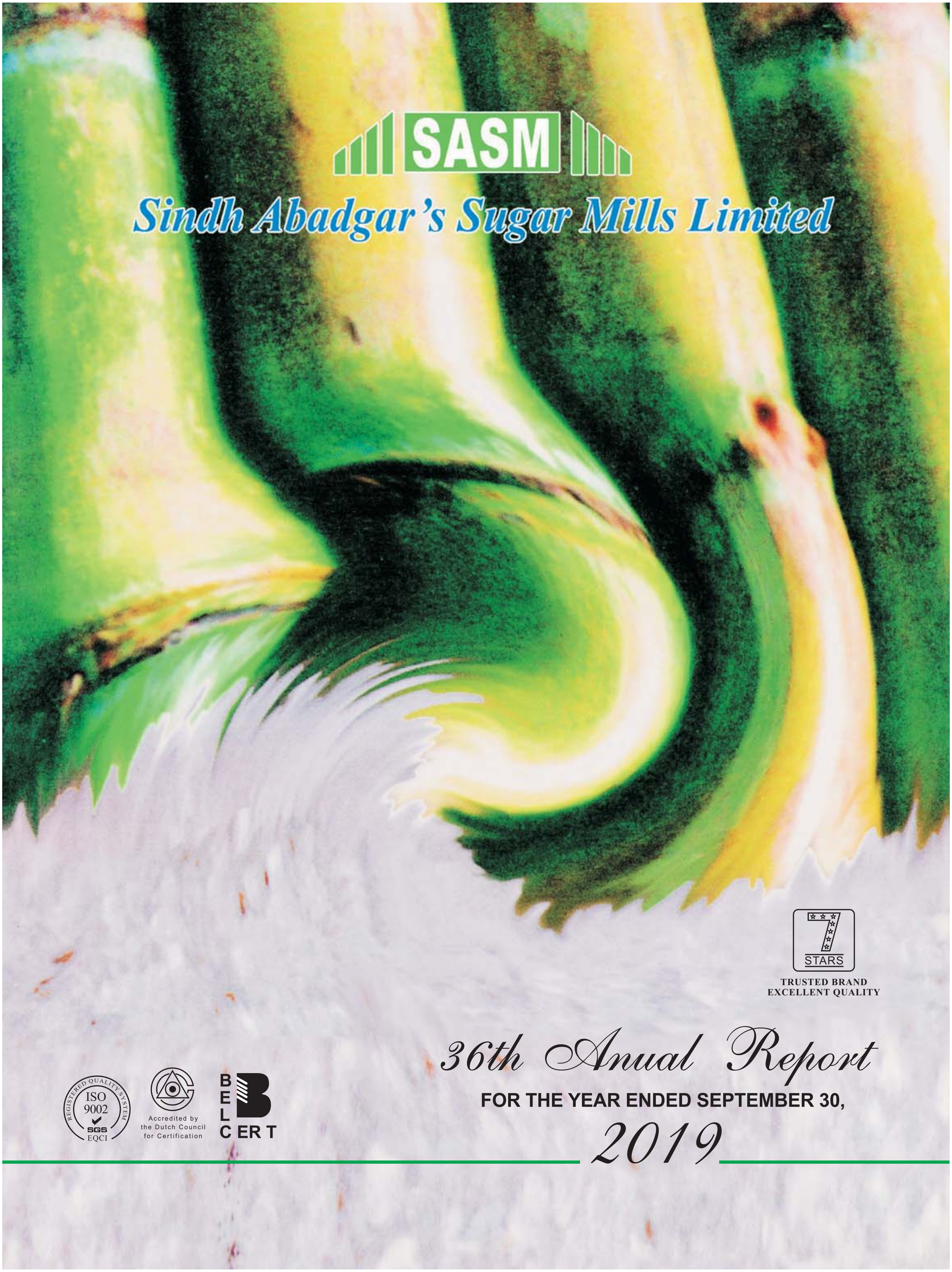

SASM

Sindh Abadgar's Sugar Mills Limited

7 STARS

TRUSTED BRAND
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36th Anual Report

FOR THE YEAR ENDED SEPTEMBER 30,

2019

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SINDH ABADGAR'S SUGAR MILLS LIMITED

36th ANNUAL REPORT 2019

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COMPANY PROFILE

DIRECTORS	Mr. Deoo Mal Essarani	Chairman
	Dr. Tara Chand Essarani	Chief Executive
	Mr. Mahesh Kumar	Director
	Mr. Dileep Kumar	Director
	Mr. Pehlaj Rai	Director
	Mr. Mohan Lal	Director
	Dr. Besham Kumar	Director
	Dr. Shafaqat Ali Shah	Independent Director
CHIEF FINANCIAL OFFICER	Syed Abid Hussain	
COMPANY SECRETARY	Mr. Aziz Ahmed	
BANKERS	Allied Bank Limited Askari Bank Limited Bank Al-Falah Limited MCB Bank Limited Bank AL Habib Limited United Bank Limited Meezan Bank Limited HBL Foreign Exch. Bank Limited	
AUDIT COMMITTEE	Dr. Shafaqat Ali Shah	Chairman
	Mr. Pehlaj Rai	Member
	Mr. Dileep Kumar	Member
	Dr. Besham Kumar	Member
HR AND REMUNERATION COMMITTEE	Dr. Shafaqat Ali Shah	Chairman
	Mr. Mohan Lal	Member
	Mr. Dileep Kumar	Member
AUDITORS	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
LEGAL ADVISOR	Yasin Ali, Advocate	
REGISTERED OFFICE	209, 2nd Floor, Progressive Plaza, Beaumont Road, Karachi-Pakistan.	
MILLS	Deh: Deenpur, Taluka. Bulri Shah Karim, Distt. Tando Muhammad Khan, Sindh-73024.	
REGISTRAR	JWAFFS Registrar Services (Pvt) Ltd. 407- 408, Al Ameera Centre, Shahrah e Iraq, Saddar, Karachi.	
EMAIL ADDRESS	sasm@unitedgroup.org.pk	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Sindh Abadgar's Sugar Mills Limited (the "company") will be held on January 10, 2020 (Friday) at 04:00 Pm at Pakistan Institute of International Affairs (PIIA) Near Sidco Avenue Centre, Opposite Libra Autos CNG Pump, MaulanaDeen Muhammad Wafai Road, Karachi., to transact the following businesses:

1. To confirm the Minutes of the Annual General Meeting held on 18th January, 2019..

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2019 together with the Chairman's Review, Directors' and Auditors' reports thereon.

3. To approve Final Cash Dividend @ 10% (i.e. Rs. 1/-) per Ordinary Share as recommended by the Board of Directors.

4. To appoint Statutory Auditors and fix their remuneration.

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

By Order of the Board

Aziz Ahmed
Company Secretary

Karachi.
December 05th 2019

NOTES:

BOOK CLOSURE NOTICE:

The Ordinary Shares Transfer Books of the Company will remain closed from 04-01-2020 to 10-01-2020 (both days inclusive) for entitlement of Cash Dividend (i.e. Rs.1 per Ordinary Share) and attending and voting at Annual General Meeting. Physical transfer/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on January 03, 2020 at Share Registrar M/s JWAFFS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar, Karachi., will be considered in time for entitlement of Cash Dividend and attending of meeting.

PROXIES

A member eligible to attend and vote at this meeting may appoint another member his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting. The proxy shall produce his / her original valid CNIC or original passport at the time of meeting.Shareholders are requested to immediately notify the Company of change in address, if any.

Members who have deposited their shares into Central Depository Company of Pakistan Ltd (CDC) will further have to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan.

A.For Attending the Meeting

- **a.** 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.

- **b.** 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 meeting.

B. For Appointing Proxies

- **a.** In case of individual, 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.

- **b.** The proxy form shall be witnessed by two persons, whose names addresses and CNIC number shall be mentioned on the form.

- **c.** Attested copies of the CNIC or the passport beneficial owners and the proxy shall be furnished with proxy form.

- **d.** The proxy shall produce his original CNIC or original passport at the time of the meeting.

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.

DEDUCTION OF WITHHOLDING, TAX ON DIVIDEND

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

- Filer 15%
- Non-Filer 30%

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required, take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

DEDUCTION OF WITHHOLDING TAX ON DIVIDEND IN CASE OF JOINT ACCOUNT HOLDERS

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and joint-holders in respect of shares held by them to our Share Registrar M/s JWAFFS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar, Karachi . Otherwise each joint holder shall be assumed to have an equal number of Shares.

Name of the Company		Sindh Abadgar's Sugar Mills Limited
Folio No. / CDS A/C No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholders	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder ____________________

EXEMPTION OF WITHHOLDING TAX:

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificates is made available to our Share Registrar Office, Share Registrar M/s JWAFFS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar, Karachi up to January 03, 2020.

SUBMISSION OF COPY OF CNIC (MANDATORY)

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to the Company or the Company's Share Registrar. All shareholders are once again requested to send a copy of their valid CNIC to our Share Registrar, Share Registrar office M/s JWAFFS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar, Karachi. The shareholders while sending CNIC must quote their respective folio numbers and name of the Company.

As per regulation no. 6 of the companies (Distribution of dividend) regulations, 2017 and section 243(2) of the Companies Act 2017, the company will be constrained to withhold payment of dividend of shareholders in case of non-availability of identification number of the shareholders.

ZAKAT DECLARATION

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat Declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund)

Rules, 1981 CZ-50 Form, In case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDC-Sub Account or CDC Investor Account) or to our Share Registrar,M/s. JWAFFS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar, Karachi. The Shareholders while sending the Zakat Declarations, as the case may be, must quote company name and their respective folio numbers.

Shareholders should also notify our Share Registrar, M/s. JWAFFS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah-e-Iraq, Saddar, Karachi., regarding any change in their addresses.

MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provisions of section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to the Company's Share Registrar at the address given herein above. In the case of Shares held in CDC, the same information should be provided directly to the CDS participants for updating and forwarding to the Company

Folio No. / Investor Account Number/ CDC Sub Account No.	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number Name of Network (if Ported)	
Email Address	

Signature of Shareholder ____________________

TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email on a standard request form which is available at the Company's website i.e. www.sasmltd.com and send the form , duly signed by the shareholders, alongwith copy of his/her CNIC to the Company's Share Registrar M/s. JWAFFS Registrar Services (Pvt) LTD, 407 & 408, 4th Floor, Alameera Centre, Sharah e Iraq, Saddar, Karachi.

CIRCULATION OF ANNUAL REPORT THROUGHCD/DVD/USB

In pursuance to SECP's SRO 470(1) 2016 dated 31st May 2016, the shareholders of the company in AGM held on 18th January 2019 had accorded their consent for transmission of annual report through CD/DVD/USB instead of transmitting the same in hard copy. Those shareholders who wish to receive hard copy may send request to the company secretary / share registrar and the company will then provide the hard copy to the shareholders without any cost.

UNCLAIMED DIVIDEND / SHARES

Shareholders who could not collect their dividend/Physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

VIDEO CONFERENCE FACILITY

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the Annual General Meeting. The request for video-link facility shall be received by Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting on the Standard Form placed in the annual report which is also available on the website of the Company.

CHAIRMAN'S REPORT

On behalf of the Board of Directors, I am pleased to present to you a review report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the company's objectives under section 192 of the Companies Act, 2017.

The composition of the Board of Directors represents mix of varied back grounds and rich experience in the field of business, banking etc.

The Board provides strategic directions to the Company and give the management to achieve objectives and goals of the Company.

Annual evaluation of the Board of Directors as required under the code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the Company set at the beginning of the year and I report that:

1. The overall performance of the Board for the year under review was satisfactory.

2. The Board had full understanding of the vision and mission statements and frequently revisits them to update with the changing market conditions.

3. The Board members attended Board meetings during the year and participated in important Company's matter.

4. The Board undertook an overall review of business risks to ensure effectiveness of risk identification, risk management and internal controls to safeguard assets and interest of the company and shareholders.

5. The Board members regularly received reports on finances / budgets , production and other important matters which helped them take effective decisions.

6. The Board members were updated with regard to achievement of financial results through regular presentations by the management and accordingly received directions and oversight on a timely basis.

I would like to thank the Board members for their commitments and untiring efforts by overcoming the difficulties posed by the unstable market environments.

Deoomal Essarani
Chairman

KARACHI: 5th December, 2019

چیئرمین کی رپورٹ

بورڈ آف ڈائریکٹر کی جانب، میں انتہائی مسرت کے ساتھ بورڈ کی مجملہ کارکردگی اور کمپنیز ایکٹ 2017 کے دفعہ 192 کے تحت کمپنی کے اغراض کے حصول کے سلسلے میں بورڈ کی جانب سے سرانجام دیئے گئے موثر کردار پر ایک جائزہ رپورٹ آپ کے سامنے پیش کر رہا ہوں۔

بورڈ آف ڈائریکٹرز مختلف پس منظر کے پہلو اور بزنس، بینکنگ وغیرہ میں بہت زیادہ تجربہ کے مالک ہیں۔

بورڈ کمپنی کو حکمت عملی سے متعلقہ ہدایات فراہم کرتا ہے اور کمپنی کے اغراض ومقاصد کے حصول کیلئے انتظامی امور سرانجام دیتا ہے۔

سال کے آغاز میں طے کیے کمپنی کے اہداف کے تناظر میں بورڈ آف ڈائریکٹر کا سالانہ جائزہ لیا ہے تاکہ بورڈ کی موثریت اور کارکردگی کا اندازہ لگایا جائے جیسا کہ یہ کارپوریٹ گورننس کے ضابطہ کا تقاضہ ہے۔ میں رپورٹ پیش کرتا ہوں کہ:

1) زیر جائزہ سال کیلئے بورڈ کی مجملہ کارکردگی مطمئن بخش رہی۔

2) بورڈ کمپنی کے نظریہ اور اہداف کے سلسلے میں مکمل سمجھ بوجھ رکھتا تھا اور باقاعدہ جائزہ لیتا رہا تاکہ اسے بدلتی ہوئی مارکیٹ کی صورتحال کے ساتھ تازہ ترین کیا جائے۔

3) بورڈ کے ممبران نے سال کے دوران بورڈ میٹنگ میں متواتر شرکت کی اور کمپنی کے اہم معاملات میں پیش پیش رہے۔

4) بورڈ نے کاروبار کو لاحق مجملہ خطرات کا جائزہ لیا تاکہ خطرہ کی موثر طور سے شناخت کی جاسکے اور اسے بہتر طور سے نمٹا جاسکے اور اندرونی طور پر بہتر انضباط قائم رکھا تاکہ کمپنی اور اس کے شیئر ہولڈرز کے مفاد اور اثاثہ جات کو تحفظ فراہم کیا جاسکے۔

5) بورڈ ممبران متواتر مالیاتی / بجٹ، پیداواری اور دیگر اہم معاملات کی رپورٹس کا جائزہ لیتے رہے، جس نے انہیں اس قابل بنایا کہ وہ موثر فیصلہ لے سکیں۔

6) بورڈ ممبران بورڈ انتظامیہ کی جانب سے باقاعدہ پریزنٹیشن کے ذریعے، مالیاتی نتائج کے حصول کے حوالے سے تازہ ترین رہے اور اس طرح بروقت ہدایات موصول ہوئیں اور کمی بیشی کا سدِ باب کیا گیا۔

میں بورڈ ممبران کو غیر مستحکم کاروباری ماحول کے سبب درپیش مسائل پر قابو پانے کیلئے ان کی تہدیت اور اتاہ کوششوں پر ان کا شکریہ ادا کرنا چاہوں گا۔

ڈیومل ایسرانی
چیئرمین
کراچی: 5 دسمبر 2019

DIRECTORS' REPORT TO THE SHARES HOLDERS

Dear Members - Assalam o-Alaikum,

On behalf of the Board of Directors of Sindh Abadgar's Sugar Mills Ltd, we are pleased to submit the Directors' report and the audited financial statements of the Company for the year ended 30th September, 2019.

