



ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED

36TH ANNUAL REPORT 2019

CONTENTS

★ Corporate Information	2
★ Mission and Vision Statement	3
★ Notice of Annual General Meeting	4
★ Directors' Report	6
★ Operating Highlights	10
★ Pattern of Shareholding	11
★ Categories of Shareholders	12
★ Auditors' Reports to the Members	14
★ Statement of Compliance with the Code of Corporate Governance	19
★ Review Report to the Members	21
★ Statement of Financial Position	23
★ Profit and Loss Account	24
★ Statement of Comprehensive Income	25
★ Cash Flow Statement	26
★ Statement of Changes in Equity	27
★ Notes to the Financial Statements	28

CORPORATE INFORMATION

BOARD DIRECTORS

Muhammad Irshad Butt
(Director/Chief Executive)
Muhammad Nawaz
Muhammad Rashid Rana
Atif Butt
Muhammad Talib
Yasir Iqbal
Muhammad Dawood

AUDIT COMMITTEE

Muhammad Irshad Butt (Director)
Muhammad Talib (Member)
Muhammad Dawood (Member)

CHIEF FINANCIAL OFFICER

Sohail Azam Khan

COMPANY SECRETARY

Saleem Abbas

INTERNAL AUDITORS

Waqar Bukhari

AUDITORS

Sarwars
Chartered Accountants

REGISTRAR

CDC Shares Registrar Services Limited,
CDC House, 99-B, BLOCK-B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi, Pakistan.

REGISTERED OFFICE

7/10, A-2 Arkay Square
Shahrah-e-Liaqat, New Challi, Karachi.

MILLS

Abdullah Shah Ghaziabad, Garho,
District Thatta, Sindh

Bankers

Bank islami Pakistan Limited
Summit Bank Limited
Bank Al-Falah Limited
Silk Bank Limited
MCB bank Limited
Meezan Bank Limited
Habib Metroplotian Bank Limited
United Bank Limited
Allied Bank Limited

Web Presence:

www.asgsml.com

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED

Mission Statement

To be the premier sugar and allied product's manufacturer while providing our clients with flexibility, on-time delivery, and consistent quality and to achieve sustainable and equitable expansion and growth through efficient and effective resources and at the same time developing a Corporate business environment most suited to all the employees and people Concerned.

Vision Statement

To transform the Company into a market leader for the Quality Sugar Manufacturing, while keeping our focus on the growing customer base, be characterized by a high degree of professionalism and is accountable for the successful fulfillment of the company's mission, and to play a meaningful role in the economy of Pakistan

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED

NOTICE OF 36TH ANNUAL GENERAL MEETING:

NOTICE IS HEREBY GIVEN to all the Members of Abdullah Shah Ghazi Sugar Mills Limited (the 'Company') that 36th Annual General Meeting of the Company will be held at 09:00 am on Thursday, February 27, 2020 at Diamond Banquet, Plot No. C-36, 37 Extension, Gulshan-e-Hadeed, Phase-1, Karachi, to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on January 28, 2019.
2. To receive, consider and adopt the annual audited financial statements of the Company for the year ended September 30, 2019 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.
3. To appoint Company's Auditors and fix their remuneration. Audit Committee and the Board of Directors have recommended the appointment of the retiring auditors, Messrs Sarwars, Chartered Accountants, who being eligible have offered themselves for re-appointment.
4. To transact any other matter with the permission of the Chair.

By Order of the Board

Saleem Abbas
Company Secretary

Lahore:
February 6, 2020

1. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
2. Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are being advised to bring their original National Identity Cards along with CDC Participant ID and account number at the meeting venue.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan. A proxy form, both in English and Urdu languages, is being separately available on our website www.asgsml.com along with notice of meeting.
 - A. For Attending the Meeting
 - a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
 - b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
 - c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
 - d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
4. Members are requested to timely notify any change in their addresses.
 5. Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and collectively holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least seven (7) days prior to the date of the meeting on the Standard Form which can be downloaded from the company's website: www.asgsml.com
 6. The Company has placed the Audited Annual Financial Statements for the year ended September 30, 2019 along with Auditors and Directors Reports thereon and Chairman's review report on its website: www.asgsml.com

Book Closure:

The Register of Members of the Company will remain closed from 21 February 2020 to 27 February 2020 (both days inclusive). Transfers received in order at the office of the Company's Independent Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi by the close of business (5:00 PM) on Thursday, 20 February 2020 will be considered in time to be eligible for the purpose of attending and voting at the Annual General Meeting.

ABDULLAH SHAH GHAZI SUGAR MILLS LTD.

DIRECTORS' REPORT

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members; Assalam-o-Alaikum:

On behalf of the board of directors, I welcome all of you to the 36th annual general meeting of the Company and present before you the annual report for the financial year ended September 30, 2019 along with financial statements and auditors' report thereon. The financial results of the year under review can be summarized as follows:

FINANCIAL RESULTS

Particulars	2019 Rupees	2018 Rupees
Net sales	153,110,000	118,723,068
Gross loss	(174,261,571)	(244,310,282)
Net loss after tax	(54,022,226)	(322,611,200)
Key performance indicators		
- Gross loss as % to sales	(113.81 %)	(205.78 %)
- Net loss % to sales	(35.28 %)	(271.73 %)
- Loss per share	(0.68)	(4.07)

Consistent with prior year, there remained a persistent shortage of sugar cane crop especially in mills' surrounding areas and generally in entire lower Sindh. This scarcity of crop resulted in to fewer crushing days that were restricted to 38 only and even during the operational period cane arrival remained far below than the normal levels.

All these factors resulted in to above unhealthy financial numbers as outlined above.

OPERATING RESULTS:

Operations		2019	2018
Crushing days	Days	38	70
Cane crushed	Tons	24,777.792	39,361.796
Avg. crushing per day	Tons	652.047	562.311
Sugar produced	Tons	1755.000	3,096.000
Average sugar recovery	% age	7.331 %	8.004 %
Molasses recovery	% age	6.592 %	5.920 %

FUTURE OUTLOOK:

Due to scarcity of sugar cane in surrounding areas of mills due to less cultivation of cane and current liquidity crunch resulting from persistent losses, future looks tough. Management is striving hard to safely sail the Company out of current troubled situation and firmly believes that following factors will eventually pave way to deliver long term values to all stakeholders including our worthy shareholders:

- Unfavorable business conditions are temporary and cyclical in nature and would reverse in future.
- Arbitration efforts that have been undertaken to resolve dispute with TCP will be successful and the Company will be able to settle the subject amount in a convenient and sustainable manner.
- Negotiations with all the secured creditors and financial institutions to restructure the liabilities on long-term basis are underway and some financial institutions have restructured their facilities and management expects that the remaining will also turnout successful.
- There will be a persistent financial support from sponsors to enable Company to survive as a “going concern”.
- Management is actively pursuing a plan to reduce cost and to increase the efficiency of mills.
- Current anti-corruption drive in Sindh will pave way to procure sugarcane in a fair and competitive fashion.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Directors are pleased to confirm compliance with corporate and financial reporting framework of the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance for the following:

CORPORATE GOVERNANCE COMPLIANCE:

The compliance with the best practices of Code of Corporate Governance provides comfort to the Board. Therefore, the management ensures that all requirements of the code of corporate governance are complied with. The statement of compliance with the best practices of Code of Corporate Governance is annexed.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Framework:

- The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts as per statutory requirements.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance, as detailed in the list in regulations.
- Key operating and financial data of last six years is annexed in summarize form.
- Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- The Company operates an un-funded gratuity scheme for all employees. The net value of investment in the irrespective accounts is given in related note(s) to the accounts.
- All material information, as described in the Code is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in a timely fashion.
- The Directors are aware of their fiduciary responsibilities.
- The directors, CEO, CFO, Company Secretary and their spouses and minor children have made no trading in the company's share during the year. The number of shares, if any, held by them is annexed.

BOARD MEETINGS:

During the year under review four (04) meetings of the Board of Directors were held. Participation of Directors is as follows: -

<u>Director's Names</u>	<u>Meetings Attended</u>	<u>Director's Names</u>	<u>Meetings Attended</u>
Mr. Muhammad Irshad Butt	1	Mr. Yasir Iqbal	3
Mr. Muhammad Rashid Rana	4	Mr. Muhammad Dawood	4
Mr. Atif Butt	4	Mr. Muhammad Nawaz	4
Mr. Muhammad Talib	4		

AUDIT COMMITTEE:

The audit committee is performing its duties in line with its terms of reference framed by the Company's Board of Directors.

HUMAN RESOURCES AND REMUNERATION COMMITTEE:

The HR and Remuneration Committee comprises of three members. The Committee met once in a year.

PATTERN OF SHAREHOLDING:

Pattern of shareholding as at September 30, 2019 is annexed.

AUDITORS:

The auditors, M/s Kaleem & Co., Chartered Accountants, were disqualified during the year and M/s Sarwars, Chartered Accountants, are appointed as auditor.

The Audit Committee has recommended to consider the re-appointment of M/s Sarwars, Chartered Accountants as auditors of the Company for the next year ending 30-09-2020.

APPRECIATION:

The Board acknowledges the continued support and cooperation extended by the shareholders, bankers, sugarcane farmers and all other stakeholders. The Board also places on record its appreciation for employees of the Company for their devotion and hard work.

On behalf of Board of Directors

MUHAMMAD IRSHAD BUTT
(CHIEF EXECUTIVE)

Lahore: February 06, 2020

ABDULLAH SHAH GHAZI SUGAR MILLS LTD.
6 YEARS OPERATING HIGHLIGHTS

(Figure in Thousand)

DESCRIPTION	2019	2018	2017	2016	2015	2014
OPERATING HIGHLIGHTS						
Gross sales	168,625	128,863	327,387	462,101	1,899,161	1,128,471
Net sales	153,110	118,723	298,566	430,564	1,763,890	1,057,295
Cost of sales	327,372	363,033	401,310	754,224	2,250,360	1,157,283
Gross profit	(174,262)	(244,310)	(102,744)	(323,660)	(486,470)	(99,988)
Administrative and selling expenses	21,565	20,306	24,170	25,681	40,110	44,441
Interest expenses	62,811	49,236	48,262	60,317	38,502	107,768
Other income	-	-	-	2	1,446	365,660
Profit before taxation	(258,637)	(313,853)	(175,177)	(409,656)	(563,636)	113,462
Profit after taxation	(54,022)	(322,611)	54,984	(384,250)	(515,795)	68,685
Basic earnings per share Rs.	(0.68)	(4.07)	0.69	(4.85)	(6.51)	0.867
PRODUCTION DATA						
Crushing days	38	70	58	54	87	127
Cane Crushed	TPD	652	562	292	1,902	3,071
Sugar production	M.Tons	1,755	3,096	1,200	8,195	26,490
Sugar recovery	% age	7.33	8.00	8.08	8.43	9.91
Molasses production	M.Tons	1,600	2,325	1,440	5,121	13,500
Molasses recovery	% age	6.59	5.92	4.80	5.35	5.049

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED

Pattern of Shareholding
as at September 30, 2019

FORM "34" THE COMPANIES ACT 2017 (Section 227)(2)(f)

1 Incorporation Number 0011303

2 Name of Company ABDULLAH SHAH GHAZI SUGAR MILLS LTD.

3 Pattern of holding of the shares held by the shareholders as 30-09-2019

4	# Of Shareholders	Shareholdings'Slab			Total Shares Held
	713	1	to	100	57,747
	711	101	to	500	275,810
	213	501	to	1000	203,024
	367	1001	to	5000	1,134,629
	139	5001	to	10000	1,174,975
	53	10001	to	15000	688,662
	35	15001	to	20000	641,998
	23	20001	to	25000	537,169
	18	25001	to	30000	511,700
	5	30001	to	35000	161,500
	6	35001	to	40000	221,500
	4	40001	to	45000	169,000
	10	45001	to	50000	486,000
	4	50001	to	55000	207,555
	5	55001	to	60000	295,500
	2	60001	to	65000	126,500
	2	65001	to	70000	138,000
	1	70001	to	75000	70,500
	1	75001	to	80000	80,000
	1	80001	to	85000	83,947
	3	85001	to	90000	265,575
	2	90001	to	95000	187,500
	6	95001	to	100000	600,000
	1	100001	to	105000	101,400
	2	105001	to	110000	220,000
	1	110001	to	115000	115,000
	1	120001	to	125000	123,100
	1	125001	to	130000	130,000
	1	135001	to	140000	140,000
	1	140001	to	145000	142,000
	1	150001	to	155000	151,456
	1	165001	to	170000	166,500
	1	225001	to	230000	229,000
	1	250001	to	255000	254,161
	1	255001	to	260000	260,000
	1	325001	to	330000	327,500
	1	345001	to	350000	346,500
	1	550001	to	555000	553,500
	1	695001	to	700000	700,000
	1	4890001	to	4895000	4,890,249
	1	62090001	to	62095000	62,092,509
	2343				79,261,666

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED

Pattern of Shareholding As at September 30, 2019

5	Categories of Shareholders	Shareholders	Shares Held	Percentage
5.1	Directors and their spouse(s) and minor children			
	MR. MUHAMMAD IRSHAD BUTT	1	1,000	0.00
	MUHAMMAD TALIB	1	400	0.00
	ATIF BUTT	1	400	0.00
	MUHAMMAD RASHID RANA	1	400	0.00
	YASIR IQBAL	1	400	0.00
	MR. MUHAMMED NAWAZ	1	100	0.00
	MR. MUHAMMAD DAWOOD	1	400	0.00
5.2	Associated Companies, undertakings and related parties			
	HAQ BAHU SUGAR MILLS (PVT) LTD	2	62,215,609	78.49
5.3	Executives	-	-	-
5.4	Public Sector Companies and Corporations	3	47,300	0.06
5.5	Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	3	5,444,249	6.87
5.6	Mutual Funds	-	-	-
5.7	General Public			
	a. Local	2318	11,406,808	14.39
	b. Foreign	1	19,000.00	0.02
5.8	Others	9	125,600	0.16
	Totals	2343	79,261,666	100.00
	Share holders holding 5% or more		Shares Held	Percentage
	HAQ BAHU SUGAR MILLS (PVT) LTD		62,092,509	78.34
	AL BARAKA BANK (PAKISTAN) LIMITED		4,890,249	6.17

6 Signature of Company Secretary

7 Name of signatory

Saleem Abbas

8 Designation

Company Secretary

9 CNIC Number

32304-8810990-5

10 Date

30-09-2019

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED

Pattern of Shareholding
as at September 30, 2019

<u>S.No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
<u>Directors and their spouse(s) and minor children</u>				
1	6781	MR. MUHAMMAD IRSHAD BUTT	1,000	0.00
2	6847	MUHAMMAD TALIB	400	0.00
3	6848	ATIF BUTT	400	0.00
4	6849	MUHAMMAD RASHID RANA	400	0.00
5	6850	YASIR IQBAL	400	0.00
6	6889	MR. MUHAMMED NAWAZ	100	0.00
7	6904	MR. MUHAMMAD DAWOOD	400	0.00
7			3,100	0.00
<u>Associated companies, undertakings and related parties</u>				
1	6776	HAQ BAHU SUGAR MILLS (PVT) LTD	123,100	0.16
2	03525-70701	HAQ BAHU SUGAR MILLS (PVT) LTD	62,092,509	78.34
2			62,215,609	78.49
<u>Executive</u>				
0			-	-
<u>Public sector companies and corporations</u>				
1	9	M/S. NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMENT	100	0.00
2	5077	M/S. PAKISTAN INDUSTRIAL CREDI. INVESTMENT CORPN. LTD.	27,200	0.03
3	5145	INVESTMENT CORPN.OF PAKISTAN	20,000	0.03
3			47,300	0.06
<u>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</u>				
1	5306	M/S. ADAMJEE INSURANCE CO. LTD	500	0.00
2	09944-24	AL BARAKA BANK (PAKISTAN) LIMITED	4,890,249	6.17
3	05132-26	ASKARI BANK LIMITED	553,500	0.70
3			5,444,249	6.87
<u>Mutual Funds</u>				
NIL			-	-
<u>General Public Foreign</u>				
1	16238-1334	FARAZ AHMED YOUSFANI	19,000	0.02
1			19,000	0.02
<u>Others</u>				
1	5143	M/S. ASIF AGENCIES	3,400	0.00
2	5144	M/S. KARACHI INVESTMENT COMPANY (PRIVATE) LTD.	1,000	0.00
3	5259	M/S. PAK GREASE MFG. CO. (PVT)	700	0.00
4	5268	M/S. THE PAKISTAN FUND	101,400	0.13
5	5304	M/S. CENTRAL CHEMICAL LTD	1,000	0.00
6	5428	M/S. VALIKA ART FABRICS LTD.	100	0.00
7	06445-28	DARSON SECURITIES (PVT) LIMITED	500	0.00
8	14241-22	FIKREES (PRIVATE) LIMITED	2,500	0.00
9	04952-28	SHERMAN SECURITIES (PRIVATE) LIMITED	15,000	0.02
9			125,600	0.16
Total			2343	79,261,666
General Public Local			2318	11,406,808



INDEPENDENT AUDITOR'S REPORT

To the members of Abdullah Shah Ghazi Sugar Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Abdullah Shah Ghazi Sugar Mills Limited** (the Company), which comprise the statement of financial position as at September 30, 2019, and the statement of profit or loss, and 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 purposes of the audit.

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

Basis for Opinion

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

Material Uncertainty Relating to Going Concern

As disclosed in note no. 2.2 of the financial statements of the company for the year ended September 30, 2019, the company has prepared these financial statements on the basis of "going concern assumptions" and it has incurred a net loss before tax of Rs. 258,637,309/- in the current year including depreciation of Rs. 126,135,577/- and its accumulated loss stands at Rs. 1,666,909,043/-. The current liabilities exceeds its current assets by an amount of Rs. 2,832,760,628/-. These conditions indicate the existence of material uncertainty which may cast significant doubts about the company's ability to continue as a going concern and therefore the company may not be able to realize its assets and discharge its liabilities in the normal course of business. The company has provided viable mitigation plans, budgets and cash flow forecasts and



others to support its going concern assumptions. The company is in negotiations with lenders, creditors and financial institutions to restructure its financial liabilities. Furthermore, the company expects continuous financial support from its sponsors to cater to any adversity. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. 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.

Following are the Key audit matters:

Key audit matter	How the matter was addressed in our audit
<p>Non-observation of Inventory count</p> <p>Our appointment was made on January 16, 2020 and we remained unable to observe inventory count audit procedures as at the year end. We performed alternative audit procedures in order to obtain sufficient appropriate audit evidence.</p> <p>We have considered the above as a Key Audit Matter due to the material balance of inventory. Further, alternative audit procedures provided reliable results when internal controls on inventory are assessed to be reliable.</p>	<p>Our audit procedures included the following:</p> <p>Assessed the internal controls of the management relating to stock movement</p> <p>Reviewed the results of the year end stock take conducted by the management and reviewed the working paper of the previous auditor</p> <p>Conducted a sample stock take at current date to reconcile the balance appearing in the financial statements at the year end</p> <p>Performed NRV, cut-off and analytical procedures to ensure valuation and accuracy of the inventory balance</p>
<p>Verification of creditors, advances from customers</p> <p>Creditors and advance from customers represent significant amounts in terms of materiality, therefore the verification of the same has been considered the key audit matter to be reported.</p>	<p>Our audit procedures included the following:</p> <p>Obtained list of parties and circularized confirmation on sample basis</p> <p>Performed arithmetic test, analytical procedures and reconciled the ledgers amounts with the supplier statements</p> <p>Checked that the company has performance obligation outstanding to creditors and customers</p>

	<p>Obtained and performed aging analysis and had discussions with the management</p> <p>Performed subsequent verification procedures</p> <p>Obtained representation from the management</p> <p>Checked that appropriate presentation and disclosure is made in the financial statements</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 opinion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a



material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we



determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

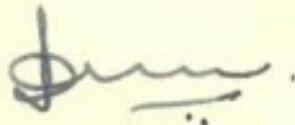
Report on Other Legal and Regulatory Requirements

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

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

Other Matter Paragraph

The financial statements as at September 30, 2018 were audited by another auditor who expressed an unqualified opinion.



**SARWARS
CHARTERED ACCOUNTANTS**



Engagement Partner: Rashid Sarwar (FCA)

Date: February 06, 2020

Place: Lahore

ABUDULLAH SHAH GHAZI SUGAR MILLS LTD.
STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED 30th
SEPTEMBER, 2019

This statement is being presented to comply with the Code of Corporate Governance ("The Code") contained in listing regulations of Pakistan Stock Exchange 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 has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) in the following manner:

Category	
Independent Directors	Mr. Muhammad Rashid Rana Mr. Muhammad Nawaz
Executive Directors	Mr. Muhammad Irshad Butt Mr. Yasir Iqbal
Non-Executive Directors	Mr. Atif Butt Mr. Muhammad Talib Mr. Mahummad Dawood

The independent director meet 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 five 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 tax payers 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 a 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 the Chief Executive Officer and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. Directors are well conversant with the fiduciary responsibilities and orientation courses were arranged in-house and however during the year under consideration at least one director was required to acquire the certification under the directors' training program which could not be acquired due to other commitments of directors.
9. No new appointment of the CFO, Company Secretary and Head of Internal Audit has been made during the year.

- 10 The director's 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.
- 11 CFO and CEO duly endorsed the financial statements before approval of the Board.
- 12 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.
- 13 The Company has complied with all the corporate and financial reporting requirements of the CCG.
- 14 The system of internal controls is sound in design and has been effectively implemented and is being consistently reviewed by the Internal Audit Department.
- 15 There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations of Pakistan Stock Exchange.
- 16 The board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors and the chairman of the committee is an independent director.
- 17 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.
- 18 The board has formed an HR and Remuneration Committee. It comprises of three members, of whom one is an independent director, the other is an executive director and the Chairman of the committee is a non-executive director.
- 19 The board has outsourced the internal audit function to Riaz Ahmad, Saqib, Gohar and Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 20 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
- 21 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.
- 22 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.
- 23 Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
- 24 We confirm that all other material principles contained in the CCG have been complied with.

For & on behalf of the Board

LAHORE:
DATE : February 06, 2020

CHIEF EXECUTIVE OFFICER



SARWARS

Chartered Accountants

REVIEW REPORT TO THE MEMBERS' ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Abdullah Shah Ghazi Sugar Mills Limited** for the year ended 30 September 2019 to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism.

We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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



Off: # 12 - 14, 2nd Floor, Lahore Centre, 77-D, Main Boulevard, Gulberg-III, Lahore.

Ph: 35782920-22, Fax: 35773825,

Web : www.sarwarsea.com, E-mail: sarwars@sarwarsca.com/ sarwars.sca@gmail.com



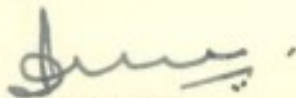
Para Non-Compliances

- 1 No representation of females on the board of directors
- 2 Independent director in which fraction is not rounded up as one whole number
- 9 No training programs for directors

Para Non-Compliances

- 13 Chairman of the audit committee is an executive director
- Significant accounting policies have not been posted on the Company's website

We have also expressed an unmodified opinion in our audit report to the financial statements for the year ended 30 September 2019.



SARWARS
CHARTERED ACCOUNTANTS



Engagement Partner: Rashid Sarwar (FCA)

Date: February 06, 2020

Place: Lahore

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS ON SEPTEMBER 30, 2019

	Notes	2019 RUPEES	Restated 2018 RUPEES	Restated 2017 RUPEES
<u>EQUITY AND LIABILITIES</u>				
<u>SHARE CAPITAL AND RESERVES</u>				
Authorized share capital	5.1	1,000,000,000	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	5.2	792,616,660	792,616,660	792,616,660
Capital Reserve:				
-Revaluation surplus on property, plant and equipment	6	1,451,143,570	502,399,755	523,581,629
Revenue Reserve:				
-Un-appropriated loss		(1,666,909,043)	(1,639,771,431)	(1,345,597,152)
		576,851,187	(344,755,016)	(29,398,863)
<u>NON-CURRENT LIABILITIES</u>				
Long term loan from related party - unsecured	7	123,416,314	123,416,314	123,416,314
Long term loan from bank - secured	8	4,000,000	5,000,000	6,091,101
Employee benefit obligations	9	6,983,042	5,953,240	4,850,576
Deferred tax liability	10	190,985,345	-	-
		325,384,701	134,369,554	134,357,991
<u>CURRENT LIABILITIES</u>				
Trade and other payables	11	2,449,285,915	2,363,146,120	2,146,310,690
Finance cost payable	12	288,795,535	226,679,952	184,467,672
Short term borrowings - secured	13	74,720,546	74,720,546	74,720,546
Current portion of long term loan from bank	8	347,798,518	347,798,518	348,398,518
Current tax liability	25	1,913,875	1,484,038	-
		3,162,514,389	3,013,829,175	2,753,897,426
<u>CONTINGENCIES AND COMMITMENTS</u>				
	14	-	-	-
		4,064,750,277	2,803,443,713	2,858,856,554
<u>ASSETS</u>				
<u>NON CURRENT ASSETS</u>				
Property, plant and equipment	15	3,733,170,351	2,479,855,189	2,605,872,926
Long term deposits	16	1,826,165	1,826,165	1,826,165
<u>CURRENT ASSETS</u>				
Stores and spares		34,168,776	38,320,772	41,740,839
Stock in trade	17	202,181,486	183,613,276	114,914,525
Advances, deposits and prepayments	18	82,434,832	88,191,562	73,480,481
Taxes recoverable		5,895,003	6,867,218	11,024,020
Cash and bank balances	19	5,073,665	4,769,531	9,997,598
		329,753,761	321,762,359	251,157,463
		4,064,750,277	2,803,443,713	2,858,856,554

The annexed notes, from 1 to 35, form an integral part of these financial statements.



[Signature]
CHIEF EXECUTIVE

[Signature]
CHIEF FINANCIAL OFFICER

[Signature]
DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Notes</u>	<u>2019 RUPEES</u>	<u>2018 RUPEES</u>
Sales	20	153,110,000	118,723,068
Cost of sales	21	327,371,571	363,033,351
Gross loss		(174,261,571)	(244,310,283)
Distribution expenses	22	(928,400)	(1,140,000)
Administrative and general expenses	23	(20,636,267)	(19,165,900)
Finance cost	24	(62,811,071)	(49,236,347)
		(84,375,738)	(69,542,247)
Loss before income tax		(258,637,309)	(313,852,530)
Income tax expense	25	204,615,083	(8,758,672)
Loss for the year		(54,022,226)	(322,611,202)
Loss per share - basic and diluted	26	(0.68)	(4.07)

The annexed notes, from 1 to 35, form an integral part of these financial statements.



[Signature]

CHIEF EXECUTIVE

[Signature]

CHIEF FINANCIAL OFFICER

[Signature]

DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Notes</u>	<u>2019</u> <u>RUPEES</u>	<u>2018</u> <u>RUPEES</u>
Loss for the year		(54,022,226)	(322,611,202)
Other comprehensive income:			
Items that will not be subsequently reclassified in profit or loss:			
Actuarial loss or gains on employee benefit obligations		170,326	(19,586)
Impact of tax		(49,395)	5,680
		120,931	(13,906)
Revaluation surplus on property, plant and equipment		1,372,972,411	-
Impact of tax		(397,464,912)	-
		975,507,499	-
Total comprehensive income /(loss) for the year		921,606,204	(322,625,108)

The annexed notes, from 1 to 35, form an integral part of these financial statements.



[Signature]

CHIEF EXECUTIVE

[Signature]

CHIEF FINANCIAL OFFICER

[Signature]

DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2019 RUPEES	2018 RUPEES
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Loss before taxation	(258,637,309)	(313,852,530)
Adjustments for non cash and other items:		
Depreciation	126,135,577	133,482,001
Financial charges	62,811,071	49,236,347
Workers' welfare fund	-	6,790,793
Provision for gratuity	1,399,128	1,202,618
	190,345,776	190,711,759
Cash flow before working capital changes	(68,291,533)	(123,140,771)
Effect on cash flows due to working capital changes		
(Increase) / Decrease in:		
Stores and spares	4,151,996	3,420,067
Stock in trade	(18,568,210)	(68,698,751)
Advances, deposits and prepayments	5,756,730	(14,711,081)
	(8,659,484)	(79,989,765)
Increase / (Decrease) in:		
Trade and other payables	86,139,791	210,044,638
	86,139,791	210,044,638
Cash generated from operations	9,188,774	6,914,102
Income tax paid	511,824	(4,156,801)
Finance cost paid	695,488	7,024,065
Gratuity paid	199,000	119,540
	(1,406,312)	(2,986,804)
Net cash generated from operating activities	7,782,462	3,927,298
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Fixed capital expenditures	(6,478,328)	(7,464,264)
Net cash used in investing activities	(6,478,328)	(7,464,264)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Long term loan from bank	(1,000,000)	(1,691,101)
Net cash (used in) financing activities	(1,000,000)	(1,691,101)
Net (decrease) / increase in cash and cash equivalent	304,134	(5,228,067)
Cash and bank balances at the beginning of the year	4,769,531	9,997,598
Cash and bank balances at the end of the year	5,073,665	4,769,531

The annexed notes, from 1 to 35, form an integral part of these financial statements.



[Signature]

CHIEF EXECUTIVE

[Signature]

CHIEF FINANCIAL OFFICER

[Signature]

DIRECTOR

ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Share Capital	Surplus on revaluation of property, plant and equipments - net	Accumulated Profit / (Loss)	Total
Balance at October 01, 2017 - as previously reported	792,616,660	-	(1,345,597,152)	(552,980,492)
Impact of change in accounting policy	423	523,581,629	-	523,581,629
Balance at October 01, 2017 - restated	792,616,660	523,581,629	(1,345,597,152)	(29,398,863)
Total comprehensive loss for the year ended September 30, 2018	-	-	(322,611,202)	(322,611,202)
-loss for the year	-	-	(13,906)	(13,906)
-other comprehensive loss	-	-	(322,625,108)	(322,625,108)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	-	(28,450,829)	28,450,829	-
Residual adjustment due to reduction in tax rate	-	7,268,955	-	7,268,955
Balance at September 30, 2018	792,616,660	502,399,755	(1,639,771,431)	(344,755,016)
Total comprehensive loss for the year ended September 30, 2019	-	-	(54,022,226)	(54,022,226)
-loss for the year	-	975,507,499	120,931	975,628,430
-other comprehensive income	-	975,507,499	(53,901,295)	921,606,204
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation for the year (net of deferred taxation)	-	(26,763,684)	26,763,684	-
Balance as at September 30, 2019	792,616,660	1,451,133,571	(1,666,909,043)	576,841,188

The annexed notes, from 1 to 35, form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR



ABDULLAH SHAH GHAZI SUGAR MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on February 25, 1984 as a Private Limited Company and was subsequently converted into a Public Limited Company on February 11, 1990. The Company is listed on Pakistan Stock Exchange. The principal business of the Company is manufacturing and selling of refined sugar and by products. The Mill is located at Garho, Sindh. Registered office of the company is situated at 7/10, A-2 Arkay Square Shahra - e - Liaquat, New Challi, Karachi.

The Company has been classified as Large Sized Entity as per the guidelines of SECP and ICAP.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

2.2 Basis of Measurement

These financial statements have been prepared under the "going concern convention" except of certain classes of property, plant and equipment which are stated at revalued amount and employee retirement benefits which are stated at fair value.

The financial statements of the company for the year ended September 30, 2019, the company incurred a net loss before tax of Rs. 258,637,309/- in the current year including depreciation of Rs. 126,135,577/-. The current liabilities exceeds the current assets by an amount of Rs. 2,832,760,628/-. The company has prepared these financial statements on the basis of going concern assumption. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern and therefore the company may not be able to realize its assets and discharge its liabilities in the normal course of business. However management has taken the following significant measures to improve the operational performance and liquidity of the company based on:

- a) Arbitration efforts that have been undertaken to resolve dispute with TCP is successful, the Company will be able to settle the subject amount in a convenient and sustainable manner;
- b) Negotiations with all the secured creditors and financial institutions to restructure the liabilities on long-term basis are underway and some financial institutions have restructured their facilities and management expects that restructuring will be successful with other lenders;
- c) The sponsors have offered unconditional support to enable Company to survive as a 'going concern'.
- d) Further, the management is actively pursuing a plan to reduce cost and to increase the efficiency of mills.

Finally, the management is very much convinced that the above measures would result in improving the financial position and operational performance of the company.

2.2.1 BASIS OF RESTATEMENT

- (a) The company in the previous year had not complied with the requirements of Companies Act, 2017 relating to presentation of surplus reserve in equity.
The effects of change in accounting policy is mentioned in note no. 4.23 of these financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupee has been rounded off to the nearest Rupee unless stated otherwise.



2.4 Use of significant estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in the next year are described in the following notes:

- Property, plant and equipment and intangible assets (notes 4.7).
- Trade debts (note 4.10)
- Stores and spares (note 4.8)
- Stock-in-trade (note 4.9)
- Taxation (note 4.4)
- Staff retirement benefits (note 4.3)
- Impairment (note 4.16)
- Provisions (note 4.6)

2.5 Accounting policies

The accounting policies adopted for the preparation of these financial statements are consistent with those applied in the preparation of the preceding annual financial statements of the company for the year ended September 30, 2018, to the extent and manner stated.

2.6 Change in accounting standards, interpretations and amendments to published approved accounting standards

- a) **Standards, interpretations and amendments to published approved accounting standards that are effective and relevant:**
The following amendments to existing standards have been published that are applicable to the Company's financial statements.

IAS-32 Offsetting Financial Assets and Financial Liabilities
IAS-36 Recoverable Amount or Non-Financial Assets
IAS-27 Equity Method in Separate Financial Statements
IAS-28 Investments in Associates and Joint Ventures
IAS 19-Employee Benefits-(Amendments) Defined Benefit Plans: Employee Contributions
IAS 39-Financial Instruments: Recognition and Measurement- (Amendment)-
Novation of Derivatives
IFRS 12- Disclosure of Interest in Other Entities
IFRS 13- Fair Value Measurement
IAS 1- Presentation of Financial Statements-Disclosure Initiative (Amendment)
IAS 16- Property, Plant and Equipment and IAS 38-Intangible Assets-
Clarification Of Acceptable Method of Depreciation and Amortization
(Amendments)
IFRS 16- Leases

The standards and directives have been adopted by the company to the extent and manner as stated, which do not have any material effects on the financial position of the company.

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE FROM,

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards. The standards and directives have been adopted by the company to the extent and manner as stated, which do not have any material effects on the financial position of the company.

IFRS 9-- Financial Instruments. This standard addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

1 Jan , 2021

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.



The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which from the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the future period are as follows:

- (i) Useful life and residual value of property, plant and equipment
- (ii) Provision for doubtful debts
- (iii) Provision for obsolete stores and spares and stock in trade
- (iv) Provision for taxation
- (v) Staff retirement gratuity
- (vi) Contingencies

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Issued, subscribed and paid-up capital

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

4.2 Borrowings

Loans and borrowings are recorded at their fair value being the proceeds received. Financial charges are accounted for by applying effective interest rate method and included in accrued expenses.

4.3 Staff Retirement Benefits

The Company operates an un-funded gratuity scheme covering all employees eligible to the benefit. Provisions are made on the basis of actuarial recommendations. The actuarial valuations are carried out as at 30th September 2017 using the Projected Unit Credit Method, as required by International Accounting Standards (IAS-19).

The amount recognized in balance sheet represents the present value of the defined benefit obligation as on 30th September, 2017 as adjusted for unrecognized actuarial gains and losses.

The amendments in IAS 19 require the recognition of changes in defined benefit obligation and fair value of plan asset when they occur thus eliminating 'Corridor Approach' permitted under previous version of IAS 19 thus accelerating recognition of past service cost. All actuarial gains and losses are recognized immediately through 'Other Comprehensive Income'.

4.4 Taxation

(a) Current income tax

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for tax on income is calculated at the current rates of taxation as applicable after taking into account tax credit and tax rebates available, if any. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(b) Deferred tax

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

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that related tax benefits will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

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



(c) Sales tax / excise duty

- Revenues, expenses and assets are recognized net of the amount of sales tax / FED except:
- Where the sales tax / FED incurred on purchase of assets or services is not recoverable from the taxation authority.
- Receivables and payables balances that are stated with the amount of sales tax / FED included.

The net amount of sales tax / FED recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

4.5 Trade and other payables

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

4.6 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of a past event and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made. The expense related to provision is presented in profit and loss net of any reimbursements. The provision is recognized at its present value, accounting for time value of money, except where the impact for discounting is considered to be immaterial. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.7 Property, plant and equipment

(a) Operating fixed assets

- Fixed assets including additions are stated at cost less accumulated depreciation, except that certain assets which are stated at revalued amount less accumulated depreciation.
- Depreciation on fixed assets is provided on the reducing balance method over its useful life at the rates specified in the fixed assets schedule.
- Depreciation on additions to property, plant and equipment is charged for the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.
- Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major repairs and improvements are capitalized.
- Gain or loss on scrapping or disposal of assets, if any, is charged to profit and loss account.
- The incremental depreciation charged on revalued assets during the year has been transferred to retained earnings/accumulated profit to record realization of surplus to the extent of incremental depreciation.

(b) Capital work in progress

Capital work in progress is stated at cost less identified impairment losses, if any. All expenditure including applicable borrowing costs, if any, connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

4.8 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of cost, which is calculated according to moving average cost, and net realizable value. The cost is determined using weighted average method.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

Stores in transit are valued at invoice values including other charges, if any, incurred thereon.

4.9 Stock-in-trade

These are valued at lower of cost and net realizable value. The cost is determined as follows:

Raw materials:	Weighted average cost
Goods in transit:	Cost comprising invoice value plus other charges incurred thereon.
Work in process:	Weighted average manufacturing cost
Finished goods:	Average manufacturing cost
Molasses:	Contracted price / net realizable value



Net realizable value signifies the estimated selling price in ordinary course of business less expenses necessary to be incurred in order to make sale.

4.10 Trade debts

Trade debts are recognized and carried at original invoice amount less an allowance for doubtful debts. Provision for doubtful debts is based on the management's assessment of customer's outstanding balances and credit worthiness. Trade debts are written off when identified and considered irrecoverable.

4.11 Loans, advances, deposits, prepayments and other receivables

Loans, advances, deposits, prepayments and other receivables are carried at cost less provision made for doubtful receivables based on review of all outstanding amounts at the year end. Loans, advances, deposits, prepayments and other receivables considered irrecoverable are written off.

4.12 Cash and cash equivalent

Cash and cash equivalents are carried in the balance sheet at nominal amounts. For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and balance with banks in current and pls accounts.

4.13 Revenue recognition

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

- Sale of goods is recorded when significant risks and rewards of ownership are transferred to the customer;
- Interest and rental income are recognized on accrual basis;
- Dividend income is recognized when the company's right to receive the dividend is established; and
- Sale of scrap is recognized on actual realization basis.

4.14 Borrowing costs

Borrowing cost incurred on finance obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other mark up interest and other related charges are taken to profit and loss account.

4.15 Ijarah

Ijarah payments under an Ijarah are recognized as an expense in the profit and loss account on a straight-line basis over the Ijarah term.

4.16 Impairment

(a) Financial assets

The Company assesses at each balance date whether there is any objective evidence that a financial asset or a group of financial asset is impaired. A financial asset is deemed to be impaired if and only if there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Any impairment loss on financial assets, including the financial assets carried at amortized cost, is recognized in profit and loss account.

(b) Non-financial assets

The Company continually assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

When impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.



4.17 Financial instruments

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of a financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of the financial asset. While a financial liability or part of a financial liability is derecognized from the balance sheet, when, and only when it is extinguished, i.e. when the obligation specified in the contract is discharged cancelled or expires.

(a) Financial assets

Financial assets are investment in associates, long term loans and advances, long term deposits, trade debts, short term loans and advances, other receivable and cash and bank balances. These are initially recognized at its cost which represent fair value of consideration given for it and subsequent to initial recognition financial assets are carried at cost, if fair value is not materially different at the balance sheet date.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term loans, short term finances, obligations under finance lease, trade and other payables. All financial liabilities are initially recognized at cost, which represents fair value of the consideration received at initial recognition. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measure at amortized cost.

4.18 Off setting of financial instruments

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability, simultaneously.

4.19 Foreign currency translation and transactions

Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Transaction in foreign currencies are converted into rupees at the rate of ruling on the date of transactions. Profit or loss arising on translation is recognized in the profit and loss account currently.

4.20 Related party transactions

All transactions between company and related parties are accounted for in the normal course of business carried out on commercial terms. The company voluntarily place before the board of directors for their consideration and of approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in accordance with normal business price recording proper justification for using if any, alternate pricing mechanism.

4.21 Dividends

Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved.

4.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit and 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 using profit and loss attributable to ordinary shareholders' and the weighted average number of ordinary shares outstanding, adjusted for the effect of all dilutive potential ordinary shares.

4.23 CHANGE IN ACCOUNTING POLICY

Section 235 (Treatment of surplus arising out of revaluation of fixed assets) of the repealed Companies Ordinance, 1984 has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, plant and equipment, surplus on revaluation of fixed assets will now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of property, plant and equipment stands amended as follows:



Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

	As at September 30, 2018		
	As Previously Stated Above —Rs.—	Effect of Restatement —Rs.—	As restated —Rs.—
Impact on Statement of Financial Position			
Surplus on revaluation of Property, plant and equipment (below equity)	502,399,755	502,399,755	-
Surplus on revaluation of Property, plant and equipment (within equity)	-	502,399,755	502,399,755
Impact on Statement of Changes in Equity			
Surplus on revaluation of Property, plant and equipment (within equity)	-	502,399,755	502,399,755
	As at September 30, 2017		
	Stated Above —Rs.—	Restatement —Rs.—	As restated —Rs.—
Impact on Statement of Financial Position			
Surplus on revaluation of Property, plant and equipment (below equity)	523,581,629	523,581,629	-
Surplus on revaluation of Property, plant and equipment (within equity)	-	523,581,629	523,581,629
Impact on Statement of Changes in Equity			
Surplus on revaluation of Property, plant and equipment (within equity)	-	523,581,629	523,581,629

4.24 Segment Reporting

A segment is a distinguishable component within the company that is engaged in providing products and under a common control environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. The company principal business of the Company is manufacturing and selling of refined sugar and by products therefore no segmentation has been provided.



7 LONG TERM LOAN FROM RELATED PARTY - UNSECURED

Subordinated loan from Holding Company		123,416,314	123,416,314
--	--	-------------	-------------

The loan has been advanced by M/s. Haq Bahu Sugar Mills (Pvt.) Ltd which carries markup @ 3 months KIBOR plus 1% (2018: @ 3 months KIBOR plus 1%) payable half yearly. Since the loan will not be repayable within next twelve months therefore the same has been classified as long term liability. The loan is subordinated to certain short term finance facility obtained by the company.

8 LONG TERM LOAN FROM BANK - SECURED

Markup based borrowing from conventional banks (Secured):

Term Finance			
Summit Bank	8.1	75,000,000	75,000,000
Silk Bank	8.2	5,000,000	6,000,000
		80,000,000	81,000,000
Islamic Mode of Financing (Secured):			
Bank Islami	8.3	271,798,518	271,798,518
		271,798,518	271,798,518
		351,798,518	352,798,518
Less: Current Portion of Long term Loans		(347,798,518)	(347,798,518)
		4,000,000	5,000,000

- 8.1 The facility has been obtained from Summit Bank Limited amounting to Rs. 75 million. The facility carries markup @ 3 months KIBOR plus 1% per annum payable quarterly in arrears. The facility is secured against first pari passu charge over present and future fixed assets of the company amounting to Rs. 66.70 million and personal guarantees of all sponsoring directors. The company is in litigation with Summit Bank. Refer note no. 13 and 14.1(c).
- 8.2 The facility has been obtained from Silk Bank Limited amounting to Rs. 100 million. The facility carries no markup. The facility is secured against pledge of refined sugar with 10% margin.
- 8.3 The facility has been obtained from Bank Islami Limited amounting to Rs. 275 million. The facility carries markup @ 3 months KIBOR with a floor of 5% and cap of 12% per annum payable quarterly in arrears. The facility is secured against ranking charge over current assets of the Company with 25% margin.

9 EMPLOYEE BENEFIT OBLIGATIONS

Balance sheet liability		5,953,240	4,850,576
Expenses chargeable to profit and loss account	9.1	1,399,128	1,202,618
Re-measurements chargeable in other comprehensive income	9.2	(170,326)	19,586
Benefits paid		(199,000)	(119,540)
		6,983,042	5,953,240

9.1 Amount charged to profit and loss account

Current service cost	1,032,281	960,676
Interest cost on defined benefit obligation	366,847	241,942
Total amount chargeable to profit and loss account	1,399,128	1,202,618

9.2 Re-measurements chargeable in other comprehensive income

Remeasurement of plan obligation:		
Actuarial (gains)/losses from changes in financial assumptions	12,175	9,231
Experience assumptions	(182,501)	10,355
Total re-measurements chargeable in other comprehensive income	(170,326)	19,586

a) Changes in Present Value of Defined benefit Obligations

Present value of defined benefit obligation	4,092,715	3,178,051
Current service cost	1,032,281	960,676
Interest cost on defined benefit obligation	366,847	241,942
Benefits due but not paid (payables)	(649,495)	(188,000)
Benefits paid	(199,000)	(119,540)
Remeasurements:		
Actuarial (gains)/losses from changes in financial assumptions	12,175	9,231
Experience assumptions	(182,501)	10,355
Present value of defined benefit obligation	4,473,022	4,092,715



9.3 Significant actuarial assumptions

Discount rate used for interest cost in profit and loss account charge	10.00%	8.00%
Discount rate used for year end obligation	12.50%	10.00%
Salary increase used for year end obligation	N/A	N/A
Net salary is increased at	1-Jan-20	1-Jan-19
Mortality rates	2005	2005
Withdrawal rates	Age-Based	Age-Based
Retirement assumption	Age 60	Age 60

9.4 Allocation

Total retirement benefits costs are included in salaries and benefits and allocated as follows:

Cost of sales	671,581	577,257
Administrative and general expenses	727,547	625,361
	1,399,128	1,202,618

9.5 Year end sensitivity analysis (\pm 100 bps) on defined benefit obligation

Discount rate + 100 BPS	4,357,646	3,975,610
Discount rate - 100 BPS	4,604,354	4,224,693
Salary Increase + 100 BPS	4,608,239	4,228,279
Salary Increase - 100 BPS	4,352,109	3,970,256

The average duration of the defined benefit obligation is 3 years.

10 DEFERRED TAXATION

The Liability of Deferred Tax comprises of Temporary differences relating to:

Taxable Temporary Differences

Accelerated Tax Depreciation	212,221,664	192,946,611
Revaluation Surplus	585,712,201	199,178,935
	797,933,865	392,125,546

Deductible Temporary Differences

Retirement Benefit Obligation	(2,025,082)	(1,726,440)
Minimum Tax Available for Carry Forward	(5,216,109)	(3,732,071)
Unused Tax Losses	(599,707,329)	(386,667,035)
	(606,948,520)	(392,125,546)

Asset not recognized

10.1

	-	-
	190,985,345	-

10.1 Deferred tax assets has been restricted to deferred tax liability in preceding year.

11 TRADE AND OTHER PAYABLES

		RUPEES	RUPEES
Creditors for goods and services		1,056,629,495	1,062,135,491
Advance from customers	11.1	1,305,533,793	1,217,796,957
Accrued liabilities		15,820,090	12,632,702
Deposits		39,076	39,076
Road cess		2,448,195	2,448,207
Income tax payable		3,850,200	3,856,160
Workers' profit participation fund	11.2	58,827,516	58,827,516
Workers' welfare fund	11.3	4,616,856	4,616,856
Other liabilities		1,520,694	793,155
		2,449,285,915	2,363,146,120

11.1 Advance from customers includes disputed balance amounting Rs. 521,162,495/- with Trading Corporation of Pakistan. For details refer to note 14.1(b). The matter is subjudice with the appellate authority.

11.2 Workers' profit participation fund



Workers' profit participation fund		58,827,516	58,827,516
------------------------------------	--	------------	------------

No provision has been recognized in the current year due to taxable losses.

11.3 Workers' welfare fund

Balance Outstanding		4,616,856	4,616,856
---------------------	--	-----------	-----------

No provision has been recognized in the current year due to taxable losses.

12 FINANCE COST PAYABLE

Markup on Borrowing from Conventional Banks:

Long Term Financing		37,358,517	26,195,786
Short Term Borrowings		33,320,190	26,314,348
		70,678,707	52,510,134

Islamic Mode of Financing:

Long Term Financing		54,847,088	25,929,877
Short term		53,083,341	51,706,758
		107,930,429	77,636,635

Other

Long Term Financing	12.1	110,186,399	96,533,183
		110,186,399	96,533,183
		268,795,535	226,679,952

12.1 The markup is payable to Haq Babu Sugar Mills (Pvt.) Limited, parent of the Company, calculated @ 3 month KIBOR +1%.

12.2 See note no. 08 and 13.

13 SHORT TERM BORROWINGS

Markup Based Borrowing from Conventional Banks (Secured):

Running Finance	13.1	47,080,879	47,080,879
Short Term Finance	13.2	8,666,667	8,666,667
		55,747,546	55,747,546

Other Financing (Unsecured):

13.3	18,973,000	18,973,000
	74,720,546	74,720,546

13.1 The facility has been obtained from Summit Bank Limited amounting to Rs. 47.24 million. The facility carries markup @ 3 months KIBOR plus 2.5% per annum payable quarterly in arrears. The facility is secured against first hypothecation charge over company stock amounting to Rs. 93.33 million, first pari passu charge over present and future fixed assets of the company amounting to Rs. 34 million and personal guarantees of directors.

13.2 The facility has been obtained from Summit Bank Limited amounting to Rs. 13 million. The facility carries markup @ 3 months KIBOR plus 3% per annum payable quarterly in arrears. The facility is secured against first pari passu charge over all present and future fixed assets of the company amounting to Rs. 96.67 million, post dated cheques as per repayment schedule and personal guarantees of

13.3 This loan is interest free payable to related party, unsecured and is payable with the mutual consent.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- The Company received advances from Trading Corporation of Pakistan (TCP) under four different sugar supply agreements. The Company contends that this amount is not due as the buyer did not fulfil its performance obligations. As a prudent policy, adjustments would be made on finalization of the dispute. The company is of the view that Trading Corporation of Pakistan has made numerous breaches of the agreements causing enormous losses to the Company and has filed a civil suit in court of Honorable Civil Judge, Lahore praying to refer the dispute for arbitration under the terms of the agreements. The matter is pending arguments before the Court.
- During the previous years, the TCP filed a complaint with National Accountability Bureau (NAB), Sindh for recovery of the amount advanced by it as referred in preceding paragraph. Total amount claimed by TCP is Rs. 1,311.528 million being principal amount of Rs. 570.913 million plus Rs. 740.615 million being penalty, markup and other incidental charges. The matter is pending with NAB for disposal and the management expects that outcome will be in its favor and penalty, markup and other incidental charges of Rs. 740.615 million would not be payable, hence no provision there against has been made in these financial statements. During the previous years TCP has encashed Margin on Guarantee deposited by the company with the banks and therefore the principal amount claimed has been reduced to Rs. 521.165 million.



- c) The Summit Bank Limited has filed a recovery suit for Rs. 146,172,551/- against the company and others. The company has filed its leave application in the said suit and arguments on the same were concluded on September 17, 2019, and judgment on the same has been reserved.
- d) The Silk Bank limited entered into a restructuring programme in the earlier years. The company is making payments towards this obligation on bi annual basis as per the terms of the agreement.
- e) The Company had deposited an amount of Rs. 20,832 million of excise duty in 1991-92 under protest with Collector of Custom and Central Excise, Hyderabad on account of rebate of excise duty earlier claimed as per the incentive given by the government. The Honorable High Court of Sindh has decided the case in favor of Collector of Customs. The company has filed an appeal in Supreme Court of Pakistan which is pending for hearing. The management of the company expects favorable outcome. However, as a matter of prudence company has made provision there against in these financial statements.

14.2 Commitments

The company has no commitments at the year end.

15 PROPERTY, PLANT AND EQUIPMENTS

Operating Fixed Assets	15.1	3,672,482,743	2,425,582,769
Capital Work in Progress - At Cost	15.2	60,687,608	54,272,420
		3,733,170,351	2,479,855,189
15.2 Capital work in progress - At cost			
Opening balance		54,272,420	46,917,701
Add: Additions during the year		6,415,188	7,354,719
Less: Transfer to property, plant and Equipments		-	-
	15.2.1	60,687,608	54,272,420
15.2.1 Breakup is as follows			
Plant and machinery		56,549,451	50,134,263
Civil works		4,138,157	4,138,157
		60,687,608	54,272,420

16 LONG TERM DEPOSITS

Long Term Deposits (Interest free and unsecured)

	1,826,165	1,826,165
--	------------------	------------------

17 STOCK IN TRADE

Work in process

Finished goods

150,911,486	99,253,276
51,270,000	84,360,000
202,181,486	183,613,276

18 ADVANCES, DEPOSITS AND PREPAYMENTS

Advances - Unsecured, considered good

Growers

Contractors

Suppliers

Employees

For expenses

Export rebate receivable

37,145,781	36,740,365
1,392,257	1,821,010
21,011,378	21,215,696
1,072,732	1,033,194
5,494,391	5,370,064
15,815,000	15,815,000
81,931,539	81,995,329

Deposits:

Excise duty

Sales tax receivable

20,831,910	20,831,910
503,293	6,196,233
103,266,742	109,023,472
(20,831,910)	(20,831,910)
82,434,832	88,191,562

Provision against excise duty deposit

18.1 These are considered good and recoverable, therefore no impairment has been charged.



15.1 Operating Fixed Assets

Particulars	2019				2018				WDV as at September 30, 2019	
	Cost / Revaluation		Rate	Depreciation	Cost / Revaluation		Rate	Depreciation		
	As at October 01, 2018	Additions			Revaluation surplus	As at September 30, 2019				As at October 01, 2018
RUPEES										
Owned										
Land free hold	8,278,125	--	1,059,666	9,337,791	10	--	--	--	9,337,791	
Experimental land	10,500,000	--	1,344,084	11,844,084	10	--	--	--	11,844,084	
Building on free hold land:										
- Factory	222,805,263	--	48,144,998	270,950,261	10	145,316,571	7,748,869	153,065,440	117,884,821	
- Non factory	90,849,466	--	15,151,303	106,000,769	10	66,463,659	2,438,581	68,902,240	37,098,529	
Plant and machinery	3,119,376,125	--	1,307,272,360	4,426,648,485	5	824,808,485	114,728,382	939,536,867	3,487,111,618	
Electric installations	12,529,128	--	--	12,529,128	10	11,854,886	67,424	11,922,310	606,818	
Tools and equipment	3,526,377	--	--	3,526,377	10	2,889,874	63,650	2,953,524	572,853	
Telephone installation	1,030,151	--	--	1,030,151	10	937,867	9,228	947,095	83,056	
Electric equipment	7,223,203	--	--	7,223,203	10	5,760,900	146,230	5,907,130	1,316,073	
Furniture and fixture	7,691,189	26,040	--	7,717,229	10	6,508,273	120,790	6,629,063	1,088,166	
Office equipment	4,439,008	--	--	4,439,008	10	2,430,763	200,825	2,631,588	1,807,420	
Arms and ammunitions	453,677	--	--	453,677	10	378,019	7,566	385,585	68,092	
Tents and tarpaulins	3,210,660	--	--	3,210,660	10	1,675,472	153,519	1,828,991	1,381,669	
Computers	3,244,163	37,100	--	3,281,263	10	2,342,318	92,337	2,434,655	846,608	
Vehicles	11,986,565	--	--	11,986,565	20	10,198,124	357,688	10,555,812	1,430,753	
Scales and weighbridges	14,000	--	--	14,000	10	9,120	488	9,608	4,392	
TOTAL	3,907,187,100	63,140	1,372,972,411	4,889,192,651		1,081,574,531	126,138,977	1,207,709,968	3,672,482,743	

15.1.1 Depreciation charge for the year has been allocated as follows:

	2019	2018
	RUPEES	RUPEES
Cost of goods manufactured	122,762,333	129,693,331
Administration expenses	3,373,244	3,788,670
	126,135,577	133,482,001

15.1.2 Had there been no revaluation the carrying amount of revalued assets would have been as follows:

	2019	2018
	RUPEES	RUPEES
Land free hold	3,937,054	2,877,288
Experimental land	2,490,004	1,145,920
Building on free hold land:		
- Factory	70,663,174	33,630,050
- Non Factory	17,237,509	5,027,541
Plant and Machinery	2,867,370,372	1,762,975,152
	2,961,696,113	1,805,656,051



15.13 Operating Fixed Assets

Particulars	Cost / Revaluation			Rate %	Depreciation			WDV as at September 30, 2018
	As at October 01, 2017	Additions	As at September 30, 2018		As at October 01, 2017	For the year	As at September 30, 2018	
	RUPEES				RUPEES			
Owned								
Land free hold	8,278,125	--	8,278,125	10	--	--	--	8,278,125
Experimental land	10,500,000	--	10,500,000	10	--	--	--	10,500,000
Building on free hold land:								
- Factory	222,805,263	--	222,805,263	10	136,706,716	8,609,855	145,316,571	77,488,692
- Non factory	90,849,466	--	90,849,466	10	63,754,125	2,709,534	66,463,659	24,385,807
Plant and machinery	3,119,376,125	--	3,119,376,125	5	704,041,767	120,766,718	824,808,485	2,294,567,640
Electric installations	12,529,128	--	12,529,128	10	11,779,970	74,916	11,854,886	674,242
Tools and equipment	3,526,577	--	3,526,577	10	2,819,151	70,723	2,889,874	636,503
Telephone installation	1,030,151	--	1,030,151	10	927,613	10,254	937,867	92,284
Electric equipment	7,223,203	--	7,223,203	10	5,598,422	162,478	5,760,900	1,462,303
Furniture and fixture	7,581,644	109,545	7,691,189	10	6,380,728	127,545	6,508,273	1,182,916
Office equipment	4,439,008	--	4,439,008	10	2,207,625	223,138	2,430,763	2,008,245
Arms and ammunitions	453,677	--	453,677	10	369,613	8,406	378,019	75,658
Tents and tarpaulins	3,210,660	--	3,210,660	10	1,504,895	170,577	1,675,472	1,535,188
Computers	3,244,163	--	3,244,163	10	2,242,113	100,205	2,342,318	901,845
Vehicles	11,986,565	--	11,986,565	20	9,751,014	447,110	10,198,124	1,788,441
Scales and weightbridges	14,000	--	14,000	10	8,578	542	9,120	4,880
TOTAL	3,507,047,555	109,545	3,507,157,100		948,092,330	133,482,001	1,081,574,331	2,425,582,769

15.14 Depreciation charge for the year has been allocated as follows:

	2018 RUPEES	2017 RUPEES
Cost of goods manufactured	129,691,331	75,706,761
Administration expenses	3,788,670	4,262,992
	133,480,001	80,059,753

15.15 Had there been no revaluation the carrying amount of revalued assets would have been as follows :

	2018	2017
Land free hold	2,877,388	2,877,388
Experimental land	1,145,920	1,145,920
Building on free hold land:		
- Factory	30,267,045	33,630,050
- Non Factory	4,524,767	5,027,541
Plant and Machinery	1,674,826,394	1,762,975,152
	1,713,641,494	1,805,656,051



19 CASH AND BANK BALANCES

Cash in Hand	2,509,864	526,763
Cash at Banks		
-Current Accounts	2,462,729	4,141,698
-Saving Accounts	101,071	101,071
	5,073,665	4,769,531

20 SALES - NET

Gross local sales		
Sugar	153,486,900	111,540,000
Molasses	15,138,489	17,323,068
Total gross sales	168,625,389	128,863,068
Less Sales tax	(15,515,389)	(10,140,000)
Sales - Net	153,110,000	118,723,068

Company has made sale to Haq Bahu Sugar Mills (Pvt.) Limited. (holding company) of Rs. 4,200,000/- (2018: nil).

21 COST OF SALES

Cost of sugar cane		116,138,146	163,937,661
Stores and spares consumed		16,456,791	16,053,593
Oil and lubricants consumed		2,653,097	3,508,710
Packing material consumed		810,200	1,200,587
Chemical consumed		2,569,739	5,713,196
Salaries, wages and benefits	21.1	60,655,944	67,500,123
Water, fuel and power		12,194,850	30,082,395
Vehicle running and maintenance		2,682,535	1,947,860
Freight, handling and octroi		3,176,534	4,738,694
Depreciation	15.1.4	122,762,333	129,693,331
Others		5,839,613	7,355,951
		345,939,781	431,732,102
Add: Opening WIP		99,253,276	114,914,525
Less: Closing WIP		(150,911,486)	(99,253,276)
Cost of Goods Manufactured		294,281,571	447,393,351
Add: Opening Finished Goods		84,360,000	-
Less: Closing Finished Goods		(51,270,000)	(84,360,000)
		327,371,571	363,033,351

21.1 It also includes an amount relating to staff retirement benefit.

22 DISTRIBUTION EXPENSES

Stacking and re-stacking charges		928,400	1,140,000
		928,400	1,140,000

23 ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, wages and other benefits	23.1	1,800,000	2,275,361
Fees, subscription and renewals		5,907,804	3,932,616
Vehicle running and maintenance		1,149,659	832,815
Legal and professional charges		5,550	33,600
Printing and stationery		214,025	357,371
Travelling, conveyance and entertainment		2,997,595	3,116,392
Rent, rates and taxes		631,320	260,777
Repairs and maintenance		-	4,600
Auditors remuneration	23.2	1,650,000	1,500,000
Depreciation	15.1.4	3,373,244	3,788,670
Miscellaneous		2,723,838	2,984,768
Entertainment		183,232	78,930
		20,636,267	19,165,900



23.1 It also includes an amount relating to staff retirement benefit.

23.2 **Auditors' remuneration**

Annual audit fee	1,430,000	1,300,000
Review of code of corporate governance	110,000	100,000
Half year review	110,000	100,000
	1,650,000	1,500,000

24 **FINANCE COST**

Mark up on subordinated sponsors' loan	13,653,216	9,544,612
Mark up on long term loan	40,079,944	27,588,221
Mark up on short term borrowings	8,382,423	5,079,448
Mark up on WPPF	-	6,790,792
Bank charges and commission	695,487	233,273
	62,811,071	49,236,347

25 **TAXATION**

Current Year Provision	1,913,875	1,484,038
Deferred Taxation		
Relating to Origination and Reversal of Temporary Differences	(206,528,958)	5,679
Relating to Rate Change	-	7,268,955
	(206,528,958)	7,274,634
	(204,615,083)	8,758,672

25.1 **Relationship between tax expense and accounting profit**

Accounting loss for the year	(258,637,309)	-
Applicable tax rate	29%	30%
Tax on accounting loss	(75,004,820)	-
Tax effect of expenses that are not deductible in determining taxable profit	36,985,064	39,058,540
Tax effect of expenses that are deductible in determining taxable profit	(45,532,138)	(53,407,503)
Adjustment of brought forward losses	(516,155,436)	(424,907,221)
Tax refundable under normal rules	(599,707,329)	(439,256,184)
Tax payable under normal rules	NIL	NIL
Minimum tax liability U/s. 113 (2015: U/s 113 - C)	(5,216,109)	(3,732,071)

26 **LOSS PER SHARE - Basic and diluted**

Loss after taxation for the year attributable to ordinary shareholders	(54,022,226)	(322,611,202)
	NUMBER OF SHARES	
Weighted average number of ordinary shares outstanding during the year	79,261,666	79,261,666
Loss Per share	(0.68)	(4.07)

26.1 **Diluted Earning per Share**

There is no dilution effect on the basic earning per share as the company has no such commitments.

27 **REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company was as follows:

	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
Management Remuneration	-	-	300,000	300,000	3,619,560	3,298,065
Perquisites	-	-	-	-	-	-
	-	-	300,000	300,000	3,619,560	3,298,065
Number of Persons	-	-	1	1	2	2



28 TRANSACTION WITH RELATED PARTIES

Related parties comprise of holding company, subsidiary, associated undertakings, directors of the Company, key employees and staff retirement fund. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Parent, subsidiary and associated undertakings also have some common directorship.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Name of related party	Relationship with the Company	Nature of Transactions	2019 RUPEES	2018 RUPEES
Haq Bahu Sugar Mills Private Limited	Holding company	Mark-up accrued	13,653,216	9,544,612
		Sale of sugar	4,200,000	-
	Key management personnel		930,763	930,763

29 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities are exposed to a variety of financial risks. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Company's financial performance. The Company sets policies, strategies and mechanisms, which aim at effective management of these risks within its unique operating environment. The key financial risks include credit risk, liquidity risk and interest rate risk.

Risk management is carried out in accordance with established policies and guidelines approved by the Board of Directors. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management objectives and policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. 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 continuously monitors credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

Financial Assets		
Long term deposits	1,826,165	1,826,165
Advances, deposits and prepayments	59,549,416	59,777,071
Bank Balances	2,563,800	4,242,768
	63,939,381	65,846,005

Bank balances are held only with reputable banks. The credit rating of banks holding balances is given below:

Name of Bank	Rating Agency	Short Term	Long Term
Silk Bank Limited	JCR-VIS	A-2	A-
Bank Islami Pakistan Limited	PACRA	A1	A+
Summit Bank Limited	JCR-VIS	A-1+	A-
Sindh Bank Limited	JCR-VIS	A-1+	AA

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



b) **Liquidity Risk**

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate actions for new requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2019				
	Carrying Amount	Contractual Cash Flows	One Year or Less	One Year to Two Years	Two Years to Five Years
Non Derivative Financial Liabilities					
Long term loan from related party - unsecured	123,416,314	178,448,494	18,377,534	18,327,323	141,743,637
Long term loan from bank - secured	351,798,518	440,912,069	44,617,729	-	396,294,340
Short term borrowings - secured	74,720,546	9,864,270	9,864,270	-	-
Finance cost payable	288,795,535	288,795,535	288,795,535	-	-
Trade and other payables	1,143,752,122	1,143,752,122	1,143,752,122	-	-
	1,982,483,035	2,061,772,489	1,505,407,190	18,327,323	538,037,977

	2018				
	Carrying Amount	Contractual Cash Flows	One Year or Less	One Year to Two Years	Two Years to Five Years
Non Derivative Financial Liabilities					
Long term loan from related party - unsecured	123,416,314	160,030,316	12,193,532	12,226,939	135,609,846
Long term loan from bank - secured	352,798,518	449,302,094	32,138,508	32,226,559	384,937,027
Short term borrowings - secured	74,720,546	7,093,617	7,093,617	-	-
Finance cost payable	226,679,952	226,679,952	226,679,952	-	-
Trade and other payables	1,145,349,163	1,145,349,163	1,145,349,163	-	-
	1,922,964,493	1,988,455,142	1,423,454,772	44,453,498	520,546,873

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 September. Rates of interest / mark - up and their maturities are given in the respective notes.

c) **Market Risk**

(i) **Interest Rate Risk**

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

Variable rate instruments at carrying amounts:

Financial Liabilities

Long term loan from related party - unsecured	123,416,314	123,416,314
Long term loan from bank - secured	351,798,518	352,798,518
Short term borrowings - secured	74,720,546	74,720,546
	549,935,378	550,935,378

Interest bearing financial assets:

Bank Balances In Deposit / Saving Accounts	101,071	101,071
	101,071	101,071

Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss / profit for the year by the amounts shown below:

Effect on loss / profit due to change of 100 BPs		
Increase	483,137	410,295
Decrease	483,137	410,295

(ii) **Equity Price Risk**

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of the balance sheet date, the Company is not exposed to any such risk.



(iii) Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist as a result of transactions with foreign undertakings. As of the balance sheet date, the Company is not exposed to any such risk.

d) Fair Value of Financial Assets and Liabilities

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 CAPITAL MANAGEMENT

The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios while continue as going concern in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholder, issue new shares or sell assets to reduce debts or raise debts, if required.

As of the balance sheet date, the management considers that the capital of the Company is sufficient to meet the requirements of the business. The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as under:

Long term loan from related party - unsecured	123,416,314	123,416,314
Long term loan from bank - secured	351,798,518	352,798,518
Short Term Borrowings	74,720,546	74,720,546
Less: Cash and Cash Equivalents	5,073,665	4,769,531
Net Debt	544,861,713	546,165,847
Total Equity	576,851,187	(344,755,016)
Gearing Ratio	94%	-158%

31 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at September 30, 2019 and 2018 respectively are as follows:

	2019	2018
Average number of employees during the year	257	393
Number of employees as at year end	193	231

32 CAPACITY AND PRODUCTION

Year	No. of Days Mill Operated	Crushing Capacity (M.Tons)	Total Crushing Capacity (M.Tons)	Sugar Production (M.Tons)	Actual Crushing (M.Tons)	Recovery ratio
2019	38	5,500	209,000	1,755	24,778	7.083%
2018	70	5,500	385,000	3,096	39,361	7.865%

Reason for shortfall:

Due to normal technical stoppages during the season, 100% crushing capacity could not be achieved.

The normal season days are 150 days for sugar cane crushing.

Production was restricted to the availability of raw materials to the Company.

33 CORRESPONDING FIGURES

The corresponding and comparative figures have been rearranged and reclassified for the purpose of comparison and better presentation however there has been no significant reclassification, effecting the financial results.



34 AUTHORIZATION DATE

These financial statements were authorized for issue on Feb 06, 2020 by the Board of Directors of the Company.

35 SUBSEQUENT EVENTS

The company is in the process to commence commercial operations for the current crushing and manufacturing.



CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR