



Sindh Abadgar's Sugar Mills Limited



TRUSTED BRAND
EXCELLENT QUALITY



37th Annual Report

FOR THE YEAR ENDED SEPTEMBER 30,

2020



SINDH ABADGAR'S SUGAR MILLS LIMITED

37th ANNUAL REPORT 2020

CONTENTS	Page
Company Profile	2
Notice of Annual General Meeting	3
Chairman's Report	6
Chairman's Report (Urdu)	7
Directors' Report	8
Directors' Report (Urdu)	14
Six Years at a Glance	21
Vision / Mission Statement	22
Review Report On The Statement Of Compliance Contained In Listed Companies (Code Of Corporate Governance) Regulations, 2017	23
Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2017	24
Independent Auditors' Report	26
Statement of Financial Position	29
Statement of Profit or Loss Account	30
Statement of Comprehensive Income	31
Statement of Cash Flows	32
Statement of Changes In Equity	33
Notes to the Financial Statements	34
Pattern of Shareholding	69
Form of Proxy	



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
Mr. Muhammad Siddiq Khokhar	Independent Director
Mr. Zafar Ahmed Ghori	Independent Director
Ms. Maheshwari Osha	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

Mr. Zafar Ahmed Ghori	Chairman
Mr. Pehlaj Rai	Member
Mr. Dileep Kumar	Member
Dr. Besham Kumar	Member

HR AND REMUNERATION COMMITTEE

Ms. Maheshwari Osha	Chairman
Mr. Mohan Lal	Member
Mr. Dileep Kumar	Member

AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

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 Shareholders of Sindh Abadgar's Sugar Mills Ltd ("the company"). will be held on Friday, 22nd January, 2021 at 4 P.M. at the Pakistan Institute of International Affairs (PIIA) Near Sidco Avenue Centre, Opposite Libra Autos CNG Pump, Maulana Deen Muhammad Wafai Road, Karachi. The shareholders however, shall be requested to attend the meeting through video-link / Zoom Cloud meetings for the wellbeing of shareholders in light of the threat posed by the evolving COVID-19 situation.

The entitled shareholders whose name appears in the Books of the Company by the close of business on Thursday, 14th January, 2021 who are interested to attend AGM through online are hereby requested to get themselves registered with the Company Secretary Office by providing the following details at the earliest but not later than 48 hours before the time of AGM at sasm@unitedgroup.org.pk

Name of Shareholders	CNIC No.	Folio No. / CDS No.	Cell Number	E-mail address

Upon receipt of the above information from interested shareholders, the company will send the login details at their email addresses. The Company will convene the meeting through "Zoom Cloud Meetings" which can be downloaded from Google Play or Apple App store. The shareholders are therefore requested to download the application ahead of the meeting. On the AGM day, shareholders will be able to login and participate in the AGM proceedings through their smart phones or computer devices from any convenient location.

The login facility will be opened 30 minutes before the meeting time to enable the participants to join the meeting after identification and verification process.

The meeting will be convened to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of the Extra Ordinary General Meeting held on Tuesday 18th August, 2020.
2. To receive consider and adopt the Audited Financial Statements of the Company for the year ended 30th September, 2020 together with the Chairman's Review, Directors' and Auditors reports' thereon.
3. To appoint Statutory Auditors and fix their remuneration.
4. To transact such other business as may be placed before the meeting with the permission of the Chairman.

By Order of the Board

Aziz Ahmed
Company Secretary

Karachi.
December 31st, 2020

NOTES:**1. Electronic Notice of AGM**

The Company is dispatching the Notice of AGM to all the members via CD through post to their registered address. In addition, the Notice along with proxy form is available on the Company's website <https://www.sasmltd.com> and has been uploaded to the PSX via the PUCARS system. In the event of any difficulty in accessing the Notice or the proxy form, members can contact the company by e-mail at sasm@unitedgroup.org.pk. The Company will send a copy of the Notice and proxy form via e-mail only to those members who place a request in writing and have provided their e-mail addresses to the Share Registrar of the Company M/s. JWAFFS Registrar Services (Pvt.) Ltd.

2. Closure of Share Transfer Books

The Share transfer books of the Company will remain closed from 15th January, 2021 to 22nd January, 2021 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. JWAFFS Registrar Services (Pvt.) Ltd, Suite # 407-408, 4th Floor, Al-Ameera Centre, Shahra-e-Iraq, Saddar, Karachi at the close of the Business on Thursday, 14th January, 2021 will be treated in time to determine the right to attend the AGM.

3. Participation in AGM

A member of the company entitled to attend and speak and cast vote at this meeting may appoint any other member as his/her proxy to attend, speak and cast vote in his/her behalf. Proxies, in order must be received at the Company's Share Registrar office not later than 48 hours prior to the meeting.

CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated 26th January, 2000 issued by S.E.C.P.

A For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his/her identity by showing his/her original computerized National Identity Card (CNIC) or original passport at the time of attending the meeting through video-link.
- ii. In case of Corporate Entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting through video-link.

B For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, address and CNIC/Passport Numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

- iv. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- v. In case of Corporate Entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

4. Change of Address

Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar. M/s Jwaffs Registrar Services (Pvt.) Ltd.

5. Vote through Postal Ballot

Members may exercise their right to vote by means of Postal Ballots i.e. by post or through electronic mode subject to requirements of section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

6. Video Conference Facility

Members can also avail video conference facility. In this regard please fill the following form and submit to the Registered Office of the Company seven (7) days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least seven (7) days prior to the date of meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I/We _____ of _____ being
a member of Sindh Abadgar's Sugar Mills Limited holder of _____ ordinary
share(s) as per Register Folio /CDC Account No. _____ hereby
opt for video conference facility at _____ .

Signature of Members

For any query / clarification / information, the shareholder may contact the company. And/or the Share Registrar at the following addresses:

Company Address:

Sindh Abadgar's Sugar Mills Limited.
Suite no. 209, 2nd Floor, Progressive Plaza,
Beaumont Road, Karachi-75530.

Share Registrar Address:

M/s JWAFS Registrar Services (Pvt)Ltd
Suite # 407-408, 4th Floor, Al-Ameer,
Centre, Shahra-e-Iraq, Sadler, Karachi.



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 backgrounds and rich experience in the field of business, banking etc, more specifically having thorough understanding of sugar industry spanning experience of more than 15 years, and are committed to operate at highest standard of Corporate Governance.

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 report that:

1. The overall performance of the Board for the year under review was satisfactory.
2. The Directors have performed their duty diligently in the best interest of the company particularly related to strategic objective of the company and monitoring the actuals their against.
3. The Board remain focus on Risk Management, business growth and future opportunities.
4. The Board had full understanding of the vision and mission statements and frequently revisit them to update with the changing market conditions
5. The Board members attended Board meetings during the year and participated in important Company's matter.
6. The Board undertook an overall review of business risks to ensure effectiveness of internal controls to safeguard assets and interest of the company and shareholders.
7. The Board members regularly received reports on finances / budgets, production and other important matters which helped them take effective decisions.
8. 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 evolving Covid-19 and unstable market environments,

DEOO MAL ESSARANI

Karachi: 31st December, 2020

چیئر مین رپورٹ

بورڈ آف ڈائریکٹر کی جانب سے، میں انتہائی مسرت کے ساتھ آپ کے سامنے بورڈ کی مجملہ کارکردگی اور بورڈ کی جانب سے کمپنیز ایکٹ 2017 کی دفعہ 192 کے تحت کمپنی کے اغراض و مقاصد کے حصول کیلئے ادا کیے گئے کردار پر جائزہ رپورٹ پیش کر رہا ہوں۔

بورڈ آف ڈائریکٹر مختلف شعبہ ہائے سے تعلق رکھتے ہیں اور کاروباری شعبہ، بینکنگ وغیرہ میں بھرپور تجربہ رکھتے ہیں اور خصوصی طور پر چینی کی صنعت سے 15 سال سے زائد عرصے سے وابستہ ہیں اور انہوں نے اعلیٰ معیاری کارپوریٹ گورننس پر کام کرنے کا عزم کر رکھا ہے۔

بورڈ کمپنی کی حکمت عملی کے حوالے سے ہدایات فراہم کرتا ہے اور کمپنی کے اغراض و مقاصد کے حصول میں انتظام و انصرام کرتا ہے۔ بورڈ کی کارکردگی اور کمپنی کے اہداف جو کہ سال کے شروع میں مقرر کیے گئے تھے کے حصول میں بورڈ کے کردار کی موثریت کا جائزہ لینے کیلئے بورڈ کے ڈائریکٹر کا سالانہ تجزیہ کیا گیا ہے جیسا کہ کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت ضروری ہے، جس کی رپورٹ درج ذیل ہے:

- 1- بورڈ آف ڈائریکٹر کی کل ملا کر کارکردگی تسلی بخش رہی۔
 - 2- ڈائریکٹر نے کمپنی کے مفاد میں انتہائی دیانتداری کے ساتھ اپنے فرائض سرانجام دیئے، خصوصاً کمپنی کی حکمت عملی کے اہداف کے حوالے سے اور چیدہ چیدہ پہلوؤں پر نظر رکھی۔
 - 3- بورڈ نے رسک مینجمنٹ، کاروباری ترقی اور مستقبل کے مواقع پر اپنی توجہ مرکوز رکھی۔
 - 4- بورڈ کے پاس ویژن اور مشن کے گوشواروں کے متعلق مکمل آگہی تھی اور بدلتی ہوئی مارکیٹ کی صورتحال کے حساب سے انہیں تازہ ترین رکھنے کا جائزہ لیا جاتا رہا۔
 - 5- بورڈ کے ممبران نے سال کے دوران ہونے والی بورڈ میٹنگ میں شرکت کی اور کمپنی کے اہم معاملات میں اپنا کردار ادا کیا۔
 - 6- کمپنی اور شیئر ہولڈرز کے مفاد اور اثاثہ جات کو محفوظ رکھنے کیلئے اندرونی کنٹرول کی موثریت کو یقینی بنانے کے حوالے سے بورڈ نے کاروباری خطرات کا ہر طرح سے جائزہ لیا۔
 - 7- بورڈ ممبران پابندی کے ساتھ مالی امور ایچٹ، پیداوار اور دیگر اہم مسائل کے متعلق رپورٹ موصول کرتے رہے جو کہ موثر فیصلہ لینے میں مددگار ثابت ہوئیں۔
 - 8- بورڈ ممبران انتظامیہ کی جانب سے باقاعدہ طور پر ریزنیشنز کے ذریعے مالی نتائج حاصل کرنے کے حوالے سے آگاہ رہے اور اسی حساب سے ہدایات وصول کرتے رہے اور بروقت بنیادوں پر کسی بھی قسم کی بھول چوک سے آگاہ رہے۔
- میں تمام بورڈ ممبران کا شکر گزار ہوں جنہوں نے تبدیلی، انتہک محنت اور لگن کے ساتھ کوششیں کیں اور کووڈ-19 کی وبا اور غیر مستحکم مارکیٹ کی صورتحال کی وجہ سے پیدا ہونے والی مشکلات پر قابو پانے کیلئے سعی کی۔

دیول ایرانی
چیئر مین

کراچی December 31st, 2020



DIRECTORS' REPORT

Dear Members
Assalam o-alaikum,

On behalf of the Board of Directors of Sindh Abadgars' Sugar Mills Ltd, we are pleased to submit the Directors report together with audited financial statements of the company for the year ended 30th September, 2020.

Financial Results:

	FY 2020 Rupees	FY 2019 Rupees
(Loss)/Profit before tax	(166,149,028)	41,192,279
Taxation net	752,528	8,461,406
(Loss)/ Profit after taxation	(165,396,500)	49,653,685
Incremental depreciation transferred from surplus on revaluation of fixed assets -net of deferred tax	106,535,203	118,742,094
	(58,861,297)	168,395,779
Final Dividend paid @ 10% for FY 2019 (FY 2018 :16%)	(10,425,000)	(16,680,000)
Accumulated (loss) brought forward	(144,026,214)	(295,741,993)
Accumulated (loss) carry forward	(213,312,511)	(144,026,214)
(Loss)/ Earnings per share	(15.87)	4.76

The Company posted a sales volume of 45,731 M.Tons of Sugar compared to 38,023 M.Tons in the corresponding year increased by 20%. Accordingly, sales in the term of Rupees achieved at Rs. 3,026 million compared to Rs. 2,211 million in the last year increased by 37%. The average sugar prices remained higher during the year amid strong demand in local market attained at Rs. 66,164 per ton net of sales tax compared to Rs. 58,157 per ton in the corresponding period. The plant operated only 95 days mainly because of unavailability of Sugar-cane.

The salaries, wages & other benefit and repairs & maintenance at plant has increased mainly due to annual increment to cover cost of inflation and maintenance work essentially required to operate the plant smoothly during the operation. Likewise administrative expenses have also increased to Rs. 116.43 million from Rs. 103.51 million in the corresponding period mainly because of annual increment in salaries. The Financial cost however, has decreased to Rs. 164.98 million during the year from Rs. 198.46 million in the corresponding period due to less borrowing and decrease in discount rates during first wave of Covid-19.

The Sugar recovery has achieved at 10.46% compared to 10.78% in the last year, attributed to slightly earlier start of season during which low sugar recovery of sugarcane procured. The average procurement price of sugarcane per 40 kg has significantly surged, paid at Rs.269 per 40 kg compared to Rs197 per 40 kg in the corresponding year, an increase of Rs.72 per 40 kg (37%). Further less crushing of sugarcane by 17% as against last year. In contrast the selling price of sugar did not surged as anticipated in line with Sugarcane price.

The Gross profit on sales decreased to 2.82% from 15.12% in the corresponding year entirely because of unprecedented spike in sugarcane cost. The EBITDA has also decreased, recorded at Rs.226.9 million compared to Rs.494.5 million. As such the company has incurred loss after tax Rs.165.39 million compared to profit after tax of Rs.49.653 million. The loss per share stood at Rs.(15.87) as against earning of Rs.4.76 in the corresponding year.

Dividend

The Board of Directors in its meeting held on 31st December, 2020 has not recommended any dividend for the year ended 30th September 2020 due to loss sustained during the year and accumulated losses:

Operational Results		2019-20	2018-19
Crushing Commenced		29.11.2019	13.12.2018
Crushing Ended		02.03.2020	10.03.2019
Days worked(Gross)		95	88
Sugarcane crushed	- Tons	359,528	431,457
Net crushing	- Days	71	84
Daily average crushing	- Gross days	3,785	4,903
Daily average crushing	- Net days	5,063	5,136
Capacity utilization	-%	47	61
Sugar produced	-Tons	37,614	46,634
Sugar recovery	-%	10.46	10.78
Molasses produced	-Tons	16,620	20,100
Molasses produced % Sugarcane	-%	4.62	4.65

The company commenced its crushing on 29th November, 2019 and remained in operation until 2nd March, 2020. The lesser number of days plant operated was attributed to non-availability of sugarcane at competitive rates. Accordingly, the company crushed 359,528 M.Tons Sugarcane during the season compared to 431,459 M.Tons in the preceding season sharply dropped by 71,931 M.Tons (17%). Similarly, sugar produced from sugarcane has also declined by 9,020 M.Tons (12%) from 46,634 M.Tons in the corresponding season to 37,614 M.Tons.

Industry Overview

Sugarcane production in Pakistan is decreased during the year under review recorded at 64.77 million M. Tons compared to 67.13 million M. Tons in 2018-2019. Likewise sugar production in Pakistan recorded at 4.88 million M. Tons compared to 5.268 million M. Tons in 2018-19. The minimum support price per 40 kg of sugarcane fixed by the Provincial Governments at Rs.190 per 40 kg in Punjab and KPK and in Sindh at Rs.192 per 40 kg. . The actual procurement price per 40 kg paid by Sugar Mills was however, substantially higher than the minimum support price in view of less availability of Sugarcane, thereby, eroding the profitability of Sindh Sugar Industry.

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's in order to remain compliant with the safety rules and regulations. The workers are provided necessary protective equipment to safeguard themselves from any accidents. Regularly in house trainings are arranged to acquaint themselves with safety guidelines. The Company is providing sugar at subsidized rate from its fair price shop. The company being a good corporate citizen is contributing towards improving the life style of community inhabited around the factory 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 installed Effluent Treatment Plant to keep the environment free from the harmful effect caused by the effluent. Your company has already launched "Tree Plantation Campaign" regularly each year large number of trees are planted .The company supports environmental protection activities in the community and fund them to protect the people from hazards of filthy environment.

Future Outlook

The Sugarcane production for 2020-21 is likely to be achieved at 72 million M. Tons amid increase in plantation area especially in Punjab compared to the year under review. Similarly sugar production in Pakistan projected to be increased to 5.9 million M.Tons. The Selling price of sugar accordingly is expected to be slightly lower. In contrast the Government has notified a Sugar-cane price Rs.202 per 40 kg compared to Rs.192 per 40 kg in the preceding season. In spite of increase in notified price of sugarcane and estimation of higher sugar production, the current market price of Sugarcane is hovering around Rs.280 per 40 kg making difficult seasons for entire lower Sindh Sugar Industry.

The company started Crushing on 29th November 2020 and has crushed 125,277 M.Tons Sugarcane and produced 12,149 M.Tons sugar with average sugar recovery 9.67% lower than the last year. The company is committed to crush more quantity of sugarcane compared to previous season to mitigate the adverse impact of eroding profitability and spiraling Sugarcane prices. Although, current prices of sugarcane are not viable to remain in operations, the Company is devising effective marketing strategy which will play a crucial part to achieve positive financial results.

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 entire mandatory provisions 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 Code of Corporate Governance Regulation 2019 with regard to Directors' Training Program. However, Training Program for 2 independent who elected during the year will be arranged by Company during FY 2020-21.

Statement on Corporate and Financial Reporting Framework

The Board is pleased to confirm the following:

1. The Financial Statements, prepared by the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper Books of Accounts of the company have been maintained.
3. Appropriate Accounting Policies have been consistently applied in preparation of the Financial Statements, Changes, if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the Financial Statements and deviation there from if any, has been adequately disclosed.
5. The system of Internal Control is sound in design and has been effectively implemented and monitored regularly.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. The Statement of Ethics and Business Strategy is prepared and circulated among the directors and employees.
9. The Investments out of Provident Funds have been made in accordance with the provision of Section 218 of the companies Act, 2017 and the rules formulated for this purpose

10. The Board has adopted a Mission Statement and a statement of overall corporate strategy.
11. Key Operating and Financial Data for last six years, in summarized form, is given on page 21 .
12. Information about the Taxes and Levies is given in the notes to the Financial Statements.
13. The Pattern of Shareholding and additional information regarding Pattern of Shareholding is given on page 69 and 70 .
14. During the year 2019-2020 four (4) Meetings of the Board of Directors were held.

Attendance of each Director was as under:

No. of Name of Directors	Meetings attended
Mr. Deoo Mal	4
Dr. Tara Chand	4
Mr. Dileep Kumar	3
Mr. Pehlaj Rai	2
Mr. Mohan Lal	2
Dr. Besham Kumar	2
Mr. Mahesh Kumar	4
Mr. Shafaqat Ali Shah	3
Mr. Zafar Ahmed Ghorl	-
Ms. Maheshwari Osha	-
Mr. Mohammad Sidiq Khokhar	-

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

Ms. Maheshwari Osha has purchased 500 shares during the year while other Directors, CEO, CFO, Company Secretary and their spouses and minor children have not traded in the shares of the company. No Meeting of Board was held after appointment of new Independent Directors.

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 all applicable 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 have the remuneration policy for 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.



Detail of aggregate amount of Executive and Non-Executive Directors are disclosed in note 32 to the financial statement.

Composition of Board

Total Number of Directors

(a)	Male	9
(b)	Female	1

Composition:

Independent Director	03
Other non-executive Director	05
Executive Directors	02

Audit Committee

The Audit Committee of the Company comprises of the following members:

Mr. Zafar Ahmed Ghori	...	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:

Ms. Maheshwari Osha	...	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

Material changes and commitments affecting the financial positions of the Company occurred after 30th September 2020 till the issue of this financial statement has been reflected in the notes of contingencies and commitments to the financial statements. The company is confident that no adverse financial impact will occur.

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

The Board acknowledges the cooperation of all stakeholders and place on record its gratitude for the dedication of workers and employees of the Company.

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: 31st December, 2020

ڈائریکٹرز رپورٹ

پیارے ممبران - اسلام علیکم!

ہم سندھ آبادگار 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 2020 پیش کر رہے ہیں۔

مالی سال 2019	مالی سال 2020	مالیاتی نتائج:
روپے میں	روپے میں	نفع/(نقصان) ماقبل ٹیکس
41,192,279	(166,149,028)	ٹیکس منجملہ
8,461,406	752,528	نفع/(نقصان) مابعد ٹیکس
49,653,685	(165,396,500)	قدر و قیمت کی تعیین نو سے حاصل شدہ منافع منتقل کیا گیا
118,742,094	106,535,203	مالی سال 2019 کیلئے 10 فیصد کے حساب
168,395,779	(58,861,297)	سے ادا شدہ ڈیویڈنڈ (مالی سال 2018 : 16 فیصد)
(16,680,000)	(10,425,000)	کل ملا کر (نقصان) سامنے لایا گیا
(295,741,993)	(144,026,214)	حاصل سابق جمع شدہ (نقصان)
(144,026,214)	(213,312,511)	فی شیئر کمائی/(نقصان)
4.76	(15.87)	

کمپنی نے فروخت کی حجم 20 فیصد اضافہ کے ساتھ 45,731 میٹرک ٹن حاصل کیا جو کہ گزشتہ سال 38,023 میٹرک ٹن تھا۔ اس طرح کمپنی نے 3,026 ملین روپے کی فروخت کی جو کہ گزشتہ سال 36 فیصد کمی کے ساتھ 2,211 ملین روپے تھی۔ سال کے دوران چینی کے نرخ خاصے اچھے رہے جس کی وجہ مقامی مارکیٹ میں طلب میں اضافہ ہے اور اس طرح مبلغ 66,164 روپے فی ٹن پر فروخت ہوئی جو کہ مماثل دورانیہ میں 58,157 روپے فی ٹن تھی۔ پلانٹ نے گنے کی عدم دستیابی کی وجہ سے صرف 95 دن کام کیا۔

پلانٹ پر تنخواہوں، معاوضوں اور دیگر مراعات اور ریپیر اینڈ مینٹیننس میں اضافہ ہوا جس کی بنیادی وجہ افراط زر کی لاگت پر قاپو پانے اور کام کے دوران پلانٹ کو بلا تھقل چلائے رکھنے کیلئے ضروری مینٹیننس کا کام کرانے کے حوالے سے سالانہ اضافہ ہے۔ اسی طرح انتظامی اخراجات میں بھی مماثل دورانیہ میں 103.51 ملین روپے کے مقابلے میں 116.43 روپے کا اضافہ ہوا جس کی وجہ سالانہ تنخواہوں میں اضافہ ہے۔ تاہم مالی اخراجات میں کمی واقع ہوئی جو کہ اس سال 164.98 ملین روپے رہے جو کہ مماثل دورانیہ میں 198.46 ملین روپے تھی جس کی وجہ ادھار میں کمی اور کووڈ-19 وباء کی پہلی لہر کے دوران رعایتی نرخوں میں کمی ہے۔

اس سال چینی کی وصولیابی 10.46 فیصد رہی جو کہ گذشتہ سال 10.78 فیصد تھی، جس کی وجہ گنا حاصل کرنے کے سیزن کا تھوڑا جلدی شروع ہو جانا ہے جس میں چینی کا ماخذ کم ہونا تھا۔ گنا حاصل کرنے کی قیمت میں قابل ذکر اضافہ ہوا یعنی 269 روپے فی 40 کلو جو کہ گذشتہ سال 197 روپے فی 40 کلو تھا یعنی مبلغ 72 روپے فی کلو (37 فیصد) اضافہ ہوا جس کی وجہ سے گذشتہ سال کے مقابلے میں 17 فیصد تک کم پیسائی کی گئی، جس کی وجہ سے خسارے کا کچھ حصہ برقرار رہا۔ اس کے برعکس گنے کی قیمت کو مد نظر رکھتے ہوئے چینی کے فروختگی نرخ میں بھی توقع کے مطابق اضافہ نہیں ہوا۔

فروخت پر منجملہ منافع 2.82 فیصد رہ گیا جو کہ گذشتہ سال 15.12% تھا جس کی بنیادی وجہ گنے کی قیمت میں غیر یقینی حد تک اضافہ ہونا اور EBITDA میں بھی کمی واقع ہونا ہے یعنی 226.9 ملین روپے اس کے مقابلے میں گذشتہ سال 494.5 ملین تھا۔ اس طرح کمپنی نے مابعد ٹیکس مبلغ 165.39 ملین روپے کا نقصان برداشت کیا جو کہ مماثل دورانیہ میں مابعد ٹیکس 49.653 ملین روپے تھا۔ فی حصہ نقصان 15.87 روپے رہا جبکہ گذشتہ سال 4.76 روپے فی حصہ کمائی ریکارڈ کی گئی تھی۔

منقسمہ / ڈیویڈنڈ:

بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 31 دسمبر 2020 میں سال اختتام پذیر 30 ستمبر 2020 کیلئے کوئی حتمی نقد ڈیویڈنڈ تجویز نہیں کیا ہے جس کی وجہ اس سال ہونے والا نقصان اور حاصلہ نقصانات ہیں:

عملیاتی نتائج

2018-19	2019-20	عملیاتی نتائج:
13-12-2018	29-11-2019	پیسائی کا آغاز
10-03-2019	02-03-2020	پیسائی کا اختتام
88	95	کام کے ایام (مجموعی) - ایام
431,457	359,528	پیسے گئے گنوں کی تعداد - ٹن
84	71	کل پیسائی - ایام
4,903	3,785	روزانہ پیسائی کا تناسب - منجملہ ایام
5,136	5,063	روزانہ پیسائی کا تناسب - کل ایام
61	47	استعمال کی استعداد - فیصد
46,634	37,614	چینی کی پیداوار - ٹن
10.78	10.46	چینی کی وصولیابی - فیصد
20,100	16,620	شیرہ کی پیداوار - ٹن
4.65	4.62	گنے میں شیرہ کا تناسب - فیصد

کمپنی نے پیسائی کا آغاز مورخہ 29 نومبر 2019 سے کیا اور 2 مارچ 2020 تک کام کرتی رہی۔ پلانٹ میں کم دن کام ہونے کی وجہ سے سابقہ نرغوں پر گئے کی عدم دستیابی تھی۔ لہذا کمپنی نے سیزن میں 359,528 میٹرک ٹن گنے کی پیسائی کی اس کے مقابلے میں گزشتہ سال 431,459 میٹرک ٹن تھی یعنی قابل ذکر حد تک 71,929 میٹرک ٹن (17%) کی ہوئی۔ اسی طرح گنے سے چینی کی پیداوار بھی 9,020 میٹرک ٹن (یعنی 12 فیصد) تک کم رہی یعنی 46,634 میٹرک ٹن مماثل سیزن کے مقابلے میں 37,614 میٹرک ٹن رہی۔ مماثل سیزن میں شیرہ کی وصولی بھی 10.46 فیصد رہی جو کہ پہلے 10.78 فیصد تھی۔

صنعت کا جائزہ:

پاکستان میں گنے کی پیداوار اس سال کی واقع ہوئی یعنی 64.77 ملین میٹرک ٹن ریکارڈ کی گئی جو کہ سال 2018-2019 میں 67.13 ملین میٹرک ٹن تھی۔ اسی طرح پاکستان میں چینی کی پیداوار 4.88 ملین میٹرک ٹن ریکارڈ کی گئی جبکہ اس کے مقابلے میں سال 2018-19 میں 5.268 ملین میٹرک ٹن تھی۔ صوبائی حکومتوں کی جانب سے پنجاب اور خیبر پختونخواہ میں گنے کی کم از کم قیمت 190 روپے فی 40 کلو مقرر کی گئی ہے اور سندھ میں 192 فی 40 کلو مقرر ہے۔ تاہم شوگر ملز کی جانب سے گنا حاصل کرنے کی اصل قیمت مقررہ قیمت سے کافی زیادہ ہے جس کی وجہ سے گنے کی عدم دستیابی ہے، اسی وجہ سے سندھ میں چینی کی صنعت کے منافع کو نقصان پہنچ رہا ہے۔

کارپوریٹ سماجی سرگرمیاں

آپ کی کمپنی نے اپنے عملہ اور ملازمین کو ایک محفوظ اور صحت مند ماحول فراہم کرنے کا اعادہ کر رکھا ہے۔ آلودگی سے پاک ماحول برقرار رکھنے کیلئے کمپنی نے ضروری آلات نصب کیے ہیں تاکہ حفاظتی قوانین و ضوابط کی پاسداری ہوتی رہے۔ ملازمین کو ضروری حفاظتی آلات فراہم کیے گئے ہیں تاکہ انہیں حادثات سے بچایا جاسکے۔ کمپنی کے اندر باقاعدہ تربیتی نشستوں کا اہتمام کیا جاتا ہے تاکہ انہیں حفاظتی ہدایات سے آگاہ رکھا جاسکے۔ کمپنی اپنی فیز پرائز شاپ سے چینی رعایتی قیمت پر فراہم کر رہی ہے۔ ایک اچھے کارپوریٹ شہری ہونے کے ناطے کمپنی قریبی باشندوں کی طرز زندگی کو بہتر بنانے میں اپنا کردار ادا کر رہی ہے اور مستحق افراد کو مالی معاونت، مفت ہیلتھ کیئر، کھانا اور تعلیم وغیرہ فراہم کر رہی ہے۔

ماحولیاتی اثرات

آپ کی کمپنی نے عائد ماحولیاتی ذمہ داریوں کو پورا کرنے کا اعادہ کیا ہوا ہے جیسا کہ سندھ انوائرنمنٹل پرائیکشن ایجنسی رولز میں وضع کیا گیا ہے۔ کمپنی نے افلوئٹ ٹریٹمنٹ پلانٹ نصب کئے ہیں تاکہ ماحول کو افلوئٹ کی وجہ سے پیدا ہونے والے منفی اثرات سے پاک رکھا جائے۔ آپ کی کمپنی نے پہلے ہی ”درخت لگانے کی مہم“ کا آغاز کر رکھا ہے جس کے تحت باقاعدہ طور پر بڑی تعداد میں درخت لگائے جا رہے ہیں۔ کمپنی کمیونٹی میں ماحولیاتی محافظی سرگرمیوں کی حمایت کرتی ہے اور مضر صحت ماحول کے اثرات سے لوگوں کو محفوظ کرنے کیلئے اس طرح کی سرگرمیوں کی مالی معاونت کرتی ہے۔

مستقبل کے امکانات

سال 2020-21 میں گنے کی پیداوار 72 ملین میٹرک ٹن تک پہنچنے کا امکان ہے جس کی وجہ سے زریغور سال کے مقابلے میں خصوصاً پنجاب میں کاشتکاری کی جگہ میں اضافہ ہے۔ اسی طرح چینی کی پیداوار میں 5.9 ملین میٹرک ٹن اضافہ ہونے کا امکان ظاہر ہوتا ہے۔ چینی کی فروختگی نرخ میں ہلکی سی کمی واقع ہو سکتی ہے۔ اس کے برعکس حکومت نے گزشتہ سال گنے کی قیمت 192 روپے کے مقابلے میں 202 روپے فی 40 کلو مقرر کی ہے۔ گنے کی قیمت اور چینی کی پیداوار میں اضافے کے باوجود، گنے کی موجودہ مارکیٹ قیمت 280 روپے فی 40 کلو کے درمیان ہے لہذا اس وجہ سے سندھ کی شوگر ملوں کو دشواری کا سامنا ہے۔

کمپنی نے پیسائی کا آغاز مورخہ 29 نومبر 2020 کو کیا اور 125,277 میٹرک ٹن گنے کی پیسائی کی اور 12,149 میٹرک ٹن 9.67 فیصد چینی حاصل کی جو کہ گذشتہ سال کے مقابلے میں کم ہے۔ تاہم، چینی کی وصولیابی چینی پیسے کی مقدار میں اضافے کے ساتھ بڑھ جائے گی۔ کمپنی نے گذشتہ سیزن کے مقابلے میں مزید میں زیادہ مقدار میں گنا پیسے کا اعادہ کیا ہے تاکہ چینی کی گرتی قیمتوں کی وجہ سے ہونے والے منفی اثرات اور گنے کی بڑھتی قیمتوں پر قابو پایا جائے۔ اگرچہ گنے کی موجودہ قیمتیں کم کرنے کے موافق نہیں ہیں تاہم کمپنی موثر مارکیٹنگ حکمت عملی بنا رہی ہے جو کہ مثبت مالیاتی نتائج حاصل کرنے کیلئے اہم کردار ادا کرے گی۔

کارپوریٹ طرز حکمرانی کے ضابطے

کمپنی نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے لاگو کردہ تنظیمی طرز 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 کو مالیاتی گوشواروں کو واضح انداز میں منظر عام پر لایا جائے، کا خیر مقدم کرتی ہے۔ ہم امید کرتے ہیں کہ اس سے چھوٹے سرمایہ داروں کے اعتماد میں اضافہ ہوگا اور کارپوریٹ سرمایہ کاری بڑھے گی۔

ڈائریکٹرز کا تربیتی پروگرام

ہم انتہائی مسرت کے ساتھ آپ کو آگاہ کرتے ہیں کہ کمپنی ڈائریکٹرز کے تربیتی پروگرام کے حوالے سے کوڈ آف کارپوریٹ گورننس ریگولیشن 2019 کی شق 19 پر عمل پیرا ہے۔ تاہم 2 آزاد ڈائریکٹرز جو کہ سال کے دوران منتخب ہوئے ہیں کیلئے تربیتی پروگرام کا انتظام مالی سال 2020-21 تک کیا جائے گا۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر گوشوارہ:-

- (1) 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۔
- (2) کمپنی کے اکاؤنٹس کی باضابطہ کتب برقرار رکھی گئی ہیں۔
- (3) مالیاتی گوشواروں کی تیاری میں توازن کے ساتھ مناسب اکاؤنٹنگ پالیسی لاگو کی گئی ہے، تبدیلیاں، اگر کوئی ہوں، انہیں ٹھیک طور پر واضح کیا جاتا ہے اور محاسبہ تخمینہ کاری معقول اور دانشمندانہ فیصلوں پر مبنی ہے۔
- (4) 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 منظر عام پر لایا گیا ہے۔
- (5) اندرونی نظم و نسق کا نظام موثر طرز سے ترتیب دیا گیا ہے اور اس پر موثر انداز میں عملدرآمد و نگرانی جاری ہے۔
- (6) کمپنی کی صلاحیت پر کوئی قابل ذکر شک و شبہات موجود نہیں اور اس کا کاروباری جاری و ساری ہے۔
- (7) درج مندرج ضوابط میں تفصیل کردہ، کارپوریٹ گورننس کی پاسداری میں کوئی ٹھوس انحراف موجود نہیں ہے۔
- (8) اخلاقی اور کاروباری حکمت عملی کے گوشوارے بنائے گئے ہیں اور انہیں ڈائریکٹرز اور ملازمین تک پہنچایا گیا ہے۔
- (9) پراویڈنٹ فنڈز میں سے سرمایہ کاری کمپنیز ایکٹ 2017 کی دفعہ 218 کی شرائط کے مطابق کی گئی ہے اور اس مقصد کیلئے اصول بنائے گئے ہیں۔
- (10) کمپنی نے ایک مشن اسٹیٹمنٹ اور کل ملا کر کارپوریٹ حکمت عملی کی ایک اسٹیٹمنٹ کو اختیار کیا ہے۔
- (11) چھ سالہ کلیدی اعمال اور مالیاتی اعداد و شمار، مختصر انداز میں بیان کیا گیا ہے، جو کہ صفحہ نمبر 17 پر موجود ہیں۔

- (12) ٹیکس اور دیگر مراعات کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- (13) حصص داری کا خاکہ اور حصص داری کے خاکے سے متعلق مزید معلومات صفحہ نمبر 69 اور 70 پر موجود ہے۔
- (14) رواں سال 2019-2020 میں یورڈ 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 دیول ایرانی	4
ڈاکٹر تارا چند ایرانی	4
جناب دلپ کمار	3
جناب پہلاج رائے	2
جناب موہن لال	2
ڈاکٹر بیثام کمار	2
جناب مہیش کمار	4
شفاقت علی شاہ	3
جناب ظفر احمد غوری	-
مس مہیشوری اوشا	-
جناب محمد صدیق کھوکھر	-

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

مس مہیشوری اوشا نے سال کے دوران 500 شیئرز خریدے ہیں جبکہ دیگر ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری اور ان کی ازواج اور چھوٹے بچوں نے کمپنی کے شیئرز میں کوئی تجارت نہیں کی ہے۔

طرز عمل اور اخلاقی ضابطے

یہ کمپنی کی پالیسی ہے کہ وہ اپنے اعمال عمدہ ترین کاروباری اخلاقیات کو زیر 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 سرانجام دی گئیں۔ ڈائریکٹر اور ملازمین نے یہ یقین دلایا ہے کہ کمپنی کا لین دین اس کے صارفین، سپلائرز اور مسابقت داروں کے ساتھ شفافیت پر مبنی ہو۔

- (2) حکومتی اداروں، صارفین اور سپلائرز کے نمائندوں میں، کمپنی بلا واسطہ یا بلا واسطہ 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 تفصیلاً 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 ڈائریکٹر کو تنخواہ ادا کی گئی ہے جو کہ سالانہ تشخیص پر مبنی ہے۔

ڈائریکٹر کی تنخواہ

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

بورڈ کا مرکب

ڈائریکٹرز کی کل تعداد

9	مرد	(الف)
1	خاتون	(ب)

مرکب:

03	خود مختار ڈائریکٹر
05	دیگر نان ایگزیکٹو ڈائریکٹرز
02	ایگزیکٹو ڈائریکٹرز

آڈٹ کمیٹی:

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

چیرمین	جناب ظفر احمد غوری
ممبر	ڈاکٹر بیٹام کمار
ممبر	جناب دلپ کمار
ممبر	جناب پہلاج رائے

ایچ آر اور تنخواہ جاتی کمیٹی

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

چیرمین	مس مہیشوری اوشا
ممبر	جناب موہن لال
ممبر	جناب دلپ کمار

کریڈٹ ریٹنگ

کمپنی کی طویل عرصہ سے ریٹنگ BBB ہے جبکہ مختصر عرصہ کیلئے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے A2 دی گئی ہے۔ نوازی گئی ریٹنگ آئندہ بھی مستحکم رہنے کا امکان ہے۔

مابعد اہم مالی تبدیلیاں:

کمپنی کی مالی حالت کو متاثر کرنے والی بنیادی تبدیلیاں اور قول و اقرار جو کہ 30 ستمبر 2020 کے بعد سے اس مالی گوشوارے تک رونما ہوئے ہیں انہیں مالی گوشواروں کے کنٹری جنسیر اور کمیشنس کے نوٹس میں ظاہر کیا گیا ہے۔ کمپنی کو یقین ہے کہ اس سے مالی معاملات پر کوئی منفی فرق مرتب نہیں ہوگا۔

بورڈ آف ڈائریکٹر کا تجزیہ:

بورڈ آف ڈائریکٹر نے ایک معیاری اصول بنایا ہے تاکہ بورڈ کے ہر ممبر اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا جاسکے۔ کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت ضروری سالانہ تجزیہ سال کے شروع میں طے کیے گئے معیاری اصول / مقاصد کے حساب سے سرانجام دیا گیا ہے۔

قانونی آڈیٹرز

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس، سیکڈوش ہوئے جو کہ بااہل 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:-

بورڈ اپنے تمام شرائط و احوال کی تعاون کو تسلیم کرتا ہے اور کمپنی کے ملازمین اور ورکرز کی تہدیت پر انہیں سراہتا ہے۔ آخر میں، ہم اللہ سبحانہ تعالیٰ کے حضور دعا گو ہیں کہ وہ ہماری قومی ترقی کیلئے جدوجہد اور ہمارے ادارے کی بہتری کیلئے ہماری رہنمائی فرمائے۔ آمین۔

بورڈ آف ڈائریکٹر کی جانب سے

مہیش کمار

ڈائریکٹر

ڈاکٹر تارا چندا بیرانی

چیف ایگزیکٹو آفیسر

تاریخ : 31 دسمبر 2020



SIX YEARS AT A GLANCE

	2020 (Rupees)	2019 (Rupees)	2018 (Rupees)	2017 (Rupees)	2016 (Rupees)	2015 (Rupees)
Profit & Loss Account:						
Turnover	3,025,752,336	2,211,305,116	4,216,372,059	2,015,771,967	3,160,906,955	2,100,602,765
Gross profit/(loss)	85,350,634	334,329,208	349,185,653	(259,158,512)	145,381,784	82,722,749
Operating profit / (loss)	(47,956,599)	224,674,689	158,330,432	(385,221,878)	53,682,380	(13,795,936)
Profit / (loss) before tax	(166,149,028)	41,192,279	125,472,507	(454,852,339)	1,313,833	(47,121,548)
Profit / (loss) after tax	(165,396,500)	49,653,685	68,210,590	(400,590,009)	(25,036,905)	(39,636,418)
Balance Sheet:						
Fixed assets at WDV	2,395,853,223	2,604,746,154	2,801,755,471	1,932,954,585	2,012,259,205	1,353,513,590
Long term loans, advances and deposits etc.	1,574,456	1,404,846	2,800,805	1,065,256	1,106,473	1,201,703
Current assets	919,263,023	891,378,142	646,227,439	1,558,721,131	594,957,278	868,488,337
	3,316,690,702	3,497,529,142	3,450,783,715	3,492,740,972	2,608,322,956	2,223,203,630
Shareholders' equity	(109,062,511)	(39,776,215)	(191,491,993)	(323,248,936)	(25,729,060)	(48,028,517)
Surplus on revaluation of fixed assets	1,250,971,892	1,357,507,096	1,476,249,189	812,179,558	915,249,691	403,466,946
Long term liabilities & current maturity thereof	660,000,000	710,000,000	1,039,166,667	1,108,958,837	889,000,000	719,000,000
Deferred liabilities / Deferred Income	717,513,213	766,348,446	817,545,784	489,029,469	566,434,415	369,811,130
Current liabilities excluding current maturity of long term liabilities	797,268,108	703,449,815	309,314,068	1,405,822,044	263,367,910	778,954,071
	3,316,690,702	3,497,529,142	3,450,783,715	3,492,740,972	2,608,322,956	2,223,203,630
Statistics and Ratios						
Gross profit to Sales	2.82%	15.12%	8.28%	-12.86%	4.60%	3.94%
Profit / (Loss) before tax to Sales	-5.49%	1.86%	2.98%	-22.56%	0.04%	-2.24%
Profit / (Loss) after tax to Sales	-5.47%	2.25%	1.62%	-19.87%	-0.79%	-1.89%
Fixed Assets/Turnover (Times)	1.26	0.85	1.50	1.04	1.57	1.55
Inventory/Turnover (Times)	0.14	0.19	0.24	0.50	0.01	0.11
Current Ratio	1.15:1	1.27:1	2.09:1	1.11:1	2.26:1	1.11:1
Debt-Equity Ratio	0.66	0.62	0.63	0.86	0.66	0.84
Earning / (Loss) per Share (Rs.)	-15.87	4.76	6.54	-38.43	-2.40	-3.80
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 economy.

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 obligations towards the society being a good corporate citizen.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Sindh Abadgar's Sugar Mills Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of M/s. **Sindh Abadgar's Sugar Mills Limited** ('the Company') for the year ended **September 30, 2020** in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **September 30, 2020**.

Karachi.

Date: December 31st, 2020

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants



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

Name of the Company: **SINDH ABADGAR'S SUGAR MILLS LIMITED**
Year Ending: **30.09.2020.**

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

1. The total number of directors are 10 as per the following:
 - a. Male: 09
 - b. Female: 01
2. The composition of Board of Directors (BOD) is as follows:
 - a) Independent Director 3
 - b) Non-Executive Director 5
 - c) Executive Director 2
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 their 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. The company is complaint to Clause 19 of the COCG with respect to Directors' training programme. The Directors training programme, however, will be arranged for those who appointed during the year.
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:

Mr. Zafar Ahmed Ghori	Chairman
Mr. Pehlaj Rai	Member
Mr. Dileep Kumar	Member
Dr. Besham Kumar	Member
 - b) HR and Remuneration Committee:

Ms. Maheshwari Osha	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: Quarterly/half yearly/yearly
 - b) HR and Remuneration Committee: Yearly
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight BOD of Pakistan, that they and or all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the Audit are not a close relative (spouse, parents, dependent and non dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations have been complied with..

(Deoo Mal Essarani)
Chairman

Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Plot No. 180, Block-A,

S.M.C.H.S.

Karachi.

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, 2020**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at September 30, 2020 and of the loss, total comprehensive loss, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the 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 are 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. However, we have determined that there are no key audit matters to communicate in our report.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our 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. However, 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 the 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.
- 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.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi
Date: December 31st, 2020



STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	Notes	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital	5	650,000,000	650,000,000
Issued, subscribed and paid-up capital	5	104,250,000	104,250,000
Capital reserves			
Surplus on revaluation of property, plant and equipment -net	6	1,250,971,892	1,357,507,095
Revenue reserves			
Accumulated losses		(213,312,511)	(144,026,214)
		1,141,909,381	1,317,730,881
Subordinated loans	7	260,000,000	260,000,000
		1,401,909,381	1,577,730,881
Non current liabilities			
Long term finance - secured	8	350,000,000	350,000,000
Deferred liabilities	9	717,513,213	766,348,446
		1,067,513,213	1,116,348,446
Current liabilities			
Trade and other payables	10	565,594,673	334,273,176
Short term borrowings	11	209,355,274	338,348,587
Unclaimed dividend		6,529,182	5,312,636
Accrued mark-up	12	15,788,979	25,515,416
Current maturity of long term finance	8	50,000,000	100,000,000
		847,268,108	803,449,815
Contingencies and commitments			
	13	3,316,690,702	3,497,529,142
ASSETS			
Non current assets			
Property, plant and equipment	14	2,395,853,223	2,604,746,154
Long term loans	15	781,929	612,319
Long term deposits		792,527	792,527
		2,397,427,679	2,606,151,000
Current assets			
Stores and spares - net	16	164,092,463	166,064,297
Stock in trade	17	59,808,811	460,551,452
Trade debts - unsecured	18	435,254,397	-
Short term loans and advances	19	90,529,365	106,682,919
Trade deposits and short term prepayments	20	4,606,910	141,754
Other receivables	21	76,028,636	76,028,636
Tax refunds due from government		49,066,163	58,782,733
Cash and bank balances	22	39,876,278	23,126,351
		919,263,023	891,378,142
		3,316,690,702	3,497,529,142

The annexed notes from 1 to 39 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, 2020

	Notes	2020 Rupees	2019 Rupees
Revenue - net	23	3,025,752,336	2,211,305,116
Cost of sales	24	(2,940,401,702)	(1,876,975,908)
Gross profit		85,350,634	334,329,208
Administrative expenses	25	(116,429,180)	(103,512,928)
Selling and distribution expenses	26	(16,878,053)	(6,141,591)
		(133,307,233)	(109,654,519)
Operating (loss) / profit		(47,956,599)	224,674,689
Finance costs	27	(164,982,603)	(198,464,356)
		(212,939,202)	26,210,333
Other income - net	28	47,045,663	21,429,531
Other expenses	29	(255,489)	(6,447,585)
(Loss) / profit before taxation		(166,149,028)	41,192,279
Taxation - net	30	752,528	8,461,406
(Loss) / profit after taxation		(165,396,500)	49,653,685
(Loss) / earnings per share - basic and diluted	31	(15.87)	4.76

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Notes	2020 Rupees	2019 Rupees
(Loss) / profit after taxation		(165,396,500)	49,653,685
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		<u>(165,396,500)</u>	<u>49,653,685</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(166,149,028)	41,192,279
Adjustments for:			
- Depreciation on operating fixed assets	14.1.1	227,488,977	253,299,772
- Finance costs	27	164,982,603	198,464,356
- Loss on disposal of property, plant and equipment	28	-	55,122
- Liabilities no longer payable written off	28	-	(4,958,300)
- Provision for Workers' Welfare Fund	29	255,489	4,065,592
- Provision for Workers' Profit Participation Fund	29	-	2,381,993
		<u>392,727,069</u>	<u>453,308,535</u>
Operating profit before working capital changes		226,578,041	494,500,814
Changes in working capital			
Decrease / (increase) in current assets			
- Stores and spares		1,971,834	(16,763,531)
- Stock in trade		400,742,641	(451,258,908)
- Trade debts - unsecured		(435,254,397)	252,395,262
- Short term loans and advances		15,559,759	(48,474,056)
- Trade deposits and short term prepayments		(4,465,156)	3,247,863
		(21,445,319)	(260,853,370)
(Decrease) / increase in current liabilities			
- Trade and other payables		233,448,001	50,946,967
Net cash generated from operations		<u>438,580,723</u>	<u>284,594,411</u>
Taxes paid		(38,366,135)	(28,996,857)
Payment to Workers' Profit Participation Fund	10.3	(2,381,993)	(6,796,931)
Gratuity paid		-	(78,150)
Finance costs paid		(174,709,040)	(193,737,397)
		<u>(215,457,168)</u>	<u>(229,609,335)</u>
Net cash generated from operating activities		223,123,555	54,985,076
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment- net		(18,622,864)	(52,936,171)
Proceeds from sale of property, plant and equipment		26,818	15,000
Long term loans - net		424,185	802,164
Net cash used in investing activities		(18,171,861)	(52,119,007)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(50,000,000)	(329,166,667)
Dividend paid		(9,208,454)	(14,683,526)
Net cash used in financing activities		<u>(59,208,454)</u>	<u>(343,850,193)</u>
Net increase / (decrease) in cash and cash equivalents		145,743,240	(340,984,124)
Cash and cash equivalents at the beginning of the year		(315,222,236)	25,761,888
Cash and cash equivalents at the end of the year	38	<u>(169,478,996)</u>	<u>(315,222,236)</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Issued, subscribed and paid up capital	Capital reserve Surplus on revaluation of property, plant and equipment- net	Revenue reserve Accumulated loss	Total
	----- Rupees -----			
Balance as at September 30, 2018	104,250,000	1,476,249,189	(295,741,993)	1,284,757,196
<i>Total comprehensive income for the year ended September 30, 2019</i>				
- 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
<i>Total comprehensive income for the year ended September 30, 2020</i>				
- Loss after taxation	-	-	(165,396,500)	(165,396,500)
- Other comprehensive income	-	-	-	-
	-	-	(165,396,500)	(165,396,500)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax	-	(106,535,203)	106,535,203	-
Cash dividend paid @ 10% for the year ended September 30, 2019	-	-	(10,425,000)	(10,425,000)
Balance as at September 30, 2020	104,250,000	1,250,971,892	(213,312,511)	1,141,909,381

The annexed notes from 1 to 39 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, 2020

1. THE COMPANY AND ITS OPERATIONS

Sindh Abadgar's Sugar Mills Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984, which has now been repealed with the enactment of Companies Act, 2017, on May 30, 2017. The shares of the Company are quoted on Pakistan Stock Exchange Limited. 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 former have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the basis of historical cost convention except freehold land, factory building, non-factory building 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	3.3
- Useful lives, residual and revalued amounts of property, plant and equipment	3.4
- Provision of slow moving and obsolete stores and spares	3.6
- Provision against loans to growers	3.13.3

2.5 NEW ACCOUNTING PRONOUNCEMENTS

Amendments to approved accounting standards and interpretations which became effective during the year ended September 30, 2020

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates do not have any effect on these financial statements, the same have not been disclosed here.

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 the dates specified below:

- 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 January 01, 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 application of the amendment is not likely to affect the financial statements of the Company.
- 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 January 01, 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. The amendments are not likely to affect the financial statements of the Company.
- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS 16 - IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - b. any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
 - c. there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.
- Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022:

- a. IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.
- b. IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- c. IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Company.

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.

3.1 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.2 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupee using the exchange rates prevailing on the transaction date. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the reporting date. All realised and unrealised foreign exchange gains or losses are recognised in the statement of profit or loss.

3.3 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.4 Property, plant and equipment**Operating fixed assets**

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except freehold land, factory building, non-factory 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 carrying amount of an 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 capitalised.

Gains / losses on disposal of operating fixed assets are charged to the statement of profit or loss.

Depreciation on operating fixed assets is charged using reducing balance method in accordance with the rates specified in note 14.1 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each annual reporting date. Depreciation 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 freehold land, factory building, non-factory building and plant and machinery is recognised in statement of 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 the statement of profit or loss, in which case the increase is credited to the statement of 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 realised on disposal of revalued operating fixed assets is credited directly to unappropriated profits / accumulated losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognised.

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 asset become available for use.

3.5 Intangible assets - Computer software

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the enterprise and the cost of such asset can be measured reliably. Costs directly associated with an identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and other directly attributable costs of preparing the software for its intended use.

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised using the reducing balance method.

3.6 Stores and spares

Stores and spares (excluding items in transit) are valued at lower of average cost and net realisable 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 their future usability.

Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realisable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The **costs of purchase** of inventories comprise the cane purchase price, and, if applicable, taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of materials and services.

The **costs of conversion** of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (which is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance). Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

Notwithstanding the above, since **by-products**, by their nature and value, are often immaterial, they are measured at their net realizable value and this value is deducted from the cost of the finished goods.

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the weighted average cost formula.

Determination of net realizable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The Company estimates the net realisable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

While estimating the net realisable value, the Company also takes into consideration the purpose for which the inventory is held. For example, the net realisable value of the quantity of inventory held to satisfy firm sales contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realisable value of the excess quantity is based on general selling prices.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

3.7 Trade and other receivables

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognised when the goods are delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short term borrowings from banks which are repayable on demand and form an integral part of the Company's cash management.

3.9 Revenue recognition

(a) Revenue from sale of goods

Typically, all the contracts entered into by the Company with its customers contain a single performance obligation i.e. the transfer of goods promised in the contract (which may be sugar, molasses or bagasse).

The Company does not expect to have contracts with its customers where the period between the transfer of the promised goods the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

Revenue from sale of goods is recognised when the customer obtains control of the promised goods. This is further analysed as below:

- (a) In case of **local sale of goods**, the customer is deemed to have obtained control of the promised goods when all the following criteria are met:
 - (i) The reason for the Company temporarily holding the goods on behalf of the customer is substantive (where applicable);
 - (ii) The goods have been identified separately as belonging to the customer;
 - (iii) The goods are ready for physical transfer to the customer; and
 - (iv) The Company no longer has the ability to use the goods or direct the goods to another customer.

The above criteria are usually deemed to have been satisfied, and, accordingly, the revenue is recognised when the Delivery Order (DO) is issued to the customer.

- (b) In case of **export sale of goods**, the customer is deemed to have obtained control of the promised goods when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

(b) Export subsidy

Export subsidy is recognised as income in the period in which it becomes receivable i.e. when all the prescribed eligibility criteria have been met and the receipt of the related proceeds from the concerned government authority is probable.

3.10 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 recognised as an employee benefit expense in statement of profit or loss when they are due.

The Company operates a recognised 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 the statement of profit or loss.

3.11 Borrowing costs

Borrowing costs are recognised 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 capitalised as part of the cost of the relevant asset.

3.12 Dividend distribution

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

3.13 Financial assets

3.13.1 Initial recognition, classification and measurement

The Company recognises a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortised cost.
- (b) fair value through other comprehensive income (FVOCI);
- (c) fair value through profit or loss (FVTPL); and

(a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.13.2 Subsequent measurement

(a) Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognised in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from statement of changes in equity to statement of profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in statement of profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognised in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognised in statement of comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in statement of comprehensive income is not reclassified from statement of changes in equity to statement of profit or loss.

3.13.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance. For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises statement of in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

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

3.13.4 De-recognition

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

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.14 Financial liabilities

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

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

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

3.15 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognised in statement of profit or loss.

3.16 Other income

Interest income

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

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 IMPACT OF COVID-19 ON THESE FINANCIAL STATEMENTS

As in the rest of the world, Covid-19 adversely affected lifestyle and business operations in Pakistan. The Company complies with SOPs prescribed by the Federal and Provincial Governments. Sales and export activities were not affected during lockdown, and the shipments were dispatched as per schedule with minor disruptions. The Company remained up to date in all its financial commitments, except that the Company has availed the facility from lender banks under SBP directives to defer principal repayment of long term loans for a period one year. Management believes that going concern assumption of the Company remains valid, and there are no material implications that require specific disclosure in the financial statements.

5 AUTHORISED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020 (Number of shares)	2019		2020 Rupees	2019 Rupees
		Authorised 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		
10,425,000	10,425,000	Ordinary shares of Rs.10/- each fully paid in cash	104,250,000	104,250,000

- 5.1 There are no agreements among shareholders for voting rights, board selection, rights of first refusal and block voting.

	Note	2020 Rupees	2019 Rupees
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT -net			
On freehold land			
<i>Gross surplus</i>			
Opening balance		288,277,500	288,277,500
Revaluation increase recognised during the year		-	-
		<u>288,277,500</u>	<u>288,277,500</u>
On buildings / plant and machinery			
<i>Gross surplus</i>			
Opening balance		1,505,957,176	1,673,199,562
Incremental depreciation transferred to retained earnings		(150,049,581)	(167,242,386)
		<u>1,355,907,595</u>	<u>1,505,957,176</u>
<i>Related deferred tax charge</i>			
Opening balance		(436,727,581)	(485,227,873)
Incremental depreciation transferred to retained earnings		43,514,378	48,500,292
		<u>(393,213,203)</u>	<u>(436,727,581)</u>
		<u>962,694,392</u>	<u>1,069,229,595</u>
		<u>1,250,971,892</u>	<u>1,357,507,095</u>

7 SUBORDINATED LOANS

Directors		183,000,000	183,000,000
Sponsors		77,000,000	77,000,000
	7.1	<u>260,000,000</u>	<u>260,000,000</u>

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 TF -II	MCB Bank Ltd. DF	Total balance as at	
			2020	2019
	-----Rupees-----			
Opening balance	250,000,000	200,000,000	450,000,000	779,166,667
Obtained during the year	-	-	-	-
	<u>250,000,000</u>	<u>200,000,000</u>	<u>450,000,000</u>	<u>779,166,667</u>
Less: Payment made during the year	-	(50,000,000)	(50,000,000)	(329,166,667)
	<u>250,000,000</u>	<u>150,000,000</u>	<u>400,000,000</u>	<u>450,000,000</u>
Less: current maturity shown under current liabilities	-	(50,000,000)	(50,000,000)	(100,000,000)
	<u>250,000,000</u>	<u>100,000,000</u>	<u>350,000,000</u>	<u>350,000,000</u>
Sub note number	8.1	8.2		

8.1 Financing obtained from M/s. Bank Alfalah Limited

8.1.1 Summary of the principal terms and conditions of the financing arrangement

Purpose:	To meet capital expenditure requirements of the Company
Facility amount:	Rs. 250 million
Installment frequency:	Quarterly
Date of first installment:	July 05, 2018 (refer sub-note 8.1.2 below)
Date of last installment:	April 05, 2025 (refer sub-note 8.1.2 below)
Total number of installments:	24 installments
Principal repayable in each installment:	Rs. 20.83 million
Applicable mark up rate:	3-Month KIBOR + 0.5%
Security:	(1) First joint pari passu charge of Rs. 698.67 million (2019: Rs. 698.67 million) over all plant and machinery of the Company; and (2) Personal guarantee of all directors of the Company

8.1.2 Changes in the terms and conditions during the year

Under the debt relief scheme announced by SBP vide its BPRD circular No. 13 of 2020 dated June 16, 2020, the Company's application for deferral of principal repayment of Term Finance Facility was approved by the bank vide its letter dated April 28, 2020, for one year period, starting from July 2021 to April 2022. Accordingly, no instalment was payable in the current year. The loan which was originally repayable in full by April 2024 will now be repayable in April 2025. All other terms as mentioned in the original agreement remain the same.

8.2 Financing obtained from M/s. MCB Bank Limited

8.2.1 Summary of the principal terms and conditions of the financing arrangement

Purpose:	To meet capital expenditure requirements of the Company
Facility amount:	Rs. 500 million
Installment frequency:	Semi-annually
Date of first installment:	December 03, 2016
Date of last installment:	May 1, 2022 (refer sub-note 8.2.2 below)
Total number of installments:	10 installments
Principal repayable in each installment:	Rs. 50 million
Applicable mark up rate:	6-Month KIBOR + 1.5%
Security:	(1) Joint pari passu charge of Rs. 589 million with 15% margin (2019: 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; (2) Personal guarantee of all directors of the Company; (3) Cross-company guarantee of M/s. United Agro Chemicals; and (4) Subordination of the loan from directors and sponsors amounting, in aggregate, to Rs. 260 million (see note 7 to these financial statements)

8.2.2 Changes in the terms and conditions during the year

Under the debt relief scheme announced by SBP vide its BPRD circular No. 13 of 2020 dated June 16, 2020, the Company's application for deferral of 3 instalments of principal repayment of Demand Finance Facility was approved by the bank vide its letter dated April 27, 2020, for a period of one year. Accordingly, only one instalment was paid during the year while the next instalment will be due in May 2021. The loan which was originally repayable in full by June 2021 will now be repayable in May 2022. All other terms as mentioned in the original agreement remain the same.

	Note	2020 Rupees	2019 Rupees
9 DEFERRED LIABILITIES			
Deferred taxation - net	9.1	440,862,788	489,698,021
Quality premium	9.2	276,372,514	276,372,514
Staff retirement benefits		277,911	277,911
		<u>717,513,213</u>	<u>766,348,446</u>

9.1 Deferred taxation - net

Deferred tax liability in respect of:

- Surplus on revaluation of property, plant and equipment	393,213,203	436,727,581
- Accelerated tax depreciation	80,907,660	83,060,831
	<u>474,120,863</u>	<u>519,788,412</u>

Deferred tax asset in respect of:

- Minimum tax	(24,769,832)	(24,769,832)
- Provision for slow moving stores and spares	(5,075,000)	(5,075,000)
- Provision for gratuity	(80,594)	(80,594)
- Provision for doubtful trade debts	-	(164,965)
- Unused tax losses	(3,332,649)	-
	<u>(33,258,075)</u>	<u>(30,090,391)</u>
	<u>440,862,788</u>	<u>489,698,021</u>

- 9.2** As required under the provisions of Sugar Factories Control Act, 1950, sugar mills in Sindh are required to pay quality premium to cane growers at the rate of 50 paisa per 40 Kg cane for each 0.1 percent of excess sucrose recovery above the benchmark of 8.7 percent, determined on the aggregate sucrose recovery of each mill. The Company, along with other sugar mills, had challenged the levy of quality premium through the Pakistan Sugar Mills Association (PSMA) – Sindh Zone before the Honorable High Court of Sindh, however, the matter was decided against the applicant. Thereafter, the applicants filed an appeal with the Honorable Supreme Court of Pakistan (SCP) which then granted stay to the Company, while admitting the appeal against the impugned judgment of the Court. During the current year, the Honorable SCP has issued an order in this matter and has disposed the appeal filed by the sugar mills. However, the implementation of the said order is subject to clarification from relevant authorities. Accordingly, as a matter of prudence, the management has retained the existing above referred provision in these financial statements.

	Note	2020 Rupees	2019 Rupees
10 TRADE AND OTHER PAYABLES			
Trade Creditors:			
- for sugarcane		218,349,081	177,656,805
- for other supplies		30,144,991	34,071,462
		<u>248,494,072</u>	<u>211,728,267</u>
Other payables:			
Advances from customers	10.1	145,320,169	2,520,157
Income tax payable		-	306,541
Accrued expenses		5,106,724	1,883,453
Sales tax payable		156,792,432	105,664,849
Income tax deducted at source		1,131,191	65,065
Workers' Welfare Fund	10.2	8,591,124	8,335,635
Workers' Profit Participation Fund	10.3	-	2,452,553
Contractors' retention money		27,866	57,612
Others		131,095	1,259,044
		<u>565,594,673</u>	<u>334,273,176</u>

10.1 Information regarding the timing of satisfaction of performance obligations underlying the closing balance of advance from customers is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

	Note	2020 Rupees	2019 Rupees
10.2 Workers' Welfare Fund			
Opening balance		8,335,635	4,270,043
Allocation for the year		255,489	4,065,592
Closing balance		<u>8,591,124</u>	<u>8,335,635</u>
10.3 Workers' Profit Participation Fund			
Opening balance		2,452,553	6,867,491
Allocation for the year		-	2,381,993
Adjustment during the year		(70,560)	-
		<u>2,381,993</u>	<u>9,249,484</u>
Less: Payment during the year		<u>(2,381,993)</u>	<u>(6,796,931)</u>
Closing balance		<u>-</u>	<u>2,452,553</u>

11 SHORT TERM BORROWINGS - Secured

Bank Al-Falah Limited

- Cash finance	11.1	90,587,200	-
- Running finance	11.2	82,878,893	165,083,986
		<u>173,466,093</u>	<u>165,083,986</u>

Askari Bank Limited

- Cash finance	11.3	-	78,000,000
- Running finance	11.4	35,889,181	95,264,601
		<u>35,889,181</u>	<u>173,264,601</u>
		<u>209,355,274</u>	<u>338,348,587</u>

- 11.1** This represents the amount availed under a short term cash finance facility obtained from M/S Bank Al-Falah Limited for the purpose of procurement of sugarcane as well as to meet other working capital requirements. The limit of the facility is Rs. 500 million (2019: Rs. 500 million). The facility carries markup at the rate of 1-Month KIBOR + 1% per annum (2019: 1-Month KIBOR +1% per annum) and is secured by pledge over stocks with 10% margin under effective control of bank's approved muccadam.
- 11.2** This represents the amount availed under a short term running finance facility obtained from M/S Bank Al-Falah Limited to meet working capital requirements. The limit of the facility is Rs. 200 million (2019: Rs. 200 million). The facility carries markup at the rate of 1-Month KIBOR + 1% per annum (2019: 1-Month KIBOR +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over sugar and book debts for Rs. 266.67 million.
- 11.3** This represents the amount availed under a short term cash finance facility obtained from M/S Askari Bank Limited for the purpose of procurement of sugarcane. The limit of the facility is Rs. 550 million (2019: Rs. 550 million). The facility carries markup at the rate of 3-Month KIBOR + 1% (2019: 3-Month KIBOR +1% per annum) and is secured by pledge over stocks with 10% margin under effective control of bank's approved muccadam.
- 11.4** This represents the amount availed under a short term running finance facility obtained from M/S Askari Bank Limited to meet working capital requirements. The limit of the facility is Rs. 200 million (2019: Rs. 200 million). The facility carries markup at the rate of 3-Month KIBOR + 1% per annum (2019: 3-Month KIBOR +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over sugar and book debts for Rs. 266.67 million.
- 11.5** As at September 30, 2020, the Company had unavailed financing facilities amounting to Rs. 2540.65 million. (2019: Rs. 2,411.66 million)

	2020 Rupees	2019 Rupees
12 ACCRUED MARK-UP		
Mark-up accrued on:		
Long term financing	7,720,849	18,135,879
Short term borrowings	8,068,130	7,379,537
	<u>15,788,979</u>	<u>25,515,416</u>

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. 13.17 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.

In view that proceedings under the Reference filed by the department against the company has been made nor any stay has been granted by the High Court in the Reference against the decision of the Appellate Tribunal its order still holds the field and hence no provision has been made in these financial statements.

- 13.2** The Pakistan Standard and Quality Control Authority (the Authority) demanded from the company a marking fee @0.1 % of the ex-factory price of sugar produced for the year 2008-09.

The Company then filed a petition with Honorable High Court of Sindh challenging a marking fee under PSQCA Act -VI of 1996 pleading that the impugned demand so raised are without any lawful authority under the said Act and in violation of the Constitution of the Islamic Republic of Pakistan. Other mills in the industry too have filed similar petitions. The High Court passed order dated December 04.2012 on the company's petition terming the impugned notification as issued without lawful authority on the grounds that the subject of agricultural produced is a provincial subject and the Federal Government or its departments has no jurisdiction to prescribe the standard or to regulate licensing, marking and levying of any fee on the petitioners.

In March 2013, the authority filed an Appeal against the aforesaid order of the High Court before the Supreme Court of Pakistan (the Apex Court) which is currently pending in adjudication. The Company has not made any provision against the impugned demand in view of the legal counsel of the company that the company has a good case on merit and the judgment of the High Court is likely to be upheld.

- 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 Honourable 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 Honourable 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. 14.66 million- (excluding penalty of Rs. 0.73 million 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 recognised 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. 5.72 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 recognised in these financial statements.

- 13.6** Subsequent to balance sheet date, the Commissioner Inland Revenue(defunct) Zone II, LTU selected the case of company for tax year 2018 and 2019 for audit under section 1177(1). The Assistant/Deputy Commissioner (Audit-I) Inland Revenue after notice and hearing then passed orders in terms of Section 122(I) of identical nature resulting in demand of Rs.4.179 billion for tax year 2018 against loss declared of Rs.354.45 million and a demand for tax year 2019 of Rs.5.260 billion against income of Rs.165.367 million declared. The Company filed appeal against the impugned order and impugned demand before the Commissioner (Appeals) Inland Revenue seeking stay of the demand. In the opinion of the tax advisor of the company, the above assessments have been framed on frivolous and flimsy grounds without applying judicial mind without due process of law contrary to the direction of the High Court of Islamabad in the judgment against WP 15443/2020 filed by PASMA and CP has also been filed with Honorable High Court Sindh, Karachi where reasonable relief is expected and demand created arbitrarily is likely to be deleted. The company has therefore not made any provision for the above impugned demands against the said impugned orders based on the opinion of its legal counsel.

	Note	2020 Rupees	2019 Rupees
14			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	2,331,549,830	2,536,202,738
Capital work in progress	14.2	64,303,393	68,543,416
		<u>2,395,853,223</u>	<u>2,604,746,154</u>

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, 2018											
Gross carrying 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	<u>308,812,500</u>	<u>202,891,072</u>	<u>177,869,728</u>	<u>2,056,099,699</u>	<u>4,920,617</u>	<u>2,335,259</u>	<u>1,520,852</u>	<u>30,126,874</u>	<u>311,690</u>	<u>966,879</u>	<u>2,785,855,170</u>
Movement during the 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:											
- Cost	-	-	-	-	(86,500)	-	-	-	-	-	(86,500)
- Accumulated depreciation	-	-	-	-	16,378	-	-	-	-	-	16,378
	-	-	-	-	(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	<u>308,812,500</u>	<u>183,220,376</u>	<u>160,082,755</u>	<u>1,850,563,822</u>	<u>4,807,488</u>	<u>2,122,017</u>	<u>1,401,546</u>	<u>24,141,204</u>	<u>202,598</u>	<u>848,432</u>	<u>2,536,202,738</u>
As at September 30, 2019											
Gross carrying 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	<u>308,812,500</u>	<u>183,220,376</u>	<u>160,082,755</u>	<u>1,850,563,822</u>	<u>4,807,488</u>	<u>2,122,017</u>	<u>1,401,546</u>	<u>24,141,204</u>	<u>202,598</u>	<u>848,432</u>	<u>2,536,202,738</u>
Movement during the year ended September 30, 2020											
Opening 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
Additions during the year	-	151,826	-	21,693,662	-	97,413	620,571	159,450	-	139,965	22,862,887
Disposals:											
- Cost	-	-	-	-	-	-	-	(86,000)	-	-	(86,000)
- Accumulated depreciation	-	-	-	-	-	-	-	59,182	-	-	59,182
	-	-	-	-	-	-	-	(26,818)	-	-	(26,818)
Depreciation for the year	-	(18,333,425)	(16,008,276)	(186,683,407)	(571,160)	(219,508)	(420,464)	(4,848,135)	(70,909)	(333,693)	(227,488,977)
Closing net book value	<u>308,812,500</u>	<u>165,038,777</u>	<u>144,074,479</u>	<u>1,685,574,077</u>	<u>4,236,328</u>	<u>1,999,922</u>	<u>1,601,653</u>	<u>19,425,701</u>	<u>131,689</u>	<u>654,704</u>	<u>2,331,549,830</u>
As at September 30, 2020											
Gross carrying amount	308,812,500	315,416,530	245,152,066	3,106,010,052	19,429,798	8,421,813	13,296,158	66,445,603	7,629,077	9,867,964	4,100,481,561
Accumulated depreciation	-	(150,377,753)	(101,077,587)	(1,420,435,975)	(15,193,470)	(6,421,891)	(11,694,505)	(47,019,902)	(7,497,388)	(9,213,260)	(1,768,931,731)
Net book value	<u>308,812,500</u>	<u>165,038,777</u>	<u>144,074,479</u>	<u>1,685,574,077</u>	<u>4,236,328</u>	<u>1,999,922</u>	<u>1,601,653</u>	<u>19,425,701</u>	<u>131,689</u>	<u>654,704</u>	<u>2,331,549,830</u>
Annual rates of depreciation	0%	10%	10%	10%	10%	10%	30%	20%	35%	35%	

	Note	2020 Rupees	2019 Rupees
14.1.1 Allocation of depreciation			
Cost of sales	24.1	204,740,079	227,969,795
Administrative expenses	25	22,748,898	25,329,977
		<u>227,488,977</u>	<u>253,299,772</u>

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

Asset class	Location	Total area (acres)	Covered area (acres)
Freehold land	Tando Muhammad Khan	205	-
Factory & Non-factory building	Tando Muhammad Khan	-	105

14.1.3 The latest valuation of the freehold land, factory building, non-factory building and plant and machinery was carried out by an independent valuer, M/s. MYK Associates (Private) Limited, as at September 30, 2018. According to that valuation, the forced sale value of these assets was assessed at Rs. 2.02 billion 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	2020			2019		
	Cost	Accumulated Depreciation	Written Down value	Cost	Accumulated Depreciation	Written Down value
	-----Rupees-----					
- Freehold land	20,535,000	-	20,535,000	20,535,000	-	20,535,000
- Factory building	197,338,529	(130,085,941)	67,252,588	197,186,703	(122,613,431)	74,573,272
- Non - factory building	48,225,383	(38,000,722)	10,224,661	48,225,383	(36,864,648)	11,360,735
- Plant and machinery	1,676,566,390	(1,115,263,900)	561,302,490	1,654,872,728	(1,052,896,957)	601,975,771
	<u>1,942,665,302</u>	<u>(1,283,350,563)</u>	<u>659,314,739</u>	<u>1,920,819,814</u>	<u>(1,212,375,036)</u>	<u>708,444,778</u>

	Note	2020 Rupees	2019 Rupees
14.2 Capital work in progress			
Opening balance		68,543,416	15,900,301
Addition during the year			
- Machinery		3,656,677	47,470,003
- Civil works		2,399,300	1,748,706
		6,055,977	49,218,709
Borrowing cost capitalised		-	3,424,406
Transferred to operating assets		(10,296,000)	-
		<u>64,303,393</u>	<u>68,543,416</u>
15 LONG TERM LOANS - unsecured, considered good			
Due from employees		781,929	1,206,114
Less: Current maturity shown under current assets	19	-	(593,795)
		<u>781,929</u>	<u>612,319</u>
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.		
	Note	2020 Rupees	2019 Rupees
16 STORES AND SPARES - net			
Stores and spares inventory		180,611,958	183,564,297
Stores in transit		980,505	-
Provision for slow moving and obsolete items		(17,500,000)	(17,500,000)
		<u>164,092,463</u>	<u>166,064,297</u>
17 STOCK IN TRADE			
Work in process		5,067,022	3,740,859
Finished goods - sugar		33,376,180	429,204,353
		38,443,202	432,945,212
Bagasse stock		21,365,609	27,606,240
		<u>59,808,811</u>	<u>460,551,452</u>
18 TRADE DEBTS - unsecured			
Considered good	18.1	435,254,397	-
Considered doubtful - net	18.2	-	-
		<u>435,254,397</u>	<u>-</u>
18.1 Considered good			
Receivable against local sale of:		360,016,700	-
- Sugar		68,989,926	-
- Molasses		6,247,771	-
- Bagasse		<u>435,254,397</u>	<u>-</u>

		2020 Rupees	2019 Rupees
18.2	Considered doubtful - net		
	Receivable against local sale of sugar	-	568,846
	Provision for expected credit losses	-	(568,846)
		<u>-</u>	<u>-</u>

18.2.1 Balances amounting to Rs. 568,846 have been written off against provision during the year as they were considered irrecoverable.

	Note	2020 Rupees	2019 Rupees
19	SHORT TERM LOANS AND ADVANCES		
	Loan to growers - unsecured	19.1 35,014,314	57,751,549
	Advance against supplies and expenses	19.2 54,247,152	47,320,247
	Due from employees	19.3 1,267,899	1,017,328
	Current portion of long term loan to employees	15 -	593,795
		<u>90,529,365</u>	<u>106,682,919</u>

19.1 Loans to growers - unsecured

		35,014,314	57,751,549
Considered good			
Considered doubtful	19.1.1	<u>137,833,341</u>	<u>137,833,341</u>
		172,847,655	195,584,890
Provision for loans considered doubtful		<u>(137,833,341)</u>	<u>(137,833,341)</u>
		<u>35,014,314</u>	<u>57,751,549</u>

19.1.1 The Company had long before provided loans amounting to Rs. 137.8 million to sugar cane growers for meeting their capital requirements related to cultivation and development. Management's recovery efforts for outstanding amount of loans did not materialise, and these loans could neither be recovered nor adjusted against cane procurement since long. Consequently, a provision has then been made against these amounts in view of uncertainty of recoverability of these amounts.

	Note	2020 Rupees	2019 Rupees
19.2	Advance against supplies and expenses - unsecured		
	Considered good	54,247,152	47,320,247
	Considered doubtful	2,315,484	15,461,745
		56,562,636	62,781,992
Provision for loans considered doubtful	19.2.1	<u>(2,315,484)</u>	<u>(15,461,745)</u>
		<u>54,247,152</u>	<u>47,320,247</u>

19.2.1 Advances to suppliers amounting to Rs. 15.4 million provided in previous years and considered irrecoverable were written off during the year. Further, advances amounting to Rs. 2.3 million have been provided during the year as they are considered doubtful.

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.

	Note	2020 Rupees	2019 Rupees
20 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits - unsecured, considered good		4,405,000	-
Short term prepayments		201,910	141,754
		<u>4,606,910</u>	<u>141,754</u>
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		612,722	1,088,999
		<u>76,028,636</u>	<u>76,504,913</u>
Provision for doubtful receivables	21.1	-	(476,277)
		<u>76,028,636</u>	<u>76,028,636</u>
21.1	Receivables amounting to Rs. 0.47 million provided earlier were written off during the year.		
	Note	2020 Rupees	2019 Rupees
22 CASH AND BANK BALANCES			
Cash in hand		506,819	243,908
Cash at bank			
- Current accounts	22.1	19,573,468	13,028,294
- Deposit accounts		19,795,991	9,854,149
		<u>39,369,459</u>	<u>22,882,443</u>
		<u>39,876,278</u>	<u>23,126,351</u>
22.1	These represent funds deposited with banks in saving accounts carrying profit at the rate of 6.5% to 9.5% (2019: 6.5% to 8%).		
	Note	2020 Rupees	2019 Rupees
23 REVENUE - NET			
Revenue from local sales - net	23.1	2,949,851,336	1,890,684,640
Revenue from export sales	23.2	75,901,000	320,620,476
		<u>3,025,752,336</u>	<u>2,211,305,116</u>
23.1 Revenue from local sales - net			
Sale of goods to local customers - gross		3,458,176,620	2,134,670,110
Less: sales tax		(508,325,284)	(243,985,470)
		<u>2,949,851,336</u>	<u>1,890,684,640</u>
23.2 Revenue from export sales			
Sale of goods to foreign customers		75,901,000	261,845,376
Export subsidy (from federal government)		-	58,775,100
		<u>75,901,000</u>	<u>320,620,476</u>

	Note	2020 Rupees	2019 Rupees
24 COST OF SALES			
Sugarcane consumed		2,419,919,022	2,128,356,480
Manufacturing expenses	24.1	431,989,965	430,236,736
		<u>2,851,908,987</u>	<u>2,558,593,216</u>
Sugar stock in process - opening		3,740,859	9,292,544
Sugar stock in process - closing		(5,067,022)	(3,740,859)
		<u>(1,326,163)</u>	<u>5,551,685</u>
		2,850,582,824	2,564,144,901
Sale of molasses (by-product)		(312,249,926)	(230,358,400)
Cost of goods manufactured		<u>2,538,332,898</u>	<u>2,333,786,501</u>
Finished stock of Sugar - opening		429,204,353	-
Finished stock of Sugar - closing		(33,376,180)	(429,204,353)
		<u>395,828,173</u>	<u>(429,204,353)</u>
Stock of Bagasse - opening		27,606,240	-
Stock of Bagasse - closing		(21,365,609)	(27,606,240)
		<u>6,240,631</u>	<u>(27,606,240)</u>
		<u>2,940,401,702</u>	<u>1,876,975,908</u>
24.1 Manufacturing expenses			
Salaries, wages and other benefits	24.1.1	121,484,983	116,201,302
Production stores consumed		36,957,033	45,841,521
Fuel and power		8,640,679	5,487,743
Repairs and maintenance		51,602,579	21,046,252
Vehicles running		-	1,695,117
Insurance		5,282,049	6,606,908
Depreciation	14.1.1	204,740,079	227,969,795
Others	24.1.2	3,282,563	5,388,098
		<u>431,989,965</u>	<u>430,236,736</u>

24.1.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 2.23 million (2019: Rs. 2.11 million)

24.1.2 This includes expenses for removal of bagasse, removal of mud and boiler clinker amounting to Rs. 2.89 million (2019: Rs.3.88 million)

	Note	2020 Rupees	2019 Rupees
25 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	25.1	62,324,223	52,828,630
Rent, rates and taxes		845,577	936,653
Insurance		1,203,830	1,297,316
Utilities		280,400	505,454
Printing and stationery		1,303,769	1,302,370
Postage, fax and telephone		1,858,753	1,788,072
Vehicle running and maintenance		5,244,820	2,928,163
Repair and maintenance		2,316,903	2,346,165
Traveling and conveyance		890,353	475,850
Subscriptions, books and periodicals		1,743,081	3,030,206
Legal and professional		4,945,710	2,012,783
Entertainment expense		2,657,637	2,310,210
Advertisement expense		29,200	1,410
Depreciation	14.1.1	22,748,898	25,329,977
Auditors remuneration	25.2	1,145,000	1,145,000
Bad debts		2,315,484	-
Charity and donation	25.3	2,157,680	1,140,635
Others	25.4	2,417,862	4,134,034
		<u>116,429,180</u>	<u>103,512,928</u>

25.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 2.36 million (2019: Rs.1.80 million).

	2020 Rupees	2019 Rupees
25.2 Auditors' remuneration		
Audit fee	800,000	800,000
Certification charges	125,000	125,000
Half yearly review	220,000	220,000
	<u>1,145,000</u>	<u>1,145,000</u>

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

25.4 This includes loans to employees amounting to Rs. 106,538 directly written off during the year as they were considered irrecoverable.

	2020 Rupees	2019 Rupees
26 SELLING AND DISTRIBUTION EXPENSES		
Loading, stacking and handling	4,923,065	4,172,602
Advertisement	-	564,659
Export expenses	11,940,628	1,335,570
Others	14,360	68,760
	<u>16,878,053</u>	<u>6,141,591</u>

	2020 Rupees	2019 Rupees
27 FINANCE COSTS		
Mark up on:		
- Long term finance	49,517,476	68,618,427
- Short term borrowings	113,840,486	127,910,173
- Workers' Profit Participation Fund utilised in Company's business	-	794,239
	163,357,962	197,322,839
Bank charges	1,624,641	1,141,517
	164,982,603	198,464,356
28 OTHER INCOME - NET		
Profit on deposit accounts	3,533,574	5,275,616
Realised exchange gain / (loss)	199,675	(2,005,786)
Sale of bagasse	42,755,185	12,815,088
Loss on disposal of operating fixed assets	-	(55,122)
Liabilities no longer payable written back	-	4,958,300
Others	557,229	441,435
	47,045,663	21,429,531
29 OTHER EXPENSES		
Provision for Workers' Profit Participation Fund	-	2,381,993
Provision for Workers' Welfare Fund	255,489	4,065,592
	255,489	6,447,585
30 TAXATION - net		
Current	48,082,705	34,904,354
Prior	-	7,753,428
Deferred:		
- due to origination and reversal of temporary differences	(48,835,233)	(51,119,188)
- due to change in tax rate	-	-
	(48,835,233)	(51,119,188)
	(752,528)	(8,461,406)
30.1 Relationship between net tax expense / (income) and accounting profit		
(Loss) / profit before taxation	(166,149,028)	41,192,279
Tax at the applicable rate of 29% (2019: 29%)	(48,183,218)	11,945,761
Tax on FTR income	7,019,399	4,974,538
Difference between minimum tax and normal tax	49,496,911	24,769,832
Prior year effect	-	7,753,428
Temporary difference due to timing difference	(9,085,620)	(57,904,965)
	(752,528)	(8,461,406)

30.2 Status of income tax assessments

Except as stated in note 39.4 to these financial statements, the income tax assessments of the Company are deemed to have been finalised up to, and including, the tax year 2019 (accounting year ended September 30, 2018) based on the returns of income filed by the Company with the concerned taxation authority. As per section 120 of the Income Tax Ordinance, 2001 ('the Ordinance'), a tax return filed by a taxpayer is treated as an assessment order issued by the concerned taxation authority unless the same is selected for re-assessment / audit as per the legal provisions stipulated in the Ordinance.

	2020 Rupees	2019 Rupees
31 EARNING PER SHARE - BASIC AND DILUTED		
31.1 Basic (loss) / earnings per share		
(Loss) / profit after taxation	(165,396,500)	49,653,685
	Number	
Weighted average number of ordinary shares outstanding	10,425,000	10,425,000
	Rupees	
(Loss) / earnings per share - basic	(15.87)	4.76

31.2 Diluted (loss) / earnings per share

There is no dilutive effect on the basic (loss) / earnings per share of the Company, since there were no potential ordinary shares in issue as at September 30, 2020 and September 30, 2019.

32 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

Particulars	2020				2019			
	Chief Executives	Director	Executives	Total	Chief Executives	Director	Executives	Total
----- Rupees -----								
Basic salary	1,500,000	1,125,000	6,627,000	9,252,000	1,500,000	1,125,000	4,711,500	7,336,500
Vehicle expenses	121,440	-	1,410,108	1,531,548	159,223	-	750,583	909,806
Other prerequisites	942,098	675,000	6,063,076	7,680,174	960,922	675,000	3,507,676	5,143,598
Total	2,563,538	1,800,000	14,100,184	18,463,722	2,620,145	1,800,000	8,969,759	13,389,904
No. of persons	1	1	3	5	1	1	3	5

32.1 In addition, Chief Executive, Directors and all executives of the Company have been provided with free use of Company owned and maintained cars and other benefits in accordance with their terms of employment / services.

33 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of group companies, major shareholders, key management personnel and directors of the company and their close family members, and the staff provident fund. 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 entered into, and balances held, with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

	Note	2020 Rupees	2019 Rupees
<u>Transactions during the year</u>			
Contribution to staff provident fund	33.1	4,595,725	3,961,838
Advance to SGM Sugar Mills Limited		-	7,063,174
Purchases during the year from SGM Sugar Mills Limited		3,001,835	-
<u>Balances at year end</u>			
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 (net)		4,061,339	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 SEGMENT

These financial statements have been prepared on the basis of single reportable segment. The category-wise disclosures required by the accounting and reporting standards as applicable in Pakistan are as follows:

- Revenue from sale of sugar represents 88.27% (2019: 90.09%) of the total revenue whereas remaining represent revenue from sale of molasses and bagasse.
- 2.5% (2019: 10.67%) revenue of the Company relates to customers outside Pakistan.
- All non-current assets of the Company at September 30, 2019 and 2020 were located in Pakistan.

35 FINANCIAL INSTRUMENTS

35.1 Nature and extent of risks arising from financial instruments

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

35.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as 'defaulted' when it is past due for 90 days or more. This is because the Company mostly deals on advance payment basis; for other transactions on credit basis, the amounts are usually collected within 90 days.

The Company writes off a financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means. The financial assets written off are not subject to enforcement activity.

Maximum exposure to credit risk

The carrying amounts of the financial assets represent their maximum credit exposure at the reporting date. These exposures are as follows:

	Note	2020 Rupees	2019 Rupees
Long term loans (non-current maturity)		781,929	612,319
Long term deposits		792,527	792,527
Trade debts	(a)	435,254,397	-
Short term loans		1,267,899	1,611,123
Trade deposits		4,405,000	-
Other receivables		1,053,751	1,530,028
Bank balances	(b)	39,369,459	22,882,443
		<u>482,924,962</u>	<u>27,428,440</u>

Note (a) - Credit risk exposure on trade debts

To reduce the exposure to credit risk arising from trade debts, the Company has developed its own risk management policies and guidelines whereby credit limit is assigned on customer to customer basis. Post dated cheques are obtained to cover credit risk for local customers. In addition, all export sales are made under L/C arrangements.

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

	2020 Gross Value	2020 Impairment (Rupees)	2019 Gross Value	2019 Impairment
Not past due	352,400,000	-	-	-
Past due 3 months -1 year	82,854,397	-	-	-
Past due 1 year to 3 years	-	-	-	-
More than 3 years	-	-	568,846	568,846
	<u>435,254,397</u>	<u>-</u>	<u>568,846</u>	<u>568,846</u>

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. The Company trades on advance basis instead of credit basis, therefore, credit risk is usually not involved. Further, all debtors have been collected post year end, therefore, expected credit loss has not been considered.

Note (b) - Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Short term rating	2020 Rupees	2019 Rupees
A-1+	39,236,752	22,255,246
A-1	132,707	627,197
	<u>39,369,459</u>	<u>22,882,443</u>

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, 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. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

35.1.2 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, and the availability of adequate funds through committed credit facilities. 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 the liquidity risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

Following is the maturity analysis of non-derivative financial liabilities:

Non-Derivative Financial liabilities	September 30, 2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
(Rupees)				
Long term finance - secured	400,000,000	603,980,430	162,627,534	441,352,896
Trade and other payables	253,759,757	253,759,757	253,759,757	-
Accrued mark-up	15,788,979	15,788,979	15,788,979	-
Short term borrowings	<u>209,355,274</u>	<u>209,355,274</u>	<u>209,355,274</u>	<u>-</u>
	<u>878,904,010</u>	<u>1,082,884,440</u>	<u>641,531,544</u>	<u>441,352,896</u>

Non-Derivative Financial liabilities	September 30, 2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Long term finance	450,000,000	603,980,430	162,627,534	441,352,896
Trade and other payables	214,928,376	214,928,376	214,928,376	-
Accrued mark-up	25,515,416	25,515,416	25,515,416	-
Short term borrowings	338,348,587	338,348,587	338,348,587	-
	<u>1,028,792,379</u>	<u>1,182,772,809</u>	<u>741,419,913</u>	<u>441,352,896</u>

35.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions 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 rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company manages its interest rate risk by regularly monitoring changes in interest rates and its effect on the Company's financial instruments and cash flows.

At the reporting date, the Company's exposure to interest rate risk was as follows:

	2020 Effective interest rate -----Percentage-----	2019 Effective interest rate -----Percentage-----	2020 Carrying amounts -----Rupees-----	2019 Carrying amounts -----Rupees-----
Financial liabilities				
Long term financing	7.44 - 14.49	10.32 - 15.4	<u>400,000,000</u>	<u>450,000,000</u>
Short term borrowings	8.26 - 14.85	9.32 - 14.8	<u>209,355,274</u>	<u>338,348,587</u>
Financial Assets				
Bank deposits - pls account	6.5% - 9.5%	6.5% - 8%	<u>19,795,991</u>	<u>9,854,149</u>

Fair value sensitivity analysis for fixed rate instruments

As at reporting date, the Company did not hold any fixed rate interest based financial assets or liabilities carried at fair value. Hence, a change in interest rates at the reporting date would not affect the carrying value of any financial asset or financial liability in the financial statements.

Cash flow sensitivity analysis for variable rate instruments

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.

	Increase / (decrease) in profit before taxation	
	100 bp increase	100 bp decrease
As at September 30, 2020		
Cash flow sensitivity-Variable rate financial instruments	4,185,871	(4,185,871)
As at September 30, 2019		
Cash flow sensitivity-Variable rate financial instruments	5,527,311	(5,527,311)

iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. As of the reporting date, the Company was not exposed to other price risk.

	2020 Rupees	2019 Rupees
Financial instruments by categories		
FINANCIAL ASSETS - at amortised cost		
Long term loans (non-current maturity)	781,929	612,319
Long term deposits	792,527	792,527
Trade debts	435,254,397	-
Short term loans	1,267,899	1,611,123
Trade deposits	4,405,000	-
Other receivables	1,053,751	1,530,028
Cash and bank balances	39,876,278	23,126,351
	483,431,781	27,672,348
FINANCIAL LIABILITIES- at amortised cost		
Long term finance - secured	400,000,000	450,000,000
Trade and other payables	253,759,757	214,928,376
Short term borrowings	209,355,274	338,348,587
Accrued mark-up	15,788,979	25,515,416
	878,904,010	1,028,792,379

36 FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

Presently, items in the financial statements that are carried at fair value are freehold land, factory building, non-factory building and plant and machinery. On a periodic basis, the Company engages an independent external valuer to carry out a fresh revaluation of these operating fixed assets to ensure that their carrying amounts in the financial statements do not differ materially from that which would be determined using fair value at the end of the reporting period. Such valuation usually involves the use of observable and unobservable inputs; however, the weightage of observable inputs used is considered as significant. Accordingly, the Company classifies the aforesaid classes of operating fixed assets within Level 2 of the fair value hierarchy.

The management considers that the fair value of all other assets and liabilities recognised in the financial statements approximate their fair value.

37 CAPITAL MANAGEMENT

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not subject to any externally imposed capital requirements.

Following is the quantitative analysis of Company's capital management:

	2020 Rupees	2019 Rupees
Borrowings:		
Long term finance from a banking companies	400,000,000	450,000,000
Shareholders' equity:		
Issued, subscribed and paid up capital	104,250,000	104,250,000
Accumulated losses	(213,312,511)	(144,026,214)
Subordinated loans	260,000,000	260,000,000
	150,937,489	220,223,786
Total capital managed by the Company	550,937,489	670,223,786

38 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:

	2020 Rupees	2019 Rupees
Cash and bank balances	39,876,278	23,126,351
Short term borrowings	(209,355,274)	(338,348,587)
	<u>(169,478,996)</u>	<u>(315,222,236)</u>

39 GENERAL

39.1 Number of employees

	2020 Number	2019 Number
Total employees of the Company at the year end	<u>232</u>	<u>227</u>
Average employees of the Company during the year	<u>252</u>	<u>249</u>

39.2 Plant capacity and actual production

	2020 M.tons	2019 M.tons
Sugarcane crushing capacity	<u>1,280,000</u>	<u>1,280,000</u>
Sugarcane crushed	<u>359,528</u>	<u>431,457</u>
Sugar produced	<u>37,614</u>	<u>46,634</u>

The estimated production capacity is based on 160 days of crushing. However, the actual crushing days were only 95 days (2019: 88 days) due to non-availability of sugar cane.

39.3 Corresponding figures

Certain corresponding figures have been rearranged and reclassified, wherever considered necessary and for the purpose of comparison and better presentation.

39.4 Date of authorization of the financial statements for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on December 31, 2020.

39.5 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.

Chief Executive

Director

Chief Financial Officer



PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2020

NUMBER OF SHARES HOLDERS	SHAREHOLDING		TOTAL NUMBER OF SHARES HELD
	FROM	TO	
1,016	1	100	52,025
449	101	500	130,062
129	501	1,000	110,722
138	1,001	5,000	329,871
15	5,001	10,000	116,350
6	10,001	15,000	82,890
3	15,001	20,000	53,800
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
1,775			10,425,000

CATEGORIES	NUMBERS OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
INDIVIDUALS	1,760	9,241,589	88.65%
INVESTMENT COMPANIES	2	4,900	0.05%
INSURANCE COMPANIES	2	250,100	2.40%
JOINT STOCK COMPANIES	4	1,001	0.01%
FINANCIAL INSTITUTIONS	4	924,800	8.87%
MODARABA COMPANIES	1	600	0.01%
OTHERS	2	2,010	0.02%
TOTAL	1,775	10,425,000	100.00%



PATTERN OF SHARES HELD BY SHARE HOLDERS AS AT SEPTEMBER 30, 2020

Combined pattern of CDC & Physical Shareholding as at 30th September 2020

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHARES HELD CDC ACCOUNTS	CATEGORY WISE NO. OF FOLIOS/ SHARES	CATEGORY WISE SHARES	PERCENTAGE
1	INDIVIDUALS	-	1,747	1,018,109	9.77
2	INVESTMENT COMPANIES PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD. INVESTMENT CORPORATION OF PAKISTAN	3,700 1,200	2	4,900	0.05
3	INSURANCE COMPANIES STATE LIFE INSURANCE CORP. OF PAKISTAN PAKISTAN REINSURANCE COMPANY LIMITED	184,600 65,500	2	250,100	2.40
4	JOINT STOCK COMPANIES WASI SECURITIES (SMC-PVT) LTD. MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LTD. SARFARAZ MEHMOOD (PRIVATE) LIMITED MAPLE LEAF CAPITAL LTD.	100 400 500 1	4	1,001	0.01
5	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN MR. DEOO MAL DR. BESHAM KUMAR MR. PEHLAJ RAI MR. MOHAN LAL DR. TARA CHAND MR. MAHESH KUMAR MR. DILEEP KUMAR MR. SHAFAT ALI SHAH	946,815 837,400 817,900 817,500 725,600 559,500 1,007,300 500	8	5,712,515	54.80
6	EXECUTIVES	-	-	-	-
7	FINANCIAL INSTITUTIONS (BANKS, DFIS, NBFIs) NATIONAL INVESTMENT TRUST LIMITED - ADMI NATIONAL DEVELOPMENT FINANCE CORPORATION NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT.	17,300 200 1,100	3	18,600	0.18
8	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES MR. JUGDESH KUMAR MR. HASSANAND (MR. HASSOMAL) MR. ASHOK KUMAR MR. CHETAN MAL MR. DOULAT RAM	790,000 721,765 599,200 200,000 200,000	5	2,510,965	24.09
9	PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-	-	-
10	MODARABAS & MUTUAL FUNDS FIRST CRESCENT MODARABA	600	1	600	0.01
11	FOREIGN INVESTORS ISLAMIC DEVELOPMENT BANK	906,200	1	906,200	8.69
12	CO-OPERATIVE SOCIETIES	-	-	-	-
13	CHARITABLE TRUST THE SECRETARY	410	1	410	0.00
14	OTHERS KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAT	1,600	1	1,600	0.02
	TOTAL		1,775	10,425,000	100.00



FORM OF PROXY

I/We, of
being a member of **Sindh Abadgar's Sugar Mills Ltd.**, and a holder of
Ordinary Shares as per Share Register Folio Number and or CDC Account
and participant's I.D. Numbers hereby appoint
Folio No. /CDC I.D. of
or failing him/her Folio No./ CDC I.D. of
another member of **Sindh Abadgar's Sugar Mills Ltd.**, as my/our proxy to vote for me/us and
on my/our behalf at the Annual General Meeting of the Company to be held on 22nd January,
2021 and at any adjournment thereof.

As witness my/our hand this Day of 2021.

Revenue
Stamp
Five
Rupees

SIGNATURE OF MEMBER

(The Signature of the Shareholder should agree with the specimen signature registered with the Company or as per CNIC / Passport in case the share(s) is / are registered in CDC account).

Witnesses:

- | | |
|------------------------|------------------------|
| 1. Signature | 2. Signature |
| Name | Name |
| Address | Address |
| CNIC/Passport No. | CNIC/Passport No. |
- i) A member entitled to attend Annual General Meeting is entitled to appoint a Proxy to attend, speak and vote instead of him/her. No person shall act as Proxy (except for cooperation) unless he/she is entitled to be present and vote his/her own right.
- ii) CDC account holder or sub-account holder appointing a Proxy should furnish attested copies of his/her own as well as the Proxy's CNIC/Passport with the Proxy Form. The Proxy shall also produce his/her original CNIC or Passport at the time of the meeting. In case of Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted along with proxy form.
- iii) The instrument appointing a Proxy should be signed by the member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.
- iv) The Proxy Forms, together with the power of attorney (if any), under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

سندھ آبادگار شوگر ملز لمیٹڈ

میں مسٹی / مسماۃ _____ ساکن _____
ضلع _____ بحیثیت ممبر سندھ آبادگار شوگر ملز لمیٹڈ ، مسٹی / مسماۃ _____
ساکن _____ کو بطور مختار (پراسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے
کمپنی کے اجلاس عام / سالانہ / غیر معمولی اجلاس (یا جو بھی صورت حال ہو) جو بتاریخ _____ ۲۲ جنوری ۲۰۲۱ء بروز
جمعہ _____ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

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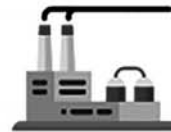
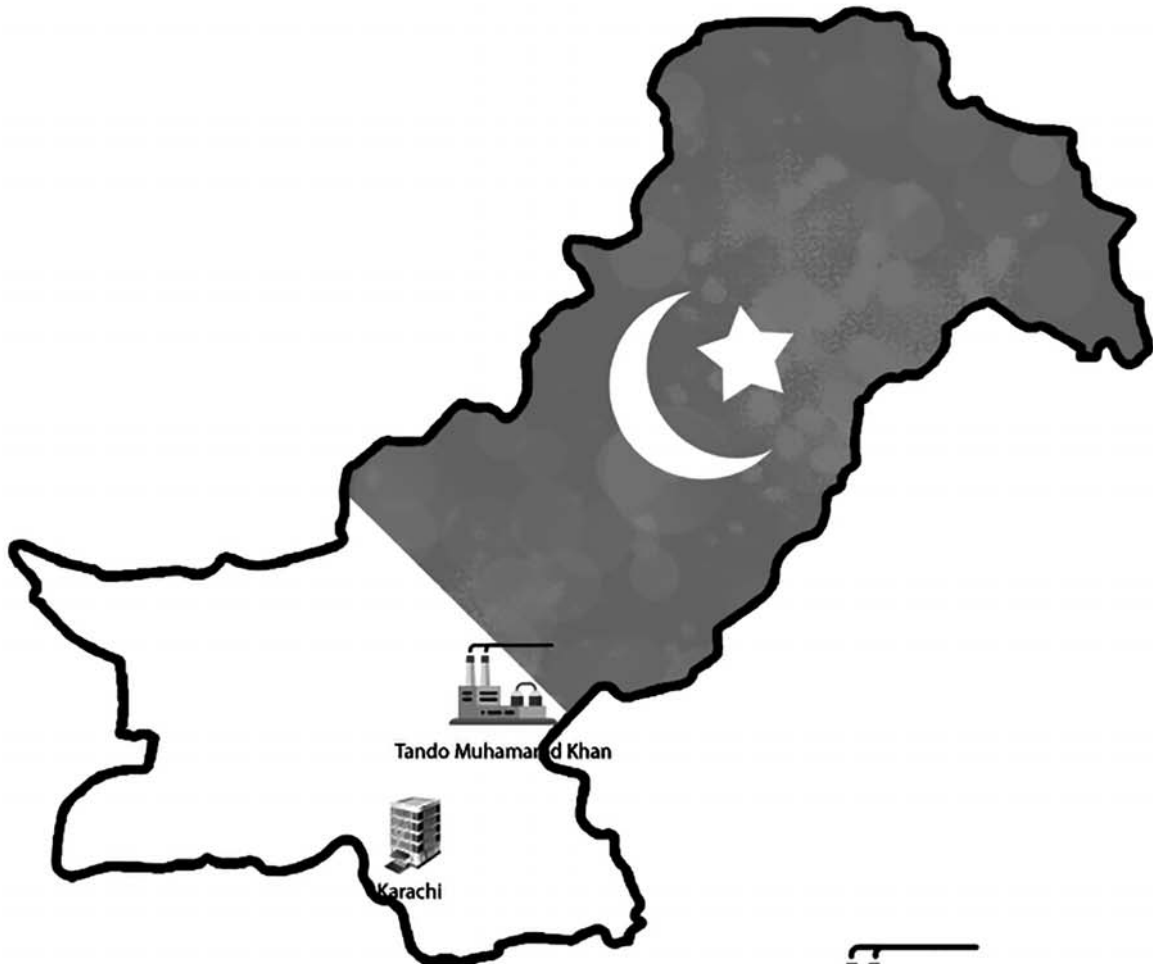
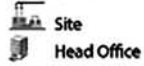
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PAKISTAN

Sindh Abadgar's Sugar Mills Limited
Geographical Preference



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



209, Progressive Plaza, Beaumont Road, Karachi.
Tel. : +92 21 35638212 -6 Fax: +92 21 35638219
Email: sasm@unitedgroup.org.pk



Sindh Abadgar's Sugar Mills Limited

209, 2nd Floor, Progressive Plaza, Beaumont Road, Karachi-Pakistan.
Tel : 35638212-13 Fax : (92-21) 35638219 E-mail : sasm@unitedgroup.org.pk

Mill: Deh: Deenpur, Taluka: Bulri Shah Karim, Distt. Tando Muhammad Khan, Sindh-73024.
Tel : 03152001617 E-mail : sasmtmk@unitedgroup.org.pk