



# Ansari Sugar Mills Limited



**30th  
Annual Report  
2019**



# ANSARI SUGAR MILLS LIMITED

## THIRTIETH ANNUAL REPORT 2019

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## COMPANY PROFILE

### BOARD OF DIRECTORS

Khawaja Anver Majid  
Noor Muhammad  
Waheed Ahmed  
Khawaja Aleem Majid  
Iqbal Buledi  
Dawoodi Morkas  
Aurangzeb Khan

Chief Executive & Executive Director  
Non-Executive Director (Independent)  
Non- Executive Director  
Non- Executive Director  
Non- Executive Director  
Non- Executive Director  
Executive Director & Chairman

### AUDIT COMMITTEE

Khawaja Aleem Majid  
Noor Muhammad  
Dawoodi Morkas

Chairman, Non-Executive Director  
Member, Non-Executive Director (Independent)  
Member, Non Executive Director

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Khawaja Aleem Majid  
Noor Muhammad  
Waheed Ahmed

Chairman, Non Executive Director  
Member, Non- Executive Director (Independent)  
Member Non- Executive Director

### CHIEF FINANCIAL OFFICER

Khawaja Muhammad Salman Younis

### COMPANY SECRETARY

Imran Hameed

### BANKERS

National Bank of Pakistan  
Sindh Bank Limited  
Summit Bank Limited  
UBL Bank Limited  
MCB Bank Limited  
Habib Bank Limited  
Bank-Al-Habib Limited

### AUDITORS

M/s. J.A.S.B Associates & Co. Chartered Accountants.

### COST AUDITOR

Rao & Co Chartered Accountants  
Cost and Management Accountants

### LEGAL ADVISOR

Kashif Hanif Law Associates

### REGISTRAR

C&K Management Associates (Pvt) Ltd  
404, 4th floor, Trade Tower, Abdullah Haroon Road,  
Saddar, Karachi.

### REGISTERED OFFICE

Deh Jagsiyani, Taluka Tando Ghulam Hayder,  
District Tando Mohammad Khan, Hyderabad, Sindh.

### CORPORATE OFFICE

CL-5/4, State Life Building No. 10,  
Abdullah Haroon Road, Karachi

### EMAIL ADDRESS

ansarisugarmills@omnigroup.com.pk

### WEBSITE

www.ansarisugar.com.pk

### FACTORY

Deh Jagsiyani, Taluka Tando Ghulam Hayder  
District Tando Mohammad Khan, Sindh.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th (Thirtieth) Annual General Meeting of the members of **Ansari Sugar Mills Limited** (the Company) will be held on Thursday January 18, 2024 at 11:00 am at registered office of the company, situated at Deh Jagsiyani, Taulka Tando Ghulam Hayder, District Tando Muhammad Khan, Hyderabad Sindh for transacting the following business.

### **A. ORDINARY BUSSINESS**

- To confirm the minutes of the last Annual General Meeting held on, August 16, 2023.
- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2019 together with the Directors' report and the Auditors' report thereon.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the official website of the Company (<http://www.ansarisugar.com.pk>).

### **B. OTHER BUSINESS**

- To approve and authorize Company to sell molasses to Pak ethanol (Pvt) Limited at a price agreed between both the companies.
- To enter into any other business (es) with the permission of the chair.

For **ANSARI SUGAR MILLS LIMITED**  
Karachi

Dated: December 26, 2023

**Company Secretary**



## NOTICE OF ANNUAL GENERAL MEETING

### **NOTES:**

- **Closure of Share Transfer Books:**

The Shares Transfer Book of the Company will remain closed from January 10, 2024 to January 18, 2024 (both day inclusive). Transfers received in order at the office of our Registrar, M/s C&K Management Associates (Pvt.) Ltd. 404, 4th Floor, Trade Tower, Abdullah Haroon Road, Near Metropolitan Hotel, Saddar, Karachi, by the close of business (5:00 p.m.) on January 09, 2024 will be treated as being in time for the purposes of attending and voting at the meeting.

- **Participation in Annual General Meeting and appointing proxies:**

A member of the company entitled to attend and vote at the AGM may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the registered office of the company or shares registrar's office not later than 48 hours before the meeting.

CDC account holders / subaccount holders are requested to bring with them their original CNIC's or Passports along with Participant(s) ID number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by members the same must be accompanied with attested copies of CNIC's or the passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted along with Proxy form to the Company. The nominee shall produce his original CNIC at the time of attending the meeting for verification.

- **Submission of copies of CNIC:**

In terms of the directive of the Securities and Exchange Commission of Pakistan (SECP) the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person, except in the case of minor(s) and corporate shareholders, are required to be mentioned in the annual return filed by the Company with the SECP. Therefore, the shareholders who have not yet provided copies of their CNIC's are advised to provide at earliest the attested copies of their CNIC's (if not already provided) directly to our Independent Share Registrar, M/s C&K Management Associates (Pvt.) Ltd. 404, 4th Floor, Trade Tower, Abdullah Haroon Road, Near Metropolitan Hotel, Saddar, Karachi.



## NOTICE OF ANNUAL GENERAL MEETING

- **Submission of Annual audited accounts through E-mail/CD**

Pursuant to the directions issued by the SECP vide SRO 787 (1) 2014 dated September 8, 2014, has directed and shareholders of the Company in the 29<sup>th</sup> Annual General Meeting held on August 16, 2023, approved to circulate audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail/CD. However, the Company will provide hard copies of the Annual Report to any member on their demand, free of cost at their registered address.

- **Conversion of Physical Shares into CDC Account:**

The SECP, through its letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the Act), which requires all companies to replace shares issued in physical form to book- entry form within four years of the promulgation of the Act. Accordingly, all shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages. Safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares etc. The shareholders of the Company may contact the Share Registrar M/s C&K Management Associates (Pvt.) Ltd. for the conversion of physical shares into book-entry form.

- Members are requested to notify any change in their addresses and contact numbers immediately to our share registrar M/s C&K Management Associates (Pvt.) Ltd. 404, 4th Floor, Trade Tower, Abdullah Haroon Road, Near Metropolitan Hotel, Saddar, Karachi.
- Kindly quote your folio number in all correspondences with the Company.



## سالانہ عام اجلاس کا نوٹس

بذریعہ ہذا مطلع کیا جاتا ہے کہ انصاری شوگر ملز لمیٹیڈ (کمپنی) کے ممبران کا 30 واں (تیسواں) سالانہ اجلاس بدھ 18 جنوری 2024 کو صبح 11:00 بجے کمپنی کے رجسٹرڈ آفس، دیہہ جکسیانی علاقہ ٹنڈو غلام حیدر ضلع ٹنڈو محمد خان، حیدر آباد، سندھ میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔

### A۔ عمومی امور

- مورخہ 16 اگست 2023ء کو ہونے والے سالانہ اجلاس عام کی کارروائی کی توثیق
- مورخہ 30 ستمبر 2019 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالیات گوشواروں بمع ڈائریکٹرز کی رپورٹ اور اس پر آڈیٹرز کی رپورٹ کی وصولی، ان پر غور و خوض اور اختیار کرنا۔
- کمپنیز ایکٹ 2017 کے سیکشن (7) 223 کے تحت تقاضوں کے مطابق کمپنی کے مالیت گوشواروں کو کمپنی کی آفیشل ویب سائٹ (<http://www.ansarisugar.com.pk>) پر اپ لوڈ کر دیا گیا ہے۔

### B۔ دیگر امور

- دونوں کمپنیوں کے مابین طے شدہ قیمت پر پاک اتھنول (پرائیویٹ) لمیٹیڈ کو ملیس کی فروخت کرنے کے لئے کمپنی کو منظوری اور اجازت دیا۔

برائے انصاری شوگر ملز لمیٹیڈ  
کمپنی سیکرٹری

• صدر کی اجازت سے کسی دیگر امور کی انجام دہی۔  
کراچی

تاریخ: 26 دسمبر 2023

## نوٹس:

شیر ٹرانسفر کتب کی بندش:

کمپنی کی حصص کی منتقلی کی کتب 10 جنوری 2024 سے 18 جنوری 2024 تک (دونوں دن سمیت) بند رہے گی۔ ہمارے رجسٹرار میسرز سی اینڈ کے منیجمنٹ ایسوسی ایٹس (پرائیویٹ) لمیٹیڈ، 404 چوتھی منزل، ٹریڈ ٹاور، عبداللہ ہارون روڈ، نزد میٹرو پولیٹن ہوٹل، صدر کراچی کے دفتر میں مورخہ 09 جنوری 2024 کو کاروبار کے اختتام (شام 5:00) تک موصول ہونے والی منتقلیوں کو اجلاس میں شرکت کے لئے بروقت سمجھا جائے گا۔

سالانہ اجلاس عام میں شرکت اور پراکسیز کا تقرر:

AGM میں شرکت کرنے اور ووٹ دینے کا اہل کمپنی کارکن کسی دوسرے ممبر کو اپنی جانب سے شرکت کرنے اور ووٹ دینے کے لئے اپنا پراکسی مقرر کر سکتا ہے۔ پراکسیز موثر ہونے کیلئے ضروری ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا شیر زر رجسٹرار کے دفتر میں موصول ہو جائیں۔ CDC اکاؤنٹ ہولڈرز/ذیلی اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ شناختی مقصد کے لئے سالانہ اجلاس عام میں شرکت کے وقت اپنے ساتھ اپنا CNIC یا پاسپورٹ اور شرکت ID نمبر اور CDC اکاؤنٹ نمبر ہمراہ لائیں۔ اگر ممبران کی جانب سے پراکسیز مقرر کی جاتی ہیں تو اس کے ہمراہ CNIC کی تصدیق شدہ کاپیاں یا اینیفیشیل ماکان کے پاسپورٹ ہمراہ ہونا لازمی ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز

کی قرارداد/ پاور آف اٹارنی نامزد شخص کے دستخط کے ساتھ پر کسی فارم کے ساتھ کمپنی کو جمع کرایا جائے۔ نامزد شخص تصدیق کے لئے اجلاس میں شرکت کے وقت اپنا اصل CNIC پیش کرنا ہوگا۔

### CNIC کا پیوں کی جمع آوری:

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ہدایت کے مطابق رجسٹرڈ شیر ہولڈرز یا مجاز فرد، ماسوائے نابالغوں و رکارپوریٹ شیر ہولڈرز، کی کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز (CNIC) جمع کرنا ضروری ہے۔ کمپنی کی جانب سے SECP کے پاس جمع کرائے گئے سالانہ ریٹرن میں ان کا درج کرنا ضروری ہے۔ لہذا جن شیر ہولڈرز نے ابھی تک اپنے CNIC کی کاپیاں فراہم نہیں کیں ہیں انہیں مشورہ دیا جاتا ہے کہ وہ جلد از جلد اپنے CNIC کی تصدیق شدہ کاپیاں براہ راست ہمارے خود مختار شیر رجسٹرار میسرز C&K منیجمنٹ ایسوسی ایٹس (Pvt) لمیٹڈ 404 فورٹھ فلور، ٹریڈ ٹاور، عبداللہ ہارون روڈ نزد میٹروپولیٹن ہوٹل، کراچی کو فراہم کر دیں۔

### سالانہ آڈٹ شدہ اکاؤنٹس کی بذریعہ میل/سی ڈی جمع آوری:

SECP کے 2014(1) SRO787 بتاریخ ستمبر 8، 2014 کی ہدایت کے مطابق اور کمپنی کے 29 ویں سالانہ اجلاس عام بتاریخ 16 اگست 2023ء میں شیر ہولڈرز کی منظوری کے مطابق کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بمعہ سالانہ اجلاس عام کے نوٹس کمپنی کے ممبران کو ای میل/سی ڈی کے ذریعے ارسال کرنا تاہم کمپنی کسی بھی رکن کو ان کے مطالبے پر سالانہ رپورٹ کی ہارڈ کاپیاں ان کے رجسٹرڈ پتے پر بلا معاوضہ فراہم کرے۔

### سی ڈی سی اکاؤنٹ میں فیزیکل شیرز کی تبدیلی:

ایس ای سی پی نے اپنے خط نمبر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے تحت تمام لمیٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ کمپنیز ایکٹ 2027 (ایکٹ) کے سیکشن 72 کی دفعات پر عمل کریں جس کے تحت تمام کمپنیوں سے ایکٹ کے نفاذ کے چار سالوں کے اندر فیزیکل فارم میں جاری کردہ حصص کو بک انٹری فارم میں تبدیل کرنے کی ضرورت ہے۔ اس کے مطابق فیزیکل فولیو/شیر سرٹیفکیٹ رکھنے والے کمپنی کے تمام شیر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیرز کو فیزیکل فارم سے جلد از جلد بک انٹری فارم میں تبدیل کرائیں۔ شیر ہولڈرز سی ڈی ایس اکاؤنٹ کھولنے اور بعد ازاں فیزیکل شیرز کو بک انٹری فارم میں تبدیل کرنے میں مدد معاونت لئے پی ایس ایکس ممبر، سی ڈی سی شریک، یا سی ڈی سی انویسٹر اکاؤنٹ سروس پرووائیڈر سے رابطہ کر سکتے ہیں۔ بک انٹری فارم میں شیرز کو برقرار رکھنے کے بہت سے فوائد ہیں۔ جس میں سی ڈی سی کے ساتھ حصص کی محفوظ تحویل، ڈپلیکیٹ شیرز کے اجراء کیلئے درکار رسمی کارروائیوں سے گریز وغیرہ شامل ہیں۔ کمپنی کے شیر ہولڈرز فیزیکل شیرز کو بک انٹری فارم میں تبدیل کرنے کے لئے شیر رجسٹرار میسرز سی اینڈ کے منیجمنٹ ایسوسی ایٹس (پرائیویٹ) لمیٹڈ سے رابطہ کر سکتے ہیں۔ ممبران سے درخواست ہے کہ وہ اپنے پتے اور اپنے رابطہ نمبرز میں کسی بھی تبدیلی کے متعلق فوری طور پر ہمارے شیر رجسٹرار میسرز سی اینڈ کے منیجمنٹ ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 404 چوتھی منزل، ٹریڈ ٹاور، عبداللہ ہارون روڈ، نزد میٹروپولیٹن ہوٹل، صدر کراچی کو مطلع کریں۔

- ممبران سے درخواست کی جاتی ہے کہ وہ اپنے بتوں اور رابطے نمبر کی تبدیلی کی صورت میں کمپنی کے شیر، رجسٹرار میسرز سی اینڈ کے منیجمنٹ ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 404 چوتھی منزل، ٹریڈ ٹاور، عبداللہ ہارون روڈ، نزد میٹروپولیٹن ہوٹل، صدر کراچی کو فوری طور پر مطلع کریں۔
- برائے مہربانی کمپنی کے ساتھ خط و کتابت میں اپنا فونیو نمبر درج کریں۔





## **VISION & MISSION STATEMENT**

### **VISION**

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

### **MISSION**

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



## DIRECTOR'S REPORT

We are pleased to present 30th **Annual report of Ansari Sugar Mills Ltd** ("The Company") along with the audited accounts and auditor's report for the year ended September 30, 2019.

The summarized results are set out below:

Pakistani Rupees (PKR)

|                      | 2019          | 2018          |
|----------------------|---------------|---------------|
| Loss before taxation | (597,101,466) | (122,948,881) |
| Taxation             | (97,310,956)  | ( 80,129,611) |
| Loss after taxation  | (694,412,422) | (203,078,492) |
| Loss per share       | (12.37)       | (3.62)        |

### **Delay in issuance / submission of Audited Accounts for FY2019:**

An enquiry against the Company's sponsors / directors and its shareholders along with other group companies had been initiated by the Federal Investigation Agency (FIA). Further, the matter was transferred to National Accountability Bureau (NAB) and we understand the Financial Institutions had blocked all Company bank accounts on a notice of NAB under section 23 of National Accountability Ordinance 1999 (NAO) on allegation of illicit transactions. However, it is pertinent to mention here that the action of blocking of account was not endorsed by Court of competent jurisdiction.

As a consequence, Company's access to available funds / legitimate sales proceeds and banking facilities were denied on the unjustified and arbitrary instructions of NAB, without realizing the consequences. Resultantly, the Company was forced to default on its dues including payments of banks' instalments, salaries, growers' and vendors', etc.

It is pertinent to note that the JIT, constituted under orders of the Supreme Court of Pakistan thoroughly investigated the entire Group Accounts maintained with all banks and that no charge has been established till yet. Despite all the ordeal no case have been filled against the Company.

Henceforth, after the amendment of NAB Ordinance, the bank accounts of the Company have been unfrozen and we are in coordination with all the stakeholders owing debt and other liabilities to move forward amicably.

It is pertinent to mention here that besides all the pressures of liquidity crises, risk and uncertain business environment, the Company took the initiative to carry on its business activities in extreme difficult situation with all possible efforts, making the necessary financial arrangements on personal basis by the sponsoring directors to ensure the going concern of the Company and by the collective efforts of the entire team of Ansari Sugar Mills Limited, we are through of the precarious conditions successfully by the grace of Almighty (Alhamdulillah).

### **Performance Review**

The crushing season 2018-19 started as per usual practice in the month of November. The provincial government announced price of cane at PKR 182 per 40 kg for the season 2018-19.



|                     |        | 2018-19 | 2017-18 |
|---------------------|--------|---------|---------|
| Crushing duration   | Days   | 79      | 148     |
| Sugarcane crushed   | M.Tons | 74,166  | 400,039 |
| Sugar production    | M.Tons | 7,260   | 44,804  |
| Sugar recovery      | %      | 9.79    | 11.2    |
| Molasses production | M.Tons | 4,450   | 1,937   |
| Molasses recovery   | %      | 6       | 4.76    |

Audited accounts shows that company earned a gross profit of PKR 63.1 million during the year as compared to gross profit PKR 448.2 million in the preceding year.

#### Value of Provident Fund Investment

The company operates a recognized provident fund scheme covering all eligible employees. Equal monthly contributions to the fund are made both by the Company and its Employees in accordance with fund rules. The value of investment as on September 30, 2019 aggregating to Rs. 58,271,571/- (2018: Rs. 56,699,176/-). The provident fund has been discontinued and was replaced by gratuity scheme introduced by the company during the year.

#### Corporate Social Responsibility

Since the sugarcane growers are considered to be the important stakeholders, we are committed to facilitate the local farmers of the area. In order to support the farmer of the area the company has given them substantial amount as grower's loan and advances particularly for fertilizer, seeds and other inputs.

#### Auditors

The auditors, JASB & Associates Chartered Accountants stand retired and are eligible for re- appointment for the financial year ending 2019-20. The Audit Committee has recommended the appointment of the said auditors.

#### Statement on Corporate and Financial Reporting Framework

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements.
4. Changes, if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
5. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departure there from if any, has been adequately disclosed.
6. The system of internal control is sound in design and has been effectively implemented and monitored regularly.
7. There are no significant doubts upon the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
9. Key operating and financial data for last six years in summarized form is annexed.
10. Information about the taxes and levies is given in the notes to the financial statements.
11. The pattern of shareholding and additional information regarding pattern of shareholding given.

#### Meeting of Board of Directors

During the year, six meeting of the Board of Directors were held. Attendance was as under.

| S. No | Name of Directors   | Meeting attended |
|-------|---------------------|------------------|
| 1     | Khawaja Aleem Majid | 6                |
| 2     | Aurangzeb Khan      | 6                |
| 3     | Rashid Ahmed Khan   | 6                |
| 4     | Nehal Anver         | 6                |



## **Future prospects:**

### **Diversifying Revenue Streams:**

The Company is focused to attain better energy efficiency mix and planning Balancing, Modernization and Replacement (BMR) accordingly, which will improve the revenue streams through sale of by-products of the company i.e. bagasse and molasses.

### **Sugarcane Cultivation Prospects:**

The Company recognizes that the growth and sustainability in the sugar industry is also dependent on access to a growing volume of sugar cane, particularly from within existing areas of supply. The key here lies in long-term engagement with farmers, demonstrating the use of superior cane varieties (higher yield and hence higher income), timely growing support (provision of seeds, fertilizers and farming inputs) so as to convince them to plant more cane to ensure increased productivity and quality.

### **Government Policy:**

Ansari Sugar Mills foresee bumper crushing of sugarcane as evidenced by increased production of sugarcane over last 2 to 3 years. As the Federal government regulates the export of sugar, we anticipate that the supply and demand balance will improve over the next year, and that domestic production will meet the country's sugar demands while creating an export surplus on sugar and ethanol. Thus, timely export permission from Federal government would be of critical importance as it would not only help industry to clear the surplus on improved price but would also stabilize the local market as well. The Government is also contemplating on allowing export as a permanent feature rather than allocating on quota basis which will allow us to fetch good prices on our stocks in international market.

### **Working Capital:**

We are in advanced level of negotiations with our bankers to restructure our debts which will improve our position on retained stocks, refraining ourselves into forced sales and allowing us to fetch better price during off-season as currently due to lack of working capital lines, almost 100% of our stock is sold during the crushing season to meet the working capital.

In the background of preceding paras we anticipate a turnaround of the sugar industry and accordingly have mobilized all the resources at its disposal to generate huge volumes during the ongoing and upcoming seasons over the next 5 years.

The season in terms of cane supply, recovery and plant capacity utilization is extremely favorable. Ansari Sugar Mills being a large plant will be able to procure and crush maximum cane in the next season.

### **Acknowledgement**

We express our sincerest appreciation to our employees for their dedication and hard work and to our clients, business partners and shareholders for the support and confidence. The board also take this opportunity to express its gratitude to all the employees of Ansari Sugar Mill Limited for their untiring efforts.

We would like to mention here that besides all the pressures and uncertain business environment, the company took the initiative to carry on its business activities under extreme difficult situation with full support from the sponsoring directors to ensure the going concern of the company.

On behalf of the Board of Directors

**Khawaja Anver Majid**  
Chief Executive Officer

Karachi: December 1, 2023

## ڈائریکٹرز کی رپورٹ

ہمیں انصاری شوگر ملز لمیٹڈ (کمپنی) کی ۳۰ ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی ہے بشمول آڈیٹڈ اکاؤنٹ آڈیٹرز رپورٹ برائے اختتامی سال 30 ستمبر 2019۔  
مختصر نتائج درج ذیل ہیں۔

| 2019          | 2018          | پاکستانی روپے (PKR)       |
|---------------|---------------|---------------------------|
| (597,101,466) | (122,948,881) | منافع (نقصان) قبل از ٹیکس |
| (97,310,956)  | (80,129,611)  | تخمینہ ٹیکس               |
| (694,412,422) | (203,078,492) | منافع بعد از تخمینہ ٹیکس  |
| (12.37)       | (3.62)        | آمدنی فی شیئر             |

### وجہ تاخیر اشاعت و اجراء آڈیٹڈ اکاؤنٹ 2019:

کمپنی کے ڈائریکٹرز، شیئر ہولڈرز اور دیگر گروپ آف کمیٹیز کے خلاف فیڈرل انویسٹمنٹ کمیشن کی جانب سے ایک انکوائری کا آغاز ہوا مزید یہ کہ یہ انکوائری نیشنل اکاؤنٹیلٹی NAB کے حوالے کر دی گئی اور ہمیں معلوم ہوا کہ مالیاتی اداروں نے کمپنی کے بینک اکاؤنٹ نیوٹس برائے سیکشن ۲۳ نیشنل اکاؤنٹیلٹی آرڈیننس ۱۹۹۹ (NAO) کے تحت بلاک کر دیئے۔ واضح رہے کہ اکاؤنٹ بلاکنگ کا عمل کسی ماتحت عدالت کے فیصلے کے تحت نہیں کیا گیا۔

نتیجاً کمیٹی اپنے موجودہ فنڈ، جائز فروخت کے حصول، مالیاتی امداد سے لاقانونی طور پر نیب کے احکامات کے تحت بغیر کسی تخمینے کے محروم رہی۔ اس صورتحال کے نتیجے میں کمپنی مجبوراً اپنی ادائیگیاں جیسے کہ تنخواہوں، بینک کی انسٹلمینٹ کا شکار اور گاہکوں کی عدم ادائیگیوں کی وجہ سے ڈیفالٹ کر گئی۔ یہاں یہ بات قابل ذکر ہے کہ مسکورہ بالا (JIT) جے آئی ٹی سپریم کورٹ آف پاکستان کے تحت نافذ عمل ہونے کے بعد مکمل جائزہ لینے کے باوجود کسی بھی طرح کے چارج لاگو کرنے سے آج تک قاصر ہے اور تمام اقدامات کے باوجود کمپنی کے خلاف کوئی بھی مقدمہ درج نہ ہو سکا۔ بالآخر نیب آرڈیننس کی ترمیم کے بعد تمام بینک اکاؤنٹ بہال کر دیئے گئے لہذا ہم بتدریج آگے بڑھتے ہوئے تمام اسٹیک ہولڈرز سے ادائیگیوں کے سلسلے میں رابطے میں ہیں۔ یہاں یہ واضح کرنا ہے ضروری ہے کہ تمام مالیاتی کرائس، دباؤ اور غیر یقینی کاروباری صورت حال کے باوجود کمپنی نے سخت مشکل حالات میں ہر ممکنہ اقدام اٹھاتے ہوئے بشمول ڈائریکٹرز کے ذاتی مالیاتی انتظامات کو بروکار لاتے ہوئے اور Going Concern کو مد نظر رکھتے ہوئے انصاری شوگر ملز کی پوری ٹیم کے ساتھ مل کر جدوجہد جاری رکھنے کا فیصلہ کیا اور بالآخر اللہ کے فضل و کرم سے ہم اس غیر یقینی صورت حال سے باہر آچکے ہیں۔ (الحمد للہ)

جائزہ برائے کارکردگی:

کرشنک سیزن 2018-19 کا آغاز معمول کی مشق کے مطابق نومبر کے مہینے میں ہوا صوبائی گورنمنٹ نے نہایت غیر حقیقی سپورٹ پرائز برائے گنا۔

182 پورا 40 کلوگرام سیزن 2018-19 جاری کی۔

اس عملی کارکردگی کی خلاصہ درج ذیل ہے۔

| 2017-18 | 2018-19 |          |                   |
|---------|---------|----------|-------------------|
| 148     | 79      | ایام     | کریٹنگ کا دورانیہ |
| 400,039 | 74,166  | میٹرک ٹن | گنا کرش کیا گیا   |
| 44,804  | 7,260   | میٹرک ٹن | چینی کی پیداوار   |
| 11.2    | 9.79    | %        | شوگر برآمد        |
| 19,037  | 4,450   | میٹرک ٹن | شیرے کی پیداوار   |
| 4.76    | 6       | %        | شیرے کی برآمدگی   |

آڈیٹڈ اکاؤنٹس واضح کرتے ہیں کہ کمپنی نے 63.1 PKR ملین کا گراس پرافٹ کمایا جو کہ گذشتہ سال 448.2 PKR ملین تھا۔

تخمینہ برائے پرورینڈنٹ فنڈز:

یہ کمپنی ایک منظور شدہ پرورینڈنٹ فنڈ اسکیم چلاتی ہے جو اس کے تمام ملازمین کا احاطہ کرتی ہے۔ فنڈز کی ماہانہ مساوی تقسیم کمپنی اور اس کے ملازمین کے مابین فنڈز قواعد و ضوابط کے تحت کی جاتی ہے۔ سرمائے کا تخمینہ 30 ستمبر 2019 تک مجموعی طور پر 58,271,571 روپے ہے جبکہ یہ رقم 30 ستمبر 2018 کو 56,699,176 روپے تھی۔

اجتماعی سماجی ذمہ داری

کیونکہ گنے کی کاشتکار بحیثیت کاشتکار اہم متعلقین سمجھے جاتے ہیں اس لئے آپ کی کمپنی علاقے کے مقامی کسانوں کو سہولیات دینے کی پابند ہے علاقے کے کسانوں کی مدد کے لئے خصوصاً کھاد، بیج اور دیگر اخراجات کی مد میں کاشتکاروں کو خرچہ اور ایڈوانس کی مد میں کمپنی ایک خطیر رقم ادا کر چکی ہے۔ آڈیٹرز۔

J.A.S.B چارٹرڈ اکاؤنٹنٹس مستقلی کئے جاتے ہیں اور مالی سال 2019-20 کے لئے دوبارہ تقرری کے اہل ہیں آڈٹ کمیٹی نے ریٹائر ہونے والے آڈیٹرز کی دوبارہ تقرری کی تجویز دی ہے۔

بیان بابت کمپنی قواعد اور خا کہ مالی رپورٹ:

● کمپنی کی جانب سے تیار کردہ مالی تفصیلات شفافیت ظاہر کرتی ہیں اپنے معاملات، اس کے انتظامی نتائج، کیش فلو اور ایکٹیویٹی میں تبدیلی کی دستاویزات شامل ہیں۔

● باقاعدہ کمپنی کی بک آف اکاؤنٹ مرتب کی گئی۔

● مالی تفصیلات کی تیاری کے لئے مستقل طور پر مناسب حسابی حکمت عملی اپنائی گئی۔

● اگر کوئی تبدیلی ہو تو اسے مناسب طور پر ظاہر کیا جاتا ہے اور حسابی تخمینہ مناسب اور محتاط فیصلے کی بنیاد پر ہوتا ہے۔

● بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ جیسا کہ پاکستان میں نافذ ہے جس کا اطلاق فنانشل اسٹینڈنٹ کی تیاری میں کیا گیا اور کسی ڈپارچر کی صورت میں اسے حتی الامکان ظاہر کیا گیا۔

● اندرونی کنٹرول کا نظام معیار کے مطابق ہے جس پر مؤثر طریقے سے عملدرآمد کیا گیا ہے جس کی باقاعدہ نگرانی کی جاتی ہے۔

● رواں معاملات جاری رکھنے میں کمپنی کی اہلیت پر کوئی شبہات نہیں ہیں۔

- انتظامی امور پر بہتر عملدرآمد کے حوالے سے کوئی میٹرل ڈپارچمنٹ نہیں رہے۔ جیسا کہ قواعد و ضوابط کی فہرست میں بیان کیا گیا ہے۔
- گزشتہ چھ سال کے کلیدی کام اور مالی اعداد و شمار مختصر شکل میں منسلک ہیں۔
- ٹیکسوں اور لیویز سے متعلق دی گئی معلومات فنانشل اسٹیٹمنٹ کے نوٹس میں دی گئی ہیں۔
- شیئر ہولڈنگ کا نمونہ اور اس نمونے سے متعلق اضافی معلومات مہیا کی جاتی ہے۔

### بورڈ آف ڈائریکٹرز کی میٹنگ:

اس سال کے دوران، بورڈ آف ڈائریکٹرز کی 6 میٹنگ منعقد ہوئیں۔ حاضری درج ذیل ہے۔

| نمبر شمار | نام ڈائریکٹر    | میٹنگ کی حاضری |
|-----------|-----------------|----------------|
| 1         | خواجہ علیم مجید | 6              |
| 2         | اورنگزیب خان    | 6              |
| 3         | راشد احمد خان   | 6              |
| 4         | نہال انور       | 6              |

### مستقبل کا لائحہ عمل:

#### مختلف آمدن کے دھارے:

کمپنی نے بہتر انرجی، افیشینسی مکس اور پلاننگ، ہیلننگ، موڈرنائزیشن اور ریپلیسمنٹ (BMR) کو مد نظر رکھا جو کہ آمدن کے دھارے کو بہتر بنانے کا مثلاً بگاس، مولاسینز وغیرہ۔

#### گنے کی کاشت کا ویزن:

کمپنی یہ جان چکی ہے کہ گروتھ اور استحکام شکر کین کے کرشنگ حجم کی پہنچ پر منحصر ہے اس میں خاص طور پر ان علاقوں کی پہنچ شامل ہے جہاں گنا کاشت ہوتا ہے یہاں کچی کسانوں سے دیرپا تعلقات پر منحصر ہے گنے کی ورائٹی کو واضح کرتے ہوئے (زیادہ پیداوار اور زیادہ منافع) بروقت پیداواری مدد کی فراہمی، کھاد اور ذریعہ امداد شامل ہیں تاکہ ان کو زیادہ اور بہتر پیداوار کی طرف مائل کیا جاسکے۔

#### حکومتی پالیسی:

انصاری شوگر ملز بمپر کین کرشنگ کی اُمید رکھتی ہے جیسا کہ پچھلے دو سے تین سالوں کی پروڈکشن سے ظاہر ہے۔ جیسا کہ فیڈرل گورنمنٹ ایکسپورٹ کوریگولیٹ رکھتی ہے ہم امید رکھتے ہیں، سپلائی اور ڈیمانڈ کے بیلنس کے تحت اگلے سال مزید بہتری آئیگی اور مقامی پیداوار ملک کے پیداواری ضرورت کو پورا کرنے کے ساتھ چینی اور ایتھنوال میں بہتات بھی لائی گئی لہذا بروقت وفاقی گورنمنٹ کی طرف سے برآمد کی اجازت بہت اہمیت کی حامل ہے جو کہ نہ صرف بہتر قیمت پر بہتات کی ذمہ دار ہے بلکہ مقامی مارکیٹ کو یکساں رکھنے میں معاون ہے۔ گورنمنٹ پر عزم ہے کہ ایکسپورٹ کو محظ کوٹے تک محدود رکھنے کے بجائے باقاعدہ طرز عمل قرار دے دیگی تاکہ اچھی قیمت میں غیر مقامی منڈیوں تک رسائی کی جاسکے۔

#### ورکنگ کیپٹل:

ہم اپنے بینکرز کے ساتھ مذاکرات کے اگلے مراحل میں داخل ہو چکے ہیں تاکہ ہم اپنے قرضے کوری اسٹریکچر کروا سکیں تاکہ ہم خود کو جبری



فروخت سے بچائیں اور آف سیزن میں بھی بہترین پرائز حاصل کریں برعکس اس کے کہ جیسے ابھی ہم سیزن میں بھی پورا مال فروخت کر دیتے ہیں تاکہ ورکنگ کپٹیل حاصل کر سکیں۔

مذکورہ معلومات کے تحت آپ کی مینجمنٹ پر اُمید ہے کہ شگر انڈسٹری کے حالات بدلنے کو ہیں لہذا ہم نے اپنے تمام ذرائع کو ان کی بساط کے مطابق منظم کرنا شروع کر دیا ہے تاکہ آنے والے 5 سیزن میں بھرپور پیداوار حاصل کی جاسکے مذکورہ سیزن کین سپلائی، ریکوری اور پلانٹ کے مقدار کے استعمال سے بہت سودمند ہے انصاری شگر ملز ایک بڑے پلانٹ کی صورت میں فائدہ اٹھاتے ہوئے آنے والے سیزن میں زیادہ سے زیادہ گنے کی خرید اور کرشنگ انجام دے گی۔

#### اعتراف:

ہم اپنے ملازمین کی جانب سے لگن اور انتھک محنت کے لئے اور اپنے کلائنٹ، بزنس پارٹنرز اور شیئر ہولڈرز کی حمایت اور اعتماد کے لئے اپنی مخلصانہ حوصلہ افزائی کا اظہار کرتے ہیں۔ بورڈ اس موقع پر انصاری شوگر مل لمیٹڈ کے تمام ملازمین کی انتھک کوششوں پر بے حد مشکور ہے۔ ہم یہاں پر یہ بات بھی کرنا ضروری سمجھتے ہیں کہ بے بناہ دباؤ اور غیر یقینی کاروباری ماحول کے باوجود کمپنی کے ڈائریکٹرز نے Going Concern کو مد نظر رکھتے ہوئے کمپنی کو مشکل حالات سے نکالا۔

منجانب بورڈ آف ڈائریکٹرز

خواجہ انور مجید

چیف ایگزیکٹو آفیسر

کراچی

1 دسمبر 2023





## STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19. of rule book of the Pakistan Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

| <u>CATEGORY</u>                     | <u>NAME</u>             |
|-------------------------------------|-------------------------|
| Non-Executive Independent Directors | Mr. Noor Muhammad       |
| Non-Executive Directors             | Mr. Khawaja Aleem Majid |
|                                     | Mr. Dawoodi Morkas      |
|                                     | Mr. Waheed Ahmed        |
|                                     | Mr. Iqbal Bulidi        |
| Executive Directors                 | Mr. Khawaja Anver Majid |
|                                     | Mr. Aurangzeb Khan      |

The Independent Directors meets the criteria of independence under clause I (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board meet at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.



8. One director had already completed director training program, remaining directors will complete director training ensuing year.
9. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
10. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
11. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
12. The company has complied with all the corporate and financial reporting requirements of the CCG.
13. The Board has formed an Audit Committee. It comprises of three members and all of them are non-executives directors including the chairman of the committee.
14. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
15. The Board has formed an HR and Remuneration Committee. It comprises three members of whom two are non-executive directors including the chairman of the committee.
16. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of ethics as adopted by the ICAP.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
20. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
21. We confirm that all other material principles enshrined in the CCG have been complied.

For and on behalf of the **BoD of Ansari Sugar Mills Limited**

  
**Aurangzeb Khan**  
Chairman



**THE COMPANIES ACT, 2017**  
**THE COMPANIES (GENERAL PROVISIONS AND FORMS)**  
**REGULATIONS, 2018 [Section 227(2)(f)]**  
**PATTERN OF SHAREHOLDING**

**FORM 34**

1. Incorporation Number 0019909
2. Name of the Company ANSARI SUGAR MILLS LIMITED
3. Pattern of holding of the shares held by the Shareholders as at 3 0 0 9 2 0 1 9

| 4. | Number of Shareholders | Shareholdings |   |            |        | Total Shares held |
|----|------------------------|---------------|---|------------|--------|-------------------|
|    | 1033                   | 1             | - | 100        | Shares | 35,945            |
|    | 580                    | 101           | - | 500        | Shares | 191,341           |
|    | 279                    | 501           | - | 1,000      | Shares | 224,838           |
|    | 426                    | 1,001         | - | 5,000      | Shares | 986,173           |
|    | 76                     | 5,001         | - | 10,000     | Shares | 540,519           |
|    | 38                     | 10,001        | - | 15,000     | Shares | 467,589           |
|    | 15                     | 15,001        | - | 20,000     | Shares | 268,295           |
|    | 8                      | 20,001        | - | 25,000     | Shares | 179,269           |
|    | 3                      | 25,001        | - | 30,000     | Shares | 82,275            |
|    | 2                      | 30,001        | - | 35,000     | Shares | 64,050            |
|    | 3                      | 35,001        | - | 40,000     | Shares | 112,063           |
|    | 2                      | 40,001        | - | 45,000     | Shares | 82,800            |
|    | 4                      | 45,001        | - | 50,000     | Shares | 190,000           |
|    | 1                      | 50,001        | - | 60,000     | Shares | 55,165            |
|    | 5                      | 60,001        | - | 70,000     | Shares | 337,699           |
|    | 1                      | 70,001        | - | 80,000     | Shares | 72,500            |
|    | 1                      | 80,001        | - | 90,000     | Shares | 85,000            |
|    | 2                      | 90,001        | - | 100,000    | Shares | 194,250           |
|    | 4                      | 100,001       | - | 200,000    | Shares | 800,000           |
|    | 1                      | 200,001       | - | 260,000    | Shares | 257,600           |
|    | 1                      | 260,001       | - | 300,000    | Shares | 279,400           |
|    | 1                      | 300,001       | - | 350,000    | Shares | 350,000           |
|    | 1                      | 350,001       | - | 450,000    | Shares | 401,500           |
|    | 1                      | 450,001       | - | 800,000    | Shares | 720,220           |
|    | 1                      | 800,001       | - | 900,000    | Shares | 892,000           |
|    | 1                      | 900,001       | - | 1,000,000  | Shares | 929,800           |
|    | 1                      | 1,000,001     | - | 1,300,000  | Shares | 1,238,371         |
|    | 1                      | 1,300,001     | - | 1,400,000  | Shares | 1,301,800         |
|    | 1                      | 1,400,001     | - | 2,000,000  | Shares | 1,917,000         |
|    | 1                      | 2,000,001     | - | 3,000,000  | Shares | 2,062,285         |
|    | 2                      | 3,000,001     | - | 13,000,000 | Shares | 24,754,980        |
|    | 1                      | 13,000,001    | - | 16,100,000 | Shares | 16,061,828        |
|    | <b>2,497</b>           | <b>TOTAL</b>  |   |            |        | <b>56,136,555</b> |



**THE COMPANIES ACT, 2017**  
**THE COMPANIES (GENERAL PROVISIONS AND FORMS)**  
**REGULATIONS, 2018 [Section 227(2)(f)]**  
**PATTERN OF SHAREHOLDING**

**FORM 34**

| 5.  | Categories of Shareholders  | Shares held | Percentage |
|-----|---|-------------|------------|
| 5.1 | Directors, Chief Executive Officer, their spouses and minor children  | 29,475,941  | 52.51%     |
| 5.2 | Associated Companies, undertakings and related parties                | -           | 0.00%      |
| 5.3 | NIT and ICP<br>Banks, Development Financial                           | 109,790     | 0.20%      |
| 5.4 | Institutions, Non-Banking Finance Companies                           | 36,150      | 0.06%      |
| 5.5 | Insurance Companies   | 11,265      | 0.02%      |
| 5.6 | Modarabas and Mutual Funds  | 800         | 0.00%      |
| 5.7 | Shareholders holding 5%   | 40,816,808  | 72.71%     |
| 5.8 | <u>General Public</u>   |             |            |
|     | a. Local  | 6,577,603   | 11.72%     |
|     | b. Foreign  | -           | 0.00%      |
| 5.9 | Others ( Joint Stock Companies, Charitable Trusts, Wakf, & Government | 19,925,006  | 35.49%     |



## PATTERN OF SHAREHOLDING UNDER REGULATION 37(XX)(I) OF THE CODE OF CORPORATE GOVERNANCE AS AT SEPTEMBER 30, 2019

| Categories of Shareholders                        | Number of Shareholders | Number of Shares held | % of Shareholding |
|---|------------------------|-----------------------|-------------------|
| 1. Associated Companies                           | -                      | -                     | 0.00%             |
| 2. NIT and ICP                                    | 2                      | 109,790               | 0.20%             |
| 3. Directors, CEO, their Spouses & Minor Children | 9                      | 29,475,941            | 52.51%            |
| 4. Executives                                     | -                      | -                     | 0.00%             |
| 5. Public Sector Companies & Corporations         | 26                     | 19,925,006            | 35.49%            |
| Banks, Development Finance Institutions, Non-     |                        |                       |                   |
| 6. Banking Finance Companies, Insurance           | 8                      | 48,215                | 0.09%             |
| Companies, Modarbas & Mutual Funds                |                        |                       |                   |
| 7. Individuals                                    | 2,452                  | 6,577,603             | 11.72%            |
| <b>TOTAL</b>                                      | <b>2,497</b>           | <b>56,136,555</b>     | <b>100.00%</b>    |

### DETAILS OF CATAGORIES OF SHAREHOLDERS

| Names  | Number of Shareholders | Number of Shares held | % of Shareholding |
|--|------------------------|-----------------------|-------------------|
| 1. <u>Associated Companies</u>                               | -                      | -                     | -                 |
| 2. <u>NIT and ICP</u>  |                        |                       |                   |
| 2.1 INVESTMENT CORPORATION OF PAKISTAN                       | 1                      | 68,990                | 0.12%             |
| 2.3 NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMENT             | 1                      | 40,800                | 0.07%             |
|  | <b>2</b>               | <b>109,790</b>        | <b>0.20%</b>      |
| 3. <u>Directors, CEO, their Spouses &amp; Minor Children</u> |                        |                       |                   |
| <u>Directors and CEO</u>                                     |                        |                       |                   |
| 3.1 KHAWAJA ANVER MAJID                                      | 2                      | 28,753,571            | 51.22%            |
| 3.2 KHAWAJA ALEEM MAJID                                      | 1                      | 1,000                 | 0.00%             |
| 3.3 IQBAL BULEDI   | 1                      | 500                   | 0.00%             |
| 3.4 RASHID AHMED KHAN  | 1                      | 500                   | 0.00%             |
| 3.5 AURANGZEB KHAN   | 1                      | 50                    | 0.00%             |
| 3.6 DAWOOD MORKAS  | 1                      | 50                    | 0.00%             |
| 3.7 WAHEED AHMED   | 1                      | 50                    | 0.00%             |
|  | <b>8</b>               | <b>28,755,721</b>     | <b>51.22%</b>     |
| <u>Spouses of Directors and CEO</u>                          | -                      | -                     | -                 |
| <u>Minor Children of Directors and CEO</u>                   |                        |                       |                   |
| KHAWAJA ALI KAMAL MAJID                                      | 1                      | 720,220               | 1.28%             |
|  | <b>9</b>               | <b>29,475,941</b>     | <b>52.51%</b>     |



**PATTERN OF SHAREHOLDING UNDER REGULATION 37(XX)(I) OF  
THE CODE OF CORPORATE GOVERNANCE  
AS AT SEPTEMBER 30, 2019**

**SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY**

|   | <b>Names</b>           | <b>Number of<br/>Shareholders</b> | <b>Number of<br/>Shares held</b> | <b>% of<br/>Shareholding</b> |
|---|------------------------|-----------------------------------|----------------------------------|------------------------------|
| 1 | KHAWAJA ANVER MAJID    | 2                                 | 28,753,571                       | 51.22%                       |
| 2 | AKD SECURITIES LIMITED | 1                                 | 12,063,237                       | 21.49%                       |

**DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO,  
COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN**



## STATEMENT OF ETHICS & BUSINESS PRACTICE

Ansari Sugar Mills Limited was established with an aim of producing high quality sugar for its customer and meeting the expectation of its stakeholders. We ensure transparency and professionalism at every step of our dealings, and look after the interests of our stakeholders.

This statement of the company is based on the following principles:

### Quality of Product

- We strive to produce the high quality of sugar for our customers.
- We believe in technology and innovation and strive to implement innovative ideas in the Company.
- We maintain all relevant technical and professional standards to be compatible with the requirements of the trade.

### Dealing with Employees

- We recognize and reward employees for their performance.
- We measure the performance of our employees by their ability to meet their objectives, their conduct at work, dealing with others both within and outside the organization, their contribution towards training people and succession planning, and innovation at their work place.
- We provide a congenial work atmosphere where all employees are treated with respect and dignity and work as a team for a common goal.
- Unless specifically mentioned, all rules and regulation prevailing in the company apply to all levels of employees of the company.

### Responsibility to Society / Interested Parties

- We have an important role towards our society, shareholders, creditors, the Government and public at large. We are objective and transparent in our dealings with all our stakeholders so as to meet the expectations of the people who rely on us.
- We meet all our obligations and ensure timely compliance.

### Financial Reporting and Internal Control

- To meet the expectations of the wide spectrum of society and Government agencies, we have implemented an effective, transparent and fair system of financial reporting and internal control.
- To ensure efficient and effective utilization of Company's resources, we have placed financial planning and reporting at the heart of management practice at this not only serves to facilitate viable and timely decisions, but also makes Company dealings more transparent and objective oriented.
- We have a sound and efficient Internal Audit department to enhance the reliability of the financial information and data generated by the Company. It also helps building the confidence of our external stakeholders.

### Purchase of Goods and Timely Payment

- To ensure cost effectiveness, we only purchase goods and services that meet our specifications and are priced appropriately. To gauge the market conditions and availability of substitute or services, we obtain quotations from various sources before finalizing our decision.



- We ensure timely payments, which over the year, has built trust and reliability amongst our suppliers.

#### **Conflict of Interest**

- Activities and involvements of the directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are made in the interest of the Company.

#### **Observance to laws of the Country**

- The Company fulfills all statutory requirements of the Government and follows all applicable laws of the country.

#### **Environmental Protection**

- The Company uses all means to protect the environment and to ensure health and safety of the work force. We have, and will continue to attain, necessary technology to ensure protection of the environment and well being of the people living in adjoining areas of our plant.

#### **Objectives of the Company**

- We at Ansari Sugar Mills Limited, recognize the need of working at the highest standards to meet the expectations of all our stakeholders.
- We conduct the business of the Company with integrity and supply only quality and credible information.
- We produce and supply goods and information with great care and competence, to ensure that customers and creditors receive the best quality and care.
- We respect the confidentiality of the information acquired during the course of our work with our business associates, and refrain from acting in any manner which could discredit the Company.
- Our organization is free of all vested interests that could affect its integrity, objectivity and independence.





## SIX YEARS REVIEW AT A GLANCE

| FINANCIAL RESULTS                      | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Rupees '000      |                  |                  |                  |                  |                  |
| Sales                                  | 438,114          | 1,677,306        | 2,146,349        | 1,730,162        | 1,865,650        | 1,481,835        |
| Gross profit / (loss)                  | 63,085           | 448,228          | 472,811          | 376,246          | 309,629          | 248,489          |
| Operating profits / (loss)             | 10,442           | 275,873          | 373,263          | 295,787          | 227,553          | 161,570          |
| Profit / (loss) before taxation        | (597,101)        | (122,949)        | 12,871           | 11,710           | 297,146          | 46,691           |
| Profit / (loss) after taxation         | (694,412)        | (203,078)        | 27,291           | 21,533           | 278,553          | 232,062          |
| Accumulated (loss) / profit            | (990,307)        | (313,217)        | (142,941)        | (225,504)        | 46,758           | (250,571)        |
| OPERATING RESULTS                      | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
| Season started                         | 19-12-2018       | 29-11-2017       | 15-11-2016       | 25-11-2015       | 09-12-2014       | 01-11-2013       |
| Season closed                          | 07-3-2019        | 25-04-2018       | 01-04-2017       | 03-03-2016       | 27-03-2015       | 14-03-2014       |
| Days Worked                            | 79               | 148              | 138              | 100              | 109              | 134              |
| Sugar crushed (tonnes)                 | 74,166           | 400,039          | 425,803          | 499,872          | 400,216          | 382,090          |
| Sugar Recovery (%)                     | 9.79%            | 11.20%           | 9.69%            | 10.99%           | 9.75%            | 10.56%           |
| Sugar Produced (tonnes)                | 7,260            | 44,804           | 41,304           | 54,995           | 39,100           | 41,643           |
| Molasses Recovery (%)                  | 6.00%            | 4.76%            | 4.57%            | 4.99%            | 4.49%            | 4.47%            |
| Molasses produced (tonnes)             | 4,450            | 19,037           | 19,468           | 24,960           | 17,985           | 17,090           |
| Financial Position                     | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
|  | Rupees '000      |                  |                  |                  |                  |                  |
| <b>ASSETS</b>                          |                  |                  |                  |                  |                  |                  |
| Non Current Assets                     | 4,359,938        | 4,629,141        | 4,620,194        | 4,678,012        | 3,494,683        | 3,441,037        |
| Current Assets                         | 4,483,502        | 4,903,165        | 4,989,625        | 3,582,885        | 2,277,953        | 2,365,424        |
| <b>Total Assets</b>                    | <b>8,843,440</b> | <b>9,532,306</b> | <b>9,609,819</b> | <b>8,260,898</b> | <b>5,772,636</b> | <b>5,806,461</b> |
| <b>EQUITY AND LIABILITIES</b>          |                  |                  |                  |                  |                  |                  |
| Issued, subscribed and paid-up capital | 561,366          | 561,366          | 244,072          | 244,072          | 244,072          | 244,072          |
| Reserves                               | 1,502,924        | 2,204,394        | 2,389,673        | 2,361,478        | 1,148,752        | 833,885          |
|  | 2,064,290        | 2,765,760        | 2,633,745        | 2,605,550        | 1,392,824        | 1,077,957        |
| Non Current Liabilities                | 3,242,767        | 3,824,727        | 3,804,857        | 3,553,577        | 1,764,981        | 1,846,070        |
| Current Liabilities                    | 3,536,383        | 2,941,819        | 3,171,217        | 2,101,771        | 2,614,831        | 2,882,434        |
|  | 6,779,151        | 6,766,546        | 6,976,074        | 5,655,347        | 4,379,812        | 4,728,504        |
|  | <b>8,843,440</b> | <b>9,532,306</b> | <b>9,609,819</b> | <b>8,260,898</b> | <b>5,772,636</b> | <b>5,806,461</b> |
| Break-up value per share (Nos.)        | <b>36.77</b>     | <b>49.27</b>     | <b>107.91</b>    | <b>106.75</b>    | <b>57.07</b>     | <b>44.17</b>     |
| Earning / (loss) per share (Nos.)      | <b>(12.37)</b>   | <b>(3.62)</b>    | <b>1.12</b>      | <b>0.88</b>      | <b>11.41</b>     | <b>9.51</b>      |



## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

### 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 **Ansari Sugar Mills Limited** for the year ended September 30, 2019 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 part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company corporate governance procedures and risks.

The Regulations requires the Company to place before 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, 2019.

Chartered Accountant  
Engagement Partner:

**Basharat Rasool**

Karachi

Dated: 01 December, 2023



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANSARI SUGAR MILLS LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Qualified Opinion**

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

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

### **Basis for Qualified Opinion**

- a) The company holds inventories and cash balance amounting to Rs. 2,632.120 Million and Rs. 1.422 Million respectively as of September 30, 2019. These inventories comprise of stores, spares and loose tools, work-in-process, by-product and finished goods. We have also not received response from predecessor auditor against our request to share audit working papers of physical counting of inventories & cash balance. We were unable to obtain sufficient appropriate audit evidence about the physical existence of these inventories and cash balance mainly because we were appointed as auditor after lapse of 42 months from end of financial year. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.
- b) During the year end, an enquiry against the Company's shareholders, directors and group companies has been initiated by the National Accountability Bureau & Federal Investigation Agency (FIA) in the matter of fake bank accounts and accordingly bank accounts of the Company were seized by the State Bank of Pakistan. We were unable to obtain sufficient appropriate audit evidence of the matter because we did not have access to the records of investigation agencies with respect to investigation which is pending and sub-judice before court. Consequently, we were unable to determine whether any adjustment due to this may be necessary in these financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in 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 significant in our audit of the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters;

| S. No. | Key Audit Matters   | How the matter was addressed in our audit   |
|--------|---|---|
| 1.     | <b>Income Tax</b>   | <i>(refer note 22 &amp; 23 to the financial statements)</i>   |
|        | <p>The Company has recognized provisions and has disclosed contingent liabilities in respect of certain income tax matters, which are pending adjudication before various appellate and legal forums.</p> <p>Provisions and contingencies require management of the Company to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulation and the probability of outcome and financial impact, if any, on the Company in respect of such provisions and contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of these matters and use of significant management, judgment and estimates to assess the same including related financial impacts, we have considered provisions and contingent liabilities relating to income tax a key audit matter.</p> | <p>The following procedures were performed:</p> <ul style="list-style-type: none"> <li>Obtaining the reviewing details of the pending tax matters and discussed the same with the Company's management.</li> <li>Circularizing confirmations to the Company's external legal and tax counsels for their views on matters being handled by them.</li> <li>Involving internal tax professionals to assess management's conclusions or contingent tax matters and evaluating the consistency of such conclusions with the views of management and external tax advisors engaged by the Company.</li> <li>Reviewing correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved.</li> <li>Checking mathematical accuracy of the calculations underlying the provisions, if any and</li> <li>Reviewing the adequacy of the disclosures made by the Company with regard to the applicable accounting and reporting standards.</li> </ul> |
| 2.     | <b>COVID-19 &amp; Its impact</b>  | <i>(refer note 40 to the financial statements)</i>  |
|        | <p>Due to the COVID-19 situation and lockdown in the country since March 2020, business activity has been adversely affected. The Company's factory and offices were closed. Many of the functions and operations were carried out remotely. Although Covid-19 did not have effect on the financial</p>   | <p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy;</li> </ul>  |



| S.<br>No. | Key Audit Matters  | How the matter was addressed<br>in our audit   |
|-----------|--|--|
|           | <p>performance of the Company during the financial year ended 30th September, 2018, however, it has affected the audit of the company namely overall audit strategy, allocation of resources in the audit and directing the efforts of the engagement team.</p> <p>In relation to the accounting and reporting obligations, management assessed the following significant areas for incorporating COVID – 19 impact in the financial statements:</p> <ul style="list-style-type: none"> <li>• expected credit losses (ECL) under IFRS 9, 'Financial Instruments';</li> <li>• the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';</li> <li>• provisions and contingent liabilities under IAS 37, including onerous contracts; and</li> <li>• going concern assumption used for the preparation of the financial statements</li> </ul> <p>The COVID-19 pandemic is a significant development during the year having the most significant impact on audit strategy and its execution and involved assessment of significant management judgments in the preparation of financial statements. Therefore, we considered it to be a key audit matter.</p> | <ul style="list-style-type: none"> <li>• Unlisted technology for communication and evidence gathering;</li> <li>• For information / record provided by management in scanned form, the original record was checked subsequently when the lockdown was relaxed;</li> <li>• For confirmation received through email, the authenticity of the confirmations was ensured by performing alternate procedure such as making telephone calls to confirming parties;</li> <li>• Assessed the reasonableness of forward-looking factors under the COVID-19 situation used by management in preparing ECL model;</li> <li>• Evaluated whether any impairment indicators exist that could trigger impairment for tangible and intangible assets;</li> <li>• Evaluated management's assessment as to whether any provisions were required to be recorded as a result of COVID-19; and</li> <li>• Evaluated management's going concern assessment by reviewing the approved budget / future cash flow forecast and assessed whether going concern assumption is appropriate.</li> </ul> <p>Assessed the adequacy of the disclosures made by the Company under the applicable financial reporting framework.</p> |

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As a part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and access the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive of those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of 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 reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based in 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 going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns and are further in accordance with the accounting policies consistently applied.
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

The engagement partner on the audit resulting in this independent auditor's report is Mr. Basharat Rasool.

*Jans & Associates*

**Chartered Accountants**

**Place:** Karachi

**Dated:** 01 December, 2023



# FINANCIAL STATEMENT





## STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

|  | Note | 2019<br>----- (Rupees) ----- | 2018<br>-----        |
|--|------|------------------------------|----------------------|
| <b>ASSETS</b>                          |      |                              |                      |
| <b>NON CURRENT ASSETS</b>              |      |                              |                      |
| Property, plant and equipment          | 5    | 4,358,197,173                | 4,412,089,947        |
| Intangible assets                      | 6    | 504,409                      | 752,849              |
| Long term investment                   | 7    | -                            | 215,061,649          |
| Long term deposits                     | 8    | 1,236,600                    | 1,236,600            |
|  |      | <b>4,359,938,182</b>         | <b>4,629,141,045</b> |
| <b>CURRENT ASSETS</b>                  |      |                              |                      |
| Inventories                            | 9    | 2,632,120,064                | 2,656,547,199        |
| Trade and other receivables            | 10   | 184,777,019                  | 274,724,848          |
| Prepayments, deposits and advances     | 11   | 1,338,102,661                | 1,719,097,961        |
| Cash and bank balances                 | 12   | 328,502,556                  | 252,795,292          |
|  |      | <b>4,483,502,300</b>         | <b>4,903,165,300</b> |
|  |      | <b>8,843,440,482</b>         | <b>9,532,306,345</b> |
| <b>EQUITY AND LIABILITIES</b>          |      |                              |                      |
| <b>SHARE CAPITAL AND RESERVES</b>      |      |                              |                      |
| <b>Share Capital</b>                   |      |                              |                      |
| Authorised capital                     | 13   |                              |                      |
|  | 13.1 | <b>900,000,000</b>           | <b>900,000,000</b>   |
| Issued, subscribed and paid-up capital | 13.2 | <b>561,365,550</b>           | <b>561,365,550</b>   |
| <b>Reserves</b>                        |      |                              |                      |
| <b>Capital reserve</b>                 |      |                              |                      |
| Share premium                          |      | 317,293,570                  | 317,293,570          |
| Surplus on revaluation of fixed assets | 14   | 1,812,938,099                | 1,837,318,078        |
| Equity reserves                        | 15   | 336,000,000                  | 336,000,000          |
|  |      | <b>2,466,231,669</b>         | <b>2,490,611,648</b> |
| <b>Revenue reserves</b>                |      |                              |                      |
| Dividend equalization reserve          |      | 27,000,000                   | 27,000,000           |
| Accumulated losses                     |      | (990,307,482)                | (313,217,161)        |
|  |      | <b>(963,307,482)</b>         | <b>(286,217,161)</b> |
|  |      | <b>2,064,289,736</b>         | <b>2,765,760,037</b> |
| Subordinated loan                      | 16   | -                            | -                    |
|  |      | <b>2,064,289,736</b>         | <b>2,765,760,037</b> |
| <b>NON CURRENT LIABILITIES</b>         |      |                              |                      |
| Financial liabilities                  | 17   | 2,089,286,955                | 2,770,510,462        |
| Deferred liabilities                   | 18   | 889,372,351                  | 790,108,560          |
| Provision for quality premium          | 19   | 264,108,125                  | 264,108,125          |
|  |      | <b>3,242,767,431</b>         | <b>3,824,727,147</b> |
| <b>CURRENT LIABILITIES</b>             |      |                              |                      |
| Trade and other payables               | 20   | 404,989,428                  | 298,623,412          |
| Financial liabilities                  | 17   | 2,393,377,457                | 2,417,042,211        |
| Accrued mark-up                        | 21   | 721,657,845                  | 213,062,819          |
| Unclaimed dividend                     |      | 2,196,784                    | 2,196,784            |
| Current tax liability                  | 22   | 14,161,800                   | 10,893,935           |
|  |      | <b>3,536,383,314</b>         | <b>2,941,819,161</b> |
| <b>CONTINGENCIES AND COMMITMENTS</b>   |      |                              |                      |
|  | 23   | -                            | -                    |
|  |      | <b>8,843,440,482</b>         | <b>9,532,306,345</b> |

The annexed notes form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2019

|                                    | Note | 2019<br>----- (Rupees) ----- | 2018<br>-----   |
|------------------------------------|------|------------------------------|-----------------|
| Sales - net                        | 24   | <b>438,113,837</b>           | 1,677,305,780   |
| Cost of sales                      | 25   | <b>(375,028,655)</b>         | (1,229,078,164) |
| Gross profit                       |      | <b>63,085,182</b>            | 448,227,616     |
| <b>Operating expenses</b>          |      |                              |                 |
| Selling and distribution expenses  | 26   | <b>(2,233,330)</b>           | (67,749,795)    |
| Administrative expenses            | 27   | <b>(50,409,657)</b>          | (104,604,681)   |
|                                    |      | <b>(52,642,987)</b>          | (172,354,476)   |
|                                    |      | <b>10,442,195</b>            | 275,873,140     |
| <b>Operating profit</b>            |      |                              |                 |
| Other operating (loss)/income      | 29   | <b>(21,649,650)</b>          | 23,762,417      |
|                                    |      | <b>(11,207,455)</b>          | 299,635,557     |
| Finance cost                       | 30   | <b>(585,894,011)</b>         | (422,584,438)   |
| Loss before taxation               |      | <b>(597,101,466)</b>         | (122,948,881)   |
| Taxation                           | 31   | <b>(97,310,956)</b>          | (80,129,611)    |
| Loss after taxation                |      | <b>(694,412,422)</b>         | (203,078,492)   |
| Loss per share - basic and diluted | 32   | <b>(12.37)</b>               | (3.62)          |

The annexed notes form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



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

|  | 2019<br>----- (Rupees) ----- | 2018<br>-----        |
|--|------------------------------|----------------------|
| Loss after taxation  | (694,412,422)                | (203,078,492)        |
| <b>Items not to be reclassified to profit or loss in subsequent period:</b>        |                              |                      |
| Loss on remeasurement of post employment benefit obligations                       | (7,057,876)                  | 506,282              |
| Incremental depreciation arising from revaluation of property, plant and equipment | 24,379,977                   | 32,295,753           |
| Total items that will not be reclassified to net income                            | 17,322,101                   | 32,802,035           |
| Total comprehensive (loss) for the year  | <u>(677,090,321)</u>         | <u>(170,276,457)</u> |

The annexed notes form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



## CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2019

|   | 2019                   | 2018                   |
|---|------------------------|------------------------|
|   | ----- (Rupees) -----   |                        |
| <b>Profit before taxation</b>                                   | <b>(597,101,466)</b>   | <b>(122,948,881)</b>   |
| <b>Adjustments for :</b>  |                        |                        |
| Depreciation  | 53,262,774             | 73,046,068             |
| Amortization  | 248,440                | 370,806                |
| Finance cost  | 585,145,849            | 422,584,438            |
| Provision for gratuity  | 1,738,963              | 1,606,794              |
| Gain on disposal of assets                                      | -                      | (449,594)              |
| Profit On DSC investment  | (21,649,650)           | (23,312,823)           |
|   | <b>618,746,376</b>     | <b>473,845,689</b>     |
| <b>Operating (loss) / profit before working capital changes</b> | <b>21,644,910</b>      | <b>350,896,808</b>     |
| <b>Changes in working capital :</b>                             |                        |                        |
| <b>(Increase) / decrease in current assets:</b>                 |                        |                        |
| Inventories   | 24,427,135             | (208,079,479)          |
| Trade and other receivables                                     | 89,947,829             | 485,574,871            |
| Prepayments, deposits and advances                              | 380,995,300            | 38,377,500             |
| <b>Increase in current liabilities:</b>                         |                        |                        |
| Trade and other payables  | 106,996,015            | (403,585,608)          |
| <b>Net cash generated from / (used in) operations</b>           | <b>624,011,189</b>     | <b>263,184,092</b>     |
| Taxes paid  | (3,303,843)            | (50,811,517)           |
| Gratuity paid   | (272,297)              | (1,385,200)            |
| Finance cost paid   | (76,550,823)           | (301,328,508)          |
| <b>Net cash used in operating activities</b>                    | <b>543,884,226</b>     | <b>(90,341,133)</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                        |                        |
| Property, plant & equipment                                     | -                      | (31,976,209)           |
| Capital work in progress  | -                      | (27,702,931)           |
| Intangible Assets   | -                      | (48,619)               |
| Long term investments   | 236,711,299            | -                      |
| Long term loans   | -                      | 364,450                |
| Proceeds from disposal of property plant and equipment          | -                      | 761,990                |
| <b>Net cash used in investing activities</b>                    | <b>236,711,299</b>     | <b>(58,601,319)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                        |                        |
| long term loans-net   | (174,931,664)          | 68,471,959             |
| share capital   | -                      | 317,293,570            |
| Share premium   | -                      | 317,293,570            |
| Subordinated Loan   | -                      | (300,000,000)          |
| <b>Net cash flow from financing activities</b>                  | <b>(174,931,664)</b>   | <b>403,059,099</b>     |
| Net decrease in cash and cash equivalents                       | <b>605,663,861</b>     | <b>254,116,647</b>     |
| Cash and cash equivalents at the beginning of the year          | <b>(1,913,641,819)</b> | <b>(2,167,758,466)</b> |
| Cash and cash equivalents at the end of the year                | <b>(1,307,977,958)</b> | <b>(1,913,641,819)</b> |

The annexed notes form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

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



|   | Issued,<br>subscribed and<br>paid-up capital | Capital Reserves |                |                               |               | Revenue Reserve |  |               | Grand Total   |
|---|--|------------------|----------------|-------------------------------|---------------|-----------------|--|---------------|---------------|
|   |  | Share Premium    | Equity Reserve | Revaluation<br>Surplus on PPE | Sub Total     | General reserve | Unappropriated<br>profit /<br>(Accumulated loss) | Sub Total     |               |
| ----- (Rupees) -----  |  |                  |                |                               |               |                 |  |               |               |
| As at September 30, 2017 - restated                               | 244,071,980                                  | -                | 336,000,000    | 1,869,613,831                 | 2,205,613,831 | 27,000,000      | (142,940,704)                                    | (115,940,704) | 2,333,745,107 |
| Loss for the year   | -  | -                | -              | -                             | -             | -               | (203,078,492)                                    | (203,078,492) | (203,078,492) |
| Issue of Shares at premium  | 317,293,570                                  | 317,293,570      | -              | -                             | 317,293,570   | -               | -  | -             | 634,587,140   |
| Re-measurement of define benefit liability                        | -  | -                | -              | -                             | -             | -               | 506,282  | 506,282       | 506,282       |
| Incremental depreciation on revalued fixed<br>assets - net of tax | -  | -                | -              | (32,295,753)                  | (32,295,753)  | -               | 32,295,753                                       | 32,295,753    | -             |
| Balance as at September 30, 2018                                  | 561,365,550                                  | 317,293,570      | 336,000,000    | 1,837,318,078                 | 2,490,611,648 | 27,000,000      | (313,217,161)                                    | (286,217,161) | 2,765,760,037 |
| Loss for the year   | -  | -                | -              | -                             | -             | -               | (694,412,422)                                    | (694,412,422) | (694,412,422) |
| Issue of Shares at premium  | -  | -                | -              | -                             | -             | -               | -  | -             | -             |
| Re-measurement of define benefit liability                        | -  | -                | -              | -                             | -             | -               | (7,057,876)                                      | (7,057,876)   | (7,057,876)   |
| Incremental depreciation on revalued fixed<br>assets - net of tax | -  | -                | -              | (24,379,977)                  | (24,379,977)  | -               | 24,379,977                                       | 24,379,977    | -             |
| Balance as at September 30, 2019                                  | 561,365,550                                  | 317,293,570      | 336,000,000    | 1,812,938,099                 | 2,466,231,671 | 27,000,000      | (990,307,482)                                    | (963,307,482) | 2,064,289,737 |

The annexed notes form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



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

### 1. CORPORATE AND GENERAL INFORMATION

#### 1.1 Legal status and operations

Ansari Sugar Mills Limited ('the Company') was incorporated in Pakistan on July 09, 1989 as a Public Limited Company and its shares are quoted in Pakistan Stock Exchanges. The principal business of the Company is manufacture and sale of white sugar. The registered office of the Company is situated at Taluka Tando Mohammad Khan, District Hyderabad, Sindh.

#### 1.2 Principal activity

Principal activity of the Company is to process sugarcane to produce refined sugar and sell it in local and international markets.

#### 1.3 Geographical location

The registered office and the Manufacturing unit of the Company is situated at Deh Jagsiyani, Taluka Tando Ghulam Hayder, District Tando Muhammad Khan, Sindh.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 ("The Act");
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes amongst others, included change in respect of presentation and measurement of surplus on revaluation of property, plant and equipment as fully explained in note 4.4.7 of these financial statements, change in nomenclature of primary statements.

2.1.3 Further, the disclosure requirements contained in the Schedule of the Act have been revised, resulting in elimination of duplicative disclosure with IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 5.4), management's assessment of sufficiency of tax provision in the financial statements (refer note 31), change in threshold for identification of executives (refer note 33), additional disclosure requirements for related parties (refer note 35) etc.

#### 2.2 Basis of measurement

These financial statements have been prepared under the "historical cost convention", except for certain items as disclosed in the relevant accounting policies.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.



## 2.4 Significant accounting 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 management to exercise judgment, estimates and assumptions in the process of applying accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

- Useful lives of property, plant and equipment (note 5)
- Valuation of stocks-in-trade/inventories (note 9)
- Provision for taxation (note 31)

## 3. NEW AND REVISED STANDARDS AND INTERPRETATIONS

**3.1** IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" became applicable to the Company from October 01, 2018 and Company has adopted these standards. The adoption of these standards does not have material effect on these financial statements.

**3.2** Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

|          |  | Effective date (annual reporting periods beginning on or after) |
|----------|--|---|
| IAS 1    | Presentation of financial statements (Amendments)                            | January 01, 2020  |
| IAS 8    | Accounting Policies, Changes in accounting estimates and errors (Amendments) | January 01, 2020  |
| IAS 12   | Income taxes (Amendments)  | January 01, 2019  |
| IAS 19   | Employee benefits (Amendments)   | January 01, 2019  |
| IAS 23   | Borrowing costs (Amendments)   | January 01, 2019  |
| IAS 28   | Investment in associates and joint ventures (Amendments)                     | January 01, 2019  |
| IFRS 3   | Business combinations (Amendments)   | January 01, 2019  |
| IFRS 9   | Financial instruments (Amendments)   | January 01, 2019  |
| IFRS 11  | Joint arrangements (Amendments)  | January 01, 2019  |
| IFRS 16  | Leases   | January 01, 2019  |
| IFRIC 23 | Uncertainty over income tax treatments                                       | January 01, 2019  |

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements, other than the impact on presentation / disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 16 on its financial statements.

**3.3** Further, the following new standards and interpretations have been issued by the International Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

|         |  |
|---------|--|
| IFRS 1  | First-time adoption of International Financial Reporting Standards |
| IFRS 14 | Regulatory deferral accounts                                       |
| IFRS 17 | Insurance contracts  |

**3.4** The following interpretations issued by the IASB have been waived off by SECP:

|          |   |
|----------|---|
| IFRIC 4  | Determining whether an arrangement contains lease |
| IFRIC 12 | Service concession arrangements                   |



#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Employees benefits - defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of comprehensive income when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates a defined contribution plan in the form of recognized provident fund scheme for the permanent employees. Contributions to fund are made monthly by the Company and employee at the rate of 10 % of the basic salary. The Company's contributions are recognized as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognized as an asset.

##### **4.2 Income tax**

The 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 for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

###### **4.2.1 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.

###### **4.2.2 Deferred tax**

Deferred income 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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 recognized 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.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

###### **4.2.3 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 recognizes 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.

##### **4.3 Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease i.e. the date the underlying assets are available for use. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities except plant and machinery for which the Company has elected to use the revaluation model.

The cost comprising the following.:

- the amount of the initial measurement of lease liabilities
- any lease payments made at or before the commencement date less any lease incentives received any initial direct costs, and
- restoration costs.





Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying assets' useful life.

#### **4.4 Property, plant and equipment**

##### **4.4.1 Measurement**

Items of property, plant and equipment other than land, buildings, plant and machinery and capital work in progress are measured at cost less accumulated depreciation and impairment loss (if any).

Land, buildings and leasehold improvements are measured at the revalued amount less accumulated depreciation and impairment loss, if any.

Capital work in progress is stated at cost less impairment loss, if any.

##### **4.4.2 Revaluation**

Any revaluation increase arising on the revaluation of land, buildings and plant & machinery is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on revaluation buildings and plant and machinery to the extent of incremental depreciation charged (net of deferred tax) is transferred to Other Comprehensive Income.

##### **4.4.3 Depreciation**

Depreciation is charged to income on reducing balance method, except for plant and machinery on which unit production method has been applied, so as to write off the written down value of assets over their estimated useful lives.

Depreciation methods, residual values and useful lives of assets are reviewed at the end of each financial year, and adjusted, if impact on depreciation is significant.

Gains/ losses on disposal of property, plant and equipment are included in the income currently.

##### **4.4.4 Disposal**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on de-recognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized in as other income in the statement of profit or loss.

##### **4.4.5 Judgment and estimates**

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, the key assumptions used to determine the fair value of property, plant and equipment are provided in Note 5.

##### **4.4.6 Impairment**

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

##### **4.4.7 Change in policy:**

As disclosed in notes 2.1.2 & 16 to the financial statements, the Companies Act, 2017 (The Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30th September 2018. Accordingly, the company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property, plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) – 16 "Property Plant and Equipment" and IAS -8 "Accounting Policies, Changes in Accounting Estimates and Errors".



Due to the above change in accounting policy, the Company has presented its statement of Financial Position as at the beginning of the earliest comparative period and related notes in accordance with requirement of IAS 1 – Presentation of Financial Statements (Revised) (IAS -1). Had the accounting policy not been changed, the surplus on revaluation of property, plant and equipment would have been shown as a separate line item (below equity in the statement of financial position) amounting to PKR 3,250 million and PKR 3,273 million for the year ended 30th September 2018 and 2017 respectively.

#### **4.5 Intangible assets – other than goodwill**

##### **4.5.1 Acquired**

Intangible assets acquired separately are initially recognized at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognized as capital improvement and added to the original cost of the intangible assets.

Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method at the rates specified in note 6 to the financial statements.

##### **4.5.2 Internally generated**

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses.

Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method at the rates specified in note 6 to the financial statements.

#### **4.6 Investment in subsidiaries**

Investment in subsidiary is initially recognised at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognised as expenses in the statement of profit or loss account. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount, limited to the extent of initial cost of investment. Reversal of impairment losses are recognised in the statement of profit or loss account.

The profits or losses of subsidiaries are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in other income. When the disposal on investment in subsidiary results in loss of control such that it becomes an associate, the retained investment is carried at cost.

#### **4.7 Borrowing costs**

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments.

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

These are valued at lower of cost and net realizable value except for items in transit, which are valued at invoice value and other related expenses incurred thereon up to the balance sheet date. Cost is calculated on First-in-First-out (FIFO) basis.

Net realizable 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.



#### **4.9 Stocks-in-trade**

The basis of valuation has been specified against each;

|                       |  |
|-----------------------|--|
| - Finished goods      | Lower of cost and net realizable value                                 |
| - Bagasse             | Net realizable value   |
| - Work-in-process     | Cost of raw material consumed and proportionate manufacturing expenses |
| - Rice husk           | Net realizable value   |
| - Molasses in process | Net realizable value   |

Net realizable 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.

#### **4.10 Trade debts and other receivables**

These are recognized initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortized cost using effective interest rate method less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to income. Trade debts and other receivables considered irrecoverable are written-off.

#### **4.11 Revenue recognition**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership of these goods have been transferred to the buyer.

#### **4.12 Foreign currency transactions and translations**

The Company's financial statements are presented in Rupees, which is Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in Comprehensive Income (OCI) if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities measured at fair value through OCI are recognized in other comprehensive income.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognized the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

#### **4.13 Provisions**

##### **4.13.1 Recognition and measurement**

Provisions for legal claims, service warranties and make good obligations are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized 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 recognized 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 recognized as interest expense.

#### **4.13.2 Judgment and estimates**

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 recognized provision are recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

#### **4.14 Impairment**

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a class of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the income correctly.

#### **4.15 Biological assets**

These are measured at fair value less costs to sell on initial recognition at each balance sheet date unless the fair value cannot be measured reliably. Gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset at the balance sheet date is included in profit and loss account.

#### **4.16 Related party transactions**

All transactions between the Company and related parties are recorded at arm's length. Prices are determined in accordance with comparable uncontrolled price method, except for the allocation of expenses such as electricity, gas, water, repair and maintenance that are shared with the associated companies based on actual. Following are the related parties of the company:

- Khoski Sugar Mills (Private) Limited
- Chambar Sugar Mills (Private) Limited
- TAY Power Gen (Private) Limited
- New Thatta Sugar Mills (Private) Limited
- Omni Aviation (Private) Limited

#### **4.17 Financial assets**

##### **4.17.1 Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### **a) At fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.



**b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date; which are classified as non-current assets.

**c) Held to maturity**

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

**d) Available-for-sale**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose it off within 12 months of the end of the reporting date.

**4.18 Financial liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of an instrument. Financial liabilities are extinguished when these are discharged or cancelled or expire or when there is substantial modification in the terms and conditions of the original financial liability or part of it. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original financial liability. If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

**4.19 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**4.20 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term bank deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**4.21 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition of the liability. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. These are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**4.22 Dividends distribution**

Dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved.



#### 4.23 Earnings per share

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

- 4.24 In 2018, the Company conducted detailed review of loan from Director and discovered the error in relation to its recording and classification. In 2015, the Company received an interest free loan from Director amounting to Rs 480 Million as special loan subordinated to equity. Instead of its classification, the company recognized Rs 311,638,952 as other income and the balance was recognized as Sub-Ordinated Debt of Rs 168,361,048. In 2016, the Company transferred the balance of sub-ordinated debt to create equity reserve. In addition, the Company also received a fresh loan of Rs 300 Million from Director and the same has also been transferred in Equity Reserve. Further the management also transferred Rs 311,638,952 from accumulated loss to equity reserve. In 2018, the Director demanded repayment of loan granted in 2016. However, the Company recognized that loan in equity reserve instead of its recording as Sub-Ordinated Debt from Director. The correction of error is accounted for retrospectively and the comparative information for 2016 and 2017 has been restated. The error has been corrected by restating each of the affected financial statements line items for the prior period.

There is no financial impact of this correction of error in statement of Profit or Loss.

#### Statement of Financial Position

|                      | As at October 01, 2017 |                      |                  | As at September 30, 2018 |                      |                              |
|----------------------|------------------------|----------------------|------------------|--------------------------|----------------------|------------------------------|
|                      | September 30, 2017     | Increase/ (Decrease) | October 01, 2017 | September 30, 2018       | Increase/ (Decrease) | September 30, 2018- Restated |
|                      | ----- (Rupees) -----   |                      |                  | ----- (Rupees) -----     |                      |                              |
| Equity reserve       | 780,000,000            | (300,000,000)        | 480,000,000      | 780,000,000              | (300,000,000)        | 480,000,000                  |
| Deferred tax         | -                      | (144,000,000)        | (144,000,000)    | -                        | (144,000,000)        | (144,000,000)                |
| Net impact on equity | 780,000,000            | (444,000,000)        | 336,000,000      | 780,000,000              | (444,000,000)        | 336,000,000                  |

#### 5. PROPERTY, PLANT AND EQUIPMENT

|                          | 2019                 | 2018                 |
|--------------------------|----------------------|----------------------|
|                          | ----- (Rupees) ----- | ----- (Rupees) ----- |
| Operating fixed assets   | 4,161,324,506        | 4,215,217,280        |
| Capital work in progress | 196,872,667          | 196,872,667          |
|                          | <u>4,358,197,173</u> | <u>4,412,089,947</u> |

# 5.1 Operating fixed assets

| Freehold Land | Building on Freehold Land | Non-Factory Building-Freehold | Plant & Machinery | Electrical Installation | Weigh Bridge | Office Equipment & Others | Electrical Appliances | Furniture and Fixtures | Vehicles | Tent & Tarpaulins | Tools & Tackles | Total |
|---------------|---------------------------|-------------------------------|-------------------|-------------------------|--------------|---------------------------|-----------------------|------------------------|----------|-------------------|-----------------|-------|
|---------------|---------------------------|-------------------------------|-------------------|-------------------------|--------------|---------------------------|-----------------------|------------------------|----------|-------------------|-----------------|-------|

(Rupees)

## At September 30, 2018

|                          |               |               |                 |             |             |             |             |             |              |             |             |                 |
|--------------------------|---------------|---------------|-----------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-----------------|
| Cost                     | 771,780,550   | 580,509,621   | 3,947,312,895   | 9,461,461   | 4,618,918   | 11,257,357  | 12,362,864  | 3,511,498   | 34,839,018   | 6,570,321   | 1,993,522   | 5,766,243,025   |
| Accumulated depreciation | (266,167,209) | (148,322,608) | (1,073,357,766) | (8,004,930) | (2,640,741) | (7,329,480) | (6,614,596) | (2,692,413) | (27,498,643) | (6,407,071) | (1,990,288) | (1,551,025,745) |
| Net book value           | 505,613,341   | 432,187,013   | 2,873,955,129   | 1,456,531   | 1,978,177   | 3,927,877   | 5,748,268   | 819,085     | 7,340,375    | 163,250     | 3,234       | 4,215,217,282   |

## Year ended September 30, 2019

|                               |              |              |               |           |           |           |           |          |             |          |         |               |
|-------------------------------|--------------|--------------|---------------|-----------|-----------|-----------|-----------|----------|-------------|----------|---------|---------------|
| Opening net book value        | 505,613,341  | 432,187,013  | 2,873,955,129 | 1,456,531 | 1,978,177 | 3,927,877 | 5,748,268 | 819,085  | 7,340,375   | 163,250  | 3,234   | 4,215,217,282 |
| Additions / Disposal          | -            | -            | -             | -         | -         | -         | -         | -        | -           | -        | -       | -             |
| Transfer from CWIP (Note 5.7) | -            | -            | -             | -         | -         | -         | -         | -        | -           | -        | -       | -             |
| Revaluation                   | -            | -            | -             | -         | -         | -         | -         | -        | -           | -        | -       | -             |
| Disposals - Cost              | -            | -            | -             | -         | -         | -         | -         | -        | (630,000)   | -        | -       | (630,000)     |
| Disposals - Acc. Dep.         | -            | -            | -             | -         | -         | -         | -         | -        | -           | -        | -       | -             |
| Depreciation charge           | (25,280,667) | (21,609,351) | (3,847,695)   | (29,447)  | (49,078)  | (392,788) | (574,827) | (81,908) | (1,342,075) | (53,873) | (1,067) | (53,262,774)  |
| Closing net book value        | 480,332,674  | 410,577,663  | 2,870,107,434 | 1,427,084 | 1,929,099 | 3,535,089 | 5,173,441 | 737,176  | 5,368,300   | 109,378  | 2,167   | 4,161,324,506 |

## As at September 30, 2019

|                          |               |               |                 |             |             |             |             |             |              |             |             |                 |
|--------------------------|---------------|---------------|-----------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-----------------|
| Cost                     | 771,780,550   | 580,509,621   | 3,947,312,895   | 9,461,461   | 4,618,918   | 11,257,357  | 12,362,864  | 3,511,498   | 34,209,018   | 6,570,321   | 1,993,522   | 5,766,619,025   |
| Accumulated depreciation | (291,447,876) | (169,931,958) | (1,072,205,461) | (8,034,377) | (2,689,819) | (7,722,268) | (7,189,423) | (2,774,322) | (28,840,718) | (6,460,943) | (1,991,355) | (1,604,288,519) |
| Net book value           | 480,332,674   | 410,577,663   | 2,870,107,434   | 1,427,084   | 1,929,099   | 3,535,089   | 5,173,441   | 737,176     | 5,368,300    | 109,378     | 2,167       | 4,161,324,506   |

Depreciation rates

5% 5% 10% 10% 10% 10% 20% 33% 33%

\* Depreciation on plant & machinery is charged using unit production method.

| Freehold Land | Building on Freehold Land | Non-Factory Building-Freehold | Plant & Machinery | Electrical Installation | Weigh Bridge | Office Equipment & Others | Electrical Appliances | Furniture and Fixtures | Vehicles | Tent & Tarpaulins | Tools & Tackles | Total |
|---------------|---------------------------|-------------------------------|-------------------|-------------------------|--------------|---------------------------|-----------------------|------------------------|----------|-------------------|-----------------|-------|
|---------------|---------------------------|-------------------------------|-------------------|-------------------------|--------------|---------------------------|-----------------------|------------------------|----------|-------------------|-----------------|-------|

(Rupees)

## At September 30, 2017

|                          |               |               |                 |             |             |             |             |             |              |             |             |                 |
|--------------------------|---------------|---------------|-----------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-----------------|
| Cost                     | 771,447,836   | 580,509,621   | 3,922,102,084   | 9,457,061   | 4,618,918   | 10,898,928  | 9,030,094   | 3,262,298   | 34,953,633   | 6,570,321   | 1,993,521   | 5,736,869,315   |
| Accumulated depreciation | (239,595,980) | (125,575,923) | (1,052,561,949) | (7,843,093) | (2,420,943) | (6,893,049) | (5,975,900) | (2,601,404) | (28,526,179) | (6,326,664) | (1,988,694) | (1,480,288,519) |
| Net book value           | 531,851,856   | 454,933,698   | 2,869,540,135   | 1,613,968   | 2,197,975   | 4,005,879   | 3,054,194   | 660,894     | 6,427,454    | 243,657     | 4,827       | 4,256,589,539   |

## Year ended September 30, 2018

|                               |              |              |               |           |           |           |           |          |             |          |         |               |
|-------------------------------|--------------|--------------|---------------|-----------|-----------|-----------|-----------|----------|-------------|----------|---------|---------------|
| Opening net book value        | 531,851,856  | 454,933,698  | 2,869,540,135 | 1,613,968 | 2,197,975 | 4,005,879 | 3,054,194 | 660,894  | 6,427,454   | 243,657  | 4,827   | 4,256,589,539 |
| Additions / disposal          | 332,714      | -            | 25,210,811    | 4,400     | -         | 358,429   | 3,332,770 | 249,200  | 2,487,885   | -        | -       | 31,976,209    |
| Transfer from CWIP (Note 5.7) | -            | -            | -             | -         | -         | -         | -         | -        | -           | -        | -       | -             |
| Revaluation                   | -            | -            | -             | -         | -         | -         | -         | -        | -           | -        | -       | -             |
| Disposals - Cost              | -            | -            | -             | -         | -         | -         | -         | -        | (2,602,500) | -        | -       | (2,602,500)   |
| Disposals - Acc. Dep.         | -            | -            | -             | -         | -         | -         | -         | -        | 2,290,104   | -        | -       | 2,290,104     |
| Depreciation charge           | (26,611,228) | (22,746,985) | (20,795,817)  | (161,837) | (219,798) | (436,431) | (638,696) | (91,009) | (1,262,568) | (80,407) | (1,593) | (73,046,070)  |
| Closing net book value        | 505,613,341  | 432,187,013  | 2,873,955,129 | 1,456,531 | 1,978,177 | 3,927,877 | 5,748,268 | 819,085  | 7,340,375   | 163,250  | 3,234   | 4,215,217,282 |

## As at September 30, 2018

|                          |               |               |                 |             |             |             |             |             |              |             |             |                 |
|--------------------------|---------------|---------------|-----------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-----------------|
| Cost                     | 771,780,550   | 580,509,621   | 3,947,312,895   | 9,461,461   | 4,618,918   | 11,257,357  | 12,362,864  | 3,511,498   | 34,839,018   | 6,570,321   | 1,993,522   | 5,766,243,025   |
| Accumulated depreciation | (266,167,209) | (148,322,608) | (1,073,357,766) | (8,004,930) | (2,640,741) | (7,329,480) | (6,614,596) | (2,692,413) | (27,498,643) | (6,407,071) | (1,990,288) | (1,551,025,744) |
| Net book value           | 505,613,341   | 432,187,013   | 2,873,955,129   | 1,456,531   | 1,978,177   | 3,927,877   | 5,748,268   | 819,085     | 7,340,375    | 163,250     | 3,234       | 4,215,217,282   |

Depreciation rates

5% 5% 10% 10% 10% 10% 20% 33% 33%



- 5.2** As at June 14, 2016, valuation was conducted resulting in revaluation surplus- net of deferred tax of PKR 1,924 Million, the valuation was conducted by an independent valuer. Valuations for plant and machinery and buildings were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value. The fair value of the assets subject to revaluation model fall under level 2 of the fair value hierarchy (i.e. significant observable inputs).

| 2019                 | 2018 |
|----------------------|------|
| ----- (Rupees) ----- |      |

- 5.3** Forced sale value as per the last revaluation report dated June 14, 2016 are as follows

|                                  |                      |               |
|----------------------------------|----------------------|---------------|
| Freehold land (5.3.1)            | <b>464,537,500</b>   | 464,537,500   |
| Factory and non-factory building | <b>846,397,000</b>   | 846,397,000   |
| Plant and machinery              | <b>2,309,600,000</b> | 2,309,600,000 |
|                                  | <b>3,620,534,500</b> | 3,620,534,500 |

- 5.3.1** represents market value of freehold land

- 5.3.2** The above amount does not contain assets which are capitalized from July 01, 2016 to reporting date.

- 5.4** The particulars of immovable assets of the Company are as follows

| Location | Address  | Usage            | Units      | Area/Covered Area |
|----------|--|------------------|------------|-------------------|
| Sindh    | Deh Jagsiyani, Taluka Tando Ghulam Hyder, Dist. Tando Muhammad Khan, | Industrial Land  | Acres      | <b>132.725</b>    |
| Sindh    | Deh Jagsiyani, Taluka Tando Ghulam Hyder, Dist. Tando Muhammad Khan, | Factory Building | Square Fts | <b>563442</b>     |

- 5.5** Had there been no revaluation, the net book value of the specific class of property, plant and equipment would have amounted to:

| 2019                 | 2018 |
|----------------------|------|
| ----- (Rupees) ----- |      |

|                     |                      |                      |
|---------------------|----------------------|----------------------|
| Freehold land       | <b>9,252,730</b>     | 9,252,730            |
| Buildings           | <b>291,398,889</b>   | 306,735,673          |
| Plant and machinery | <b>1,384,364,370</b> | 1,386,256,862        |
|                     | <b>1,685,015,989</b> | <b>1,702,245,265</b> |

- 5.5.1** Depreciation for the year has been allocated as under:

|                         |      |                   |            |
|-------------------------|------|-------------------|------------|
| Depreciation            |      | <b>53,262,774</b> | 73,046,068 |
| Manufacturing expenses  | 25.1 | <b>29,206,886</b> | 47,626,843 |
| Administrative expenses | 27   | <b>24,055,888</b> | 25,419,225 |
|                         |      | <b>53,262,774</b> | 73,046,068 |

- 5.5.2 Disposals**

There were no disposals during the year having individual net book value exceeding Rs 500,000.





- 5.6** The freehold land, buildings and plant and machinery with aggregate carrying amount as at reporting date are subject to first charge against the loans outstanding at reporting date. This charge existed at reporting date. The Company is not allowed to pledge these assets as security for other borrowings.

**5.7 Capital work in progress**

Capital work-in- progress represents civil works, plant and machinery and allied stores held for capitalization.

|                          | 2019<br>----- (Rupees) ----- | 2018<br>-----      |
|--------------------------|------------------------------|--------------------|
| Opening balance          | 196,872,667                  | 169,169,736        |
| Addition during the year | -                            | 27,702,931         |
| Transfer during the year | -                            | -                  |
| Closing balance          | <u>196,872,667</u>           | <u>196,872,667</u> |

**6. INTANGIBLE ASSET-SOFTWARE**

**Cost**

|                          |           |           |
|--------------------------|-----------|-----------|
| Opening balance          | 3,817,343 | 3,768,724 |
| Addition during the year | -         | 48,619    |
| Closing balance          | 3,817,343 | 3,817,343 |

**Amortization**

|                              |           |           |
|------------------------------|-----------|-----------|
| Opening balance              | 3,064,494 | 2,693,688 |
| Amortization during the year | 248,440   | 370,806   |
| Closing balance              | 3,312,934 | 3,064,494 |

**Net Book value**

|  |         |         |
|--|---------|---------|
|  | 504,409 | 752,849 |
|--|---------|---------|

Amortization rate

2019  
----- (Rupees) -----

2018  
-----

**7. LONG TERM INVESTMENT**

**Held to maturity**

|                                    |     |   |             |
|------------------------------------|-----|---|-------------|
| Defence Saving Certificates (DSCs) | 7.1 | - | 72,000,000  |
| Accrued profit                     | 7.2 | - | 143,061,649 |
|                                    |     | - | 215,061,649 |

- 7.1** This represents the DSCs purchased by the Company on March 18, 2009 with a maturity of 10 years having effective interest rate of 12.16%. These have been pledged with National Bank of Pakistan as a security of repayment of term loan of Rs. Nil (2018: Rs. 169.762 million)

- 7.2** The amount represents accrued profit on DSCs purchased by the Company calculated using the effective rate of interest.



|  | Note   | 2019<br>----- (Rupees) ----- | 2018<br>-----        |
|--|--|------------------------------|----------------------|
| <b>8. LONG TERM DEPOSITS</b>   |  |                              |                      |
| Hyderabad Electric Supply Company (HESCO)                              |  | 82,500                       | 82,500               |
| British Oxygen Company   |  | 212,500                      | 212,500              |
| Sui gas supply deposit   |  | 50,000                       | 50,000               |
| Security deposit Others  |  | 775,600                      | 775,600              |
| Security deposit   |  | 116,000                      | 116,000              |
|  |  | <u>1,236,600</u>             | <u>1,236,600</u>     |
| <b>9. INVENTORIES</b>  |  |                              |                      |
| <b>Stores, spares and loose tools</b>                                  |  |                              |                      |
| Store and spare parts  |  | 269,264,933                  | 267,434,657          |
| Packing material   |  | 3,845,487                    | 10,303,427           |
|  |  | <u>273,110,420</u>           | <u>277,738,084</u>   |
| <b>Stock in trade</b>  |  |                              |                      |
| Finished goods   | 9.1  | 2,337,603,688                | 2,332,067,407        |
| Molasses   |  | -                            | 13,341,825           |
| Baggage  |  | -                            | 11,875,000           |
| Sugar in process   |  | 20,041,779                   | 19,224,258           |
| Molasses in process  |  | 1,364,178                    | 2,300,625            |
|  |  | <u>2,359,009,644</u>         | <u>2,378,809,115</u> |
|  |  | <u>2,632,120,064</u>         | <u>2,656,547,199</u> |
| <b>9.1</b>   | Includes finished goods pledged as security against short term financing from scheduled banks namely Summit Bank Limited, National Bank of Pakistan and Sindh Bank Limited |                              |                      |
|  |  | 2019<br>----- (Rupees) ----- | 2018<br>-----        |
| <b>10. TRADE AND OTHER RECEIVABLES - Unsecured and considered good</b> |  |                              |                      |
| <b>Trade debts</b>   |  |                              |                      |
| Local sales - sugar  |  | -                            | 28,015,759           |
| Local sales - molasses   |  | 184,777,019                  | 246,709,089          |
|  |  | <u>184,777,019</u>           | <u>274,724,848</u>   |
| <b>11. PREPAYMENTS, DEPOSITS AND ADVANCES</b>                          |  |                              |                      |
| Prepayments  |  | 91,787                       | 91,787               |
| <b>Advacnes-considered good &amp; unsecured</b>                        |  |                              |                      |
| Advance to cane growers/ farm  |  | 781,105,792                  | 1,204,793,116        |
| Advance to staff   |  | 2,595,215                    | 1,431,734            |
| Advance to suppliers and contractors                                   |  | 332,257,850                  | 242,203,575          |
| Advance against expenses   |  | 6,484,034                    | 11,316,600           |
| Refundable against freight subsidy                                     |  | 213,472,000                  | 236,613,000          |
| Due from Governements - Taxes  |  | 2,095,983                    | 22,648,149           |
|  |  | <u>1,338,102,661</u>         | <u>1,719,097,961</u> |



## 11.1

### Up to Rs 1 Million

Prepayments

| 2019     | 2018   |
|----------|--------|
| (Rupees) |        |
| 91,787   | 91,787 |
| 91,787   | 91,787 |

### Rs 1 Million to Rs 2 Million

Loans & advances to staff

|           |           |
|-----------|-----------|
| 2,595,215 | 1,431,734 |
| 2,595,215 | 1,431,734 |

### Rs 2 Million to Rs 3 Million

### Rs 3 Million and above

Advance to cane growers/ farm  
Advance to suppliers and contractors  
Advance against expenses

|               |               |
|---------------|---------------|
| 781,105,792   | 1,204,793,116 |
| 332,257,850   | 242,203,575   |
| 6,484,034     | 11,316,600    |
| 1,119,847,676 | 1,458,313,291 |

Refundable against freight subsidy  
Due from Governments- Taxes

|             |             |
|-------------|-------------|
| 213,472,000 | 236,613,000 |
| 2,095,983   | 22,648,149  |
| 215,567,983 | 259,261,149 |

|               |               |
|---------------|---------------|
| 1,338,102,661 | 1,719,097,961 |
|---------------|---------------|

## 12. CASH AND BANK BALANCES

Cash in hand  
Cash with banks - current account

|             |             |
|-------------|-------------|
| 1,422,805   | 2,089,124   |
| 327,079,751 | 250,706,168 |
| 328,502,556 | 252,795,292 |

12.1 includes bank accounts of the Company which have been seized with effect from July 25, 2019 due to enquiry initiated by National Accountability Bureau (NAB), Federal Investigation Agency (FIA).

## 13. SHARE CAPITAL

### 13.1 Authorized share capital

| 2018            | 2019            |                               |
|-----------------|-----------------|-------------------------------|
| (Shares in 000) | (Shares in 000) |                               |
| 90,000          | 90,000          | Ordinary shares of Rs 10 each |

| 2019        | 2018        |
|-------------|-------------|
| (Rupees)    |             |
| 900,000,000 | 900,000,000 |

### 13.2 Issued, subscribed and paid-up share capital

The breakup of ordinary paid up share capital is as follows;

| 2018            | 2019            |                               |
|-----------------|-----------------|-------------------------------|
| (Shares in 000) | (Shares in 000) |                               |
| 50,026          | 50,026          | Ordinary shares of Rs.10 each |
| 6,111           | 6,111           | Issued for cash               |
| 56,137          | 56,137          | Issued as bonus share         |

|             |             |
|-------------|-------------|
| 500,256,070 | 500,256,070 |
| 61,109,480  | 61,109,480  |
| 561,365,550 | 561,365,550 |



|   | 2019       | 2018       |
|---|------------|------------|
|   | (Rupees)   |            |
| <b>13.2.1</b> Reconciliation of number of ordinary shares outstanding |            |            |
| Opening balance   | 56,136,555 | 24,407,198 |
| Shares issued during the year   | -          | 31,729,357 |
| Closing balance   | 56,136,555 | 56,136,555 |

**13.2.2** Mr. Khuwaja Anver Majid holds 51.22% shareholding in the Company/.

**13.2.3** All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meeting of the Company.

#### 14. SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT

The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property, plant and equipment carried at revalued amount.

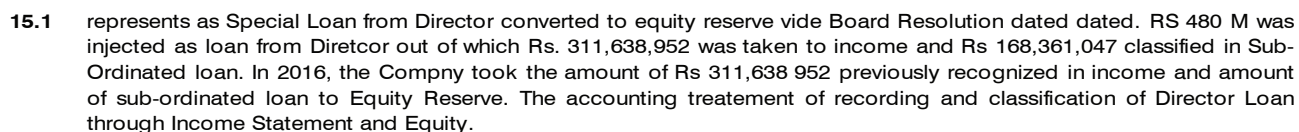
|   | 2019          | 2018          |
|---|---------------|---------------|
|   | (Rupees)      |               |
| <b>Revaluation Surplus-Gross</b>                  |               |               |
| Opening balance                                   | 2,495,934,424 | 2,541,421,400 |
| Revaluation surplus during the year               | -             | -             |
|   | 2,495,934,424 | 2,541,421,400 |
| Incremental depreciation                          | (34,337,997)  | (45,486,976)  |
|   | 2,461,596,427 | 2,495,934,424 |
| <b>Related Deferred Tax</b>                       |               |               |
| Opening balance                                   | 658,616,346   | 671,807,569   |
| Revaluation surplus during the year               | -             | -             |
|   | 658,616,346   | 671,807,569   |
| Incremental depreciation                          | (9,958,019)   | (13,191,223)  |
|   | 648,658,327   | 658,616,346   |
| <b>Surplus on Revaluation of Fixed Assets-net</b> |               |               |
|   | 1,812,938,099 | 1,837,318,078 |
| Land  | 372,772,270   | 372,772,270   |
| Building  | 422,540,737   | 445,476,769   |
| Plant and machinery                               | 1,017,625,092 | 1,019,069,038 |
|   | 1,812,938,099 | 1,837,318,078 |

**14.1** As disclosed in note 2.1.2 and 4.3.7 to the financial statements., the Surplus on revaluation of property, plant and equipment has been restated retrospectively as separate capital reserve in the financial statements.

#### 14.2 Restriction on distribution

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

|                            | 2019          | 2018          |
|----------------------------|---------------|---------------|
|                            | (Rupees)      |               |
| <b>15. EQUITY RESERVE</b>  |               |               |
| Equity Reserve             | 480,000,000   | 480,000,000   |
| Less: Related deferred tax | (144,000,000) | (144,000,000) |
|                            | 336,000,000   | 336,000,000   |



|                                  |      | 2019                 | 2018          |
|----------------------------------|------|----------------------|---------------|
|                                  | Note | (Rupees)             |               |
| <b>16. SUB-ORDINATED DEBT</b>    |      |                      |               |
| Opening balance                  |      | -                    | 300,000,000   |
| Disbursed during the year        |      | -                    | -             |
| (Repaid) during the year         |      | -                    | (300,000,000) |
| Closing balance                  |      | -                    | -             |
| <b>17. FINANCIAL LIABILITIES</b> |      |                      |               |
| Non - current                    | 17.1 | <b>2,089,286,955</b> | 2,770,510,462 |
| Current                          | 17.2 | <b>2,393,377,457</b> | 2,417,042,211 |
|                                  |      | <b>4,482,664,412</b> | 5,187,552,673 |

### 17.1 Financial liabilities at amortized cost - non current

|  | Installments |             |                 |                       | Note   | 2019          | 2018          |
|--|--------------|-------------|-----------------|-----------------------|--------|---------------|---------------|
|  | Nos          | Frequency   | Commencing From | Markup                |        | (Rupees)      |               |
| <b>National Bank of Pakistan</b>                 |              |             |                 |                       |        |               |               |
| Amalgamated Term Finance                         | 22           | Quarterly   | July,2016       | 3M<br>KIBOR+2%        | 17.1.1 | 612,091,610   | 612,088,035   |
| Frozen Markup Facility-1                         | -            | -           | July,2019       | -                     | 17.1.2 | -             | 169,762,240   |
| Amalgamated Term Finance                         | 22           | Quarterly   | July,2016       | 3M<br>KIBOR+2%        | 17.1.3 | 335,134,772   | 335,134,772   |
| Term Finance                                     | 22           | Quarterly   | April,2018      | 3M<br>KIBOR+2%        | 17.1.4 | 200,000,000   | 200,000,000   |
|  |              |             |                 |                       |        | 1,147,226,382 | 1,316,985,047 |
| <b>Sindh Bank Limited</b>                        |              |             |                 |                       |        |               |               |
| Term Finance - I (Grower's Liabilities Payment)  | 28           | Quarterly   | October, 2017   | 3M<br>KIBOR+2%        | 17.1.5 | 145,500,000   | 145,500,000   |
| Term Finance - II (Grower's Liabilities Payment) | 28           | Quarterly   | October, 2017   | 3M<br>KIBOR+2%        | 17.1.5 | 80,510,000    | 80,510,000    |
| Syndicated Term Finance (Converted to Bilateral) | 8            | Half Yearly | July,2014       | 6M<br>KIBOR+2%        | 17.1.6 | 97,000,000    | 98,000,000    |
| Term Finance - III (RF converted)                | 24           | Quarterly   | October, 2017   | 3M<br>KIBOR+2.7<br>5% | 17.1.7 | 323,904,251   | 328,077,250   |
| Term Finance - V (Grower's Liabilities Payment)  | 24           | Quarterly   | October, 2016   | 3M<br>KIBOR+2.7<br>5% | 17.1.8 | 90,160,000    | 90,160,000    |
| Term Finance - IV (Grower's Liabilities Payment) | 24           | Quarterly   | October, 2016   | 3M<br>KIBOR+2.7<br>5% | 17.1.9 | 98,000,000    | 98,000,000    |
|  |              |             |                 |                       |        | 835,074,251   | 840,247,250   |



|  | Installments |           |                 | Markup         | Note              | 2019          | 2018          |
|--|--------------|-----------|-----------------|----------------|-------------------|---------------|---------------|
|  | Nos          | Frequency | Commencing From |                |                   | (Rupees)      |               |
| Summit Bank Limited                                  |              |           |                 |                |                   |               |               |
| Long term Finance                                    | 24           | Quarterly | October, 2017   | 3M KIBOR+2.75% | 17.1.10 & 17.1.11 | 863,883,265   | 863,883,265   |
|  |              |           |                 |                |                   | 863,883,265   | 863,883,265   |
|  |              |           |                 |                |                   | 2,846,183,898 | 3,021,115,562 |
| Less Current portion shown under current liabilities |              |           |                 |                |                   | (756,896,943) | (250,605,100) |
|  |              |           |                 |                |                   | 2,089,286,955 | 2,770,510,462 |

**17.1.1** National Bank of Pakistan had amalgamated and re-scheduled four long term loans' outstanding amount up-to Rs. 703.55 million into a single facility. The principal and mark-up thereon is repayable in 4.25 years. The Facility is secured against 1st pari passu equitable mortgage charge over all present and future fixed assets of the Company including land, building, plant & machinery and 1st pari passu hypothecation charge over present and future plant and machinery of the Company situated at Deh Jagsiyani, Tappo Fateh Bagh, Taluka Tando Ghulam Hyder, district Tando Muhammad Khan, Sindh.

**17.1.2** The Company had entered into an agreement dated February 23, 2009 with National Bank of Pakistan (NBP) in respect of settlement of long term loans amounting to Rs. 956.437 million against which Rs. 656.40 million was reflected in Company's books (NBP - I of Rs. 34.30 million, NBP - II of Rs. 116.45 million of General Term Finance, NBP LCY of Rs. 127.636 and frozen markup on these loans amounting to Rs. 377.20 million). The above settlement resulted in the extinguishment of debt by Rs. 484.9 million. According to the agreement, the Company has to pay an amount of Rs. 213.551 million after ten (10) years from the date of agreement i.e. by January 01, 2019. The amount is secured against the pledge of Defense Saving Certificates (DSCs) of Rs.72 million as explained in note 7.2 to these financial statements. The loan is measured on amortized cost, discounted on 12.16% over the period of 10 years.

The NBP will retain the 1st charge but release the sponsor's shares lying pledged in lieu of security in the shape of DSCs of Rs. 72 million to be kept under lien with NBP till recovery of entire settlement amount. However, NBP may consider request for NOC 1st pari passu charge with the approval of competent authority. The Company has repaid outstanding amount of the facility during the year.

**17.1.3** National Bank of Pakistan had re-scheduled existing running finance facility into long term loan amount up-to Rs. 385.21 million. The Facility is secured against 1st pari passu equitable mortgage charge over all present and future fixed assets of the Company including land, building, plant & machinery and 1st pari passu hypothecation charge over present and future plant and machinery of the Company situated at Deh Jagsiyani, Tappo Fateh Bagh, Taluka Tando Ghulam Hyder, district Tando Muhammad Khan, Sindh.

**17.1.4** The Company had entered into an agreement dated April 17, 2018 with National Bank of Pakistan (NBP) for the demand finance facility for the purpose of financing the cane growers' and suppliers' liability against the hypothecation of charged assets. The facility is secured by creating 1st pari passu equitable mortgage over all present and future fixed assets of the company including land and building and 1st pari passu hypothecation charge over present and future plant and machinery of the company situated at Deh Jagsiyani, Tappo Fateh Bagh, Taluka Tando Ghulam Hyder District Tando Muhammad Khan, Sindh.

**17.1.5** This represent Long term Finance Facility of TF I of Rs. 150 million and TF II Rs. 83 million from Summit Bank Limited for the expenses incurred against maintenance, servicing and overhauling of property, plant and machinery of the mill. Since Principal repayment has to be commenced only after the end of 1 year grace period but the markup is being accrued. The facility is secured against moveable and immoveable fixed asset of the company with 20% margin to be upgraded to pari-passu within 90 days from the date of disbursement.

**17.1.6** This represent Syndicated Term Finance Facility (STFF) of Rs 230 million to settle cane growers and suppliers/contractors liabilities and to improve liquidity position. The parties of the syndicates are Sindh Bank Limited with the share of Rs. 200 million and Summit Bank Limited (agent) with the share of Rs. 30 million. Since the date the facility was availed the loan was repayable in five years including one year grace period. The facility is secured by first pari passu charge over all present and future fixed assets of the Company.



**17.1.7** Sindh Bank Limited had restructured a short term Running Finance Facility of Rs. 325 million as Long Term Finance Facility with effect from October 2017. The principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued. The facility is secured against moveable and immoveable fixed asset of the company with 20% margin to be upgraded to pari-passu within 90 days from the date of disbursement.

**17.1.8** This represent Long Term Finance Facility of Rs. 92 million from Sindh Bank Limited for payment of grower liabilities. The principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued. The facility is secured against pari passu charge overall present and future moveable and immoveable fixed asset of the company with 20% margin to be upgraded to pari-passu within 90 days from the date of disbursement.

**17.1.9** The company had converted the Syndicated Term Finance Facility into Long Term Finance amounting Rs. 100 million from Sindh Bank Limited to settle cane growers and suppliers/contractors liabilities and to improve liquidity position in the aftermath of devastating floods in Sindh in 2011. Since the date of conversion the principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued, the first repayment falling due in fifteen months from the first drawdown date and subsequently every three months thereafter. The facility is secured against initial ranking charge over fixed asset of the company with 20% margin to be upgraded to pari-passu within 90 days from the date of disbursement.

**17.1.10** This represent Long term Finance Facility of Rs. 137.5 million from Summit Bank Limited for settlement of growers liability, suppliers repayment and adjustment of advances. The principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued. The facility is secured against joint pari-passu hypothecation charge / pari-passu charge (both acceptable) over all present and future movable fixed assets of the customer with 20% margin over facility amount, joint pari-passu equitable mortgage over Land, building any other immovable property with 20% margin over facility amount and over all rights and benefits of customer under any and all project insurances and cut through agreements for reinsurance.

**17.1.11** Summit Bank had re-scheduled existing Running Finance - I, Running Finance - II, Syndicated term Finance and Long Term Finance facilities amounting to Rs. 199.93 million, Rs. 300 million, Rs. 15 million and Rs. 250 million respectively into Long Term Finance facility Rs. 764.93 million for balance sheet restructuring, change in debit mix and optimum utilization of resources to maximize can crushing. The principal and markup thereon is repayable in seven years including one year grace period but the markup is being accrued. The facility is secured against joint pari-passu hypothecation charge over all present and future movable fixed assets of the company with 20% margin over facility amount, joint pari-passu equitable mortgage over Land, building any other immovable property with 20% margin over facility amount and over all rights and benefits of the company under any and all project insurances and cut through agreements for reinsurance.

|                                    | Note   | 2019<br>----- (Rupees) ----- | 2018<br>----- |
|------------------------------------|--------|------------------------------|---------------|
| <b>17.2 Current</b>                |        |                              |               |
| Cash Finance                       | 17.2.1 | <b>1,636,480,514</b>         | 2,166,437,111 |
| Current portion of long term loans |        | <b>756,896,943</b>           | 250,605,100   |
|                                    |        | <b>2,393,377,457</b>         | 2,417,042,211 |

**17.2.1** The Company has obtained cash finances amounting to Rs. 2,166 million (2018: Rs. 2,162.173 million). The rate of mark-up applicable during the year is 3 month KIBOR Plus 2.5% to 3 month KIBOR plus 3% (2018 : 3 month KIBOR Plus 2%) on the outstanding balance or part thereof to be paid quarterly. These facilities are secured against charge on the current and fixed assets of the Company and pledge of stock of refined sugar.

|                                      | Note  | 2019<br>----- (Rupees) ----- | 2018<br>----- |
|--------------------------------------|-------|------------------------------|---------------|
| <b>18. DEFERRED LIABILITIES</b>      |       |                              |               |
| Deferred taxation                    | 18.1. | <b>868,575,693</b>           | 780,719,239   |
| Staff retirement benefits - Gratuity | 18.2. | <b>20,796,658</b>            | 9,389,321     |
|                                      |       | <b>889,372,351</b>           | 790,108,560   |



|   | 2019                 | 2018                 |
|---|----------------------|----------------------|
|   | (Rupees)             |                      |
| <b>18.1 Deferred taxation</b>   |                      |                      |
| <b>Taxable temporary differences</b>  |                      |                      |
| Accelerated tax depreciation  | 398,461,595          | 462,603,372          |
| Surplus on revaluation of fixed assets  | 648,658,327          | 658,616,347          |
| Equity Reserve  | 144,000,000          | 144,000,000          |
|   | <b>1,191,119,922</b> | <b>1,265,219,719</b> |
| <b>Deductible temporary differences</b>   |                      |                      |
| Provision for staff retirement and other benefits   | (6,031,031)          | (2,722,903)          |
| Minimum Tax/Alternate corporate tax   | (113,511,811)        | (106,940,104)        |
| Carried forward tax losses etc.   | (203,001,387)        | (374,837,473)        |
|   | <b>(322,544,229)</b> | <b>(484,500,480)</b> |
|   | <b>868,575,693</b>   | <b>780,719,239</b>   |
| <b>18.2 Staff retirement benefits - Gratuity</b>  |                      |                      |
| Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at September 30, 2019 using the Projected Unit Credit Method. |                      |                      |
|   | 2019                 | 2018                 |
| Note  | (Rupees)             |                      |
| <b>Principal assumptions</b>  |                      |                      |
| Discount rate (Per Annum)   | 12.50%               | 10%                  |
| Expected rate of eligible salary increase in future years (Per Annum)   | 13.75%               | 10%                  |
| <b>Liability for gratuity arose in the following manner:</b>  |                      |                      |
| Opening net liability   | 9,389,321            | 9,167,727            |
| Expense for the year  | 1,738,963            | 1,606,794            |
| Other Comprehensive Income  | 9,940,671            | (506,282)            |
| Employees transferred to the Group Companies  |                      |                      |
| Benefits paid   | (272,297)            | (878,918)            |
| Closing net liability   | <b>20,796,658</b>    | <b>9,389,321</b>     |
| <b>Reconciliation of the liability</b>  |                      |                      |
| Present value of defined benefit obligations  | 18.2 20,796,658      | 9,389,321            |
| Payables to outgoing employees  | -                    | -                    |
| Fair Value of Plan Assets   | -                    | -                    |
|   | <b>20,796,658</b>    | <b>9,389,321</b>     |
| <b>18.2.1 Charge to profit and loss account</b>   |                      |                      |
| Current service cost  | 1,017,027            | 905,269              |
| Net Interest cost   | 911,702              | 701,525              |
| Past service cost   | (189,766)            | -                    |
|   | <b>1,738,963</b>     | <b>1,606,794</b>     |
| <b>18.2.2 Expected gratuity expense for next year</b>   | <b>554,140</b>       | <b>1,738,963</b>     |





## 19. PROVISION FOR QUALITY PREMIUM

This represents the amount of Quality Premium up to the years 2003-2004. The Federal Government in its steering meeting held on July 16, 2007 suspended the quality premium till decision of the Honorable Supreme Court of Pakistan/consensus on uniform formula is developed in the Ministry of Food and Agriculture.

The matter of quality premium has been declared unlawful by the Lahore High Court while appeal against the conflicting judgment of the Sindh High Court is pending with the Honorable Supreme Court of Pakistan since the year 2004 after it granted leave to defend on the question of issue of quality premium. The Apex court also ordered that no coercive action for recovery of quality premium shall be taken against the mills till the case is decided. The Company has made the provision of the quality premium up to the year 2004. However with respect to quality premium for the year ranging within 2004 to 2007 the Company has adjusted subsidies paid above minimum cane price level against quality premium to the growers. The Company has no liability for the period 2007-08 due to recovery rate is less than the threshold of quality premium.

|                                     | Note | 2019<br>----- (Rupees) ----- | 2018<br>----- |
|-------------------------------------|------|------------------------------|---------------|
| <b>20. TRADE AND OTHER PAYABLES</b> |      |                              |               |
| Creditors                           | 20.1 | 48,876,354                   | 42,195,903    |
| Sugar cane creditors                |      | 98,697,035                   | 13,372,339    |
| Accrued expenses                    |      | 32,877,649                   | 20,516,992    |
|                                     |      | <b>180,451,038</b>           | 76,085,234    |
| <b>Other liabilities</b>            |      |                              |               |
| Advances from customers             | 20.2 | 21,532,300                   | 16,755,130    |
| Due to associates                   |      | 198,445,000                  | 198,445,000   |
| Withholding tax payable             |      | -                            | 2,728,919     |
| Sales tax payable                   |      | -                            | 1,750,328     |
| Others                              |      | 4,561,090                    | 2,858,801     |
|                                     |      | <b>224,538,390</b>           | 222,538,178   |
|                                     |      | <b>404,989,428</b>           | 298,623,412   |

**20.1** Includes payable to Omni Polymer Packages (Private) Limited, a related party, to purchases polypropylene bags.

**20.2** This represents advances received against delivery of sugar for which delivery orders have been issued or sale contracts have been made.

|  | Note | 2019<br>----- (Rupees) ----- | 2018<br>----- |
|--|------|------------------------------|---------------|
| <b>20.3 Workers' Profit Participation Fund</b> |      |                              |               |
| Balance as at October 1                        |      | -                            | 25,956,487    |
| Allocation for the year                        |      | -                            | -             |
| Interest accrued                               |      | -                            | -             |
| Paid during the year                           |      | -                            | (25,956,487)  |
| Balance as at September 30                     |      | -                            | -             |

## 21. ACCRUED MARKUP

|                           |      |                    |             |
|---------------------------|------|--------------------|-------------|
| Accrued Markup-Long Term  | 21.1 | 413,625,767        | 109,082,551 |
| Accrued Markup-Short Term | 21.2 | 308,032,078        | 92,417,944  |
| Accrued Markup-other      |      | -                  | 11,562,324  |
|                           |      | <b>721,657,845</b> | 213,062,819 |



|                                       | 2019<br>----- (Rupees) ----- | 2018<br>----- |
|---------------------------------------|------------------------------|---------------|
| <b>21.1 Accrued Markup- Long Term</b> |                              |               |
| Opening Balance                       | 109,082,551                  | 53,585,327    |
| Charge for the year                   | 343,488,638                  | 236,073,263   |
| Available for payment                 | 452,571,189                  | 289,658,590   |
| Payment during the year               | 38,945,421                   | 180,576,039   |
| Closing Balance                       | 413,625,768                  | 109,082,551   |

|  |             |             |
|--|-------------|-------------|
| <b>21.2 Accrued Markup- Short Term</b> |             |             |
| Opening Balance                        | 92,417,944  | 36,090,079  |
| Charge for the year                    | 241,657,211 | 177,080,334 |
| Available for payment                  | 334,075,155 | 213,170,413 |
| Payment during the year                | 26,043,077  | 120,752,469 |
| Closing Balance                        | 308,032,078 | 92,417,944  |

## 22. CURRENT TAX LIABILITY

|                                 |             |              |
|---------------------------------|-------------|--------------|
| Opening Balance                 | 10,893,935  | 50,988,882   |
| Current tax charge for the year | 6,571,708   | 10,716,570   |
| Payments                        | (3,303,843) | (50,811,517) |
| Closing Balance                 | 14,161,800  | 10,893,935   |

**22.1** In determining the income tax liabilities, management is required to estimate the deductibility of certain expenses. Subsequent to year end the DCIR has opened tax assessments for tax year 2014 to 2019 demanding significant amount of tax, however, management believe that tax positions are sustainable and provision for current tax for the year is sufficient.

## 23. CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

The Company has following contingent liabilities in respect of legal and other claims arising in the ordinary course of business.

#### 23.1.1 Claims subject to legal proceedings

Following cases has been filed against the Company;

| Name of the Court,<br>Agency, Authority | Description of the factual basis of the<br>proceedings and relief sought | Principal Parties | Date instituted |
|---|--|-------------------|-----------------|
| High Court Sindh                        | Suit filed against the recoveries of outstanding amount                  | Sindh             | 30-08-2019      |
| Banking Court                           | Suit filed against the recoveries of outstanding amount                  | National Bank     | 18-10-2019      |
| Banking Court                           | Suit filed against the recoveries of outstanding amount                  | Summit Bank       | 17-10-2019      |



| Name of the Court, Agency, Authority | Description of the factual basis of the proceedings and relief sought | Principal Parties                  | Date instituted |
|--------------------------------------|---|------------------------------------|-----------------|
| Banking Court                        | Suit filed against the recoveries of outstanding amount               | Summit Bank                        | 24-08-2020      |
| High Court Sindh                     | Suit filed against the recoveries of outstanding amount               | The Collector Sales Tax            | 10-4-2004       |
| High Court Sindh                     | Suit filed against the recoveries of outstanding amount               | The Additional Collector Sales Tax | 16-04-2003      |
| High Court Sindh                     | Suit filed against the recoveries of outstanding amount               | Collecorate of Customs             | 10-1-2004       |

- 23.1.2** Suit B-44 of 2019 file against the Company for the recoveries of outstanding amount of Rs. 1,715.813 Million by Sindh Bank. The Company has denied the outstanding amount as claimed by the bank in the subject suit as the Bank without having any lawful jurisdiction recovered huge amount from the Company and has illegally adjusted the same toward alleged markup after the expiry of contractual period. No provision has been made in accounts as in view of legal advisor the claimed amount by Bank has to qualify the test of judicial determination with respect to amount actually payable by the Company in accordance with law.
- 23.1.3** Suit B-64 of 2019 file against the Company for the recoveries of outstanding amount of Rs. 2,932.119 Million & 1,430.374 Million by National Bank of Pakistan. The Company has denied the outstanding amount as claimed by the bank in the subject suit as the Bank without having any lawful jurisdiction recovered huge amount from the Company and has illegally adjusted the same toward alleged markup after the expiry of contractual period. No provision has been made in accounts as in view of legal advisor the claimed amount by Bank has to qualify the test of judicial determination with respect to amount actually payable by the Company in accordance with law.
- 23.1.4** Suit B-61 of 2019 file against the Company for the recoveries of outstanding amount of Rs. 1,091.573 Million by Summit Bank. The Company has denied the outstanding amount as claimed by the bank in the subject suit as the Bank without having any lawful jurisdiction recovered huge amount from the Company and has illegally adjusted the same toward alleged markup after the expiry of contractual period. No provision has been made in accounts as in view of legal advisor the claimed amount by Bank has to qualify the test of judicial determination with respect to amount actually payable by the Company in accordance with law.
- 23.1.5** Suit B-28 of 2020 file against the Company for the recoveries of outstanding amount of Rs. 109.565 Million by Summit Bank. The Company has denied the outstanding amount as claimed by the bank in the subject suit as the Bank without having any lawful jurisdiction recovered huge amount from the Company and has illegally adjusted the same toward alleged markup after the expiry of contractual period. No provision has been made in accounts as in view of legal advisor the claimed amount by Bank has to qualify the test of judicial determination with respect to amount actually payable by the Company in accordance with law.
- 23.1.6** The Company is contesting a case relating to additional sales tax amounting to Rs. 10.364 million on account of in house consumption of bagasse as fuel for production during season 1996-97. The matter was under appeal at the Sales Tax Appellate Tribunal which passed an unfavorable order dated 22-05-2004. The other bench of the Tribunal had however remanded back similar case of other mills to the department to consider afresh the valuation aspect of bagasse and exemption offered by the government for additional taxes and penalties on discharging only the principal sales tax liability in installments by the mills. The Company has preferred an appeal before the High Court against the order and has made no provision as in view of its legal council the Company has a case on merit which is expected to be decided favorably.
- 23.1.7** The Company is defending the case of further tax amounting to Rs. 31.181 million under the Sales Tax Act, 1990 pending adjudication before the High Court of Sindh. Earlier, the High Court maintained the favourable order of the Sales Tax Appellate Tribunal, Karachi wherein it was decided that the taxpayer companies were not required to charge impugned further tax. Upon the appeal of Collector of sales tax, the Honourable Supreme Court of Pakistan has remanded the case back to the High Court. The Company has paid a sum of Rs. 6.97 million in the same case in respect of further tax of Rs. 6.45 million and additional tax of Rs. 0.517 million under protest and recorded it as an asset in the financial statements. The Company expects that the High Court will maintain its previous favourable order, hence it does not expect any liability to be materialised and no provision is made in these financial statements.



**23.1.8** As discussed in note 19 the Company has adjusted the quality premium against the subsidies paid above minimum cane price level for the year ranging from 2004 to 2007 to the growers. The Company has no liability for the period 2007-08 to 2011-12 due to recovery rate is less than threshold of quality premium. However for the season 2012-13 and 2013-14, as a matter of prudence the Company has not made any provision for quality premium amounting to Rs. 20.76 million (2018: Rs. 20.76 million).

## **23.2 Commitments**

There are no commitments outstanding in respect of capital and revenue expenditures as at reporting date.

|                                 | 2019<br>----- (Rupees) ----- | 2018<br>-----        |
|---------------------------------|------------------------------|----------------------|
| <b>24. SALES - Net</b>          |                              |                      |
| Local sales                     | <b>501,083,545</b>           | 582,493,822          |
| Exports sales                   | -                            | 1,159,046,006        |
| Electricity                     | <b>8,904,370</b>             | -                    |
|                                 | <b>509,987,915</b>           | <b>1,741,539,828</b> |
| Sales tax / Federal excise duty | <b>(71,874,078)</b>          | (64,234,048)         |
|                                 | <b>438,113,837</b>           | 1,677,305,780        |



|  | Note | 2019<br>(Rupees)       | 2018                 |
|--|------|------------------------|----------------------|
| <b>25. COST OF SALES</b>                               |      |                        |                      |
| Sugarcane consumed                                     |      | 338,752,474            | 1,601,157,699        |
| Manufacturing expenses                                 | 25.1 | 72,544,640             | 179,434,934          |
|  |      | <b>411,297,114</b>     | 1,780,592,633        |
| <b>Opening stock</b>                                   |      |                        |                      |
| Sugar in process                                       |      | 19,224,258             | 20,956,459           |
| Finished goods - in hand                               |      | 2,332,067,407          | 1,846,821,742        |
| Molasses   |      | 13,341,825             | 287,169,694          |
| Molasses in process                                    |      | 2,300,625              | 809,561              |
| Baggase  |      | 11,875,000             | 10,603,000           |
|  |      | <b>2,378,809,115</b>   | 2,166,360,456        |
| <b>Closing stock</b>                                   |      |                        |                      |
| Sugar in process                                       |      | (20,041,779)           | (19,224,258)         |
| Finished goods - in hand                               |      | (2,337,603,688)        | (2,332,067,407)      |
| Molasses   |      | -                      | (13,341,825)         |
| Molasses in process                                    |      | (1,364,178)            | (2,300,625)          |
| Baggase  |      | -                      | (11,875,000)         |
|  |      | <b>(2,359,009,644)</b> | (2,378,809,115)      |
| Less : Sale of by product - molasses                   |      | <b>(56,067,930)</b>    | (339,065,810)        |
|  |      | <b>375,028,655</b>     | <b>1,229,078,164</b> |
| <b>25.1 Manufacturing expenses</b>                     |      |                        |                      |
| Salaries, wages including bonus and staff amenities    |      | 18,936,354             | 46,859,509           |
| Packing material                                       |      | 5,803,107              | 29,471,775           |
| Production store                                       |      | 6,730,219              | 30,918,510           |
| Fuel and power   |      | 2,178,405              | 8,320,502            |
| Repair and maintenance                                 |      | 822,129                | 1,898,162            |
| Insurance expense                                      |      | 6,795,064              | 4,646,628            |
| Vehicle maintenance                                    |      | 372,756                | 637,593              |
| Freight and handling charges                           |      | 1,699,720              | 9,055,412            |
| Depreciation   |      | 29,206,886             | 47,626,843           |
|  |      | <b>72,544,640</b>      | 179,434,934          |
| <b>25.2</b> includes in respect of retirement benefits |      | <b>1,217,274</b>       | 2,761,775            |
| <b>26. SELLING AND DISTRIBUTION COST</b>               |      |                        |                      |
| Advertisement  |      | 102,600                | 353,090              |
| Exports expense  |      | -                      | 56,525,310           |
| Marketing and selling                                  |      | -                      | 3,275,312            |
| Loading and stacking                                   |      | 2,130,730              | 7,596,083            |
|  |      | <b>2,233,330</b>       | 67,749,795           |



|  |      | 2019               | 2018               |
|--|------|--------------------|--------------------|
|  | Note | (Rupees)           |                    |
| <b>27. ADMINISTRATIVE EXPENSES</b>   |      |                    |                    |
| Salaries including bonus and staff amenities   |      | 9,189,896          | 30,976,302         |
| Rent, rates and taxes  |      | 2,567,708          | 5,054,191          |
| Insurance  |      | 1,083,992          | 6,129,118          |
| Water, gas and electricity   |      | 1,330,803          | 1,018,104          |
| Printing and stationery  |      | 54,327             | 554,337            |
| Postage, telegram and telephone  |      | 620,318            | 1,881,288          |
| Vehicle maintenance  |      | 495,610            | 510,854            |
| Repairs and maintenance  |      | 149,428            | 881,362            |
| Travelling and conveyance  |      | 275,291            | 4,376,760          |
| Fees and subscription  |      | 984,306            | 14,480,988         |
| Legal and professional   |      | 3,943,111          | 4,243,494          |
| Entertainment  |      | 698,733            | 1,908,244          |
| Computer expense   |      | 260,841            | 506,930            |
| Depreciation   |      | 24,055,888         | 25,419,225         |
| Amortization   |      | 248,440            | 370,806            |
| Auditors' remuneration   | 27.2 | 2,465,811          | 2,241,646          |
| Internet expense   |      | 915,700            | 1,480,463          |
| Others   |      | 1,069,453          | 2,570,569          |
|  |      | <b>50,409,657</b>  | <b>104,604,681</b> |
| <b>27.1</b> includes in respect of retirement benefits   |      | <b>521,689</b>     | <b>373,684</b>     |
| <b>27.2 Auditors' remuneration</b>   |      |                    |                    |
| Audit fee - annual   |      | 1,576,025          | 1,370,457          |
| Half yearly review   |      | 317,625            | 276,196            |
| Certification - Code of Corporate Governance   |      | 196,020            | 170,452            |
| Sales tax on audit fee   |      | 167,174            | 145,368            |
| Out of pocket expenses   |      | 208,967            | 181,710            |
|  |      | <b>2,465,811</b>   | <b>2,144,183</b>   |
| <b>28. OTHER CHARGES</b>   |      |                    |                    |
| Workers' welfare fund  |      | -                  | -                  |
| Workers' profit participation fund   |      | -                  | -                  |
|  |      | <b>-</b>           | <b>-</b>           |
| <b>28.1</b> Due to losses in current year and prior year, no provision has been made for WWF and WPPF. |      |                    |                    |
|  |      | 2019               | 2018               |
|  |      | (Rupees)           |                    |
| <b>29. OTHER INCOME</b>  |      |                    |                    |
| Profit on investment   |      | 21,649,650         | 23,312,823         |
| Gain/(loss) on fixed assets  |      | -                  | 449,594            |
|  |      | <b>21,649,650</b>  | <b>23,762,417</b>  |
| <b>30. FINANCE COST</b>  |      |                    |                    |
| Mark-up on long term finances  |      | 343,488,638        | 236,073,263        |
| Mark-up on short term borrowings   |      | 241,657,211        | 177,080,334        |
|  |      | <b>585,145,849</b> | <b>413,153,597</b> |
| Bank charges and others  |      | 748,162            | 9,430,841          |
|  |      | <b>585,894,011</b> | <b>422,584,438</b> |



|                     |      | 2019              | 2018              |
|---------------------|------|-------------------|-------------------|
|                     | Note | (Rupees)          |                   |
| <b>31. TAXATION</b> |      |                   |                   |
| Current             | 31.1 | 6,571,708         | 10,716,570        |
| Deferred            | 18.1 | 90,739,249        | 69,413,041        |
|                     |      | <u>97,310,956</u> | <u>80,129,611</u> |

**31.1** In view of available tax losses, the provision for current taxation represents minimum tax being the turnover tax under section 113 of income tax ordinance 2001.

|   | 2019             | 2018              |
|---|------------------|-------------------|
|   | (Rupees)         |                   |
| <b>31.2 Major components of current tax expense</b> |                  |                   |
| Turnover tax  | <u>6,571,708</u> | <u>10,716,570</u> |

|  |                    |                   |
|--|--------------------|-------------------|
| <b>31.3 Major components of deferred tax expense</b> |                    |                   |
| Accelerated Depreciation                             | (64,141,777)       | 74,541,583        |
| Surplus on Revaluation of Fixed Assets               | (9,958,019)        | 8,021,608         |
| Tax Losses   | 174,718,880        | 48,138,977        |
| Minimum Tax Paid                                     | (6,571,708)        | (61,408,218)      |
| Gratuity Liability                                   | <u>(3,308,128)</u> | <u>119,092</u>    |
|  | <u>90,739,249</u>  | <u>69,413,042</u> |

|   |                  |                   |
|---|------------------|-------------------|
| <b>31.4 Tax on items recognized in Comprehensive Income</b> |                  |                   |
| Revaluation of property, plant & equipments                 | <u>9,958,019</u> | <u>13,191,223</u> |

**31.5** The current and deferred tax for the year is calculated using applicable corporation tax rate.

|  | 2019                 | 2018                 |
|--|----------------------|----------------------|
| <b>31.6 Relationship between tax expense and accounting profit</b> |                      |                      |
| Accounting (loss)/Profit for the year                              | <u>(597,101,466)</u> | <u>(122,948,881)</u> |
| Applicable tax rate  | <u>29%</u>           | <u>29%</u>           |
| Tax on accounting loss   | (173,159,425)        | (35,655,175)         |
| Effect of Minimum tax  | 6,571,708            | 10,716,570           |
| Effect of deferred tax   | 90,739,249           | 69,413,041           |
| Effect due to losses and minimum tax                               | <u>173,159,425</u>   | <u>35,655,175</u>    |
| Tax charge-net   | <u>97,310,956</u>    | <u>80,129,611</u>    |

|  | 2019           | 2018          |
|--|----------------|---------------|
|  | (Rupees)       |               |
| <b>32. LOSS PER SHARE- Basic &amp; Diluted</b> |                |               |
| <b>32.1 Basic earnings/ (loss) per share</b>   | <u>(12.37)</u> | <u>(3.62)</u> |

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.





### 32.1.1 Profit attributable to ordinary shareholders

|                                 | 2019<br>----- (Rupees) ----- | 2018                 |
|---------------------------------|------------------------------|----------------------|
| Net (loss)/ profit for the year | <u>(694,412,422)</u>         | <u>(203,078,492)</u> |

### 32.1.2 Weighted average number of ordinary shares (basic)

|  |                   |                   |
|--|-------------------|-------------------|
| Opening balance                                  | 56,136,555        | 24,407,198        |
| Effect of ordinary shares issued during the year | -                 | 31,729,357        |
| Closing balance                                  | <u>56,136,555</u> | <u>56,136,555</u> |

### 32.2 Diluted earnings per share

There is no impact of dilution on basic earnings per share.

## 33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to the CEO, directors and executives of the Company are as follows:

|                                | 2019<br>----- (Rupees) ----- | 2018              |
|--------------------------------|------------------------------|-------------------|
| <b>Chief Executive Officer</b> |                              |                   |
| Managerial remuneration        | -                            | -                 |
| Housing and utilities          | -                            | -                 |
| Retirements benefits           | -                            | -                 |
|                                | -                            | -                 |
| Number of persons              | <u>1</u>                     | <u>1</u>          |
| <b>Director</b>                |                              |                   |
| Managerial remuneration        | 926,709                      | 882,580           |
| Housing and utilities          | 509,690                      | 485,419           |
| Retirements benefits           | 46,335                       | 88,258            |
|                                | 1,482,734                    | 1,456,257         |
| Number of persons              | <u>6</u>                     | <u>6</u>          |
| <b>Executives</b>              |                              |                   |
| Managerial remuneration        | 17,809,821                   | 16,961,734        |
| Housing and utilities          | 1,560,849                    | 1,486,522         |
| Retirements benefits           | 890,491                      | 1,486,523         |
|                                | 20,261,160                   | 19,934,779        |
| Number of persons              | <u>7</u>                     | <u>7</u>          |
|                                | <u>21,743,895</u>            | <u>21,391,036</u> |

33.1 In addition, no remuneration has been paid to Chief Executive Officer and other Directors of the Company. Further, certain executives are provided with company maintained cars.



## 34. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

### 34.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### 34.2 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, interest rate risk, currency risk and other price risk.

#### 34.2.1 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances. At the reporting date the interest rate profile of Company's interest-bearing financial instruments were:

|                                  | Carrying Amount      |                      |
|----------------------------------|----------------------|----------------------|
|                                  | 2019                 | 2018                 |
| <b>Fixed rate instruments</b>    |                      |                      |
| - Financial assets               | -                    | -                    |
| - Financial liabilities          | -                    | -                    |
|                                  | -                    | -                    |
| <b>Variable rate instruments</b> |                      |                      |
| - Financial liabilities          | 4,482,664,413        | 5,187,552,673        |
|                                  | <u>4,482,664,413</u> | <u>5,187,552,673</u> |

#### Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect the statement of profit or loss. There is no fixed rate financial assets and liabilities at balance sheet date.

|   | 2019              | 2018              |
|---|-------------------|-------------------|
|   | (Rupees)          |                   |
| <b>Sensitivity analysis for variable rate instruments</b> |                   |                   |
| 1% Change in KIBOR, the impact on the profit before tax   | <u>44,826,644</u> | <u>51,875,527</u> |

#### 34.2.2 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is exposed to foreign currency risk on sales which are entered in a currency other than Pak Rupees. When the management expects future depreciation of Pak rupees, the Company enters into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions and the Company's treasury policy. The policy allows the Company to take currency exposure within predefined limits while open exposures are rigorously monitored.



Following is the gross exposure classified into separate foreign currencies:

|  | 2019            | 2018   |
|--|-----------------|--------|
|  | ----- USD ----- |        |
| Export trade debt                              | -               | -      |
| Advance against exports                        | -               | 23,403 |
| Gross statement of financial position exposure | -               | 23,403 |

Significant exchange rates applied during the year were as follows:

|                     | 2019                   | 2018   |
|---------------------|------------------------|--------|
|                     | ----- Rs per USD ----- |        |
| Average rate        | 150.20                 | 114.34 |
| Reporting date rate | 156.20                 | 122.99 |

#### Sensitivity analysis

|   |   |        |
|---|---|--------|
| 1% Change in exchange rate, the impact on the profit before tax | - | 28,783 |
|---|---|--------|

### 34.3 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

|                                    | 2019                 | 2018                 |
|------------------------------------|----------------------|----------------------|
|                                    | ----- (Rupees) ----- |                      |
| <b>Financial assets</b>            |                      |                      |
| Long term investment               | -                    | 215,061,649          |
| Long term deposits                 | 1,236,600            | 1,236,600            |
| Trade and other receivables        | 184,777,019          | 274,724,848          |
| Prepayments, deposits and advances | 1,336,006,678        | 1,696,449,812        |
| Cash and bank balances             | 327,079,751          | 250,706,168          |
|                                    | <b>1,849,100,048</b> | <b>2,438,179,077</b> |

The Company has placed its funds with banks which have long term rating of AAA and A+ by PACRA and JCR – VIS respectively.

|                         | 2019                 | 2018                 |
|-------------------------|----------------------|----------------------|
|                         | ----- (Rupees) ----- |                      |
| <b>Financial assets</b> |                      |                      |
| Secured                 | -                    | 215,061,649          |
| Unsecured               | 1,849,100,048        | 2,223,117,428        |
|                         | <b>1,849,100,048</b> | <b>2,438,179,077</b> |

The ageing of trade debts, loans and advances at the reporting date is as follows:

|                     | 2019                 | 2018 |
|---------------------|----------------------|------|
|                     | ----- (Rupees) ----- |      |
| <b>Not past due</b> | -                    | -    |

There were no post due or impaired receivables from related parties.



There is no provision for doubtful trade debt.

The recommended approach for provision is to assess the top layer (covering 50%) of trade receivables on an individual basis and apply a dynamic approach to the remainder of receivables. The procedure introduces a Company-standard for dynamic provisioning:

- Provide an impairment loss for 50% of the outstanding receivable when overdue more than 90 days, and
- Provide impairment loss for 100% when overdue more than 120 days.

#### Concentration risk

The sector wise analysis of Trade debts, loans and advances and bank balances are given below:

|                                | 2019                 | 2018                 |
|--------------------------------|----------------------|----------------------|
|                                | ----- (Rupees) ----- |                      |
| Banking Sector                 | 327,079,751          | 250,706,168          |
| Trading Sector                 | 184,777,019          | 274,724,848          |
| Others                         | 1,337,243,278        | 1,912,748,061        |
|                                | <u>1,849,100,048</u> | <u>2,438,179,077</u> |
| <b>Provision for doubtful:</b> |                      |                      |
| - Trade debts                  | -                    | -                    |
| - Loans and advances           | -                    | -                    |
|                                | <u>1,849,100,048</u> | <u>2,438,179,077</u> |

Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Company is not materially exposed to other price risk.

#### 34.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the maturity date.

|                                 | 2019                 | 2018                 |
|---------------------------------|----------------------|----------------------|
|                                 | ----- (Rupees) ----- |                      |
| <b>Long term loan</b>           |                      |                      |
| Up to one year                  | 756,896,943          | 250,605,100          |
| After one year                  | 2,089,286,955        | 2,770,510,462        |
| <b>Total</b>                    | <u>2,846,183,898</u> | <u>3,021,115,562</u> |
| <b>Short term borrowings</b>    |                      |                      |
| Up to one year                  | 1,636,480,514        | 2,166,437,111        |
| After one year                  | -                    | -                    |
| <b>Total</b>                    | <u>1,636,480,514</u> | <u>2,166,437,111</u> |
| <b>Trade and other payables</b> |                      |                      |
| Up to one year                  | 404,989,428          | 298,623,412          |
| After one year                  | -                    | -                    |
| <b>Total</b>                    | <u>404,989,428</u>   | <u>298,623,412</u>   |



|                       | 2019                 | 2018                 |
|-----------------------|----------------------|----------------------|
|                       | (Rupees)             |                      |
| <b>Accrued Markup</b> |                      |                      |
| Up to one year        | 721,657,845          | 213,062,819          |
| After one year        | -                    | -                    |
| <b>Total</b>          | <b>721,657,845</b>   | <b>213,062,819</b>   |
| <b>All</b>            |                      |                      |
| Up to one year        | 3,520,024,730        | 2,928,728,442        |
| After one year        | 2,089,286,955        | 2,770,510,462        |
| <b>Total</b>          | <b>5,609,311,685</b> | <b>5,699,238,904</b> |

### 34.5 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at balance sheet date, all financial assets and financial liabilities are carried at amortized costs except for investment in Pakistan Investment bonds which are carried at their fair values.

The carrying value of all financial assets and liabilities reflected in these financial statements approximate their fair values. The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices ( unadjusted ) in active markets for identical assets or liabilities ( level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

There are no financial instruments carried at fair value by valuation method and there were no transfer amongst the levels during the year.

### 34.6 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair

### 34.7 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at reporting date is as follows:

|                        | 2019                 | 2018                 |
|------------------------|----------------------|----------------------|
|                        | (Rupees)             |                      |
| Long-term loans        | 2,089,286,955        | 2,770,510,462        |
| Short-term borrowings  | 2,393,377,457        | 2,417,042,211        |
| <b>Total debt</b>      | <b>4,482,664,413</b> | <b>5,187,552,673</b> |
| Cash and bank balances | 328,502,556          | 252,795,292          |
| <b>Net debt</b>        | <b>4,154,161,857</b> | <b>4,934,757,381</b> |



|   | 2019                 | 2018                 |
|---|----------------------|----------------------|
|   | (Rupees)             |                      |
| Share capital   | 561,365,550          | 561,365,550          |
| Share premium   | 317,293,570          | 317,293,570          |
| Surplus on revaluation of property, plant and equipment | 1,812,938,099        | 1,837,318,078        |
| Equity reserve  | 336,000,000          | 336,000,000          |
| Dividend equalization reserve                           | 27,000,000           | 27,000,000           |
| Accumulated losses                                      | (990,307,482)        | (313,217,161)        |
| <b>Equity</b>   | <b>2,064,289,736</b> | <b>2,765,760,037</b> |
| <b>Capital (Net debt + Equity)</b>                      | <b>6,218,451,593</b> | <b>7,700,517,418</b> |
| <b>Gearing ratio</b>                                    | <b>66.80%</b>        | <b>64.08%</b>        |

### 35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related companies, directors of the company, key management personnel and post-employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective.

| 36. CAPACITY AND PRODUCTION (METRIC TONS)  | 2019               | 2018               |
|--|--------------------|--------------------|
| Number of days mill operated   | 79                 | 148                |
| Installed crushing capacity (Metric tons)  | 8,000              | 8,000              |
| Total crushing on the basis of number of days mil operated (Metric tons)         | 632,000            | 1,184,000          |
| Total actual crushing on the basis of number of days mill operated (Metric tons) | 74,166             | 400,039            |
| Reason for short fall  | Limited Operations | Limited Operations |

| 37. NUMBER OF EMPLOYEES                         | 2019 | 2018 |
|---|------|------|
| <b>Employees as at September 30,</b>            |      |      |
| - Head Office                                   | 3    | 12   |
| - Factory                                       | 49   | 274  |
|   | 52   | 286  |
| <b>Average No. of employees during the year</b> |      |      |
| - Head Office                                   | 3    | 12   |
| - Factory                                       | 79   | 438  |

| 38. PROVIDENT FUND (Un - Audited) | 2019       | 2018       |
|-----------------------------------|------------|------------|
|                                   | (Rupees)   |            |
| Size of the fund - Net assets     | 66,038,783 | 65,094,131 |
| Cost of investments made          | 55,382,335 | 55,382,335 |
| Percentage of investments made    | 88.24%     | 87.10%     |
| Fair value of investments         | 58,271,571 | 56,699,176 |



### 38.1 Break-up of fair value of investment is:

|                 |                   |                   |
|-----------------|-------------------|-------------------|
| Mutual Funds    | 10,079,080        | 9,079,080         |
| Saving Accounts | 48,192,491        | 46,303,255        |
|                 | <b>58,271,571</b> | <b>55,382,335</b> |
| Mutual Funds    | 17.30%            | 16.39%            |
| Saving Accounts | 82.70%            | 83.60%            |
|                 | <b>100%</b>       | <b>100%</b>       |

**38.2** Investments out of the Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The above information is presented on the basis of latest available un-audited financial statements of the provident fund.

### 39. SIGNIFICANT EVENTS DURING THE YEAR

Except for matters stated below, no major events happened during the year.

**39.1** An enquiry against the Company's shareholders, directors and other group companies has been initiated by the National Accountability Bureau & Federal Investigation Agency (FIA) in the matter of fake bank accounts and accordingly bank accounts of the company were seized by the State Bank of Pakistan. As a consequence of this the Company defaulted in making repayments of principal and interest thereon of loans obtained from banks. The Company has engaged legal counsel to defend false allegations of money laundering and illegal actions taken by National Accountability Bureau (NAB) and Federal Investigation Agency (FIA) against the Company, its business, shareholders, directors and lenders. The commercial operations including productions of the Company have been resumed from year 2020. Further, bank borrowings of the companies are being rescheduled/restructured and be implemented in due course. The management is also confident that outcome of the court proceedings in respect of alleged enquiry would be in the Company's favour.

**39.2** In pursuance of matter referred in 39.1 above, the Company has not carried out its production in financial year 2019; however, commercial operations including productions of the Company have been resumed from year 2020.

**39.3** On March 11, 2020, the World Health Organization declared the 2018 Novel Coronavirus (the "Covid-19") out break a pandemic. In response to the outbreak, many countries including Pakistan have implemented measures to combat the outbreak, such as quarantines and travel restrictions. The Company's financial and operating performance may be adversely affected by the recent corona virus outbreak. Any prolonged restrictive measures in order to control the spread of Covid-19, or other adverse public health developments may significantly impact the demand for the Company's products. The extent to which Covid-19 will impact the Company's results of operations and financial condition will depend on future developments, which are highly un-certain and cannot be predicted, and accordingly, an estimate of the impact on these financial statements cannot be made at this time. The financial impact of Covid-19, if any, will be accounted for in the relevant period financial statements.

### 40. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 20, 2020, the Government of the Sindh announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from March 23, 2020. In the Company's case, the lockdown was subsequently relaxed from end of May, 2020.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. The lockdown has caused disruptions in supply chain including supply to the customers resulting in a decline in sales. It is also expected that the outbreak may result in lower demand in future. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets';





- the net realisable value of inventory under IAS 2, 'Inventories';
- deferred tax assets in accordance with IAS 12, 'Income taxes';
- provisions and contingent liabilities under IAS 37, including onerous contracts; and
- Going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

**41. SIGNIFICANTS EVENTS AFTER REPORTING DATE**

Except for the effects of the continuing matter stated in note 39.1 above, no major events happened after reporting

**42. CORRESPONDING FIGURES**

The Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. The preparation and presentation of these financial statements for the year ended September 30, 2019 is in accordance with requirements in Companies Act, 2017. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017.

**43. AUTHORIZATION OF FINANCIAL STATEMENTS**

These financial statements have been authorized for issue on December 01, 2023 by the board of directors of the Company.

**44. GENERAL**

The figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



## PROXY FORM

The Secretary

**Ansari Sugar Mills Limited**

Deh Jagsiyani, Taluka Tando Ghulam Hayder,

District Tando Mohammad Khan,

Sindh

I \_\_\_\_\_ of \_\_\_\_\_ being a member of **Ansari Sugar Mills Limited** and holder of \_\_\_\_\_ Ordinary shares, as per Register Folio No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of **Karachi** who is also a Member of the Company of as my Proxy to vote for me and on my behalf at the 30<sup>th</sup> Annual General Meeting of the Company to be held on **18<sup>th</sup> Jan, 2024** at **11:00 AM** at **Deh Jagsiyani, Taluka Tando Ghulam Hayder, District Tando Mohammad Khan, Sindh** and at any adjournment thereof.

Signed on \_\_\_\_\_ day of \_\_\_\_\_ **20** \_\_\_\_.

**Name:**

Witness:

1. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC: \_\_\_\_\_

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC: \_\_\_\_\_

**Important:**

1. Instruments of Proxy will not be considered as valid unless deposited or received at the Company's Head Office at CL-5/4, State Life Building No. 10, Abdullah Haroon Road, Karachi not later than 48 hours before the time of holding the meeting.
2. CDC shareholders, entitled to attend, speak and vote at this meeting, must bring with them their CNIC/ Passports in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/ her CNIC or Passport.
3. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee should be attached with the proxy form.

Shares held: \_\_\_\_\_

|           |                             |             |
|-----------|-----------------------------|-------------|
| Folio no. | CDC Account no.             |             |
|           | Participant ID              | Account No. |
|           | CNIC: _____ - _____ - _____ |             |



**ANSARI SUGAR MILLS LIMITED**

Deh Jagsiyani, Taluka Tando Ghulam Hayder,  
District Tando Muhammad Khan Sindh.