک کاوشوں کی بدولت تمام پرانے اعتراضات دور کر دیئے گئے ہیں۔

## حبیب بینک لمیٹڈ کی واجب الادا مالیاتی ذمہ داری

زیر نظر سال کے اختتام کے بعد کمپنی نے حبیب بینک کے تمام قرضہ جات ڈیفنس سوئیگ سرٹیفیکیٹ کو بھنوا کر اور بقایا پیسے کی ادائیگی بشمول ٹیکس ادا کر دیئے ہیں۔

## آئی ڈی بی پی کی واجب الادا مالیاتی ذمہ داری:

زیر نظر مالیاتی سال کے دوران کمپنی اور آئی ڈی بی پی کے درمیان ایک معاہدہ کے تحت قرضہ کی حتمی ادائیگی 97.2 ملین روپے پر طے ہوئی اور اس قرضہ کو اس سال ادا بھی کر دیا گیا۔ اس کے ساتھ ہی سندھ ہائی کورٹ کی اجازت سے آئی ڈی بی پی کے ساتھ کمپنی کے تمام مقدمہ بھی خارج کر دیئے گئے ہیں

## ناقابل وصول قرضہ جات کی وصولی:

کمپنی کی نئی انتظامیہ کی بھرپور کاوشوں کی بدولت ناقابل وصول قرضہ جات کی وصولیابی کا سلسلہ بھی شروع ہو گیا ہے۔

## ایم سی بی کے قرضہ جات

ایم سی بی کے 2007ء کے مالیاتی گوشوارے میں کمپنی کے قرضہ کورائٹ آف کر دیا تھا اس لئے ہم نے بھی اپنے گوشوارے سے یہ رقم ہٹا دی ہے۔

## مستقبل کا جائزہ:

کمپنی کے مالیاتی گوشوارے پہلے کے مقابلے میں اب کافی بہتر ہیں۔ مختصر مدت کے تمام تر قرضہ جات اور کاشتکاروں کو واجب الادا پیسوں کا بیشتر حصہ مالیاتی سال کے اختتام سے لے کر اب تک ادا کر دیا گیا ہے۔ تمام اہم مالیاتی امور وسائل کا بخوبی جائزہ لیا جا رہا ہے اور انہیں حل کیا جا رہا ہے تاکہ کمپنی کی تمام مالیاتی ضروریات کو عمدگی کے ساتھ پورا کیا جاسکے۔  
کمپنی میں ایک بھرپور اندرونی اختیارات کا نظام لاگو کر دیا گیا ہے اس کے ساتھ ساتھ ایک مکمل سافٹ ویئر SAP ERP بھی کامیابی کے ساتھ لاگو اور استعمال کیا جا رہا ہے۔  
ایک طویل عرصہ شدید مشکلات اور مالی خسارے کو برداشت کرنے کے بعد، اب کمپنی اپنی بھرپور کاوشوں کی بدولت کامیابی کی راہ پر گامزن ہو چکی ہے اور ہم اللہ کے فضل و کرم سے مستقبل میں بھی مستقل ترقی اور اپنے شیئرز ہولڈرز میں منافع کی متوازن تقسیم دیکھ رہے ہیں۔

## 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 ترملازمین اور کام کرنے والوں کا شکریہ ادا کرنے کا موقع حاصل کرنا چاہتا ہوں، امید کرتا ہوں مستقبل میں ہم سب اسی رویے کا پرتاؤ کریں گے۔  
میں شکریہ ادا کرتا 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۔



## بیرونی آڈیٹرز:

میسرز پارکر ریٹیل، اے۔ جے۔ ایس ریٹائر ہو رہے ہیں اور اس کے ساتھ ہی اہلیت کی بدولت آئندہ مالی سال کے لئے بحیثیت بیرونی آڈیٹرز اپنی خدمات پیش کرنے کا اظہار کر رہے ہیں۔

## 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 کاؤنٹس 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 2017ء کے مطابق 47,750,000 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 میں اندرونی کنٹرول کے نظام کو موثر طریقے سے لاگو کیا گیا ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- ۸۔ کلیدی کارکردگی اور مالیاتی معلومات گزشتہ 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 کے 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
Syed Abid Hussain	8	-
Mrs. Fatma Gulamali	4	-
Dr. Jamshed H. Anklesaria	6	-

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

اس سال کے دوران ڈائریکٹرز، اہم آفیسرز ان کی بیوی اور چھوٹے بچوں نے کمپنی کے مندرجہ ذیل شیئرز کی خرید و فروخت میں حصہ لیا۔

### Directors and sponsors

### Rupees

Purchase of right shares by directors	83,117,430
Purchase of right shares by sponsor shareholders	59,337,640
Loan given by sponsor shareholders	27,000,000

### Chief financial officer

Shares purchased of the Company	19,050,450
---------------------------------	------------



اس سال منافع کے باوجود کسی ڈیونڈ کی سفارش نہیں کی جارہی کیونکہ کمپنی کی ایکویٹی اب بھی منفی ہے۔

### حصص داری کا خاکہ

30 ستمبر 2017ء کے حصص کا خاکہ، شیئر ہولڈنگ کی تفصیلات ضمیمے میں درج ذیل ہیں۔

### 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 کے بہتری کے لئے کام کر سکیں۔ آمین

بشکریہ

برائے سکرنڈ شوگر ملز لمیٹڈ

D. H. Ankleee

ڈنشا ایچ انکسیر یا

چیف ایگزیکٹو

کراچی: 07 فروری 2018ء



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of Pakistan Stock Exchange for the purposes of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code of Corporate Governance in the following manner:

- 1 The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes 5 (five) non-executive directors and 2 (two) executive directors including the CEO.

Category	Names
Executive Directors	Mr. Dinshaw H. Anklesaria Mr. Syed Abid Hussain (Resigned on December 22, 2017)
Non-Executive Directors	Mr. Jamil Akberi Mr. Abdul Naeem Quraishi Mr. Neville Mehta Mrs. Fatma Gulamali (Resigned on September 25, 2017) Dr. Jamshed H. Anklesaria

- 2 The Directors have confirmed that none of them is serving as a director in more than 7 (seven) listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 3 All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4 A casual vacancy occurred on the Board on September 25, 2017 during the year.
- 5 The Company has prepared Code of Conduct and Policies and Procedures of Business Practices which has been signed by all the directors and senior employees of the Company.
- 6 The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7 All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/Shareholders.
- 8 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 and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9 The board has not arranged any training program for the Directors of the Company during the year.
- 10 The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 11 The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.





- 12 The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
- 13 The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- 14 The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
- 15 The Board has formed an Audit Committee on 10/08/2009. It comprises of 3 (three) non-executive directors including the Chairman.
- 16 The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have already been formed and advised to the committee for compliance.
- 17 The board has formed a Human Resource and Remuneration Committee (HR&R). It comprises of three (03) members of who two (02) are non-executive directors and the Chairman of the committee is an executive director.
- 18 The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are coversant with the policies and procedures of the Company.
- 19 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 20 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21 The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
- 22 Material/ price sensitive information, if any, has been disseminated among all market participants at once through stock exchange.
- 23 The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
- 24 All related party transactions have been placed before the audit committee and the board of directors on a quarterly basis and have been approved by the board of directors to comply with the requirements of listing regulations of the Pakistan Stock Exchange Limited.
- 25 We confirm that all other material principles enshrined in the CCG have been complied with except for the appointment of Independent Director and Director's training program, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

On behalf of Board of Directors

*D.H. Anklesaria*

**Dinshaw H. Anklesaria**  
Chief Executive  
Karachi: February 07, 2018

**Review Report to the Members on Statement of Compliance with the Code of Corporate Governance**

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

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

As part of our audit of 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 Code requires 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length or not.

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

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in paragraphs 1 to 23 where these are stated in the statement of Compliance;

- Paragraph 1, which describes that the Board of Directors does not comprises of at least one independent director;
- Paragraph 9, which describes that no Director of the Company has attended director's training program during the year that meets the criteria prescribed by the Code.