Financial Results	**2019**	**2018**
	Rupees	**Rupees**
Profit before tax	**41,192,279**	**125,472,507**
Taxation - net	**8,461,406**	**(57,261,917)**
Profit after taxation	**49,653,685**	**68,210,590**
Incremental Depreciation transferred from surplus on revaluation of fixed assets net of deferred tax	**118,742,094**	**63,546,353**
	168,395,779	**131,756,943**
Final Dividend for the year ended 30 September, 2018	**(16,680,000)**	**-**
Accumulated (Loss) brought forward	**(295,741,993)**	**(427,498,936)**
Accumulated (Loss) carry forward	**(144,026,214)**	**(295,741,993)**
Earnings per Share	**4.76**	**6.54**

The Company posted a sales volume of 38,023 Metric tons of Sugar compared to 88,112 metric tons in the corresponding year dropped by 57%. Accordingly, sales in term of rupee achieved at Rs. 2,211 million compared to Rs. 4,216 million in the last year decreased by 48% . The average sugar prices, however, remained higher during the year amid steady demand in local market attained at Rs. 58,157 per ton compared to Rs. 47,852 per ton in the corresponding period. The plant operated only 88 days mainly because of insufficient supply of Sugarcane, during the year Mill's operation was excellent concentrated on improving efficiency by which the sucrose recovery from sugarcane surged to 10.78% from 10.19% in the corresponding season resulting significant favorable impact on the profitability of the company.

The factory and administrative overheads remained under control almost at par with the last year in spite of double digit inflation and devaluation of rupee. The financial cost however, has increased to Rs. 198.46 million during the year from Rs. 116.132 million in the corresponding period mainly owing to unprecedented increase in discount rate from 8.5% in September 2018 to 13.25% during the year. The Gross profit on sales achieved at 15.12% compared to 8.25% in the corresponding year due to better average selling price and improved sucrose recovery. The EBITDA has increased by 15% recorded at Rs. 492.955 million compared to Rs. 425.950 million. Profit after tax has decreased by 27% achieved at Rs. 49.653 million compared to last year's Rs. 68.21 million with earning per share stood at Rs. 4.76 as against Rs. 6.54 in the corresponding year.

Dividend

The Board of Directors in its meeting held on 5th December, 2019 recommended 10% Final Cash Dividend for the year ended 30th September 2019 which will be approved by the shareholders in an Annual General meeting to be held on 10th January 2020.

Operational Results

		2018-19	2017-18
Crushing Commenced		13.12.2018	28.11.2017
Crushing Ended		10.03.2019	09.04.2018
Days worked Gross	Days	88	133
Sugar Cane crushed	- Tons	431,457	660,056
Net crushing	- Days	84	106
Daily average crushing	- Gross days	4,903	4,963
Daily average crushing	- Net days	5,136	6,227
Capacity utilization	- %	61	62
Sugar produced	- Tons	46,634	67,244
Sugar recovery	- %	10.78	10.19
Molasses produced	- Tons	20,100	34,330
Molasses produced % Sugarcane	- %	4.65	5.20

The company commenced its crushing on 13th December, 2018 and remained in operation until 10th March 2019. The lesser number of days plant operated was attributed to inadequate production of sugarcane. Accordingly, the company crushed 431,457 M. Tons Sugarcane during the season compared to 660,056 M. Tons in the preceeding season sharply dropped by 228,599M. Tons (34.63%). Similarly, sugar produced from sugarcane has also declined by 20,610 M. Tons(30.65%) from 67,244 M. Tons in the corresponding season to 46,634 M. Tons. The sucrose recovery however, has remarkably improved by 0.59% from 10.19% in the comparable season to 10.78% during the year.

Industry Overview

Sugar cane production in Pakistan is significantly decreased in 2018-19 achieved at 74 million metric tons compared to 83.290 million metric tons in 2017-18 dropped by 20% attributed to a decrease in plantation area followed by less rain and shortage of water in canals. The minimum support price per 40 kg of sugarcane fixed by the provincial governments at Rs. 180 per 40 kgs in Punjab and KPK, for Sindh at 182 per 40 kgs. The actual procurement price per 40 kgs paid by Sugar Mills in Sindh was more than the minimum support price in view of less availability of Sugar cane. The production of sugar remained at 5.5 million metric tons compared to 7.225 million in 2017-18 dropped by 16% contributed to reduction of carryover stock and flare up in local sugar price.

Corporate Social Responsibility Activities

Your company is committed towards providing its staff & workers a safe and healthy environment. Pollution free atmosphere and accordingly has installed necessary equipment in order to remain compliant with the safety rules and regulations. The company being a good corporate citizen is contributing towards improving the life style of community inhabited around the factory by providing them financial assistance, free health care, meal, education etc., to the deserving people.

Impact on Environment

Your company is strongly committed to its environmental responsibilities and fulfilling them, as per Sindh Environmental Protection Agency Rules. The company has imported effluent treatment plant to keep the environment free from the harmful effect caused by the effluent. Your company have already launched "Tree Plantation Campaign" and till now 350,000 trees have been planted.

Future Outlook

Going forward sugar production for the upcoming season is anticipated to be less on YOY due to less cultivation of sugarcane. Procurement cost of sugarcane will tend to be higher than the current year. The cost of production will also to increase owing to double digit inflation and devaluation of Pak Rupee. Somehow, high cost of sugar will however, be mitigated by selling price of sugar which will remain firm in view of depleting carryover stock of sugar and steady increase of consumption in the country. We request to the government to keep the sugarcane rate in correlation with sugar price taking into account the under-utilization of capacity and recurring fixed cost associated with the operations of the mills. Cognizable solution is therefore required whereby sugar mills should also be benefited to overcome their colossal losses incurred for the last many years, otherwise operation of mills will not sustain in the long run.

The ongoing regulatory compliance regarding mandatory submission of CNIC, now deferred till 01st January 2020 along with increase in sales tax on sugar may result sluggish demand of sales in the near future. The company has also been taking measures and implementing improvement plans boosting productivity and streamlining the production process to optimize efficiency, to reduce the inflation impact and remain profitable.

Code of Corporate Governance

The Company has adopted the Code of Corporate Governance promulgated by the Securities & Exchange Commission of Pakistan. We have implemented the mandatory provisions and have provided explanations for the exceptions and welcome the Government step to get fully disclosed financial statements to closely monitor the corporate sector. We hope it will go a long way in confidence building of small investors and will boost corporate investment.

Directors' Training program

We are pleased to inform you that the company is compliant to clause 19 of the Listed Companies (Code of Corporate Governance) Regulation, 2017 with regard to Directors' Training program and no training has been arranged during the year.

Statement on Corporate and Financial Reporting Framework

The Board is pleased to confirm the following:
The financial statements, prepared by the company, present fairly its state ofaffairs, the result of its operations, cash flows and changes in equity.

1. Proper books of accounts of the company have been maintained.
2. 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.
3. International Accounting Standards, as applicable in Pakistan, have been followed inpreparation of the financial statements and deviation there from if any, has beena dequately disclosed.
4. The system of internal control is sound in design and has been effectively implemented and monitored regularly.
5. There are no significant doubts upon the Company's ability to continue as a going concern.
6. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
7. The statement of ethics and business strategy is prepared and circulated among the directors and employees.
8. The value of investment in provident fund was Rs. 58.203 million as on 30-06-2019 based on un-audited accounts of the Provident Fund Trust.
9. The Board has adopted a mission statement and a statement of overall corporate strategy.
10. Key operating and financial data for last six years, in summarized form, is given on page 25 .
11. Information about the taxes and levies is given in the notes to the financial statements.

12. The pattern of shareholding and additional information regarding pattern ofshareholding is given on page 80 and 81.

During the year 2018-2019 four (4) meetings of the Board of Directors were held.

Attendance of each Director was as under:

Name of Directors	No. of Meetings attended
Mr. Deoo Mal Essarani	4
Dr. Tara Chand	4
Mr. Dileep Kumar	2
Mr. PehlajRai	2
Mr. Mohan Lal	2
Dr. Besham Kumar	2
Mr. Mahesh Kumar	4
Mr. Shafaqat Ali Shah	4

The leave of absence was granted to the Directors who could not attend the meeting due to their pre-occupation.

No shares were traded by Directors, C.E.O., C.F.O., Company Secretary and/or their spouses and minor children.

Code of Conduct & Ethics

It is the company's policy to conduct its operations in accordance with the highest business ethical considerations, to comply with all statutory regulations and to conform to the best accepted standards of good corporate citizenship. This policy applies to all directors and employees of the Company regardless of function, grade or standing.

1. The Company's activities and operations are carried out in strict compliance with allapplicable laws and the highest ethical standards. The directors and employees ensure that the company deals in all fairness with its customers, suppliers and competitors.

2. In its relations with governmental agencies, customers and suppliers, the Company does not, directly or indirectly engage in any corrupt business practices.

3. The directors and employees do not take advantage of the Company's information or property or their position with the company to develop inappropriate gains or opportunities.

Directors' Remuneration Policy

The Board has approved a Directors' Remuneration Policy, which described in detail the objectives and transparent procedures for the remuneration package of individual director. The company does not pay remuneration to non-executive director except for attending meeting of the Board and its committee. The remuneration however is paid to executive directors based on their annual appraisal.

Directors' Remuneration

Detail of aggregate amount of remuneration to executive and non-executive directors are disclosed in note 32 to the financial statement.

Composition of Board

Total Number of Directors

(a)	Male	8
(b)	Female	0

Composition:

Independent Director	01
Non-executive Directors	05
Executive Directors	02

Audit Committee

The audit committee of the Company comprises of the following members:

Dr. Shafaqat Ali Shah	...	Chairman
Dr. Besham Kumar	...	Member
Mr. Dileep Kumar	...	Member
Mr. Pehlaj Rai	...	Member

HR and Remuneration Committee

The HR and Remuneration Committee of the Company comprises of the following members:

Dr. Shafaqat Ali Shah	...	Chairman
Mr. Mohan Lal	...	Member
Mr. Dileep Kumar	...	Member

Credit Rating

The long term rating of the Company is BBB and the short term is A2 assigned by Pakistan Credit Rating Agency Limited. The outlook of the assigned rating is stable.

Subsequent Material Events

No material changes and commitments affecting the financial positions of the Company occurred after 30th September 2019 till of the issue of this financial statement.

Evaluation of Board of Directors'

The Board of Directors has evolved a criteria to measures the performance of each member of the Board & its Committees. Annual evaluation as required under the Code of Corporate Governance has been carried out against the criteria / objectives set out at the beginning of the year.

Statutory Auditors

The present auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board's Audit Committee has recommended appointment of M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as auditors for the ensuing year, also.

Conclusion

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

On behalf of the Board of Directors

Dr. Tara Chand **Chief Executive Officer**	**Mahesh Kumar** **Director**

Dated: 5th December, 2019

SASM

ڈائریکٹرز رپورٹ برائے حصص داران

پیارے ممبران- اسلام علیکم!

ہم سندھ آباد گار شوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز، انتہائی مسرت کے ساتھ ڈائریکٹرز کی رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے سال اختتام پذیر 30 ستمبر 2019 پیش کر رہے ہیں۔

مالیاتی نتائج:	2018-19 روپے میں	2017-18 روپے میں
نفع ماقبل ٹیکس	41,192,279	125,472,507
ٹیکس منجملہ	8,461,406	(57,261,917)
نفع مابعد ٹیکس	49,653,685	68,210,590
منجمد اثاثوں کی قدر و قیمت کے تعینِ نو، متاخر ٹیکس میں ہونے والی گراوٹ میں اضافت سے انتقال	118,742,094	63,546,353
	168,395,779	131,956,943
حتمی ڈیوی ڈنڈ (منقسمہ) برائے سال اختتام پذیر 30 ستمبر 2018	**(16,680,000)**	-
منجملہ (نقصان) سامنے لایا گیا	(295,741,993)	(427,498,936)
منجملہ (نقصان) حاصل سابق	(144,026,214)	(295,741,993)
فی شیئر کمائی مابعد ٹیکس	**4.76**	**6.54**

کمپنی کا فروختگی 38,023 میٹرک ٹن چینی رہا جبکہ اس کے مقابلے میں گذشتہ سال 88,112 میٹرک ٹن تھا یعنی 57 فیصد تک کمی ہوئی۔ اسی طرح فروخت روپے اعتبار سے 2,211 ملین روپے رہی جبکہ اس کے مقابلے میں مماثل دورانیہ میں یہ فروخت 4,216 ملین تھی یعنی 48 فیصد کمی ہوئی۔ تاہم چینی کے نرخ کا تناسب پورے سال زیادہ رہا جس کی وجہ مقامی مارکیٹ میں متواتر طلب رہی یعنی 58,157 روپے فی ٹن جبکہ مماثل دورانیہ سے اس کا تقابل کیا جائے تو 47,852 روپے فی ٹن تھی۔ پلانٹ نے صرف 88 دن کام کیا جس کی اصل وجہ زیرِ غور سال کے دوران گنے کی نامعقول ترسیل ہے۔ ملز کی کارکردگی میں نمایاں اضافہ ہوا اور گنے سے سکروز کی وصولیابی میں نمایاں بہتری آئی یعنی 10.78 فیصد جبکہ مماثل سیزن میں 10.19 فیصد تھی، جس کے نتیجے میں کمپنی کے منافع پر اچھا اثر رونما ہوا۔

فیکٹری اور انتظامی اخراجات، دوگنی مہنگائی اور روپے کی بے قدری کے باوجود بھی تقریباً پچھلے سال کے تناسب میں ہی رہے۔
تاہم مالی لاگت میں اضافہ ہوا یعنی مبلغ 198.46 ملین جبکہ پچھلے سال یہ لاگت مبلغ 116.132 ملین تھی جس کی اصل وجہ رعایتی نرخ میں غیر متوقع اضافہ رہا یعنی ماہ ستمبر 2018 میں 8.5 فیصد جبکہ زیر غور سال کے دوران 13.25 فیصد رہا۔ فروختگی پر مجملہ منافع 15.12 فیصد رہا جبکہ مماثل سال 8.25 فیصد تھا جس کی وجہ فروختگی نرخ کے تناسب میں اضافہ اور بہتر سکروز کی وصولیابی ہے۔ EBITDA، 15 فیصد اضافہ سے مبلغ 492.955 ملین روپے ریکارڈ کیا گیا جبکہ اس کے مقابلہ میں 425.950 ملین تھا۔ منافع مابعد ٹیکس 15 فیصد تک کمی کا شکار ہو کر 49.653 ملین روپے حاصل ہوا جبکہ گذشتہ سال 68.21 ملین تھا، اس طرح فی شیئر آمدن، گذشتہ سال 6.54 روپے کے مقابلے میں 4.76 روپے رہی۔

منقسمہ:

بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 5 دسمبر 2019 میں سال اختتام پذیر 30 ستمبر 2019 کیلئے 10 فیصد حتمی کیش منقسمہ تجویز کیا ہے جس کی منظوری شیئرز ہولڈر کی جانب سے سالانہ جنرل میٹنگ جو کہ 10 جنوری 2020 کو منعقد ہوگی، میں دی جائے گی۔

عملیاتی نتائج:

		2018-19	2017-18
پسائی کا آغاز		13-12-2018	28-11-2017
پسائی کا اختتام		10-03-2019	09-04-2018
کام کے ایام (مجموعی)	- ایام	88	133
گنے کی پیسائی	- ٹن	431,457	660,056
خالص پیسائی کے ایام	- ایام	84	106
روزانہ پیسائی کا تناسب	- مجموعہ ایام	4,903	4,963
روزانہ پیسائی کا تناسب	- خالص ایام پر	5,136	6,227
استعمال کی استعداد	- فیصد	61	62
شکر کی پیداوار	- ٹن	46,634	67,244
شکر کی وصولیابی	- فیصد	10.78	10.19
شیرہ کی پیداوار	- ٹن	20,100	34,330
شیرہ کی وصولیابی	-	4.65	5.20

کمپنی نے پیسائی کا آغاز مورخہ 13 دسمبر 2018 کو شروع کیا اور 10 مارچ 2019 تک یہ عمل جاری رہا۔ پلانٹ کے کم ایام کام کی وجہ گنے کی غیر معقول پیداوار رہی۔ لہٰذا کمپنی نے سیزن کے دوران 431,457 میٹرک ٹن گنے کی پیسائی کی جبکہ گذشتہ مماثل سیزن میں

660,056 میٹرک ٹن تھی یعنی 228,599 میٹرک ٹن (34.63 فیصد) کی واضح کمی ہوئی۔ اسی طرح گنے سے حاصل ہونے والی چینی میں بھی 20,610 میٹرک ٹن (30.65 فیصد) کی کمی ہوئی اور اس طرح مماثل سیزن میں 67,244 میٹرک ٹن کے مقابلے میں 46,634 میٹرک ٹن رہی۔ تاہم شیرہ (سکروز) کی وصولیابی میں قابلِ دید 0.59 فیصد کا اضافہ ہوا یعنی مماثل سیزن مین 10.19 فیصد کے مقابلے میں 10.78 فیصد رہا۔

صنعت کا عمومی جائزہ:

پاکستان میں سال 19-2018 میں گنے کی پیداوار میں نمایاں کمی یعنی 20 فیصد تک کمی واقع ہوئی اس طرح گذشتہ مماثل دورانیہ سال 18-2017 میں 83.290 ملین میٹرک ٹن کے مقابلے میں 74 ملین میٹرک ٹن رہی جس کی اصل وجہ زرخیر علاقوں میں بارش نہ ہونے کے سبب کمی اور کنالوں میں پانی کی کمیابی ہے۔ صوبائی حکومتوں کی جانب سے گنے کی کم ازکم قیمت 180 روپے فی 40 کلو پنجاب میں اور خیبر پختونخواہ جبکہ سندھ میں 182 روپے فی 40 کلو طے کی گئی تاہم سندھ میں قائم شوگر ملز نے گنے کی عدم دستیابی کے باعث کم ازکم نرخ سے زیادہ نرخ ادا کیے۔ چینی کی پیدوار 5.5 ملین میٹرک ٹن رہی اس کے مقابلے میں گذشتہ سال 7.225 ملین میٹرک ٹن تھی جو کہ 16 فیصد تک گراوٹ کا اظہار ہے، اس وجہ سے پچھلے اسٹاک میں کمی واقع ہوئی اور مقامی طور پر چینی کے نرخ میں اضافہ ہوا۔

کارپوریٹ سماجی سرگرمیاں (CSRA)

آپ کی کمپنی اپنے اسٹاف اور ورکرز کو محفوظ اور صحتمند ماحول کی فراہمی کا اعادہ کیے ہوئے ہے۔ آلودگی سے پاک ماحول کیلئے اور محافظتی اصول اور ضابطوں کی پیروی کے لئے ضروری آلات نصب کیے گئے ہیں۔ اس کے علاوہ آپ کی کمپنی ملز کے قریبی باشندوں کے طرزِ زندگی بہتر بنانے کا بھی عزم کیے ہوئے ہے لہٰذا کمپنی نے مفت طبی سہولیات، متواتر غذائی فراہمی اور مفت تعلیم وغیرہ سے ضرورت مند لوگوں کی امداد کر رہی ہے۔

ماحولیاتی اثرات

آپ کی کمپنی ماحولیاتی ذمہ داریوں پر انجام دہی کا عزم کیے ہوئے ہے اور سندھ انوائرمنٹل پروٹیکشن ایجنسی رولز کے مطابق اسے پورا کر رہی ہے۔ کمپنی نے فضلہ کے سدِ باب کا پلانٹ درآمد کیا ہے تاکہ فضلہ کے مضر اثرات سے پاک ماحول برقرار رکھا جائے اور اس کے علاوہ آپ کی کمپنی نے پہلے سے ہی ''درخت لگانے کی مہم'' شروع کر رکھی ہے اور اب تک 350,000 درخت لگائے جا چکے ہیں۔

مستقبل کے امکانات

گنے کی کاشت میں کمی کی وجہ سے آئندہ سیزن کیلئے گنے کی پیداوار میں سال بہ سال کمی متوقع ہے۔ گنا کے حصول کی قیمت موجودہ سال کے مقابلے میں بڑھنے کے امکانات ہیں۔ جبکہ دوگنی مہنگائی اور پاکستانی روپے کی بے قدری کی وجہ سے پیداواری لاگت میں بھی اضافہ ہوسکتا ہے۔ تاہم چینی کی پیداواری قیمت میں اضافہ کا سدِ باب کسی نہ کسی طور سے دستیاب اسٹاک سے چینی کی فروخت اور ملک کی بڑھتی کھپت سے پورا کیا جا سکے گا۔ ہم حکومت سے درخواست کرتے ہیں کہ وہ گنے کی قیمتیں چینی کے نرخ کے حساب سے طے کرے اور اس سلسلے میں اس کے تصرف کو بھی زیرِ غور رکھے اور ملز کی عملیات کے پیشِ نظر طے شدہ لاگت کو دیکھے۔ لہٰذا اس سلسلے میں قابلِ فہم حل

درکار ہے جس کے ذریعے شوگر ملز کو فائدہ پہنچایا جائے تا کہ وہ گذشتہ کئی سالوں سے برداشت کیے جانے والے خسارے پر قابو پا سکیں ، بصورت دیگر ملز تادیر قائم رہنے کے قابل نہیں ہوں گی ۔

جاری وہ ساری شناختی کارڈ جمع کرانے اور چینی پر سیلز ٹیکس عائد کرنے کے حوالے سے ریگولیٹری تقاضے 01 جنوری 2020 تک ۔ی کر دیے گئے ہیں، جس کے نتیجے میں مستقبل قریب میں فروخت کی طلب میں کمی متوقع ہے ۔ کمپنی نے اس کے علاوہ اقدامات اٹھائے ہیں اور اصلاحی منصوبہ بندیوں پر عملدرآمد شروع کر دیا ہے تا کہ پیداوار میں اضافہ کیا جائے اور صلاحیت میں اضافہ کیلئے پیداواری عمل میں بہتری لائی ہے، تا کہ مہنگائی کے اثرات پر قابو پایا جائے اور کمپنی کو قابلِ منافع رکھا جائے ۔

کارپوریٹ طرزِ حکمرانی کے ضابطے

کمپنی نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے لاگو کردہ تنظیمی طرزِ حکمرانی کے ضابطے کو اختیار کیا ہے ۔ ہم نے تمام تر لازمی ضوابط پر عملدرآمد کیا ہے اور کارپوریٹ سیکٹر کی نگرانی کیلئے اٹھائے گئے حکومتی اقدام کہ مالیاتی گوشواروں کو واضح انداز میں منظرِ عام پر لایا جائے، کا خیر مقدم کرتی ہے ۔ ہم امید کرتے ہیں کہ یہ چھوٹے سرمایہ داروں کے اعتماد بحال کرنے میں معاون ہوگا اور اس طرح کارپوریٹ سرمایہ کاری میں اضافہ ممکن ہوگا ۔

ڈائریکٹرز کا تربیتی پروگرام

ہم انتہائی مسرت کے ساتھ آپ کو آگاہ کرتے ہیں کہ کمپنی ڈائریکٹرز کے تربیتی پروگرام کے حوالے سے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کی شق 19 کی پیروی کرتی رہی ہے جبکہ زیرِ غور سال کے دوران کوئی تربیت نہیں دی گئی ہے ۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان:

کمپنی کی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی گوشوارے، شفافیت کے ساتھ، اس کے اعمال، نقد کا بہاؤ اور شیئرز میں تبدیلیاں پیش کرتے ہیں ۔

1) کمپنی کے اکاؤنٹس کی باضابطہ کتب برقرار رکھی گئی ہیں ۔

2) مالیاتی گوشواروں کی تیاری میں تواتر کے ساتھ مناسب اکاؤنٹنگ پالیسی لاگو کی گئی ہے، تبدیلیاں، اگر کوئی ہوں، انہیں ٹھیک طور پر واضح کیا جاتا ہے اور محاسبتی تخمینہ کاری معقول اور دانشمندانہ فیصلوں پر مبنی ہے ۔

3) بین الاقوامی معیارات، جو کہ پاکستان میں لاگو ہیں، مالیاتی گوشواروں کی تیاری میں پاسداری کی گئی ہے اور اس میں اگر کوئی انحراف ہے تو اسے ٹھیک انداز میں منظرِ عام پر لایا گیا ہے ۔

4) اندرونی نظم ونسق کا نظام موثر طرز سے ترتیب دیا گیا ہے اور اس پر موثر انداز میں عملدرآمد و نگرانی جاری ہے۔

5) کمپنی کی صلاحیت پر کوئی قابلِ ذکر — وشبہات موجود نہیں اور اس کا کاروبار جاری و ساری ہے۔

6) درج مندرج ضوابط میں تفصیل کردہ، کارپوریٹ گورننس کی پاسداری میں کوئی ٹھوس انحراف موجود نہیں ہے۔

7) اخلاقی گوشوارے اور کاروباری حکمت عملی بنائی گئی ہے اور اسے ڈائریکٹرز اور ملازمین کیلئے دستیاب بنایا گیا ہے۔

8) پروویڈنٹ فنڈ میں سرمایہ کاری کی قدر مورخہ 30-06-2019 تک مبلغ 58.203 ملین روپے تھی، جب کہ یہ پروویڈنٹ فنڈ ٹرسٹ کے قدر غیر محاسبتی اکاؤنٹس پر منحصر ہے۔

9) بورڈ نے ایک اہدافی گوشوارہ اور منجملہ کارپوریٹ حکمت عملی پر ایک گوشوارہ اختیار کیا ہے۔

10) چھ سالہ کلیدی اعمال اور مالیاتی اعداد و شمار، مختصراً انداز میں، صفحہ نمبر 25 پر موجود ہیں۔

11) ٹیکس اور دیگر مراعات کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔

12) حصص داری کا خاکہ اور حصص داری کے خاکے سے متعلقہ مزید معلومات صفحہ نمبر 80 اور 81 پر موجود ہے۔

13) رواں سال 2018-19 میں بورڈ آف ڈائریکٹرز کی چار (4) میٹنگ منعقد کی گئیں:-
ہر ایک ڈائریکٹر کی حاضری ذیل مطابق ہے:-

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
جناب ڈیول ایسرانی	4
ڈاکٹر تاراچند ایسرانی	4
جناب دلیپ کمار	2
جناب پہلاج رائے	2
جناب موہن لال	2
ڈاکٹر بیشام کمار	2
جناب مہیش کمار	4
جناب شفاقت علی شاہ	4

ایسے ڈائریکٹرز جو کہ اپنے ذاتی مصروفیات کی بناء پر میٹنگ میں حاضر نہ ہو سکے، انہیں رخصت عنایت کی گئی تھی۔

ڈائریکٹرز، C.E.O، C.F.O، کمپنی کے سیکریٹری اور/یا ان کے ازواج اور چھوٹے بچوں نے کوئی شیئر کا کاروبار نہیں کیا ہے۔

طرزِ عمل اور اخلاقی ضابطے

یہ کمپنی کی پالیسی ہے کہ وہ اپنے اعمال عمدہ ترین کاروباری اخلاقیات کو زیرِ غور لاتے ہوئے سرانجام دیتی ہے، تاکہ تمام قانونی ضوابط کی پاسداری کی جائے اور اچھی کاروباری اہلیت کے معیارات کو اچھے انداز میں قبول کرنے کو یقینی بنایا جائے۔ فرائض، عہدہ یا حیثیت کو خاطر میں لائے بغیر اس پالیسی کا اطلاق تمام ڈائریکٹرز اور کمپنی کے ملازمین پر ہوتا ہے۔

1) کمپنی کی سرگرمیاں اور اعمال تمام لاگو قوانین اور بہترین اخلاقی معیارات کی پاسداری میں اسرنجام دی گئیں۔
2) حکومتی اداروں، صارفین اور سپلائرز کے ضمن میں، کمپنی بلاواسطہ یا بلواسطہ کسی بدعنوان کاروباری اعمال میں ملوث نہیں رہی۔
3) ڈائریکٹرز اور کمپنی کے ملازمین نے، کمپنی کی معلومات یا جائیداد یا کمپنی کے ساتھ ان کے عہدے سے کسی قسم کا کوئی فائدہ حاصل نہیں کیا ہے کہ جس کے ذریعے نامعقول فائدے یا مواقع تخلیق کیے جائیں۔

ڈائریکٹر کی تنخواہ جاتی پالیسی

بورڈ نے ڈائریکٹر کی تنخواہ جاتی پالیسی منظور کی ہے، جو کہ انفرادی ڈائریکٹر کیلئے تنخواہ کے پیکج کی وضاحت اور شفاف طریقہ کار بیان کرتی ہے۔ کمپنی نے کسی نان ایگزیکٹو ڈائریکٹر کو تنخواہ ادا نہیں کی ہے ماسوائے بورڈ کی میٹنگ اور اس کی کمیٹی میں حاضر ہونے کیلئے۔ تاہم، ایگزیکٹو ڈائریکٹرز کو تنخواہ ادا کی گئی ہے جو کہ سالانہ تشخیص پر مبنی ہے۔

ڈائریکٹرز کی تنخواہ

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹر کی تنخواہ کی مجملہ رقم مالیاتی گوشوارے کے نوٹ 32 میں ظاہر کی گئی ہے۔

بورڈ کا مرکب

ڈائریکٹرز کی کل تعداد

(الف)	مرد	8
(ب)	زن	0

مرکب:

خودمختار ڈائریکٹر	01
دیگر نان ایگزیکٹو ڈائریکٹرز	05
ایگزیکٹو ڈائریکٹرز	02

آڈٹ کمیٹی:

کمپنی کی آڈٹ کمیٹی درج ذیل اراکین پر مشتمل ہے:-

ڈاکٹر شفاقت علی شاہ	چیئرمین
جناب ہیشام کمار	ممبر

جناب دلیپ کمار	ممبر
جناب پہلاج رائے	ممبر

ایچ آر اور تنخواہ جاتی کمیٹی

ایچ آر اور تنخواہ جاتی کمیٹی درج ذیل اراکین پر مشتمل ہے:-

ڈاکٹر شفاقت علی شاہ	چیئرمین
جناب موہن لال	ممبر
جناب دلیپ کمار	ممبر

کریڈٹ ریٹنگ:

کمپنی کی لمبے دورانیہ کیلئے ریٹنگ BBB ہے جبکہ مختصر دورانیہ کیلئے A2 جو کہ پاکستان کریڈٹ ریٹنگ ایجنسی کی جانب سے تفویض کی گئی ہے۔تفویض کی گئی ریٹنگ کا نقطہ نظر مستحکم ہے۔

مابعد مادی تبدیلیاں:

30 ستمبر 2019 کے بعد سے اس مالی گوشوارے کے اجراء تک کوئی ایسی مادی تبدیلیاں یا معاہدے نہیں کیے گئے ہیں جو کہ کمپنی کی مالی حالت پر اثر انداز ہوتے ہوں۔

بورڈ آف ڈائریکٹرز کا جائزہ:

بورڈ آف ڈائریکٹر نے ایک معیار/اصول متعین کیا ہے تا کہ بورڈ اور اس کی کمیٹیوں کے ہر ایک ممبر کی کارکردگی کا جائزہ لیا جائے۔ سال کے آغاز پر طے کیے گئے اہداف/معیار/اصول کو تناظر میں کارپوریٹ گورننس کے ضابطے کے تحت درکار سالانہ جائزہ لیا گیا ہے۔

قانونی آڈیٹرز

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس ،سبکدوش ہوئے جو کہ با اہل ہیں، انہوں نے دوبارہ تقرری کیلئے اپنی پیشکش کی ہے۔آڈٹ کمیٹی کے بورڈ نے بھی آئندہ مالی سال کیلئے بحیثیت آڈیٹرز، میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز دی ہے۔

اختتام:-

آخر میں، ہم اللہ سبحانہٗ تعالیٰ کے۔۔۔ ردعا گو ہیں کہ وہ ہماری قومی ترقی کیلئے جدوجہد اور ہمارے ادارے کی بہتری کیلئے ہماری رہنمائی فرمائے۔ آمین۔

بورڈ آف ڈائریکٹرز کی جانب سے

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ڈاکٹر تاراچند ایسرانی	**مہیش کمار**
چیف ایگزیکٹو آفیسر	ڈائریکٹر

تاریخ : 5 دسمبر 2019

SIX YEARS AT A GLANCE

Profit & Loss Account:	2019 (Rupees)	2018 (Rupees)	2017 (Rupees)	2016 (Rupees)	2015 (Rupees)	2014 (Rupees)
Turnover	2,211,305,116	4,216,372,059	2,015,771,967	3,160,906,955	2,100,602,765	2,212,511,073
Gross profit/(loss)	334,329,208	349,185,653	(259,158,512)	145,381,784	82,722,749	92,575,629
Operating profit / (loss)	224,674,689	158,330,432	(385,221,878)	53,682,380	(13,795,936)	(53,145,599)
Profit / (loss) before tax	41,192,279	125,472,507	(454,852,339)	1,313,833	(47,121,548)	(96,350,377)
Profit / (loss) after tax	49,653,685	68,210,590	(400,590,009)	(25,036,905)	(39,636,418)	(85,547,632)
Balance Sheet:						
Fixed assets at WDV	2,604,746,154	2,801,755,471	1,932,954,585	2,012,259,205	1,353,513,590	1,458,875,323
Long term loans, advances and deposits etc.	1,404,846	2,800,805	1,065,256	1,106,473	1,201,703	930,794
Current assets	891,378,142	646,227,439	1,558,721,131	594,957,278	868,488,337	580,449,809
	3,497,529,142	**3,450,783,715**	**3,492,740,972**	**2,608,322,956**	**2,223,203,630**	**2,040,255,926**
Shareholders' equity	(39,776,215)	(191,491,993)	(323,248,936)	(25,729,060)	(48,028,517)	(7,220,680)
Surplus on revaluation of fixed assets	1,357,507,096	1,476,249,189	812,179,558	915,249,691	403,466,946	430,504,817
Long term liabilities & current maturity thereof	710,000,000	1,039,166,667	1,108,958,837	889,000,000	719,000,000	635,000,000
Deferred liabilities / Deferred Income	766,348,446	817,545,784	489,029,469	566,434,415	369,811,130	355,818,980
Current liabilities excluding current maturity of long term liabilities	703,449,815	309,314,068	1,405,822,044	263,367,910	778,954,071	626,152,809
	3,497,529,142	**3,450,783,715**	**3,492,740,972**	**2,608,322,956**	**2,223,203,630**	**2,040,255,926**
Statistics and Ratios						
Gross profit to Sales	15.12%	8.28%	-12.86%	4.60%	3.94%	4.18%
Profit / (Loss) before tax to Sales	1.86%	2.98%	-22.56%	0.04%	-2.24%	-4.35%
Profit / (Loss) after tax to Sales	2.25%	1.62%	-19.87%	-0.79%	-1.89%	-3.87%
Fixed Assets/Turnover (Times)	0.85	1.50	1.04	1.57	1.55	1.52
Inventory/Turnover (Times)	0.19	0.24	0.50	0.01	0.11	0.11
Current Ratio	1.27:1	2.09:1	1.11:1	2.26:1	1.11:1	0.93:1
Debt-Equity Ratio	0.62	0.63	0.86	0.66	0.84	0.79
Earning / (Loss) per Share (Rs.)	4.76	6.54	-38.43	-2.40	-3.80	-8.21
Gross Dividend (%)	10%	16%	-	-	-	-
Dividend per Share (Rs.)	1.00	1.60	-	-	-	-

Vision

- To be a sustainable, growth and customer oriented company with professionalism to remain competitive and contributing to society in the barrier free company.

MISSION

- To build the company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs by utilizing blend of state of the art technologies.

- To accomplish excellent financial results which can benefit all the stakeholders including members and employees of the company

- To fulfill obligation towards the society, being a good corporate citizen.

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Sindh Abadgar's Sugar Mills Limited** (the Company) for the year ended **September 30, 2019** in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **September 30, 2019.**

Karachi.
Date: 5th December 2019

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

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

Name of the Company: **SINDH ABADGAR'S SUGAR MILLS LIMITED**
Year Ending: **30.09.2019**

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

1. The total number of directors are 08 as per the following:
   a. Male: 08
   b. Female: -

2. The composition of Board of Directors (BOD) is as follows:

	Category	**Names**
a)	Independent Director	Dr. Shafaqat Ali Shah
b)	Non-Executive Director	Mr. Deoo Mal Essarani
	Mr. Pehlaj Rai	Mr. Mohan Lal
		Dr. Besham Kumar
		Mr. Dileep Kumar
c)	Executive Director	Dr. Tara Chand
		Mr. Mahesh Kumar

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/Mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with the date of approval or updating is maintained by the company.

6. All the powers of BOD have been duly exercised and decisions on relevant matters have been taken by BOD/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of BOD were presided over by the Chairman and, in his absence, by a director elected by the BOD for this purpose. BOD has complied with the requirements

of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of BOD.

8. The BOD have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. In accordance with regulation no. 20 of the Code, at least half of the directors of the Company [i.e. four (04) directors] were required to acquire the prescribed certification under any Directors' Training Program offered by approved institutions latest by June 30, 2019. Presently, six directors of the Company are exempt from the Directors' Training Program. However, as of September 30, 2019, the remaining one director namely; Dr.Tara Chand Essarani has acquired the prescribed certification under the Directors' Training Program (DTP).

10. No appointment of CFO, Company Secretary and Head of Internal Audit was made during the year.

11. CFO and CEO duly endorsed the financial statements before approval of the BOD.

12. BOD has formed committees comprising of members given below:

a)	Audit Committee:	Dr. Shafaqat Ali Shah	Chairman
		Mr.Pehlaj Rai	Member
		Mr. Dileep Kumar	Member
		Dr. Besham Kumar	Member
b)	HR and Remuneration Committee:	Dr. Shafaqat Ali Shah	Chairman
		Mr. Mohan Lal	Member
		Mr. Dileep Kumar	Member

13. Terms of reference of aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

    a) Audit Committee: 4 Quarterly meetings were held during the year ended 30.09.2019.

    b) HR and Remuneration Committee; 1 meeting of HR and Remuneration Committee was held.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight BOD of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

(Deoo Mal Essarani)
Chairman

INDEPENDENT AUDITORS' REPORT

To The Members of Sindh Abadgar's Sugar Mills Limited

Report On The Audit Of The Financial Statements

Opinion

We have audited the annexed financial statements of **Sindh Abadgar's Sugar Mills Limited** ('the Company'), which comprise the statement of financial position as at **September 30, 2019,** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **September 30, 2019** and of the profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (continued)

Following are the key audit matters:

S. No	Key audit matter(s)	How the matter was addressed in our audit
01.	**First time application of IFRS 15** During the year ended September 30, 2019, the International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers' became effective and applicable to companies for the first time. This new standard superseded the previous revenue recognition standards i.e. the International Accounting Standard (IAS) 18 'Revenue' and IAS 11 'Construction Contracts' and the various interpretations issued thereunder. As stated in note 4(b) to the financial statements, during the year, the Company has changed its accounting policy with respect to recognition of revenue arising from the sale of goods. As per the new policy, the Company recognizes revenue from the sale of goods when, subject to certain conditions, the delivery order is issued to the customer (i.e. when customer control of the goods is deemed to be transferred to the customer) rather than when the physical possession of those goods is transferred to the customer (i.e. when risks and rewards of the goods are transferred to the customer). Given the complexities involved in the evaluation of the new accounting policy adopted by the Company, determining appropriately its effects on the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, is matter of significant management judgement, which, in turn, required us to apply significant auditor judgement and, accordingly, devote sufficient time and resources (including the involvement of senior engagement team members) in order to obtain sufficient appropriate audit evidence. We considered this matter to be of most significance keeping in view the material effects that the aforesaid change in revenue recognition policy has on the financial statements for the year ended September 30, 2019 or may have on the future financial statements of the Company.	Our audit procedures included the following: - Discussing with management their rationale for the change required in accounting policy relating to revenue recognition, understanding their bases for conclusions, and corroborating the results of such discussions / inquiries to relevant references in the applicable financial reporting standards and our knowledge of the specific facts and circumstances of the Company; - Obtaining, from management and the Board of Directors of the Company, their specific written representation with respect to the effects analysis of the initial application of IFRS 15; and - Assessing the completeness, accuracy and appropriateness of the related disclosures made in the financial statements including, in particular, note 3.12 (accounting policy with respect to revenue recognition) and note 4(b) (the note wherein the effects of the initial application of IFRS 15 have been discussed).

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

Management is responsible for the other information. The other information comprises the information in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (continued)

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Waseem.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Karachi

Date: 5th December 2019

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STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

EQUITY AND LIABILITIES

	Note	2019	2018
		Rupees	
Share capital and reserves			
Authorized capital	5	650,000,000	650,000,000
Issued, subscribed and paid-up capital	5	104,250,000	104,250,000
Revaluation surplus on property, plant and machinery-net	6	1,357,507,095	1,476,249,189
Accumulated losses		(144,026,214)	(295,741,993)
		1,317,730,881	1,284,757,196
Subordinated loans	7	260,000,000	260,000,000
		1,577,730,881	1,544,757,196
Non current liabilities			
Long term finance - secured	8	350,000,000	595,833,335
Deferred liabilities	9	766,348,446	817,545,784
		1,116,348,446	1,413,379,119
Current liabilities			
Trade and other payables	10	334,273,176	288,633,855
Short term borrowing	11	338,348,587	-
Unclaimed dividend		5,312,636	3,316,162
Accrued mark-up	12	25,515,416	17,364,051
Current maturity of long term finance	8	100,000,000	183,333,332
		803,449,815	492,647,400
Contingencies and commitments	13		
		3,497,529,142	3,450,783,715

ASSETS

	Note	2019	2018
Non current assets			
Property, plant and equipment	14	2,604,746,154	2,801,755,471
Long term loans	15	612,319	2,008,278
Long term deposits		792,527	792,527
		2,606,151,000	2,804,556,276
Current assets			
Stores and spares	16	166,064,297	149,300,766
Stock in trade	17	460,551,452	9,292,544
Trade debts - unsecured	18	-	252,395,262
Short term loans and advances	19	106,682,919	57,615,068
Trade deposits and short term prepayments	20	141,754	3,389,617
Other receivables	21	76,028,636	76,028,636
Tax refunds due from government		58,782,733	72,443,658
Cash and bank balances	22	23,126,351	25,761,888
		891,378,142	646,227,439
		3,497,529,142	3,450,783,715

The annexed notes from 1 to 42 form an Integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019 Rupees	2018 Rupees
Net sales	23	2,211,305,116	4,216,372,059
Cost of sales	24	(1,876,975,908)	(3,867,186,406)
Gross profit		334,329,208	349,185,653
Administrative expenses	25	(103,512,928)	(101,344,685)
Selling and distribution costs	26	(6,141,591)	(89,510,536)
		(109,654,519)	(190,855,221)
Operating profit		224,674,689	158,330,432
Finance costs	27	(198,464,356)	(116,132,891)
		26,210,333	42,197,541
Other income	28	21,429,531	93,741,083
Other expenses	29	(6,447,585)	(10,466,117)
Profit before taxation		41,192,279	125,472,507
Taxation - net	30	8,461,406	(57,261,917)
Profit after taxation		49,653,685	68,210,590
Earning per share - basic and diluted	31	4.76	6.54

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2019	2018
	Rupees	
Profit after taxation	**49,653,685**	68,210,590
Other comprehensive income		
Items which will not be reclassified subsequently to profit or loss		
Revaluation increase recognised during the year	-	898,658,980
Deferred tax on above	-	(202,375,479)
	-	696,283,501
Reversal of deferred tax liability on revaluation surplus due to change in tax rate	-	31,332,483
	-	727,615,984
Total comprehensive income for the year	**49,653,685**	795,826,574

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**41,192,279**	125,472,507
Adjustments for:			
- Depreciation	14.1.1	**253,299,772**	184,344,916
- Finance costs		**198,464,356**	116,132,891
- Provision for Workers' Welfare Fund		**4,065,592**	3,669,186
- Provision for Workers' Profit Participation		**2,381,993**	6,796,931
Fund		**-**	122,522,828
- Provision for quality premium payable			
- Loss / (gain) on disposal of property, plant and equipment		**55,122**	(116)
		458,266,835	433,466,636
Operating profit before working capital changes		**499,459,114**	558,939,143
Changes in working capital			
Decrease / (increase) in current assets			
- Stores and spares		**(16,763,531)**	33,847,225
- Stock in trade		**(451,258,908)**	1,003,703,473
- Trade debts - unsecured		**252,395,262**	(146,773,973)
- Short term loans and advances		**(49,067,851)**	54,409,438
- Trade deposits and short term prepayments		**3,247,863**	(377,647)
		(261,447,165)	944,808,516
(Decrease) / increase in current liabilities			
- Trade and other payables		**45,988,667**	(203,344,511)
Net cash generated from operations		**284,000,616**	1,300,403,148
Taxes paid		**(28,996,857)**	(48,884,175)
WPPF paid		**(6,796,931)**	-
Gratuity paid		**(78,150)**	-
Finance costs paid		**(193,737,397)**	(153,160,475)
		(229,609,335)	(202,044,650)
Net cash generated from operating activities		**54,391,281**	1,098,358,498

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		(52,936,171)	(143,674,031)
Capital expenditure		15,000	1,263,000
Proceeds from sale of property, plant and		1,395,959	(1,735,549)
equipment		(51,525,212)	(144,146,580)
Long term loans - net			
Net cash used in investing activities			
		(329,166,667)	(186,833,333)
CASH FLOWS FROM FINANCING ACTIVITIES		-	117,041,163
Repayment of long term finance		(14,683,526)	-
Long term finance obtained		(343,850,193)	(69,792,170)
Dividend paid			
Net cash used in financing activities		(340,984,124)	884,419,748
Net (decrease) / increase in cash and cash equivalents		25,761,888	(858,657,860)
		(315,222,236)	25,761,888
Cash and cash equivalents at the beginning of the year			
Cash and cash equivalents at the end of the year	37		

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE — DIRECTOR — CHIEF FINANCIAL OFFICER

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Issued, subscribed and paid up capital	Revaluation surplus on property, plant and equipment	Accumulated losses	Total
	Rupees			
Balance as at October 01, 2017	104,250,000	812,179,558	(427,498,936)	488,930,622
Total comprehensive income for the year ended September 30, 2018				
Profit after taxation	-	-	68,210,590	68,210,590
Other comprehensive income	-	727,615,984	-	727,615,984
	-	727,615,984	68,210,590	795,826,574
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	(63,546,353)	63,546,353	-
Balance as at September 30, 2018	**104,250,000**	**1,476,249,189**	**(295,741,993)**	**1,284,757,196**
Total comprehensive income for the year ended September 30, 2019				
Profit after taxation	-	-	**49,653,685**	**49,653,685**
Other comprehensive income	-	-	-	-
	-	-	**49,653,685**	**49,653,685**
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	**(118,742,094)**	**118,742,094**	-
Cash dividend paid @ 16% for the year ended September 30, 2018	-	-	**(16,680,000)**	**(16,680,000)**
Balance as at September 30, 2019	**104,250,000**	**1,357,507,095**	**(144,026,214)**	**1,317,730,881**

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

1 THE COMPANY AND ITS OPERATIONS

Sindh Abadgar's Sugar Mills Limited ("the Company") is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017 ('the Act'). The shares of the Company are quoted on Pakistan Stock Exchange Limited ("the Exchange"). The principal business of the Company is the production and sale of white sugar.

The geographical location and address of the Company's business units, including plant are as under:

Head office: The Company's registered office is situated at 209, Progressive Plaza, Beaumont Road, Karachi, Pakistan.

Mill: The Company's plant is located at Deh Deenpur, District Tando Muhammad Khan, Sindh, Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the basis of historical cost convention except land, buildings and plant and machinery which are stated at revalued amounts.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

	Note
- Provision for taxation	3.6
- Useful lives, residual and revalued amounts of property, plant and equipment	3.7
- Provision of slow moving and obsolete stores and spares	3.8
- Provision against loans to growers	3.10

2.5 NEW ACCOUNTING PRONOUNCEMENTS

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 October 2018 other than those disclosed in note 4 are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

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

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

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analysing the potential impacts on adoption of this standard, if any.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The management is in the process of analysing the potential impacts on adoption of this interpretation, if any.

Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

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

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' - the amendment aims to clarify the accounting treatment when an entity increases its interest in a joint operation that meets the definition of a business. An entity remeasures its previously held interest in a joint operation when it obtains control of the business. An entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after January 1, 2019 and are not likely to have an impact on Company's financial statements.

3. SUMMARY OF 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 presented, unless otherwise stated.

3.1 Share capital

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

3.2 Short term borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

3.3 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3.4 Provisions

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

3.5 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the reporting date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.6 Taxation

Income tax expense comprises of current and deferred tax.

Current

Provision of current taxation is based on the taxable income at the current rates of taxation after taking into account available tax credits, rebates and tax losses, or minimum tax, whichever is higher. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for the current tax also includes adjustments, where necessary relating to prior year.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the 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 realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

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

3.7 Property, plant and equipment

Operating assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any, except freehold land, building and plant and machinery which are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss as and when incurred except major repairs which are capitalized.

Depreciation on all property, plant and equipment is charged using reducing balance method in accordance with the rates specified in note 14 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date. Depreciation on additions is charged from the date when the assets become available for use till the date of disposal.

Any revaluation increase arising on the revaluation of buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profit. The surplus realized on disposal of revalued fixed assets is credited directly to retained earnings.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

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

Capital work - in - progress

Capital work - in - progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when assets are available for use.

Stores and spares

Stores and spares (excluding items in transit) are valued at lower of average cost and net realizable value.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the reporting date.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding there future usability.

3.9 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value.

Net realizable value is determined on the basis of estimated selling price in the ordinary course of business less costs necessary to be incurred for its sale.

Cost of finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads. Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon.

Cost is determined as follows:

Finished goods (sugar)	: at average manufacturing cost including manufacturing overheads
Work in process	: at average raw material cost
Molasses	: at net realizable value

3.10 Trade and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at their transaction price.

3.11 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at cost / amortized cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, bank balances and short term borrowings.

3.12 Revenue recognition

Revenue from sale of goods

Revenue from sale of goods (sugar, bagasse & molasses) is recognized when the customer obtains control of the goods being when the delivery order is issued to the customer provided that the goods have been identified separately as belonging to the customer, the goods are ready for physical transfer to the customer and the Company does not have the ability to use the goods or direct it to another customer.

Rebate on exports

Rebate on export sales is recognized in the period in which the related export sales revenue is recognized unless there exist any specific facts and circumstances which indicate that receipt of the rebate amount from the government is uncertain. In that case, the rebate income is recognized when it is realized.

Interest income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

3.13 Staff retirement benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution and will have no legal or constructive obligation to pay further amounts. Obligations for the defined contributions plans are recognized as an employee benefit expense in profit or loss when they are due.

The Company operates a recognized provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 12% of basic salary. The Company's contribution are charged to profit and loss account.

3.14 Borrowing costs

Borrowing costs are recognized as an expense in the year 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 capitalized as part of the cost of the relevant asset.

3.15 Dividend and appropriation to reserve

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

3.16 Financial instruments

a) Initial Recognition

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

b) i) *Classification of financial assets*

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

ii) Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as 'instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

c) *Subsequent measurement*

i) *Financial assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii) *Financial assets and liabilities at amortised cost*

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) *Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

d) *Impairment of financial assets at amortised cost*

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost as more fully explained in note 4.

e) *Derecognition*

i) *Financial assets*

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassi?ed to pro?t or loss, but is transferred to statement of changes in equity.

ii) *Financial liabilities*

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

3.17 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4 CHANGES IN ACCOUNTING POLICY

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' from October 01, 2018. Consequently, the following changes in accounting policies have taken place effective from October 01, 2018:

a) **IFRS 9 - Financial Instruments**

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of requirement of IAS 39 - Financial Instruments. Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognised either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In respect of retrospective application of IFRS 9, the Company has adopted modified retrospective approach as, permitted by this standard, according to which the Company is not required to restate the prior year results. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The impact of the adoption of IFRS 9 has been in the following areas:

i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Financial assets	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on September 30, 2018	Carrying amount on initial adoption of IFRS 9 on October 1, 2018	Effect on October 01, 2018 on Retained Earning
Long term loans	LR	AC	2,008,278	2,376,000	-
Long term deposits	LR	AC	792,527	792,527	-
Trade debts - unsecured	LR	AC	252,395,262	252,395,262	-
Short term loans and advances	LR	AC	57,615,068	57,615,068	-
Trade deposits and short term prepayments	LR	AC	3,389,617	3,389,617	-
Other receivables	LR	AC	76,028,636	76,028,636	-
Bank balances	LR	AC	22,882,443	22,882,443	-

- "LR" is loans and receivables
- "AC" is amortised cost

ii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended September 30, 2019.

iii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to ?nancial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12 - months ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognised if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the customers) on ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Presentation of impairment

Provision against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the new impairment model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. There is no impact of the new impairment model, defined by IFRS 9, on the Company's statement of financial for the year ended September 30, 2019.

b) IFRS 15 - Revenue from contracts with customers

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

The contracts for the sale of sugar, bagasse and molasses entered into by the Company with its customers generally include a single performance obligation. Management of the Company has concluded that, in accordance with the principles defined in IFRS 15, revenue from the sale of goods be recognised at the point in time when the Delivery Order is issued to the customer (subject to certain conditions as described in note 3.12). This is not consistent with the timing of revenue recognition previously followed by the Company in accordance with IAS 18. As per that standard, the Company recognized revenue upon lifting of the goods (i.e. when the significant risks and rewards of ownership of the goods had passed to the customer); however, upon adoption of IFRS 15, the Company recognizes revenue when the Delivery Order is issued to the customer (i.e. when control of the goods is deemed to be transferred to the customer).

The aforesaid change in the timing of revenue recognition, however, has no financial effect on the amount of revenue recognized in the year ended September 30, 2018 since, as of that date, there were no un-lifted stocks of goods.

5. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		**2019**	2018
----(Number of shares)----			**Rupees**	
		Authorized capital		
65,000,000	65,000,000	Ordinary shares of Rs. 10/- each	**650,000,000**	650,000,000
		Issued, subscribed and paid up capital		
		Ordinary shares of Rs.10/- each		
10,425,000	10,425,000	fully paid in cash	**104,250,000**	104,250,000

5..1 There is no agreement with shareholders for voting rights, board selection, rights of first refusal and block voting.

6. REVALUATION SURPLUS ON PROPERTY PLANT AND EQUIPMENT -net

	Note	2019	2018
		Rupees	
On freehold land			
Gross surplus			
Balance as at 01 October		288,277,500	87,465,000
Revaluation increase recognized during the year		-	200,812,500
		288,277,500	288,277,500
On buildings / plant and machinery			
Gross surplus			
Balance as at 01 October		1,673,199,562	1,064,854,988
Revaluation increase recognized during the year		-	697,846,480
Surplus realized on disposal of assets		-	-
Incremental depreciation transferred to retained earnings		(167,242,386)	(89,501,906)
		1,505,957,176	1,673,199,562
Related deferred tax charge			
Balance as at 01 October		(485,227,873)	(340,140,430)
Effect of change in tax rate		-	31,332,483
Revaluation increase recognized during the year		-	(202,375,479)
Deferred tax on surplus realized on disposal of assets		-	-
Incremental depreciation transferred to retained earnings		48,500,292	25,955,553
		(436,727,581)	(485,227,873)
		1,069,229,595	1,187,971,689
		1,357,507,095	1,476,249,189

7. SUBORDINATED LOANS

	Note	2019	2018
Directors		183,000,000	183,000,000
Sponsors		77,000,000	77,000,000
	7.1	260,000,000	260,000,000

7.1 These are unsecured and interest-free loans obtained from the Company's directors and sponsors. The Company's agreements with its bankers stipulate that the financing availed by the Company from such banks are extinguished in full before any payment is made against the subordinated loans.

8. LONG TERM FINANCE - SECURED

Mark-up based financing from conventional banks

	Bank Alfalah Ltd.	MCB Bank Ltd.	Total balance as at	
	TF-II	DF	2019	2018
Opening balance	479,166,667	300,000,000	779,166,667	848,958,837
Obtained during the year	-	-	-	117,041,163
	479,166,667	300,000,000	779,166,667	966,000,000
Less: Payment made during the year	(229,166,667)	(100,000,000)	(329,166,667)	(186,833,333)
	250,000,000	200,000,000	450,000,000	779,166,667
Less: current maturity shown under current liabilities	-	(100,000,000)	(100,000,000)	(183,333,332)
	250,000,000	100,000,000	350,000,000	595,833,335
Limit (Rs.)	250 million	500 million		

Total number of installments	12	10
Installment payment mode	Quarterly	Semi-annualy
Amount of installment (Rs)	20,833,333	50,000,000
Date of first installment	Jul. 05, 2021	Dec. 03, 2016
Markup rate	3 month KIBOR + 0.5%	6 month KIBOR + 1.5%
Date of maturity	Apr. 30, 2024	Jun. 05, 2021
Sub note number	**8.1**	**8.2**

8.1 This facility has been availed to meet capital expenditure requirements of the Company. During the year, the facility has been revised with the bank which result in decrease in limit of the facility from 500 million to 250 million, while all other terms remains the same. The facility is secured against first joint pari passu charge over all plant and machinery for Rs. 698.67 million and personal guarantee of all the directors of the Company.

8.2 This facility has been availed to meet capital expenditure requirements of the Company. The facilities are secured against joint pari passu charge of Rs. 589 million with 15% margin over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan, personal guarantee of all directors of the Company and cross-company guarantee of M/s. United Agro Chemicals. The loan amount of Rs.260 million from directors and sponsors (see note 7), is subordinate to it and will be repaid after prior approval of MCB Bank Limited.

9 DEFERRED LIABILITIES

	Note	**2019**	2018
		Rupees	
Deferred taxation - net	*9.1*	**489,698,021**	540,817,209
Quality premium	*9.2*	**276,372,514**	276,372,514
Gratuity payable		**277,911**	356,061
		766,348,446	817,545,784

9.1 Deferred taxation - net

	2019	2018
Deferred tax liability in respect of:		
- Surplus on revaluation of fixed assets	**436,727,581**	485,227,873
- Accelerated tax depreciation	**83,060,831**	93,651,506
	519,788,412	578,879,379
Deferred tax asset in respect of:		
- Minimum tax	**(24,769,832)**	-
- Provision for slow moving stores and spares	**(5,075,000)**	(5,075,000)
- Provision for gratuity	**(80,594)**	(103,258)
- Provision for doubtful trade debts	**(164,965)**	(164,965)
- Unused tax losses	**-**	(32,718,947)
	(30,090,391)	(38,062,170)
	489,698,021	540,817,209

9.2 This represents quality premium payable for the crushing season 2017-18 amounting to Rs. 122.523 million, and earlier provision relating to crushing seasons 2002-03 and 2003-04 amounting, in aggregate, to Rs. 153.85 million.

10 TRADE AND OTHER PAYABLES

	Note	2019	2018
		Rupees	
Creditors			
For sugarcane		**177,656,805**	206,448,977
For other supplies		**34,071,462**	55,746,660
		211,728,267	262,195,637
Other payables			
Advances from customers	*10.1*	**2,520,157**	-
Income tax payable		**306,541**	89,053
Accrued expenses		**1,883,453**	10,067,111
Sales tax payable		**105,664,849**	
Income tax deducted at source		**65,065**	60,840
Workers' Welfare Fund	*10.2*	**8,335,635**	4,270,043
Workers' Profit participation fund	*10.3*	**2,452,553**	6,867,491
Contractor's retention money		**57,612**	57,612
Others		**1,259,044**	5,026,068
		334,273,176	288,633,855

10.1 Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs.2.52 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

		Note	2019	2018
			Rupees	
10.2	**Workers' Welfare Fund**			
	Opening balance		**4,270,043**	600,857
	Allocation for the year		**4,065,592**	3,669,186
			8,335,635	4,270,043
10.2	**Workers' Profit participation fund**			
	Opening balance		**6,867,491**	70,560
	Allocation for the year		**2,381,993**	6,796,931
			9,249,484	6,867,491
	Less: Payment during the year		**(6,796,931)**	-
			2,452,553	6,867,491
11	**SHORT TERM BORROWING - Secured**			
	Bank Al-Falah Limited			
	- Cash finance	*11.1*	**-**	-
	- Running finance	*11.2*	**165,083,986**	-
			165,083,986	-
	Askari Bank Limited			
	- Cash finance	*11.3*	**78,000,000**	-
	- Running finance	*11.4*	**95,264,601**	-
			173,264,601	-
			338,348,587	-

11.1 This represents short term cash finance facility obtained from Bank Al-Falah Limited for the purpose of procurement of sugarcane as well as to meet working capital requirements. The limit of liability is Rs. 500 million (2018: Rs. 500 million). The facility carries markup at the rate of 1 month kibor + 1% (2018: 3 month kibor +1% per annum) and is secured by pledge over stocks with 10% margin under effective control of bank`s approved muccadum.

11.2 This represents short term running finance facility obtained from Bank Al-Falah Limited to meet working capital requirements. The limit of liability is Rs. 200 million (2018: Rs. 200 million). The facility carries markup at the rate of 1 month kibor + 1% (2018: 3 month kibor +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over sugar and book debts for Rs. 266.667 million.

11.3 This represents short term cash finance facility obtained from Askari Bank Limited for the purpose of procurement of sugarcane. The limit of liability is Rs. 550 million (2018: Rs. 550 million). The facility carries markup at the rate of 3 month kibor + 1% (2018: 3 month kibor +1% per annum) and is secured by pledge over stocks with 10% margin under effective control of bank`s approved muccadum.

11.4 This represents short term running finance facility obtained from Askari Bank Limited to meet working capital requirements. The limit of liability is Rs. 200 million (2018: Rs. 200 million). The facility carries markup at the rate of 3 month kibor + 1% (2017: 3 month kibor +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over sugar and book debts for Rs. 266.667 million.

11.5 As at 30 September 2019, the Company has unavailed financing facilities of Rs. 2411.66 million.

12 ACCRUED MARK-UP

	2019	2018
	Rupees	
Mark-up accrued on:		
Long term financing	**18,135,879**	2,290,530
Short term borrowings	**7,379,537**	15,073,521
	25,515,416	17,364,051

13 CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 In January 2001, the Company filed a constitutional petition in the Honourable High Court of Sindh ('the High Court') vide CP No. 123/ 2001 challenging the introduction of section 3(1A) in the Sales Tax Act, 1990 (vide Finance Act, 1998) as invalid and unconstitutional. The High Court passed an order whereby supplies made to a wholesaler who is liable to be registered under the law would not attract the provisions of further tax under section 3(1A) of the Sales Tax Act, 1990 and, hence, further tax, if any, so charged, collected and deposited into the government treasury would be refundable. Subsequently in September 2001, the Collector of Sales Tax and Central Excise (WEST), ['the Department'], Karachi filed an appeal to the Honourable Supreme Court of Pakistan ('the Apex Court') against the aforesaid order of the High Court. The Apex Court set aside the order of the High Court and issued directions to the Department to proceed against the Company in accordance with the provisions of law.

Subsequent to the above verdict of the Apex Court, in the year 2005, the Department issued two notices upon the Company whereby a demand of further tax amounting to Rs. 13.168 million (in relation to the financial year 2000-01) and Rs. 18 million (in relation to the financial year 2001-02) was created ('the impugned notices'). These demand notices were then challenged by the Company before the Commissioner Inland Revenue (Appeals) and the Appellate Tribunal Inland Revenue ('the Appellate Tribunal'). After the Appellate Tribunal announced its decision in the Company's favour in 2006, the Department filed a Reference Application with the High Court u/s 47(1) of the Sales Tax Act, 1990 which is yet pending for adjudication.

The Company's legal counsel is of the opinion that the impugned notices are bad in law and the aforesaid demand is not maintainable. Hence, in view of the above, no provision has been recognized in these financial statements.

13.2 The Company has filed a suit before Honorable High Court of Sindh on August 25, 2010, against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act, 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory value of total production for the period beginning January 1, 2009 to June 1, 2010. The Company is of the view that demand notifications so raised are without any lawful authority under PSQCA Act, 1996 and are in violation of the Constitution of Pakistan. The Honorable High Court of Sindh in its interim injunction suspended the operation of the impugned notifications in the year 2010 as the petitioner case is that the standard is not applicable to locally made sugar but to imports and exports. The Honorable High Court via its order dated December 04, 2012 dismissed the petition as not maintainable on the ground that as per Articles 137 and 142(c) of the constitution of Islamic Republic of Pakistan, 1973, neither the Federal Government nor any other entity has any executive or legislative authority to prescribe the standards or to regulate licensing, marking or levying of any fee in respect of the matter related to "agricultural produce" including the refined sugar as the agricultural goods falls under domain of provincial government. PSQCA has filed an appeal against the decision on March 11, 2013 and the case is now pending in the Honorable Supreme Court of Pakistan. The Company has not made any provision as, in view of its legal counsel, no liability is likely to arise in the matter.

13.3 In 2008, the Company received a notice from Taluka Municipality, Bulri Shah Karim, District Tando Muhammad Khan ('the Municipality'), demanding trade license fee / annual tax at the rate of Rs. 250,000 per annum. Against the aforesaid notice, the Company preferred an appeal before the Civil Court, Tando Muhammad Khan which passed a decree against the Company in March 2011. In the same year, the Company challenged the decree before the Honurable High Court of Sindh, Hyderabad vide Revision Appeal No. 167 / 2011. Subsequently, in June 2012, the Company received another demand notice from the Municipality demanding the aforesaid fee, amounting to Rs. 1.75 million, in respect of the financial years ended September 30, 2006 to 2012).

Currently, the matter is yet pending for adjudication before the Honurable High Court of Sindh, Hyderabad. The Company's legal counsel is of the view that the Company has a strong case and, hence, the demand raised is likely is to be annulled. Accordingly, no provision has been recognized in these financial statements.

13.4 In December 2013, the Deputy Commissioner Inland Revenue vide its order No. 01/16/2014 issued, upon the Company, a show cause notice thereby creating a demand of Rs. 14,661,827/- (excluding penalty of Rs. 733,091 and default surcharge) which represented short payment of federal excise duty (FED) on local supplies for the period February-March 2013 and August 2013. As per the said show cause notice, the Company had wrongly availed the benefit of lower rate FED (as notified vide SRO 77(1) / 2013) since all the conditions mentioned in the said notification had not been complied with. Being aggrieved with the subsequent proceedings, in December 2014, the Company filed a Constitutional petition no. CPD-719/ 2014 with the Honourable High Court of Sindh ('the High Court') whereby it challenged the said demand. The High Court, in its order dated February 17, 2014, granted an interim stay and restrained the Department from taking any coercive action against the Company. Currently, the suit is pending for adjudication before the High Court.

The Company's legal counsel is of the view that the case setup in the petition is strong and there are reasons to expect a favourable outcome. Hence, in view of the above, no provision for the aforesaid demand has been recognized in these financial statements.

13.5 In February 2014, the Deputy Commissioner Inland Revenue, issued upon the Company, a show cause notice thereby creating a demand of Rs. 5.722 million for advance income tax to be collected at source on supplies made to distributors, dealers or wholesalers (under section 236G of the Income Tax Ordinance, 2001) pertaining to the period from July 2013 to December 2013. Subsequently, in June 2014, the Company filed a Constitutional Petition with the Honourable High Court of Sindh ('the High Court') whereby it challenged the insertion of section 236G in the Income Tax Ordinance, 2001 vide Finance Act, 2013.

The matter is, currently, pending for adjudication before the High Court. The Company's legal counsel is of the view that the case setup in the petition is strong and there are reasons to expect a favourable outcome. Hence, in view of the above, no provision for the aforesaid demand has been recognized in these financial statements.

	Note	2019	2018
		Rupees	

14 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
Operating assets	14.1	**2,536,202,738**	2,785,855,170
Capital work in progress	14.2	**68,543,416**	15,900,301
		2,604,746,154	2,801,755,471

14.1 Operating assets

	Free hold Land	Free hold land Factory Building	Non factory building on free hold land	Plant and Machinery	Office, tools fire fighting and laboratory equipments	Furniture & fixture	Computer & allied	Vehicles	Tents and Tarpaulins	Tools and Tackles	Total
	Rupees										
As at September 30, 2017											
Cost / Revalued amount	108,000,000	262,635,671	120,007,285	2,375,323,734	18,226,978	8,177,893	11,422,978	65,553,525	7,609,445	9,116,030	2,986,073,539
Accumulated depreciation	-	(94,754,839)	(61,424,010)	(871,691,379)	(13,598,180)	(5,714,603)	(10,193,685)	(34,748,760)	(7,152,197)	(8,019,870)	(1,107,297,523)
Net book value	**108,000,000**	**167,880,832**	**58,583,275**	**1,503,632,355**	**4,628,798**	**2,463,290**	**1,229,293**	**30,804,765**	**457,248**	**1,096,160**	**1,878,776,016**
Year ended September 30, 2018											
Opening net book value	108,000,000	167,880,832	58,583,275	1,503,632,355	4,628,798	2,463,290	1,229,293	30,804,765	457,248	1,096,160	1,878,776,016
Additions during the year	-	6,110,562	9,567,789	170,791,679	816,150	124,926	812,461	5,449,409	19,632	335,366	194,027,974
Revaluation	200,812,500	45,843,471	115,576,992	536,426,017	-	-	-	-	-	-	898,658,980
Disposals / transfers											
Cost	-	-	-	-	-	-	-	(4,745,963)	-	-	(4,745,963)
Accumulated depreciation	-	-	-	-	-	-	-	3,483,079	-	-	3,483,079
Net book value	-	-	-	-	-	-	-	(1,262,884)	-	-	(1,262,884)
Depreciation for the year	-	(16,943,793)	(5,858,328)	(154,750,352)	(524,331)	(252,957)	(520,902)	(4,864,416)	(165,190)	(464,647)	(184,344,916)
Closing net book value	**308,812,500**	**202,891,072**	**177,869,728**	**2,056,099,699**	**4,920,617**	**2,335,259**	**1,520,852**	**30,126,874**	**311,690**	**966,879**	**2,785,855,170**
As at September 30, 2018											
Cost / Revalued amount	308,812,500	314,589,704	245,152,066	3,082,541,430	19,043,128	8,302,819	12,235,439	66,256,971	7,629,077	9,451,396	4,074,014,530
Accumulated depreciation	-	(111,698,632)	(67,282,338)	(1,026,441,731)	(14,122,511)	(5,967,560)	(10,714,587)	(36,130,097)	(7,317,387)	(8,484,517)	(1,288,159,360)
Net book value	**308,812,500**	**202,891,072**	**177,869,728**	**2,056,099,699**	**4,920,617**	**2,335,259**	**1,520,852**	**30,126,874**	**311,690**	**966,879**	**2,785,855,170**
Year ended September 30, 2019											
Opening net book value	**308,812,500**	**202,891,072**	**177,869,728**	**2,056,099,699**	**4,920,617**	**2,335,259**	**1,520,852**	**30,126,874**	**311,690**	**966,879**	**2,785,855,170**
Additions during the year	**-**	**675,000**	**-**	**1,774,960**	**473,170**	**21,581**	**440,148**	**56,000**	**-**	**276,603**	**3,717,462**
Disposals / transfers											
Cost	**-**	**-**	**-**	**-**	**(86,500)**	**-**	**-**	**-**	**-**	**-**	**(86,500)**
Accumulated depreciation	**-**	**-**	**-**	**-**	**16,378**	**-**	**-**	**-**	**-**	**-**	**16,378**
Net book value	**-**	**-**	**-**	**-**	**(70,122)**	**-**	**-**	**-**	**-**	**-**	**(70,122)**
Depreciation for the year	**-**	**(20,345,696)**	**(17,786,973)**	**(207,310,837)**	**(516,177)**	**(234,823)**	**(559,454)**	**(6,041,670)**	**(109,092)**	**(395,050)**	**(253,299,772)**
Closing net book value	**308,812,500**	**183,220,376**	**160,082,755**	**1,850,563,822**	**4,807,488**	**2,122,017**	**1,401,546**	**24,141,204**	**202,598**	**848,432**	**2,536,202,738**
As at September 30, 2019											
Cost / Revalued amount	**308,812,500**	**315,264,704**	**245,152,066**	**3,084,316,390**	**19,429,798**	**8,324,400**	**12,675,587**	**66,312,971**	**7,629,077**	**9,727,999**	**4,077,645,492**
Accumulated depreciation	**-**	**(132,044,328)**	**(85,069,311)**	**(1,233,752,568)**	**(14,622,310)**	**(6,202,383)**	**(11,274,041)**	**(42,171,767)**	**(7,426,479)**	**(8,879,567)**	**(1,541,442,754)**
Net book value	**308,812,500**	**183,220,376**	**160,082,755**	**1,850,563,822**	**4,807,488**	**2,122,017**	**1,401,546**	**24,141,204**	**202,598**	**848,432**	**2,536,202,738**
Annual rates of depreciation	**0%**	**10%**	**10%**	**10%**	**10%**	**10%**	**30%**	**20%**	**35%**	**35%**	

14.1.1 Allocation of depreciation

	Note	2019	2018
		Rupees	
Cost of goods sold	24.1	**227,969,795**	165,910,424
Administrative expenses	25	**25,329,977**	18,434,492
		253,299,772	184,344,916

14.1.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Type of immovable property	Total Area (acres)	Covered Area (acres)
Land	205.875	205.875
Factory Area	45	45

14.1.3 The latest revaluation of freehold land, building and plant and machinery was carried out by an independent valuer, M/s. MYK Associates as at September 30, 2018.

Had this and all prior revaluations not been carried out, the carrying amount of freehold land, factory and non-factory buildings and plant and machinery would have been as follows:

Particulars	**September 30, 2019**			September 30 2018		
	Cost	**Accumulated depreciation**	**Written down value**	Cost	Accumulated depreciation	Written down value
- Freehold Land	**20,535,000**	**-**	**20,535,000**	20,535,000	-	20,535,000
- Factory Building	**197,186,703**	**(122,613,431)**	**74,573,272**	196,511,703	(114,327,512)	82,184,191
- Non - Factory Building	**48,225,383**	**(36,864,648)**	**11,360,735**	48,225,383	(35,602,344)	12,623,039
- Plant and Machinery	**1,654,872,728**	**(1,052,896,957)**	**601,975,771**	1,653,097,767	(984,244,060)	668,853,707
	1,920,819,814	**(1,212,375,036)**	**708,444,778**	1,918,369,853	(1,134,173,916)	784,195,937

14.1.5 The forced sale value of the land, building, plant and machinery has been assessed at September 30, 2018 amounting to Rs. 2.02 billion.

14.2 Capital work in progress

	Note	2019	2018
		Rupees	
Opening balance		**15,900,301**	54,178,569
Addition during the year			
- Machinery		**47,470,003**	98,992,927
- Civil works		**1,748,706**	1,183,266
		49,218,709	100,176,193
Borrowing cost capitalized		**3,424,406**	12,075,675
Transferred to operating assets		**-**	(150,530,136)
		68,543,416	15,900,301

15 LONG TERM LOANS

	Note	2019	2018
Considered good- secured			
Due from employees		**1,206,114**	2,684,061
Less: Current maturity shown under current assets	*19*	**(593,795)**	(675,783)
		612,319	2,008,278

15.1 These represent interest-free loans provided to the employees of the Company for the purchase of vehicles. The loans are recoverable over a period of five years through deduction from monthly salaries.

16 STORES AND SPARES

	Note	2019	2018
		Rupees	
Stores	*16.1*	**59,375,178**	48,052,218
Spares		**124,189,119**	118,748,548
		183,564,297	166,800,766
Provision for slow moving and obsolete items		**(17,500,000)**	(17,500,000)
		166,064,297	149,300,766

16.1 This includes stores in transit amounting to Rs. Nil (2017: Rs. 16.03 million).

17 STOCK IN TRADE

	2019	2018
	Rupees	
Sugar in process	**3,740,859**	9,292,544
Finished goods - sugar	**429,204,353**	-
	432,945,212	9,292,544
Bagasse stock	**27,606,240**	-
	460,551,452	9,292,544

18 TRADE DEBTS- *unsecured*

	2019	2018
Considered good		
- Receivable against Sale of Sugar	**-**	104,186,636
- Receivable against Sale of Molasses	**-**	142,981,993
- Receivable against Sale of Bagasse	**-**	5,226,633
	-	252,395,262
Considered doubtful	**568,846**	568,846
	568,846	252,964,108
Provision against doubtful trade debts	**(568,846)**	(568,846)
	-	252,395,262

19 SHORT TERM LOANS AND ADVANCES

	Note	2019	2018
		Rupees	
Loan to growers - unsecured	*19.1*	**57,751,549**	16,752,638
Advance against supplies and expenses	*19.2*	**47,320,247**	39,169,063
Due from employees	*19.3*	**1,017,328**	1,017,584
Current portion of long term loan to employees	*15*	**593,795**	675,783
		106,682,919	57,615,068

19.1 Loans to growers - unsecured

	Note	2019	2018
Considered good		**57,751,549**	16,752,638
Considered doubtful	*19.1.1*	**137,833,341**	137,833,341
		195,584,890	154,585,979
Provision for loans considered doubtful		**(137,833,341)**	(137,833,341)
		57,751,549	16,752,638

19.1.1 These loans had been provided to sugar cane growers for their capital requirements related to cultivation and development. Management has initiated recovery efforts for outstanding amount of loans together with interest thereon. However, adjustment of outstanding balance of loans has been slow in view of the volatile market situation where procurement of cane has been difficult over the past few years in the Province of Sindh owing to various factors including dezoning. In view of the uncertainty of the recoverability of these loans, the management has made the provision against the amount outstanding considered doubtful.

19.2 Advance against supplies and expenses - unsecured

	Note	2019	2018
		Rupees	
Considered good		**47,320,247**	39,169,063
Considered doubtful		**15,461,745**	15,461,745
		62,781,992	54,630,808
Provision for loans considered doubtful		**(15,461,745)**	(15,461,745)
		47,320,247	39,169,063

19.3 These represent interest free loans provided to employees as per the Company's policy and these are recovered through deduction from monthly payroll.

20 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2019	2018
		Rupees	
Trade deposits		**-**	3,001,500
Short term prepayments		**141,754**	388,117
		141,754	3,389,617

21 OTHER RECEIVABLES

Sales tax refundable		**1,054,585**	1,054,585
Subsidy receivable		**73,920,300**	73,920,300
Receivable against insurance claim		**441,029**	441,029
Others		**1,088,999**	1,088,999
		76,504,913	76,504,913
Provision for doubtful recoveries		**(476,277)**	(476,277)
		76,028,636	76,028,636

22 CASH AND BANK BALANCES

Cash in hand		**243,908**	241,121
Cash at bank			
- Current accounts		**13,028,294**	11,625,847
- Deposit accounts	*22.1*	**9,854,149**	13,894,920
		22,882,443	25,520,767
		23,126,351	25,761,888

22.1 These represent amount deposited with banks in saving accounts carrying profit at the rate of 6.5% to 8% (2018: 4% to 5%).

23 NET SALES

	2019	2018
	Rupees	
- Local Sales of Sugar	**2,134,670,110**	2,474,506,720
- Export Sales of Sugar	**261,845,376**	1,633,474,478
	2,396,515,486	4,107,981,198
Sales tax	**(243,985,470)**	(284,497,260)
	2,152,530,016	3,823,483,938
- Subsidy- Federal Government	**58,775,100**	207,892,521
- Subsidy- Provincial Government	**-**	184,995,600
Sales - net	**2,211,305,116**	4,216,372,059

24 COST OF SALES

	Note	**2019**	2018
		Rupees	
Sugarcane consumed		**2,128,356,480**	2,759,746,386
Manufacturing expenses	*24.1*	**430,236,736**	365,541,547
		2,558,593,216	3,125,287,933
Sugar stock in process - opening		**9,292,544**	11,351,217
Sugar stock in process - closing		**(3,740,859)**	(9,292,544)
		5,551,685	2,058,673
		2,564,144,901	3,127,346,606
Sale of molasses (by-product)		**(230,358,400)**	(261,805,000)
Cost of goods manufactured		**2,333,786,501**	2,865,541,606
Finished stock of Sugar - opening		**-**	1,001,644,800
Finished stock of Sugar - closing		**(429,204,353)**	-
		(429,204,353)	1,001,644,800
Stock of Bagasse - opening		**-**	-
Stock of Bagasse - closing		**(27,606,240)**	-
		(27,606,240)	-
		1,876,975,908	3,867,186,406

24.1 Manufacturing expenses

Salaries, wages and other benefits	*24.1.1*	**116,201,302**	107,993,196
Production stores consumed		**45,841,521**	43,394,083
Fuel and power		**5,487,743**	4,184,758
Repairs and maintenance		**21,046,252**	30,502,248
Vehicles running		**1,695,117**	1,512,460
Insurance		**6,606,908**	5,933,283
Depreciation	*14.1.1*	**227,969,795**	165,910,424
Others	*24.1.2*	**5,388,098**	6,111,095
		430,236,736	365,541,547

24.1.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 2.11 million (2018: Rs. 1.99 million)

24.1.2 This includes expenses for removal of bagasse, removal of mud and boiler clinker amounting to Rs. 3.88 million (2018: Rs.4.34 million)

25 ADMINISTRATIVE EXPENSES

	Note	2019	2018
		Rupees	
Salaries, wages and other benefits	*25.1*	**52,828,630**	55,305,640
Rent, rates and taxes		**936,653**	674,925
Insurance		**1,297,316**	2,019,289
Utilities		**505,454**	516,497
Printing and stationery		**1,302,370**	1,655,210
Postage, fax and telephone		**1,788,072**	1,891,174
Vehicle running and maintenance		**2,928,163**	2,805,719
Repair and maintenance		**2,346,165**	3,048,041
Traveling and conveyance		**475,850**	690,184
Subscriptions, books and periodicals		**3,030,206**	1,637,499
Legal and professional		**2,012,783**	4,642,162
Entertainment expense		**2,310,210**	2,008,176
Advertisement expense		**1,410**	-
Depreciation	*14.1.1*	**25,329,977**	18,434,492
Charity and donation	*25.2*	**1,140,635**	1,230,480
Auditors remuneration	*25.3*	**1,145,000**	1,025,000
Others		**4,134,034**	3,760,197
		103,512,928	101,344,685

25.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 1.80 million (2018: Rs.1.76 million).

25.2 None of the directors of the Company or their spouses had any interest in the donee organizations.

25.3 Auditors' remuneration

	2019	2018
	Rupees	
Audit fee	**800,000**	700,000
Certification charges	**125,000**	125,000
Half yearly review	**220,000**	200,000
	1,145,000	1,025,000

26 SELLING AND DISTRIBUTION COSTS

Loading, stacking and handling	**4,172,602**	7,269,839
Advertisement	**564,659**	18,810
Export expenses	**1,335,570**	79,175,080
Others	**68,760**	3,046,807
	6,141,591	89,510,536

27 FINANCE COSTS

Long term finance	**68,618,427**	48,881,068
Short term borrowings	**127,910,173**	66,345,207
Interest on Workers' Profit Participation Fund	**794,239**	-
	197,322,839	115,226,275
Bank charges	**1,141,517**	906,616
	198,464,356	116,132,891

28 OTHER INCOME

Profit on savings account	**5,275,616**	626,217
Realised exchange (loss) / gain	**(2,005,786)**	13,922,960
Sale of bagasse	**12,815,088**	57,690,942
(Loss) / Gain on disposal of property, plant and equipment	**(55,122)**	116
Liabilities no longer payable written back - net	**4,958,300**	18,868,150
Others	**441,435**	2,632,698
	21,429,531	93,741,083

29 OTHER EXPENSES

Workers' Profit Participation Fund	**2,381,993**	6,796,931
Workers' Welfare Fund	**4,065,592**	3,669,186
	6,447,585	10,466,117

30 TAXATION - net

Current	**34,904,354**	26,915,241
Prior	**7,753,428**	(4,603,815)
Deferred:		
- due to origination and reversal of temporary differences	**(51,119,188)**	38,479,937
- due to change in tax rate	**-**	(3,529,446)
	(51,119,188)	34,950,491
	(8,461,406)	57,261,917

30.1 Relationship between net tax (income) / expense and accounting profit

Profit before taxation	**41,192,279**	125,472,507
Tax at the applicable rate of 29% (2018: 30%)	**11,945,761**	37,641,752
Prior tax effect	**7,753,428**	(4,603,815)
Tax effect of minimum tax benefit not previously recognized	**(24,998,030)**	-
Tax effect of income taxed under minimum tax regime	**(3,162,565)**	24,223,980
	(8,461,406)	57,261,917

30.2 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2019. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

31 EARNING PER SHARE - BASIC AND DILUTED

31.1 Basic earnings per share

	2019	2018
	Rupees	
Profit after taxation	**49,653,685**	68,210,590
	Number	
Weighted average number of ordinary shares outstanding	**10,425,000**	10,425,000
Earnings per share - basic	**4.76**	6.54

31.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at September 30, 2019 and September 30, 2018.

32 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

Particulars	2019				2018			
	Chief Executive	Executive Director	Executives	Total	Chief Executive	Executive Director	Executives	Total
Basic salary	**1,500,000**	**1,125,000**	**4,711,500**	**7,336,500**	1,500,000	1,125,000	4,422,500	7,047,500
Other prequisites	**960,922**	**675,000**	**3,507,676**	**5,143,598**	1,027,899	675,000	4,158,629	5,861,528
Vehicle expenses	**159,223**	**-**	**750,583**	**909,806**	50,330	-	849,303	899,633
Total	**2,620,145**	**1,800,000**	**8,969,759**	**13,389,904**	2,578,229	1,800,000	9,430,432	13,808,661
No. of persons	**1**	**1**	**3**	**5**	1	1	3	5

33 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of Staff provident fund, major shareholders, directors, key management personnel of the Company and their close family members. Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the chief executive, directors and executives is disclosed in note 32 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

		2019	2018
Transactions during the year		Rupees	
Contribution to staff provident fund	*33.1*	**3,961,838**	3,758,515
Advance to SGM Sugar Mills Limited		**7,063,174**	-
Balances at year end			
Loan from directors		**183,000,000**	183,000,000
Loan from sponsors		**77,000,000**	77,000,000
		260,000,000	260,000,000
SGM Sugar Mills Limited		**7,063,174**	-

33.1 The investments out of provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

34 OPERATING SEGMENTS

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

34.1 Revenue from sale of sugar represents 90.09% (2018: 92.96%) of the total revenue whereas remaining represent revenue from sale of molasses and bagasse.

34.2 10.67% (2018: 36.01%) revenue of the Company relates to customers outside Pakistan.

34.3 All non-current assets of the Company at September 30, 2019 are located in Pakistan.

35 FINANCIAL INSTRUMENT DISCLOSURES

35.1 Financial risk management

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

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Company arises from long term loans, long term deposits, trade debts, short term loans, trade deposits, other receivables and bank balances. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	2019	2018
	Rupees	
Long term loans	**612,319**	2,008,278
Long term deposits	**792,527**	792,527
Trade debts - unsecured	**-**	252,395,262
Short term loans	**1,611,123**	1,693,367
Trade deposits	**-**	3,001,500
Other receivables	**1,530,028**	1,530,028
Bank balances	**22,882,443**	25,520,767
	27,428,440	286,941,729

The aging analysis of the trade debts as at the reporting date is as follows:

	2019		2018	
	Gross Value	**Impairment**	Gross Value	Impairment
	Rupees			
Not past due	**-**	**-**	147,342,279	-
Past due 3 months -1 year	**-**	**-**	105,052,983	-
Past due 1 year to 3 year	**-**	**-**	-	-
More than 3 year	**568,846**	**568,846**	568,846	568,846
	568,846	**568,846**	252,964,108	568,846

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment except for which has already been provided. None of the other financial assets are either past due or impaired.

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

Short term rating	2019	2018
	Rupees	
A-1+	**22,255,246**	25,500,968
A-1	**627,197**	19,799
	22,882,443	25,520,767

Due to the Company's long standing business relationships with the counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by the counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities:

	September 30, 2019			
Non-derivative financial liabilities	**Carrying amount**	**Contractual cash flows**	**Up to one year**	**More than one year**
	(Rupees)			
Long term finance - secured	**450,000,000**	**603,980,430**	**162,627,534**	**441,352,896**
Trade and other payables	**217,448,533**	**217,448,533**	**217,448,533**	**-**
Accrued mark-up	**25,515,416**	**25,515,416**	**25,515,416**	**-**
Short term borrowings	**338,348,587**	**338,348,587**	**338,348,587**	**-**
	1,031,312,536	**1,185,292,966**	**743,940,070**	**441,352,896**

	September 30, 2018			
Non-derivative financial liabilities	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Long term finance	779,166,667	851,699,167	200,773,332	650,925,835
Trade and other payables	277,346,428	277,346,428	277,346,428	-
Accrued mark-up	17,364,051	17,364,051	17,364,051	-
Short term borrowings	-	-	-	-
	1,073,877,146	1,146,409,646	495,483,811	650,925,835

c) Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk, interest rate risk and other price risk. The market risks associated with the Company's business activities are discussed as under:

i) Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk as there are no foreign currency denominated receivables / payables as of the reporting date.

ii) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes.

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

	2019	2018	**2019**	2018
	Effective interest rate (%)		**Carrying amount (Rs.)**	
Financial liabilities				
Long term financing	**10.32% - 15.4%**	8.82% - 10.32%	**450,000,000**	779,166,667
Short term borrowings	**9.32% - 14.8%**	9.32%	**338,348,587**	-
Financial Assets				
Bank deposits - pls account	**6.5% - 8%**	4% - 5%	**9,854,149**	13,894,920

Fair value sensitivity analysis for fixed rate instruments

As at reporting date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has increased by 605 bps during the year.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Statement of profit or loss account	
	100 bp	
	increase	decrease
As at September 30, 2019		
Cash flow sensitivity-Variable rate financial instruments	**5,527,311**	**(5,527,311)**
As at September 30, 2018		
Cash flow sensitivity-Variable rate financial instruments	5,433,429	(5,433,429)

iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. As of the reporting date, the Company is not exposed to any price risk.

35.2 Fair value estimates

The Company measures the fair value of its financial and non-financial assets using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of assets that are traded in active markets are based on quoted market prices. For all other assets the Company determines fair values using valuation techniques.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 2	Level 3	Total
September 30, 2019		**Rupees**		
- Property, plant and equipment	**-**	**2,604,746,154**	**-**	**-**
	-	**2,604,746,154**	**-**	**-**

	Level 1	Level 2	Level 3	Total
September 30, 2018		**Rupees**		
- Property, plant and equipment	-	2,801,755,471	-	-
	-	2,801,755,471	-	-

35.3 Financial instruments by categories

	2019	2018
	Rupees	
FINANCIAL ASSETS - at amortised cost		
Long term loans	**612,319**	2,008,278
Long term deposits	**792,527**	792,527
Trade debts - unsecured	**-**	252,395,262
Short term loans	**1,611,123**	1,693,367
Trade deposits	**-**	3,001,500
Other receivables	**1,530,028**	1,530,028
Bank balances	**22,882,443**	25,520,767
	27,428,440	286,941,729
FINANCIAL LIABILITIES- at amortised cost		
Long term finance - secured	**450,000,000**	779,166,667
Trade and other payables	**217,448,533**	277,346,428
Short term borrowing	**338,348,587**	-
Accrued mark-up	**25,515,416**	17,364,051
	1,031,312,536	1,073,877,146

36 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet). Following is the quantitative analysis of capital managed by the Company.

	2019	2018
	Rupees	
Total borrowings	**788,348,587**	779,166,667
Total equity	**220,223,786**	68,508,007
Total capital	**1,008,572,373**	847,674,674

37 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the statement of financial position as follows:

	2019	2018
	Rupees	
Cash and bank balances	**23,126,351**	25,761,888
Short term borrowings	**(338,348,587)**	-
	(315,222,236)	25,761,888

38 NUMBER OF EMPLOYEES

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

	2019	2018
	Number	
Total employees of the Company at the year end	**227**	271
Average employees of the Company during the year	**249**	307

39 PLANT CAPACITY AND ACTUAL PRODUCTION

	2019	2018
	M.tons	
Sugarcane crushing capacity	**1,280,000**	1,280,000
Sugarcane crushed	**431,457**	660,056
Sugar produced	**46,634**	67,245

The estimated production capacity is based on 160 days of crushing. However, the actual crushing days were only 88 days (2018: 133 days) due to non-availability of sugar cane.

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **5th December, 2019** by the Board of Directors of the Company.

41 SUBSEQUENT EVENT

41.1 The Board of Directors in their meeting held on **5th December, 2019** has proposed a final cash dividend for the year 2018-19, amounting to Rs. 10,425,000 (i.e. Rs.1/= per share) (2017-18: Rs. 16,680,000 i.e. Rs. 1.60 per share) which is to be approved by the members of the Company in the forthcoming Annual General Meeting to be held on **10th January, 2020.**

These financial statements do no include the effect of the aforesaid proposed final cash dividend. The same will be accounted for in the financial statements for the year ending September 30, 2020.

42 GENERAL

42.1 Figures have been rounded off to the nearest rupee.

42.2 The corresponding figures have been rearranged and reclassified, wherever considered necessary and for the purposes of comparison and better presentation. A major reclassification of corresponding figures made in the financial statements is as follows:

Reclassified from component	Reclassified to component	—— Rupees ——
Advance against supplies and expenses (Short term loans and advances)	Loan to growers - unsecured (Short term loans and advances)	16,752,638
Plant & machinery (Property, plant & equipments)	Capital work in progress (Property, plant & equipments)	15,900,301

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2019

NUMBER OF SHARES HOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	TOTAL NUMBER OF SHARES HELD
1,131	1	100	51,174
408	101	500	125,240
130	501	1,000	112,139
129	1,001	5,000	312,075
19	5,001	10,000	142,850
6	10,001	15,000	77,942
3	15,001	20,000	54,300
2	20,001	25,000	43,000
1	55,001	60,000	57,000
2	65,001	70,000	135,500
1	180,001	185,000	184,600
2	195,001	200,000	400,000
1	555,001	560,000	559,500
1	595,001	600,000	599,200
1	720,001	725,000	721,765
1	725,001	730,000	725,600
1	785,001	790,000	790,000
2	815,001	820,000	1,635,400
1	835,001	840,000	837,400
1	905,001	910,000	906,200
1	945,001	950,000	946,815
1	1,005,001	1,010,000	1,007,300
1,845			**10,425,000**

CATEGORIES	NUMBERS OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
INDIVIDUALS	1,829	9,218,669	88.43%
INVESTMENT COMPANIES	2	4,900	0.05%
INSURANCE COMPANIES	2	250,100	2.40%
JOINT STOCK COMPANIES	6	25,521	0.24%
FINANCIAL INSTITUTIONS	4	924,800	8.87%
MODARABA COMPANIES	1	600	0.01%
OTHERS	1	410	0.00%
TOTAL	**1,845**	**10,425,000**	**100.00%**

PATTERN OF SHARES HELD BY SHARE HOLDERS
AS AT SEPTEMBER 30, 2019

Combined pattern of CDC & Physical Shareholding as at 30th September 2019

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHARES HELD CDC ACCOUNTS	CATEGORY WISE NO. OF FOLIOS/ SHARES	CATEGORY WISE SHARES	PERCENTAGE
1	**INDIVIDUALS**	-	1,816	995,189	9.55
2	**INVESTMENT COMPANIES**		2	4,900	0.05
	PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD.	3,700			
	INVESTMENT CORPORATION OF PAKSITAN	1,200			
3	**INSURANCE COMPANIES**		2	250,100	2.40
	STATE LIFE INSURANCE CORP. OF PAKSITAN	184,600			
	PAKISTAN REINSURANCE COMPANY LIMITED	65,500			
4	**JOINT STOCK COMPANIES**		6	25,521	0.24
	WASI SECURITIES (SMC-PVT) LTD.	100			
	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LTD.	400			
	A. H. M. SECURITIES (PRIVATE) LIMITED	18,000			
	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	20			
	MRA SECURITIES LIMITED - MF	7,000			
	MAPLE LEAF CAPITAL LTD.	1			
1	**DIRECTORS, CHIEF EXECUTIVE OFFICER,**				
	THEIR SPOUSE AND MINOR CHILDREN		8	5,712,515	54.80
	MR. DEOO MAL	946,815			
	DR. BESHAM KUMAR	837,400			
	MR. PEHLAJ RAI	817,900			
	MR. MOHAN LAL	817,500			
	DR. TARA CHAND	725,600			
	MR. MAHESH KUMAR	559,500			
	MR. DILEEP KUMAR	1,007,300			
	MR. SHAFAQAT ALI SHAH	500			
6	**EXECUTIVES**	-	-	-	-
7	**FINANCIAL INSTITUTIONS (BANKS,DFIS,NBFI)**		3	18,600	0.18
	NATIONAL INVESTMENT TRUST LIMITED - ADMI	17,300			
	NATIONAL DEVELOPMENT FINANCE CORPORATION	200			
	NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT.	1,100			
2	**ASSOCIATED COMPANIES,**				
	UNDERTAKINGS AND RELATED PARTIES		5	2,510,965	24.09
	MR. JUGDESH KUMAR	790,000			
	MR. HASSANAND (MR. HASSOMAL)	721,765			
	MR. ASHOK KUMAR	599,200			
	MR. CHETAN MAL	200,000			
	MR. DOULAT RAM	200,000			
9	**PUBLIC SECTOR COMPANIES AND CORPORATIONS**	-	-	-	-
10	**MODARABAS & MUTUAL FUNDS**		1	600	0.01
	FIRST CRESCENT MODARABA	600			
11	**FOREIGN INVESTORS**		1	906,200	8.69
	ISLAMIC DEVELOPMENT BANK	906,200			
12	**CO-OPERATIVE SOCIETIES**	-	-	-	-
13	**CHARITABLE TRUST**		1	410	0.00
	THE SECRETARY	410			
14	**OTHERS**	-	-	-	-
	TOTAL	**1,845**	**10,425,000**	**100.00**	

SASM

FORM OF PROXY

No. of Shares	Please Quote Folio No.

I/We ……………………………………………………….of………………………….………….. a member of **SINDH ABADGAR'S SUGAR MILLS LIMITED** and holding ……………….. ordinary shares, as per Register Folio No……………………………………………………… hereby appoint Mr…………………………….……………….....of………………………………………......... or failing him……………………………………………….of…………………………………. who is also a member of the company vide Register Folio No. ………………….. as my proxy to vote for me and on my behalf at the Thirty Sixth Annual General Meeting of the Company to be held on January 10, 2019 at 16:00 hours at the Auditorium of the Pakistan Institute of International Affairs (PIIA), Near Sidco Avenue Centre, Opposite: Libra Autos CNG Pump, MulanaDeen Muhammad Wafai Road, Karachi and at an adjournment thereof.

As witness my hand this ………………………….….. day of………….………...…… 2020.

Witness

Signature: ______________________

Name : ______________________

RUPEES
FIVE
REVENUE
STAMP

SIGNATURE OF MEMBER

1. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.

2. The proxies shall be lodged with the company not later than 48 hours before the time for holding of the meeting and must be duly stamped, signed and witnessed.

3. The instrument appointing a Proxy should be signed by the member or his/her attorney duly authorized in writing, if the member is a corporate Body should be signed either under the Common Seal or under the hand of an officer or attorney so authorized.

سندھ آباد گار شوگر ملز لمیٹڈ

میں مسمّی / مسمّاۃ -- ساکن --

ضلع ------------------------ بحیثیت ممبر سندھ آباد شوگر ملز لمیٹڈ، مسمّی / مسمّاۃ ---------------------------------------

ساکن ---------------------------------- کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تا کہ وہ میری جگہ اور میری طرف سے

کمپنی کے اجلاسِ عام / سالانہ / غیر معمولی اجلاس (یا جو بھی صورتِ حال ہو) جو بتاریخ ---------- ۱۰ جنوری ۲۰۲۰ء ---------- بروز

---- جمعہ ---- منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

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SECP

PAKISTAN

Sindh Abadgar's Sugar Mills Limited
Geographical Preference

Site
Head Office

Sindh Abadgars Sugar Mills Limited
Site: Deh: Deenpur,Taluka, Bulri Shah Karim,
Distt: Tando Muhammad Khan, Sindh-73024

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SASM

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