**Chartered Accountants****Audit Engagement Partner:****Muhammad Shabbir Kasbati****Date: 07 FEB 2018****Place: Karachi**



**PATTERN OF SHAREHOLDING  
OF THE SHARES HELD BY THE SHAREHOLDERS  
AS AT SEPTEMBER 30, 2017**

NUMBER OF SHAREHOLDERS	FROM	SHARE HOLDING	TO	TOTAL SHARES HELD
401	1	-	100	27,163
681	101	-	500	257,089
468	501	-	1,000	424,415
597	1,001	-	5,000	1,669,265
154	5,001	-	10,000	1,188,681
50	10,001	-	15,000	627,138
26	15,001	-	20,000	482,600
17	20,001	-	25,000	396,800
8	25,001	-	30,000	229,000
6	30,001	-	35,000	198,006
8	35,001	-	40,000	309,310
6	40,001	-	45,000	254,060
11	45,001	-	50,000	536,681
2	50,001	-	55,000	105,530
4	60,001	-	65,000	251,099
1	65,001	-	70,000	67,200
2	70,001	-	75,000	147,800
2	75,001	-	80,000	156,800
1	85,001	-	90,000	86,500
1	95,001	-	100,000	100,000
2	100,001	-	105,000	203,000
1	115,001	-	120,000	119,348
2	120,001	-	125,000	249,500
1	130,001	-	135,000	131,500
1	135,001	-	140,000	137,000
1	140,001	-	145,000	143,000
1	145,001	-	150,000	150,000
1	155,001	-	160,000	157,500
5	195,001	-	200,000	994,000
1	210,001	-	215,000	210,500
1	240,001	-	245,000	241,000
2	245,001	-	250,000	500,000
1	275,001	-	280,000	277,900
1	365,001	-	370,000	366,582
1	400,001	-	405,000	401,000
1	410,001	-	415,000	414,184
1	420,001	-	425,000	424,700
1	435,001	-	440,000	435,370
1	465,001	-	470,000	468,820
1	595,001	-	600,000	600,000
1	680,001	-	685,000	681,400
1	795,001	-	800,000	800,000
1	1,000,001	-	1,005,000	1,000,500
1	1,005,001	-	1,010,000	1,005,608
1	1,545,001	-	1,550,000	1,545,826
1	1,555,001	-	1,560,000	1,559,960
1	1,795,001	-	1,800,000	1,800,000
1	1,905,001	-	1,910,000	1,905,045
1	2,060,001	-	2,065,000	2,063,000
1	2,760,001	-	2,765,000	2,761,742
1	4,195,001	-	4,200,000	4,200,000
1	11,150,001	-	11,155,000	11,152,878
<b>2,485</b>				<b>44,616,000</b>

S.No.	Category	No. of Shareholders	Total Shares Held	Percentage %
1	INDIVIDUAL	2435	39,941,592	89.52
2	FINANCIAL INSTITUTION	12	2,015,560	4.52
3	INSURANCE COMPANY	3	460,484	1.03
4	INVESTMENT COMPANY	3	146,310	0.33
5	JOINT STOCK COMPANY	28	1,161,862	2.60
6	MODARABA COMPANY	1	198,000	0.44
7	LEASING COMPANY	1	40	0.00
8	CO-OPERATIVE SOCIETIES	1	10,752	0.02
9	MUTUAL FUNDS	1	681,400	1.53
		<b>2485</b>	<b>44,616,000</b>	<b>100.00</b>



**PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2017  
AS PER REQUIREMENTS OF  
THE CODE OF CORPORATE GOVERNANCE**

Category	Number of shares held	Category wise No. of shareholders	Category wise shares held	Percentage %
<b>JOINT STOCK COMPANIES</b>		28	1,161,862	2.60
<b>INVESTMENT COMPANIES</b>		3	146,310	0.33
<b>DIRECTORS CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN</b>		10	18,423,986	41.29
MR. DINSHAW H. ANKLESARIA	11,152,878			
JAMIL AKBARI	500			
JAMIL AKBARI	1,000,500			
FATMA GHULAM ALI	800,000			
ABDUL NAEEM QURAISHI	600,000			
NAVIELLE MEHTA	2,063,000			
JAMSHED HOSHANG ANKLESARIA	1,000			
ROXANNE MEHTA	1,800,000			
SYED ABID HUSSAIN	1,005,608			
SYED ABID HUSSAIN	500			
<b>EXECUTIVES</b>				
<b>- AMAD UDDIN</b>		1	1,905,045	4.27
<b>BANKS, DFIS, NBFIS, INSURANCE COMPANIES, MODARABA &amp; PENSION FUNDS</b>		17	2,674,084	5.99
<b>MUTUAL FUNDS</b>				
(CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST)		1	681,400	1.53
<b>CO-OPERATIVE SOCIETIES</b>		1	10,752	0.02
<b>INDIVIDUALS</b>		2424	19,612,561	43.96
		<b>2,485</b>	<b>44,616,000</b>	<b>100.00</b>

**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	4,200,000	9.41
Yasir Gul	2,761,742	6.19
	<b>18,114,620</b>	<b>40.60</b>



### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **Sakrand Sugar Mills Limited** (the Company) as at **September 30, 2017** and the related statement of profit and loss, statement of other comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a. in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984.
- b. in our opinion:
  - i) the statement of financial position and statement of profit and loss together with the notes forming part thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement the books of account and are further in accordance with the accounting policies consistently applied except for a change as disclosed in note 3 with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - iii) the business conducted, investment made and the expenditure incurred during the year were in accordance with the objects of Company;
- c. in our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit and loss, statement of comprehensive income and statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give true and fair view of the state of company's affairs as September 30, 2017 and of the profit, its cash flows and changes in equity for the year ended; and

*RSR*

d. In our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

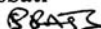
We draw our attention to note 1.2 to the financial statements which indicates that the Company's accumulated losses stood at Rs.824.289 million and, as of that date, the Company's current liabilities exceeded its current assets by Rs.580.329 million. These conditions, along with other matters as set forth in Note 1.2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our report is not qualified in this respect.

**Other matter:**

The financial statements of **Sakrand Sugar Mills Limited** for the year ended September 30, 2016 were audited by another firm of Chartered Accountants who had expressed a qualified opinion on those statements vide their report dated February 07, 2017 with an emphasis of matter paragraph.

  
Chartered Accountants

**Audit Engagement Partner:**  
**Muhammad Shabbir Kasbati**




Date: **07 FEB 2018**  
Place: Karachi

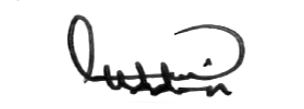


## STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2017

ASSETS	Note	2017	2016	2015
		..... Rupees in '000' .....		
<b>Non-Current Assets</b>			(Restated)	(Restated)
Property, plant and equipment	6	2,936,016	2,347,815	2,468,870
Long-term investments	7	178,590	158,715	141,520
Long-term loans	8	344	158	319
Long-term deposits	9	1,626	1,431	1,431
		<u>3,116,576</u>	<u>2,508,119</u>	<u>2,612,140</u>
<b>Current Assets</b>				
Stores, spares and loose tools	10	28,490	28,000	29,109
Stock-in-trade	11	3,374	-	8,633
Trade debts	12	160,287	-	132,548
Loans and advances	13	40,803	16,600	45,873
Prepayments and other receivables	14	14,842	8,131	8,429
Short-term investment	15	86,000	-	-
Tax refunds due from government	16	23,377	22,725	44,091
Taxation - net	17	-	27,210	-
Cash and bank balances	18	141,775	1,331	7,354
		<u>498,948</u>	<u>103,997</u>	<u>276,037</u>
<b>Total Assets</b>		<u>3,615,524</u>	<u>2,612,116</u>	<u>2,888,177</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Share Capital and Reserves</b>				
<b>Authorised share capital</b>				
60,000,000 (2016: 25,000,000)				
ordinary shares of Rs.10 each		600,000	250,000	250,000
Issued, subscribed and paid-up capital	19	446,160	223,080	223,080
	20	92,767	65,767	65,767
Accumulated loss		(824,289)	(1,045,624)	(881,714)
		(285,362)	(756,777)	(592,867)
<b>Surplus on revaluation of fixed assets</b>				
<b>- net of deferred tax</b>	21	1,811,584	1,339,697	1,402,329
<b>Non-Current Liabilities</b>				
Deferred taxation	22	315,048	192,255	424,509
Long term finance - secured	23	618,907	234,163	245,563
Deferred liability	24	76,070	68,154	579,163
<b>Current Liabilities</b>				
Trade and other payables	25	994,463	1,200,762	518,465
Accrued mark-up	26	1,992	40,389	29,292
Short-term borrowing - secured	27	81,247	124,997	124,997
Current portion of long term finance	23	-	168,476	156,726
Taxation - net	17	1,575	-	-
		<u>1,079,277</u>	<u>1,534,624</u>	<u>829,480</u>
<b>Contingencies &amp; commitments</b>	28			
<b>Total Equity And Liabilities</b>		<u>3,615,524</u>	<u>2,612,116</u>	<u>2,888,177</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




**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Note	2017 ..... Rupees in '000' .....	2016
<b>Sales - net</b>	29	2,347,921	1,528,013
Cost of sales	30	(2,343,397)	(1,703,121)
<b>Gross profit / (loss)</b>		<u>4,524</u>	<u>(175,108)</u>
<b>Operating expenses</b>			
Administrative expenses	31	(78,639)	(257,280)
Distribution costs	32	(3,194)	(3,765)
		<u>(81,833)</u>	<u>(261,045)</u>
<b>Operating loss</b>		<u>(77,309)</u>	<u>(436,153)</u>
Finance costs	33	(35,084)	(32,358)
Other charges	34	(15,126)	(8,667)
Gain on loan amortisation	35	19,850	15,341
Other income	36	331,616	3,040
		<u>223,947</u>	<u>(458,797)</u>
<b>Profit / (loss) before taxation</b>		223,947	(458,797)
Taxation	37	(26,687)	232,255
		<u>197,260</u>	<u>(226,542)</u>
<b>Net profit / (loss) for the year</b>		<u>197,260</u>	<u>(226,542)</u>
<b>Earnings / (loss) per share - basic and diluted</b>	38	<u>7.58</u>	<u>(10.16)</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







## OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2017

	2017	2016
	..... Rupees in '000' .....	
<b>Net profit / (loss) for the year</b>	<b>197,260</b>	<b>(226,542)</b>
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial loss during the year	(5,870)	-
<b>Total comprehensive income</b>	<b>191,390</b>	<b>(226,542)</b>

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, 2017

	Note	2017	2016
		..... Rupees in '000' .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	(154,123)	21,085
Taxes paid		(9,936)	(5,846)
Finance cost paid		(66,774)	(12,546)
Gratuity paid		-	(2,147)
<b>Net cash (used) / generated from operating activities</b>		<b>(230,833)</b>	<b>546</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(28,375)	(446)
Investment in TDR		(86,000)	-
Proceeds from disposal of property, plant and equipment		1,000	2,049
Long term deposits		(195)	-
Long term finance		(186)	161
<b>Net cash used in investing activities</b>		<b>(113,756)</b>	<b>1,764</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Directors' / sponsors' subordinated loans		27,000	-
Issuance of right shares		223,080	-
Long term finance		417,570	-
Repayment of loans		(138,867)	(8,333)
		528,783	(8,333)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>184,194</b>	<b>(6,023)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(123,666)</b>	<b>(117,643)</b>
<b>Cash and cash equivalents at the end of the year</b>	40	<b>60,528</b>	<b>(123,666)</b>

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 FOR THE YEAR ENDED SEPTEMBER 30, 2017

Note	Issued, subscribed and paid-up capital	Directors' / sponsors subordinated loan	Un appropriated profit	Total
..... Rupees in '000' .....				
Balance as at September 30, 2015 (as previously reported)	223,080	-	(881,714)	(658,634)
Effect of restatement - subordinated loans from sponsors'	-	65,767	-	65,767
<b>Balance as at September 30, 2015 (as restated)</b>	<b>223,080</b>	<b>65,767</b>	<b>(881,714)</b>	<b>(592,867)</b>
Total comprehensive income for the year	-	-	(226,542)	(226,542)
Transferred from surplus on revaluation of fixed assets - incremental depreciation charged during the year - net of deferred tax	-	-	62,632	62,632
<b>Balance as at September 30, 2016</b>	<b>223,080</b>	<b>65,767</b>	<b>(1,045,624)</b>	<b>(756,777)</b>
Issuance of right shares	223,080	-	-	223,080
Sponsors' loan during the year	-	27,000	-	27,000
Total comprehensive income for the year	-	-	191,390	191,390
Transferred from surplus on revaluation of fixed assets - incremental depreciation charged during the year - net of deferred tax	-	-	29,945	29,945
<b>Balance as at September 30, 2017</b>	<b>446,160</b>	<b>92,767</b>	<b>(824,289)</b>	<b>(285,362)</b>

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2017

### 1. STATUS AND NATURE OF BUSINESS

- 1.1 Sakrand Sugar Mills Limited was incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984, 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. The manufacturing facilities of the Company including the Mill are located at Deh Tharo Unar, Taluka Sakrand, District Shaheed Benazirabad, Sindh.
- 1.2 The Company earned net profit of Rs. 197.260 million as against net loss of Rs. 226.544 million in the previous year thus reducing its accumulated losses during the year to Rs. 824.289 (2016: 1,045.626) million. Its working capital has also improved considerably as at year end, however, its current liabilities still exceed its current assets by Rs. 580.329 (2016: Rs. 1,487.09) million.

During the year, as disclosed in note 19.1, the Company has raised additional equity through the issuance of 22.308 million right shares, thus, increasing the paid-up capital from Rs. 223.080 million to Rs. 446.160 million. Further, the Company was able to arrange long-term finance facility of Rs. 417.570 million during the year. Moreover, the Company has commenced crushing for the season 2017-18 and planned to utilised the capacity at its maximum.

The results of the above factors and actions has contributed significantly towards the profitability and equity position of the Company and therefore, the financial position of the Company is expected to be strengthened in future and these financial statements are prepared on going concern basis.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies with financial year closing on or before December 31, 2017, shall prepare financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 shall prevail.

#### 2.2 Accounting convention

The financial statements have been prepared under the historical cost convention except for the following:

- Long-term finances are measured at amortized cost using effective interest rate.



- Freehold land, factory building, non-factory building and plant and machinery are measured at revalued amount less accumulated depreciation and accumulated impairment losses, if any, in period subsequent to the revaluation date.
- Investments held to maturity are measured at amortized cost using effective interest method less any impairment losses, if any
- Inventories and stores, spares and loose tools are carried at lower of cost or net realisable value, and;
- Obligations in respect of certain staff retirement benefits are carried at present value.

### 2.3 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.

### 2.4 Standards, interpretations and amendments to approved accounting standards

#### 2.4.1 Standards, interpretations and amendments to published accounting standards that are not yet effective and have not been early adopted by 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)
IFRS 2	Share-Based Payment (Amendments)	January 01, 2018
IFRS 4	Insurance Contracts	January 01, 2018
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IAS 7	Statement of Cash Flows (Amendments)	January 01, 2017
IAS 12	Income Taxes (Amendments)	January 01, 2017
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty Over Income Tax Treatments	January 01, 2019

The management anticipates that, the adoption of the above revisions and amendments of the standards will not affect materially the Company's financial statements in the period of initial application.

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.



<b>Standards</b>		<b>IASB Effective date (accounting periods beginning on or after)</b>
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 16	Leases	January 01, 2019
IFRS 17	Insurance Contracts	January 01, 2021

#### 2.4.2 Standards, interpretations and amendments applicable to the financial statements for the year ended September 30, 2017

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

##### **New standards and amendments**

IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendments)
IAS 16 & 38	Clarification of Acceptable Methods of Depreciation and Amortization
IAS 16 & 41	Property, plant and equipment and Agriculture - Agriculture: Bearer Plants (Amendment)

##### **Improvements to Accounting Standards Issued by the IASB in September 2014**

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)
IFRS 7	Financial Instruments: Disclosure (Amendments)
IAS 19	Employee Benefits (Amendments)
IAS 34	Interim Financial Reporting (Amendments)

## 2.5 Significant accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Companies accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

	<b>Note</b>
Determining the residual values and useful life of fixed assets	5.1 & 6
Impairment of fixed assets	5.1 & 6
Provision for doubtful debts and other receivables	5.11 & 12
Recognition of tax and deferred tax	5.3, 16, 22 & 37
Staff retirement benefits	5.4 & 24
Valuation of stock in trade	5.9, 10 & 11
Trade debts and other receivables	5.11 & 12



### 3. CHANGE IN ACCOUNTING POLICY

The Company has adopted Technical Release (TR) 32 issued by the Institute of Chartered Accountants of Pakistan (ICAP) on "Accounting Directors' Loan" with the date of initial application of 1 January 2016.

As a result, the Company has classified its subordinated directors' loan from long-term liabilities to equity. The change in accounting policy has been applied retrospectively in the statement of financial position as per the requirements of International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

As a result of the application of TR 32, Rs. 92.767 million was classified at 1 January 2016 from non-current liabilities to equity.

The change in accounting policy did not have an effect on earnings per share for the current year. For further details of the impact of adoption of TR 32, refer note 20 of the financial statements.

### 4. CHANGE IN ACCOUNTING ESTIMATE

During the year, the Company changed the following accounting estimates as the management believes that it better reflects the pattern in which the asset's future economic benefits are expected to be consumed:

- depreciation method of plant and machinery is changed from reducing balance method to units of production method (UoP)
- depreciation rate of non-factory building is changed from 10% to 5%.

Management has incorporated the effect of change in estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the financial statements.

Had the said change not been made, the depreciation expense for the year would have been higher by Rs. 5.560 million. The effect of the change on future periods is not disclosed as it is considered impracticable.

### 5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years for which financial information is presented in these financial statements, unless otherwise stated.

#### 5.1 Property, plant and equipment

##### Operating fixed assets

These are stated at cost less accumulated depreciation and impairment losses, if any, except freehold land, factory building, non-factory building and plant and machinery. Freehold land is stated at revalued amount and factory building, non-factory building and plant and machinery is stated at revalued amount less accumulated depreciation. Cost includes expenditure, related overheads, markup and borrowing costs that are directly attributable to the acquisition of asset.





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

Assets useful lives and residual values that are significant in relation to the total cost of the assets are reviewed, and adjusted if appropriate, at each date of statement of financial position.

Depreciation is charged to the statement of profit and loss by applying the reducing balance method and units of production method after taking into account the residual value, if any, whereby the depreciable amount of an asset is written off over its estimated useful life at the rates mentioned in the relevant note to these financial statements except that number of hours method is used for plant and machinery.

Depreciation on additions is charged from the quarter in which the assets become available for use while on disposals, depreciation is charged up to the quarter of deletion.

Impairment loss, if any, or its reversal, is also charged to statement of profit and loss for the year. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its estimated useful life.

Repairs and maintenance are charged to the statement of profit and loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Surplus on revaluation of freehold land, factory building, non-factory building and plant and machinery is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation (net of deferred taxation) is transferred directly to retained earnings / unappropriated profit.

Gains / losses on disposal of property, plant and equipment are charged to the statement of profit and loss.

## **5.2 Provisions**

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

## **5.3 Taxation**

### **Current**

Provision for current taxation is based on the taxable income for the year determined in accordance with prevailing law for taxation of income. The charge for current year is calculated using enacted or substantially enacted at the reporting date or minimum tax under section 113 of Income tax Ordinance, 2001, after taking into account tax credits and rebates, 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 year for such years.





## **Deferred**

Deferred tax is recognised, using the balance sheet method, on all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits to the extent that it is probable that future taxable profit will be available against which the assets may be utilized. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of statement of financial position.

The carrying amount of deferred tax assets are reviewed at each date of statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax is charged or credited to the statement of profit and loss, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

## **5.4 Employees' retirement benefits**

### **5.4.1 Defined contribution plan**

The Company operates a defined contributory provident fund for all its employees eligible under the scheme. The scheme has been approved under the Income Tax Ordinance, 2001. Equal monthly contributions are made, both by the Company and the employees to the fund at the rate of 8.33% of basic salary.

### **5.4.2 Defined Benefit plan**

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" and the latest actuarial valuation was carried out as at September 30, 2017.

## **5.5 Impairment of assets**

### **Financial assets**

The Company assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.



## **Non-financial assets**

The carrying amounts of non-financial assets are assessed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. An asset's recoverable amount is the higher of its fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each date of statement of financial position. Reversal of impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss, or the reversal of an impairment loss, are both recognised in the statement of profit and loss.

## **5.6 Financial Instruments**

Financial assets and financial liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instruments. The Company derecognises a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual rights that comprise the financial asset or a portion of financial assets. While a financial liability or part of financial liability is derecognised from the statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is taken to statement of profit and loss.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. The financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

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

Financial asset and financial liability are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## **5.8 Held to maturity investments**

Investments with a fixed maturity that the company has positive intent and ability to hold till maturity are classified as held to maturity investments. Held to maturity investments are initially recognized at fair value plus transaction cost attributable to acquisition and are subsequently carried at amortized cost using effective interest rate method, less any impairment loss.

Gains and losses are recognized in the statement of profit and loss when the investments are derecognized or impaired, as well as by amortization process.

## **5.9 Stores, spares and loose tools**

These are valued as under:

In hand	-	At lower of moving average cost or net realizable value.
In transit	-	Cost comprising invoice value plus other charges paid upto the date of statement of financial position.



Provisions for obsolete and slow moving items are duly made as when required. Net realizable value signifies the estimated selling price in the ordinary course of business less costs of completion and other costs necessarily to be incurred to make the sale.

#### **5.10 Stock-in-trade**

The basis of valuation has been specified against each:

Sugar-in-process	-	At average cost of raw material consumed
Finished sugar	-	At lower of cost or net realizable value
Molasses	-	At net realizable value.
Fertilizers	-	FIFO

Provisions for obsolete and slow moving stocks are made as and when required. Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and other costs necessary to be incurred to make the sale.

#### **5.11 Trade debts and other receivables**

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and previous repayment pattern. Balances considered irrecoverable are written off as and when identified.

#### **5.12 Loans and borrowings**

These are initially recognized at cost, being the fair value of the consideration received net of cost associated with the borrowings. Subsequently, these are measured at amortized cost using the effective interest rate method.

#### **5.13 Trade and other payables**

Trade and other payable are carried at cost, which is fair value of the consideration to be paid for goods and services, whether or not billed to the Company.

#### **5.14 Cash and cash equivalent**

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, balance with banks and short-term borrowings.

#### **5.15 Borrowings and borrowing costs**

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.



### **5.16 Related party transactions**

All transactions with related parties are priced on an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

### **5.17 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which dividend is declared/approved.

### **5.18 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 statement of profit and loss.

### **5.19 Revenue recognition**

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of discounts and applicable taxes. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the 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.

- Revenue from sale of goods is recorded when significant risks and rewards of ownership are transferred to the customer.
- Commission and handling income is recognized on shipment of products.
- Interest income is recognized as and when accrued on effective interest method.

### **5.20 Earning per share (EPS)**

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effective of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.



**Note**                      **2017**                      **2016**  
 ..... Rupees in '000' .....

## 6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets 6.1                      **2,936,016**                      **2,347,815**

**6.1** The statement of operating fixed assets is as follows:

	Cost/ revalued amount				Accumulated depreciation					
	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	WDV as at Sept 30, 2017	Depreciation rate per annum %
	( 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 (Note 4)	330,736	-	-	330,736	139,846	10,316	(22,959)	127,203	203,533	5
Plant and machinery (Note 4)	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
Total	3,578,697	28,375 (1,691)	196,395	3,801,776	1,230,882	75,488 (998)	(439,612)	865,760	2,936,016	

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

	Cost/ revalued amount				Accumulated depreciation					
	As at Oct 01, 2015	Additions	(Disposal)	As at Sept 30, 2016	As at Oct 01, 2015	For the year	(On disposal)	As at Sept 30, 2016	WDV as at Sept 30, 2016	Depreciation rate per annum %
	(Rupees in '000')									
Owned assets										
Freehold land	322,151	-	-	322,151	-	-	-	-	322,151	-
On freehold land										
-Factory building	358,470	-	-	358,470	108,063	12,288	-	120,351	238,119	5
-Non-factory building	330,736	-	-	330,736	119,502	20,344	-	139,846	190,890	10
Plant and machinery	2,486,132	-	-	2,486,132	835,675	80,988	-	916,663	1,569,469	5
Office equipments and others	10,363	258	-	10,621	7,424	302	-	7,726	2,895	10
Furniture and fixture	7,761	188	-	7,949	5,543	231	-	5,774	2,175	10
Vehicles	60,364	-	(4,390)	55,974	31,811	5,202	(2,509)	34,504	21,470	20
Tents and tarpaulins	2,321	-	-	2,321	1,967	103	-	2,070	251	33
Tools and tackles	4,343	-	-	4,343	3,786	162	-	3,948	395	33
Total	3,582,641	446	(4,390)	3,578,697	1,113,771	119,620	(2,509)	1,230,882	2,347,815	



Note                      2017                      2016  
..... Rupees in '000' .....

**6.2 Depreciation for the year has been allocated as follows:**

Cost of sales	30.1	60,016	93,438
Administrative expenses	31	15,472	26,182
		75,488	119,620

**6.3 The following asset was disposed off during the year:**

Cost	Accumulated Depreciation	Book Value	Exchange price	Gain on disposal	Mode of disposal	Particulars of buyer
----- (Rupees in '000') -----						
<b>Vehicle</b>						
AYQ-040 Toyota Corolla	1,691	998	693	1,000	307	Negotiation      Mr. Ahmed, Karachi

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

Particulars	2017			2016
	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	66,119	32,796	34,073
-Non-factory building	20,272	18,932	1,340	1,448
Plant & machinery	1,115,595	701,471	414,124	405,742
	1,242,384	786,522	455,862	448,865

Note                      2017                      2016  
..... Rupees in '000' .....

**7. LONG-TERM INVESTMENTS**

**Held to maturity**

Defence Saving Certificates - cost

**Unrealized gain on investments**

Opening balance

Amortised for the year

Closing balance

	70,500	70,500
	88,215	71,020
	19,875	17,195
	108,090	88,215
	178,590	158,715



- 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 have been pledged with National Bank of Pakistan and Habib Bank Limited.

2017                      2016  
..... Rupees in '000' .....

## 8. LONG-TERM LOANS

### Secured - considered good

Loans to employees	466	265
Less: Current portion	(122)	(107)
	344	158

- 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 installments from the date of disbursement and is secured by registration of vehicles in the name of the Company.

Note                      2017                      2016  
..... Rupees in '000' .....

## 9. LONG-TERM DEPOSITS

### Unsecured - interest free

Utilities	1,289	1,289
Rent	330	135
Others	7	7
	1,626	1,431

## 10. STORES, SPARES AND LOOSE TOOLS

Stores	7,042	6,921
Spares	20,364	20,013
Loose tools	1,084	1,065
	28,490	28,000

## 11. STOCK-IN-TRADE

Sugar-in-process	3,374	-
------------------	-------	---

## 12. TRADE DEBTS

### Unsecured - considered good

Trade debts		30,139	130,148
Reversal / (provision) for doubtful debts	12.1	130,148	(130,148)
		160,287	-





	Note	2017 ..... Rupees in '000'	2016
<b>12.1 Aging analysis of trade debts:</b>			
Neither past due nor impaired		30,139	-
Above one year		130,148	-
		<u>160,287</u>	<u>-</u>

### 13. LOANS AND ADVANCES

Current portion of long-term loans	8	122	107
<b>Unsecured - considered good</b>			
Loan to growers		5,518	5,121
Advance to suppliers and contractors		33,885	10,469
Others		1,278	903
		<u>40,681</u>	<u>16,493</u>
		40,803	16,600
<b>Considered doubtful</b>			
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>
		(26,978)	(26,978)
		<u>40,803</u>	<u>16,600</u>

### 14. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments		475	56
Sales tax	14.1	6,465	6,465
Other receivables	14.2	7,902	1,610
		<u>14,842</u>	<u>8,131</u>

**14.1** 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.

**14.2** 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 unfavourable judgment.





	Note	2017 ..... Rupees in '000'	2016 ..... Rupees in '000'
<b>15. SHORT-TERM INVESTMENT</b>			
Term deposit receipts	15.1	<u>86,000</u>	<u>-</u>
15.1 This represent three months term deposit receipts with Summit Bank Limited carrying mark-up at the rate of 6% per annum.			
		2017 ..... Rupees in '000'	2016 ..... Rupees in '000'
<b>16. TAX REFUNDS DUE FROM GOVERNMENT</b>			
Income tax refundable		18,087	18,087
Sales tax refundable		<u>5,290</u>	<u>4,638</u>
		<u>23,377</u>	<u>22,725</u>
<b>17. TAXATION - NET</b>			
Advance tax		36,496	27,210
Less: Provision for taxation		<u>(38,071)</u>	<u>-</u>
		<u>(1,575)</u>	<u>27,210</u>
<b>18. CASH AND BANK BALANCES</b>			
Cash in hand		379	41
<b>Cash at banks:</b>			
In current account		141,386	1,280
In deposit account		<u>10</u>	<u>10</u>
		<u>141,396</u>	<u>1,290</u>
		<u>141,775</u>	<u>1,331</u>
<b>19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
2017 Number of shares in '000'	2016	2017 ..... Rupees in '000'	2016 ..... Rupees in '000'
16,900	16,900	Fully paid ordinary shares of Rs. 10 each issued for cash	169,000
5,408	5,408	Fully paid ordinary shares of Rs. 10 each issued as bonus shares	54,080
22,308	-	Fully paid ordinary shares of Rs. 10 each issued as right shares (19.1)	-
<u>44,616</u>	<u>22,308</u>	<u>446,160</u>	<u>223,080</u>



19.1 During the 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. The board of directors in their meeting held on May 12, 2017 approved to increase the paid-up capital of the Company by issuance of 22.308 million shares at Rs. 10 each to the shareholders of the Company in the ratio of one share for one ordinary share of the Company held by the shareholders. The board of directors in their in meeting held on August 3, 2017 approved the allotment of shares and an amount of Rs. 223.08 million was received by the Company.

## 20. DIRECTORS' / SPONSORS' SUBORDINATED LOANS

The Company has adopted Technical Release - 32 (Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan. In accordance with TR- 32, sponsors' 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' loan. These loans are also subordinated to bank loans. Previously, these loans were presented as long-term loans.

2017                      2016  
..... Rupees in '000' .....

## 21. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF DEFERRED TAX

### Surplus on revaluation

As at October 01,	1,871,515	1,962,286
Revaluation surplus on freehold land	188,750	-
Revaluation surplus on buildings	153,932	-
Revaluation surplus on plant and machinery	293,327	-
Transferred to retained earnings in respect of incremental depreciation charged during the year - net of deferred tax	(29,945)	(62,632)
Relevant deferred tax	(12,833)	(28,139)
	593,231	(90,771)
<b>As at September 30,</b>	<b>2,464,746</b>	<b>1,871,515</b>

### Relevant deferred tax:

As at October 01,	531,818	559,957
On increased revaluation surplus during the year	134,177	-
Reversal on incremental depreciation charged during the year	(12,833)	(28,139)
As at September 30,	653,162	531,818
	<b>1,811,584</b>	<b>1,339,697</b>

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



2017                      2016  
..... Rupees in '000' .....

## 22. DEFERRED TAXATION

### Deferred tax debits arising from:

Accelerated accounting depreciation	698,829	600,721
Unrealized gain on amortization on loan	32,427	34,935
Long-term finance	4,524	-
	735,780	635,656

### Deferred tax asset arises due to:

Loans and advances	8,093	8,363
Gratuity	5,883	3,625
Assessed losses	406,756	431,413
	420,732	443,401
	315,048	192,255

## 23 LONG TERM FINANCE - Secured

### 23.1 Mark-up bearing

PARTICULARS	IDBL	NBP	NBP	HBL	MCB	SLTFF	Total 2017	Total 2016
..... Rupees in '000' .....								
Opening balance	117,499	83,313	41,667	111,292	31,654	-	385,425	386,022
Obtained during the year	-	-	-	-	-	417,570	417,570	-
Interest unwinding	117,499	6,707	41,667	111,292	31,654	417,570	6,707	6,084
	90,020	-	-	-	-	-	809,702	392,106
Repaid during the year	(97,200)	-	(41,667)	-	-	-	(138,867)	(8,333)
Written back	-	-	-	-	(31,654)	-	(31,654)	-
Waiver of loan	(20,299)	-	-	-	-	-	(20,299)	-
Effect of re-measurement	-	25	-	-	-	-	25	1,652
	90,045	-	-	111,292	-	417,570	618,907	385,425
Overdue installments	-	-	-	-	-	-	-	(149,695)
Current portion	-	-	-	-	-	-	-	(11,750)
	-	90,045	-	111,292	-	417,570	618,907	223,980
Note	23.1.1	23.1.2	23.1.3	23.1.4	23.1.5	23.1.6		



### **23.1.1 Industrial Development Bank Limited**

During the year, the Company reached an agreement with the lender and settled the liability in full after the waiver of Rs. 20.299 million which is taken to statement of profit and loss.

### **23.1.2 NBP (formerly National Development Finance Corporation)**

This represents the liability determined in accordance with the rescheduling agreement reached between National Bank of Pakistan and the Company on June 4, 2009 and consequent thereto an amount of Rs. 105.125 million was paid as full and final discharge of the outstanding liability through Defense Saving Certificates (DSCs) of Rs. 35 million pledged by the Company with National Bank of Pakistan maturing after 10 years on June 3, 2019 from the date of purchase of the DSC's having maturity value equivalent to the amount of liability of Rs. 105.125 million that will be realized by encashment of DSC's on maturity date(s).

Since the rescheduled loan is interest free and payable after 10 years. It has been initially recognized at cost amounting to Rs.105.125 million and subsequently measured on amortized cost at each balance sheet date with effective interest rate prevailing at year end. The difference was taken to profit and loss in the year ended September 30, 2009. Effective interest rate prevailing as for the year was 8.05% p.a accordingly imputed interest cost is taken to profit and loss account for the year ended September 30, 2017.

### **23.1.3 This represents loan of Rs. 200 million obtained from NBP at mark-up rate of 3 months KIBOR + 2% payable on quarterly basis. Repayment of principal amount of loan commenced from 19-01-2011 in 24 quarterly installments of Rs. 8.333 million**

The loan was secured by way of first pari passu hypothecation charge over plant & machinery and equipment's and equitable mortgage over land and building of the Company for an amount of Rs 275.639 million and Rs 17.983 million respectively and personal guarantees of directors of the Company.

### **23.1.4 Habib Bank Limited**

This represents the liability determined in accordance with the rescheduling agreement reached between Habib Bank Limited and the Company on September 15, 2009 and consequent thereto an amount of Rs. 111.292 million was paid as full and final discharge of the total outstanding liability standing at that date of Rs. 336.018 million through DSCs of Rs. 35.5 million pledged by the company with Habib Bank Limited maturing after 10 years from the date of purchase of the DSC's having maturity value equivalent to the amount of liability of Rs. 111.292 million that will be realized by encashment of DSC's on maturity date(s). The difference amount of Rs. 224 million was taken to profit and loss account for the year ended September 30, 2009.

The loan carries mark up at the rate of one year KIBOR with floor @ 7% per annum on Rs. 111.292 (M) till 2019 on quarterly basis. In case of default by the Company in payment of mark up for two consecutive quarters, Bank shall have right to withdraw the settlement package and demand the balance decretal amount of Rs 327.49 million.

The above facility is secured by way of first charge on entire project assets at Deh Unar, Kazi Ahmed, Taluka Sakrand, Nawabshah, ranking parri passu with other secured creditors, Hypothecation of stocks and lien on DSC's of Rs. 35.5 million



### 23.1.5 MCB Bank Limited

This represents the amount of bank liability as rescheduled by the bank vide its letter No.SAMG/PO/JPICUS/409, dated July 3, 2004.

During the current year, the Company has written off the loan liability because the Company has not been approached by the Bank since 2007.

### 23.1.6 Syndicated Long Term Finance Facility

This represents long term finance facility from Summit Bank Limited and Sindh Bank Limited for settlement of growers liability, suppliers repayment, operating expenses including lubricants, chemical and salaries, repair and maintenance, fresh cane procurement and adjustment of advances.

The loan carries mark-up at the rate of three month KIBOR plus 3%. The principal amount is payable after the grace period eighteen months in twenty two equal quarterly installments. Mark-up is charged on outstanding loan amount and payable to the banks on quarterly basis.

The facility is secured by first pari passu hypothecation charge over all present and future moveable fixed assets of the Company with a 30% margin over the facility amount; first pari passu charge over land, building and any other immovable property of the Company with a 30% margin over the facility amount, lien on debt service reserve account and other collection amount and personal guarantees of all sponsors/directors of the Company along with subordinated loan agreements.

## 23.2 Frozen mark-up

PARTICULARS	IDBL	MCB	2017 Total	2016 Total
Rupees in '000'				
Opening balance	10,183	7,031	17,214	16,268
Interest unwinding	-	-	-	744
	10,183	7,031	17,214	17,012
Effect of remeasurement	-	-	-	202
Waiver of Loan	(10,183)	(7,031)	(17,214)	
	-	-	-	17,214
Overdue installments	-	-	-	7,031
Closing Balance	-	-	-	10,183
Note	23.2.1	23.2.2		

### Industrial Development Bank Limited

23.2.1 This represents the amount of mark-up of I.D.B.L which was payable after 01.01.2020 in four quarterly installments in terms of the rescheduling agreement with I.D.B.L. During the year, the Company has paid a negotiated amount against the principle to I.D.B.L which resulted in the reversal of this liability.

23.2.2 This represents the frozen mark-up amount vide letter No.SAMG/PO/JPICUS/409, dated July 3, 2004, the amount has been reversed during the year as the Company has not been approached by the Bank since 2007.



	Note	2017 ..... Rupees in '000' .....	2016
<b>24. DEFERRED LIABILITY</b>			
Quality premium	24.1	56,461	56,461
Staff gratuity	24.2	19,609	11,693
		<u>76,070</u>	<u>68,154</u>

- 24.1** This represents the outstanding amount of quality premium for the years 2003 and 2004 withheld since the issue is pending for disposal with the Supreme Court of Pakistan. The Appellants, including the company were granted leave to defend by the Supreme Court of Pakistan in the year 2004 with the direction that no coercive action for recovery of quality premium from the mills shall be taken till the disposal of the Appeal which continues to be in force. The provincial government in its yearly notification since year 2004 onwards for minimum cane price fixation refers to the direction of the Supreme Court as reason for suspending coercive recovery of the quality premium from the mill until uniform formula subsequently is developed by the Ministry of Food and Agriculture.

#### **24.2 Staff gratuity**

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

	Note	2017 ..... Rupees in '000' .....	2016
<b>Principal assumptions</b>			
Discount rate		8.00% p.a	8.85% p.a
Expected rate of eligible salary increase in future year - short term		5.00% p.a	15% p.a
Expected rate of eligible salary increase in future year - long term		6.50% p.a	8% p.a
<b>Changes in defined benefit liabilities are:</b>			
Opening defined benefit obligation		11,693	11,861
Current service cost		1,011	929
Interest cost		1,035	1,050
Actuarial losses		5,870	-
Benefit paid by the Company		-	(2,147)
Closing defined benefit obligation		<u>19,609</u>	<u>11,693</u>
<b>Liability for gratuity arose in the following manner:</b>			
Opening net liability		11,693	11,861
Expense for the year		2,046	1,979
Benefit paid		-	(2,147)
Other comprehensive expense		5,870	-
Closing net liability		<u>19,609</u>	<u>11,693</u>



	Note	2017	2016
		..... Rupees in '000' .....	
<b>25. TRADE AND OTHER PAYABLES</b>			
<b>Trade payables</b>			
Sugar cane and others		673,678	868,338
Accrued expenses		52,340	99,342
<b>Other payables</b>			
Advance from customers		178,803	55,699
Sales tax and excise duty payable	25.1	62,372	94,008
Unclaimed dividend		377	377
Payable to Sindh Bank Limited		-	65,887
Workers' welfare fund		4,384	-
Workers' profit participation fund		10,742	-
Others		11,767	17,111
		<u>268,445</u>	<u>233,082</u>
		<u>994,463</u>	<u>1,200,762</u>

## 26. ACCRUED MARK-UP

National Bank of Pakistan	-	3,661
MCB Bank Limited	-	17,229
Habib Bank Limited	-	2,890
National Bank of Pakistan - Running finance	1,992	11,090
Loan from others	-	5,519
	<u>1,992</u>	<u>40,389</u>

## 27. SHORT-TERM BORROWING - SECURED

National Bank of Pakistan	<u>81,247</u>	<u>124,997</u>
---------------------------	---------------	----------------

This facility is to meet the working capital requirements of the Company and for procurement of sugarcane carrying mark-up @ 3 months KIBOR + 2.5% p.a. (2016: 3 months KIBOR + 2.5% p.a.).

The facility is secured against first pari passu hypothecation charge over plant and machinery and equipment, and first equitable mortgage over land and building of the Company for Rs. 167 million with 25% margin and personal guarantees of all the directors of the Company.

## 28. CONTINGENCIES & COMMITMENTS

### Contingencies

- 28.1 The Company filed Sales Tax Appeal No. 20 of 2003, No. 558 of 2004 and 559 of 2004 before High Court of Sindh against sales tax order No. 12 of 2001 dated 28.3.2001, order No. 117 of 1997 dated 07.08.1997, order No. 06 of 1998 dated 22.01.1998, by Additional Collector Sales Tax. These appeals are currently pending before the High Court of Sindh.





- 28.2 The CPLA No. 750 of 2013 was filed against the judgement dated 22-02-2013 passed by the Hon'ble Sindh High Court of Karachi in favour of the Company against order passed by Commissioner Inland Revenue, LTU, Karachi. The appeal is currently pending before the Supreme Court of Pakistan.
- 28.3 The CPLA No. 85 of 2009 was filed against judgement dated 12.11.2008 passed by Hon'ble High Court of Sindh at Karachi in favour of the Company. Judgement dated 12.11.2008 dismissed the reference application No. 227 of 2008, filed by Collect of Sales Tax and Federal Excise, Hyderabad. The appeal is currently pending.
- 28.4 Civil appeal Nos. 938 & 939/2011 which have been remanded back to the High Court of Sindh, vide order dated 06/02/2012 by the Honourable Supreme Court of Pakistan, is now pending before the High Court of Sindh, Karachi.
- 28.5 Following Constitutional & Civil Petitions are pending for which management is of the view that there will be no financial implication and as decision would be in favour of the Company.
- a) Constitutional Petition No. 230 of 2013
  - b) Constitutional Petition No. 5482 of 2014
  - c) Constitutional Petition No. 3090 of 2015
  - d) Constitutional Petition No. 198 of 2016
  - e) Constitutional Petition No. 32 of 2016
  - f) Civil Appeal no. 48 of 2015
  - g) CP-S-234/2015 High Court of Sindh.
  - h) CP-523/2016.
- 28.6 Appeal is pending in appellate tribunal (IR) regarding alleged demand with penalty for which favourable outcome is expected.
- 28.7 Appeal against demand of Rs. 571,997 is filed with CIT. Appeal for which hearing is pending and outcome can not be decided at this stage.
- 28.8 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.

### Commitments

There are no commitments outstanding at year end (2016: Nil).

	2017	2016
	..... Rupees in '000'	.....
<b>29. SALES - NET</b>		
Sugar	2,448,967	1,552,760
Molasses	151,548	85,840
Fertilizers	-	7,097
	<u>2,600,515</u>	<u>1,645,697</u>
Less: Sales tax	<u>(252,594)</u>	<u>(117,684)</u>
	<u>2,347,921</u>	<u>1,528,013</u>



	Note	2017 ..... Rupees in '000' .....	2016
<b>30. COST OF SALES</b>			
Sugarcane consumed		2,103,906	1,461,957
Manufacturing expenses		<u>242,865</u>	<u>232,531</u>
		<b>2,346,771</b>	<b>1,694,488</b>
<b>Sugar in process</b>			
Opening		-	1,628
Closing		(3,374)	-
		<b>(3,374)</b>	<b>1,628</b>
<b>Finished goods</b>			
Opening		-	459
Closing		-	-
		<b>-</b>	<b>459</b>
<b>Molasses</b>			
Opening		-	2
Closing		-	-
		<b>-</b>	<b>2</b>
<b>Fertilizer</b>			
Opening		-	6,544
Closing		-	-
		<b>-</b>	<b>6,544</b>
		<b>2,343,397</b>	<b>1,703,121</b>

### 30.1 Manufacturing expenses

Salaries, wages, bonus and staff amenities	30.1.1	86,320	71,900
Stores and spares consumed		38,992	24,841
Fuel and power		24,470	10,654
Repairs and maintenance		25,142	19,126
Vehicle maintenance		864	959
Insurance		2,788	6,095
Depreciation	6.2	60,016	93,438
Baggase, mud, ash handling and others		4,273	5,518
		<u>242,865</u>	<u>232,531</u>

30.1.1 This includes Rs. 3.831 (2016: Rs. 2.661) million in respect of staff retirement benefits.



	Note	2017	2016
		..... Rupees in '000' .....	
<b>31. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages, bonus and staff amenities	31.1	35,346	73,553
Rent, rates and taxes		1,718	1,008
Insurance		317	2,459
Water, gas and electricity		1,406	3,867
Printing and stationary		1,504	782
Postage, telephone, telegrams and telex		970	2,017
Vehicle maintenance		1,572	3,201
Repairs and maintenance		390	372
Travelling and conveyance		390	548
Newspaper, books and periodicals		12	45
Fee and subscription		6,576	258
Legal and professional		4,674	8,197
Auditors' remuneration	31.2	1,559	1,018
Entertainment		1,318	1,528
Computer maintenance		2,417	121
Advertisement		134	405
Charity and donation	31.3	1	109
Depreciation	6.2	15,472	26,183
Bad debts expense		-	130,148
Sales tax penalty		887	164
Others		1,976	1,297
		<u>78,639</u>	<u>257,280</u>

31.1 This includes Rs. 1.016 (2016: Rs.1.195) million in respect of staff retirement benefits.

	2017	2016
	..... Rupees in '000' .....	
<b>31.2 Auditors' remuneration comprises of:</b>		
Annual audit fees	700	693
Half yearly review	216	200
Other Certifications	535	13
Out of pocket expenses	108	112
	<u>1,559</u>	<u>1,018</u>

31.3 No donation were made to any donee in which any director or his spouse had any interest at any time during the year.

## 32. DISTRIBUTION COSTS

Loading and stacking	3,124	3,672
Sampling charges	70	93
	<u>3,194</u>	<u>3,765</u>



	Note	2017 ..... Rupees in '000' .....	2016
<b>33. FINANCE COSTS</b>			
Mark-up on loans		28,267	22,413
Bank charges		110	1,230
Interest expense	33.1	6,707	6,828
Penalty on guarantee		-	1,887
		<u>35,084</u>	<u>32,358</u>
33.1 This represents interest expense in respect of amortisation of loan and frozen mark up liability of NBP using effective interest rate @ 8.05% (2016 : 8.05% p.a).			
<b>34. OTHER CHARGES</b>			
Workers' welfare fund		4,384	-
Workers' profit participation fund		10,742	-
Provision for loan to growers and interest thereon		-	8,589
Other charges		-	78
		<u>15,126</u>	<u>8,667</u>
<b>35. GAIN ON LOAN AMORTISATION</b>			
National Bank of Pakistan	23.1 & 35.1	(25)	(1,652)
IDBL	23.2 & 35.1	-	(202)
Amortisation of investment in DSC's		19,875	17,195
		<u>19,850</u>	<u>15,341</u>
35.1 This represents effects of increase in KIBOR over the year and recognizing liability at fair value.			
35.2 This represents amortisation of investment in DSC's amounting to Rs 70.5 million at the rate of 12.15%.			
<b>36. OTHER INCOME</b>		2017 ..... Rupees in '000' .....	2016
Profit on saving account		165	-
Gain on sale of fixed assets		307	168
Reversal of accrued mark-up		22,748	-
Loan waived off during the year		71,753	2,872
Trade and other payable written back		106,495	-
Reversal of bad debts		130,148	-
		<u>331,616</u>	<u>3,040</u>
<b>37. TAXATION</b>			
Current		(38,071)	-
Deferred		11,384	232,255
		<u>(26,687)</u>	<u>232,255</u>
37.1 The provision for current income tax is based on minimum taxation under section 113 of the Income Tax Ordinance, 2001. Accordingly, numerical reconciliation between average effective tax rate and applicable tax rate is not reported for the year.			



	2017	2016
<b>38. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED</b>		
Profit / (loss) for the year - (Rupees in '000')	197,260	(226,542)
Weighted average number of shares (in '000')	26,026	22,308
Earning / (loss) per share - (Rupees)	7.58	(10.16)
38.1 There is no dilutive effect on the basic earnings of the Company.		
<b>39. CASH GENERATED FROM OPERATIONS</b>	<b>2017</b>	<b>2016</b>
	<b>..... Rupees in '000' .....</b>	
Profit before taxation	223,947	(458,797)
<b>Adjustments for non - cash charges and other items:</b>		
Depreciation	75,488	119,621
Finance cost	28,377	23,643
Interest expense-imputed	6,707	6,828
Provision for gratuity	2,046	1,979
Provision for bad debts	-	130,148
Gain on disposal of property, plant & equipment	(307)	(168)
Effect of increase in KIBOR	25	1,854
Long term loan waived and written back	(69,167)	-
Gain on amortisation of investment	(19,875)	(17,195)
Working capital changes	23,294	266,710
<b>39.1 Working capital changes</b>		
<b>Change in current assets</b>		
Stores, spares and loose tools	(490)	1,109
Stock-in-trade	(3,374)	8,633
Trade debts	(160,287)	2,400
Loans and advances	(24,203)	29,273
Prepayments and other receivables	(6,711)	299
	(195,065)	41,714
<b>Change in current liabilities</b>		
Trade and other payables	(206,299)	171,458
	(154,123)	21,085
<b>40. CASH AND CASH EQUIVALENTS</b>		
Short term borrowing - Secured	(81,247)	(124,997)
Cash and bank balances	141,775	1,331
	60,528	(123,666)
<b>41. PLANT CAPACITY AND PRODUCTION</b>		
Installed production capacity - Metric ton	86,400	86,400
Duration of season - Days	121	99
Actual production - Metric ton	42,320	29,925
Actual Crushing - Days	106	83
% of capacity attained	49%	35%



## 42. 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.

### 42.1 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.

#### 42.1.1 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, 2017, the Company is exposed to such risk mainly in respect of short-term investment, long-term investments, long-term loans and short-term borrowings.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Company's profit by Rs. 4.356 million and a 1% decrease would result in an decrease 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.

#### 42.1.2 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, 2017 as no balances existed at the said date due to transactions with foreign undertakings.

#### 42.1.3 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, 2017, the Company is not exposed to equity price risk.

### 42.2 Credit risk

Credit risk is the risk that counter party will cause a financial loss to the Company by failing to discharge its obligations. The table below analysis's the Company's maximum expose to credit risk.

	2017	2016
	..... Rupees in '000' .....	
Trade debts	160,287	-
Bank balances	141,396	1,290
	<u>301,683</u>	<u>1,290</u>



Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

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:

	2017	2016
	..... Rupees in '000'	.....
<b>Bank balances</b>		
A-	8,968	82
AA-	100,005	912
A1+	689	6
AA+	671	6
AA	277	3
AAA	30,786	281
	<b>141,396</b>	<b>1,290</b>

### 42.3 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. At the date of statement of financial position the Company has unavailed credit facility of Rs. 613.753 (2016: Nil) million. 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 finance - secured	-	-	-	618,907	618,907
Deferred liability	-	-	-	76,070	76,070
Trade and other payables	-	-	815,660	-	815,660
Short-term borrowing - secured	-	81,247	-	-	81,247
Accrued mark-up	-	1,992	-	-	1,992
<b>September 30, 2017</b>	<b>-</b>	<b>83,239</b>	<b>815,660</b>	<b>694,977</b>	<b>1,593,876</b>
Long term finance - secured	-	-	168,476	234,163	402,639
Deferred liability	-	-	-	68,154	68,154
Trade and other payables	-	-	1,145,063	-	1,145,063
Short-term borrowing - secured	-	124,997	-	-	124,997
Accrued mark-up	-	-	40,389	-	40,389
<b>September 30, 2016</b>	<b>-</b>	<b>124,997</b>	<b>1,353,928</b>	<b>302,317</b>	<b>1,781,242</b>

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





#### 42.4 Fair value of financial instruments

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

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

#### 42.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns to shareholders.

The Company monitors capital using a gearing ratio, which is debt divided by total capital plus debt as follows:

	2017 ..... Rupees in '000' .....	2016 ..... Rupees in '000' .....
Long term finance	618,907	402,639
Running finance	81,247	124,997
Total debts	700,154	527,636
Less: Cash and bank balances	(141,775)	(1,331)
	558,379	526,305
 Total equity	 (285,362)	 (756,777)
<b>Total debt and equity</b>	<b>273,017</b>	<b>(230,472)</b>
 Gearing ratio	 205%	 -228%

#### 43. REMUNERATION OF THE CHIEF EXECUTIVE 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	
	2017	2016	2017	2016	2017	2016
	-----Rupees in '000' -----					
Remuneration	-	8,432	-	15,093	9,599	2,225
Company's contribution to provident fund	-	-	-	-	149	123
	-	8,432	-	15,093	9,748	2,348
 Number of person(s)	 1	 1	 6	 6	 9	 2



43.1 No remuneration has been paid by the Company to its chief executive and any of its directors for the current period.

43.2 Remuneration paid to an executive director amounts to Nil (2016: Rs. 7.339) million.

#### 44. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with related parties. Amounts due from and to related parties are shown under receivables and payables, remuneration of directors and key management personnel is disclosed in relevant note. During the year following significant transactions incurred with the related parties except contribution paid to the post employment benefits as disclosed in respective note to these financial statements.

	2017	2016
	..... Rupees in '000' .....	
<b>Directors and sponsors</b>		
Purchase of right shares by directors	83,117	-
Purchase of right shares by sponsor shareholders	59,338	-
Loan given by sponsor shareholders	27,000	-
<b>Chief financial officer</b>		
Shares purchased of the Company	19,050	-

#### 45. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	2017 (Un-audited)	2016 (Un-audited)
		..... Rupees in '000' .....	
Size of the fund - Total assets		71,327	76,398
Cost of the investment made		47,750	47,750
Fair value of investments	45.1	71,327	75,853
Percentage of investments made		100%	99.3%

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

	2017 Rupees in '000'	%	2016 Rupees in '000'	%
Shares in listed companies	3,593	5%	2,761	4%
Investment in deposit certificates	66,697	94%	72,875	96%
Saving accounts	1,037	1%	217	0.29%
	<u>71,327</u>		<u>75,853</u>	



#### 46. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 192 (2016: 198) and average number of employees during the year were 199 (2016: 196).

#### 47. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. Significant reclassifications are as given below:


Reclassification from	Reclassification to	---(Rupees in '000')---
i) Trade and other payables - Quality premium	Deferred liability - Quality premium	56,461

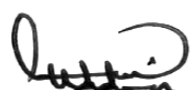
#### 48. DATE OF AUTHORIZATION

These financial statements were approved on February 07, 2018 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		2017	2016	2015	2014	2013	2012
		(Rs. in 000)					
Sales		2,347,921	1,528,012	2,613,738	3,486,661	2,560,803	2,463,907
Gross (loss) / profit		4,524	(175,109)	(2,756)	(203,702)	(133,830)	56,038
Operating loss		(77,309)	(436,155)	(150,892)	(348,242)	(263,950)	(59,064)
Profit/ (loss) before taxation		223,947	(458,799)	(190,579)	(424,328)	(330,535)	(151,870)
Profit/(loss) after taxation		197,260	(226,544)	(228,161)	(186,426)	(332,289)	(134,858)
Accumulated loss for the year		(824,289)	(1,045,626)	(881,714)	(718,799)	(569,464)	(291,516)
OPERATING RESULTS		2017	2016	2015	2014	2013	2012
Sugarcane crushed	(tonnes)	459,573	296,274	441,621	770,516	516,227	559,968
Sugar recovery	( % )	9.22	10.09	10.21	9.19	9.89	9.75
Sugar produced	(tonnes)	42,320	29,925	45,100	70,864	51,050	54,575
Molasses recovery	( % )	4.252	4.164	4.236	4.330	4.322	4.251
Molasses produced	(tonnes)	19,530	12,354	18,700	33,397	22,306	23,800
Operating period	( days )	121	99	98	142	109	108
ASSETS EMPLOYEED		2017	2016	2015	2014	2013	2012
		(Rs. in 000)					
Fixed capital expenditure		2,936,016	2,347,815	2,468,870	2,592,051	1,568,312	1,641,428
Long term loans and deposits		1,970	1,589	1,750	1,900	1,830	1,665
Investments		178,590	158,715	141,520	126,188	112,517	100,328
Current assets		498,948	103,997	276,037	541,704	553,704	707,817
<b>Total assets employed</b>		<b>3,615,524</b>	<b>2,612,116</b>	<b>2,888,177</b>	<b>3,261,843</b>	<b>2,236,364</b>	<b>2,451,238</b>
FINANCED BY		2017	2016	2015	2014	2013	2012
		(Rs. in 000)					
Shareholders' equity		(378,129)	(822,544)	(658,634)	(495,719)	(346,384)	(68,436)
Revaluation on fixed assets		1,811,584	1,339,697	1,402,329	1,467,993	746,140	781,462
Subordinate loan from directors		92,767	65,767	65,767	45,998	-	-
Long term liabilities		618,907	234,163	245,563	283,318	316,625	353,255
Deferred liabilities		391,118	260,409	1,003,672	396,462	289,729	308,302
Current liabilities		1,079,277	1,534,624	829,480	1,563,791	1,230,254	1,076,656
<b>Total funds invested</b>		<b>3,615,524</b>	<b>2,612,116</b>	<b>2,888,177</b>	<b>3,261,843</b>	<b>2,236,364</b>	<b>2,451,238</b>
Break-up value per share	( Rupees )	(8.48)	(36.87)	(29.52)	(22.22)	(15.53)	(3.07)
Earnings per share	( Rupees )	7.58	(10.16)	(10.23)	(8.36)	(14.90)	(6.05)



## 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 29th Annual General Meeting of the Company to be held on February 27, 2018 and at any  
adjournment thereof.

Signed \_\_\_\_\_ day of 2018.

**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  
سکرٹڈ شوگر ملز لمیٹڈ  
K-41، بلاک 6، پی۔ای۔سی۔ایچ۔ایس  
کراچی-75000

میں / ہم \_\_\_\_\_

ساکن \_\_\_\_\_

بحیثیت ممبر سکرٹڈ 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 27 فروری 2018 کو منعقد کیئے جانے والے کمپنی کے 29 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 شئیر 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۔

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



## Be aware, Be alert, Be safe

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

### Key features:

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator  
(based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk)

[@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices