BABA FARID

SUGAR MILLS LIMITED



39TH Annual Report 2017


BABA FARID SUGAR MILLS LTD.
OKARA



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs. Naheed Roohi	Chairperson
Muhammad Sarwar	Chief Executive
Mr. Mirza Maqsood-ul-Hassan	Executive
Mr. Shahid Mahmood Quershi	Non-Executive
Syed Qaissar Abbas Naqvi	Non-Executive
Ms. Rafia Aslam	Non-Executive
Muhammad Ashraf	Independent Director

AUDIT COMMITTEE

Muhammad Ashraf	Chairman
Ms. Rafia Aslam	Member
Syed Qaissar Abbas Naqvi	Member
Mr. Shahid Mahmood Quershi	Member

HR & R COMMITTEE

Mrs. Naheed Roohi	Member
Ms. Rafia Aslam	Member
Mr. Shahid Mahmood Quershi	Member

COMPANY SECRETARY

Muhammad Ibrahim Raza

CHIEF FINANCIAL OFFICER

Muhammad Khalid Ali

HEAD OF INTERNAL AUDIT

Mr. Shahid Iqbal Mirza

AUDITORS

M/s Hasnain Ali & Co
Chartered Accountants

Room # 103, 1st Floor, Regency Plaza
Near Mini Market, Gulberg III, Lahore.
Tel; 042-35755212, Fax; 042-35755213
Email ; info@hac.com.pk

SHARE REGISTRAR

M/s. Corplink (Pvt.) Ltd.
Share Registrar & Corporate Consultants
Wing Arcade, 1-K, Commercial
Model Town, Lahore
Tel; 042-35916714, Fax; 042-35869037
Email ; corplink786@gmail.com

MILLS

5. K.M. Faisalabad Road
Okara
Tel; 0442-522878, 524279, Fax; 0442-522978

REGISTERED OFFICE

Suite - T 09, 3rd Floor, Hafeez Centre 75 - E/1
Main Boulevard, Gulberg III, Lahore
Tel; 042-35884180-5, Fax; 042-35884138-39
Email ; info@bfsml.com

BANKERS

Habib Bank Limited
Bank Al-Habib Limited
United Bank Limited
MCB Bank Limited
J.S Bank Limited

LEGAL ADVISOR

MOHSIN TAYEBALY & CO.
Corporate Legal Consultants | Barristers & Advocates | High Courts & Supreme Courts
Lahore Office: 102-C/1, St. John's Park (opp Fortress Stadium). Lahore Cantt, Lahore
Tel: (92-42) 36672102
Email: arshad.mirza@mtclaw.com.pk



VISION STATEMENT

Efficient organization with professional competence of top order is engaged to remain a Market leader in the sugar industry in manufacturing and marketing of white sugar.

To ensure attractive returns to business associates and shareholders as per their expectations.

MISSION STATEMENT

Quality objectives are designed with a view to enhance customer satisfaction and operational efficiencies.

To be a good corporate citizen to fulfill the social responsibilities.

Commitment to building Safe, Healthy and Environment friendly atmosphere.

We value the social and economic well being of our partners and strive for a harmonious environment conducive to team performance.

The quality policy also encompasses our long term Strategic Goals and Core Values, which are integral part of our business.

STRATEGIC GOALS

Providing Customer Satisfaction by serving with superior quality production of white sugar at lowest cost.

Ensuring Security and Accountability by creating an environment of security and accountability for employees, production facilities and products.

Ensuring Efficient Resource Management by managing human, financial, technical and infrastructural resources so as to support all our strategic goals and to ensure highest possible value addition to stakeholders.

CORE VALUES

Striving for continuous improvement and innovation with commitment and responsibility;

Treating stakeholders with respect, courtesy and competence;

Practicing highest personal and professional integrity;

Maintaining teamwork, trust and support with open and candid communication; and

Ensuring cost consciousness in all decisions and operations.

NOTICE OF ANNUAL GENERAL MEETING

39TH

ANNUAL GENERAL MEETING



NOTICE is hereby given that the Thirty ninth Annual General Meeting of the members of Baba Farid Sugar Mills Limited will be held on Wednesday, 31st January, 2018 at 9:30 A.M. at 42-G, Gulberg-III, Near Firdous Market, Lahore to transact the following business :-

A. ORDINARY BUSINESS

1. To confirm the minutes of 38th Annual General Meeting held on 31st January 2017.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended September 30, 2017 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year ending September 30, 2018 and fix their remuneration. The retiring auditors, Hasnain Ali & Company, Chartered Accountants, Lahore, being eligible, have offered themselves for re-appointment.

B. SPECIAL BUSINESS

4. To consider, and if thought fit to pass the following resolutions as Special Resolution:
   a) 'RESOLVED that the transactions carried out by the Company in the normal course of business with related parties for the period from 01.10.2016 to date be and are hereby ratified, approved and confirmed.'

   b) 'FURTHER RESOLVED that the Chief Executive Officer of the Company or his nominee be and is hereby authorized to approve all the transactions carried out and to be carried out in the normal course of business with related parties till the next Annual General Meeting of the Company and in this connection the Chief Executive Officer of the Company or his nominee be and is hereby authorized to take any and all necessary actions and sign / execute any and all such documents / indentures as may be required in this regards on behalf of the Company.'
5. To consider any other business with the permission of the chair.

BY ORDER OF THE BOARD

Muhammad Ibrahim Raza
Company Secretary

January 05, 2018

BABA FARID SUGAR MILLS LIMITED

STATEMENT U/S 134(3) OF THE COMPANIES ACT, 2017

1) Related Party Transactions (RPTs)

a) **Transactions with Imporient Chemicals (Private) Limited**:-

The Company purchased chemicals from its associated undertaking i.e. 'M/s Imporient Chemicals (Private) Limited '' amounting to Rs.13,796,503/- for the period commencing October 01, 2016 to period ending September 30, 2017 in the normal course of business . The prices, terms and conditions agreed between the companies are based on arm length basis. The directors of the Company have no interest whatsoever both directly or indirectly except for common directorship of Mr.Maqsood –ul –Hassan.

b) **Transaction with Pattoki Sugar Mills Limited:-**

The Related Party Transactions conducted with holding company i.e. M/s Pattoki Sugar Mills Ltd. had to be approved by the Board duly recommended by the Audit Committee on quarterly basis pursuant to clause (15) of the Code of Corporate Governance, 2017. However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the subsidiary company, the quorum of directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in the General Meeting.

The Directors are interested in the resolution to the extent of their common directorships and shareholding in the subsidiary company.

1. Following were the common directors in Pattoki Sugar Mills Limited and Baba Farid Sugar Mills Limited respectively:-
    a. Mr.Maqsood ul Hassan
    b. Mr.Muhammad Sarwar
    c. Ms.Naheed Roohi
    d. Ms.Rafia Aslam
    e. Mr.Muhammad Ashraf

The Company i.e. Baba Farid Sugar Mills Limited has been unable to negotiate overdraft facilities with financial institutions on standalone basis due to its negative equity and hence is dependent on financial support from its Holding Company i.e. Pattoki Sugar Mills Limited to meet its working capital requirements . The Company in the past applied to SECP for approval of converting long term loan from the holding company to equity which would have allowed the Company to borrow on standalone basis from financial institutions .However, the said application was rejected by SECP and the Company has been left with no option to have arrangements with financial institutions on Group basis (Both Holding & Subsidiary Company)

The Group is in the process of negotiating short term finance facilities from financial institutions to the tune of maximum amount of Rs.1.0 Billion with mark –up ranging from (KIBOR 1.5% to 3%) whereby the disbursement will be made in the Holding Company against the collateral of pledge stock of sugar of both the Holding Company i.e. Pattoki Sugar Mills Limited as well as the subsidiary company i.e. Baba Farid Sugar Mills Limited. These facilities shall have validity for a period of one year.

Notes:

(1) The Share Transfer Books of the Company will remain closed from January 25, 2018 to January 31, 2018 (both days inclusive). Transfer received at the office of Share Registrar of the Company, i.e. M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, at the close of business on January 24, 2018 will be considered in time for entitlement to attend the Meeting.

(2) All members should bring their original Computerized National Identity Card at the time of meeting.

(3) All members of the Company are entitled to attend the Meeting and vote thereat in person or through Proxy. A proxy, duly appointed, shall have such rights as respects speaking and voting at the meeting as are available to a member. The proxies shall produce their original CNICs or original Passports at the time of the Meeting.

(4) A member of the Company may appoint another member as his/her Proxy to attend and vote instead of him/her. A Corporation being a member may appoint any person, whether or not a member of the Company, as it's Proxy. In the case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, unless provided earlier, shall be submitted to the Company along with the Proxy Form.

(5) Proxy Forms, duly filled and signed, must be received at the Registered Office of the Company, not less than forty eight (48) hours before the Meeting. A blank Proxy Form is annexed with the report.

(6) All those shareholders who have not yet submitted their valid copies of CNIC/National Tax Number are requested to send the copies of the same along with Folio Number at the earliest to the Share Registrar of the Company.

STATEMENTS OF MATERIAL FACTS

Under Section 134(3) of the Companies Act, 2017

A Statement required under this Section relating to Special Business of agenda item No. 04, is appended to the Notice of this Meeting being sent to the shareholders of the Company by post.

BABA FARID SUGAR MILLS LIMITED

CHAIRPERSON'S REVIEW REPORT

It gives me a great pleasure to present you the annual audited financial statements for the year ended September 30th, 2017.

The Board meets frequently, review and discuss its performance to discharge its responsibilities. I would like to inform you that overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process and always there is a place for improvement.

Board plays an effective role for fulfilling its responsibilities, improvement in governance and will do for betterment in the future. Board held annual review and discussed the company's performance.

FINANCIALS

This has been the second consecutive year where your company earned profit before tax . Sales revenue for the year ended September 30,2017 increased by 52.85% to Rs 1,932.15 million against Rs.1,264.12 million for the year to September 30,2016 due to increase in sale of sugar. The gross profit rose by 39.92% to Rs. 194.67 million against Rs. 139.13 million of last year.

The company earned profit before tax of Rs. 23.96 million for the year ended September 30, 2017 against Rs. 3.24 million in the preceding year, up by 640%. The profit after tax grew by 136.51% to Rs. 29.54 million against Rs. 12.49 million in the preceding year.

During the year under review, the yield of sugarcane was low as compared to potential yields. The gap between potential and actual yield is very wide due to post-harvest losses. Majority of the growers do not follow modern practices like inter-culturing, fertilizer application, sprays and timely irrigation. The problems of post harvest losses also include improper handling, harvesting and inadequate transport facilities. However , the management has employed new strategies which include dedicated workshops and on the spot training of farmers for employing different techniques for increasing yields which will enable the company to earn more profits for its shareholders as well as other stakeholders .

I would like to acknowledge and thank the trust and confidence posed by our customers, share holders and banking institutions for their continued support and co-operation for the betterment of the company. I would also like to thank officers and staff members, and they deserve for better results for the year and I wish the team every success in the coming years.

Lahore, January 05, 2018

Naheed Roohi

(Mrs. Naheed Roohi)
Chairperson

GOING CONCERN

The Auditors of the Company have raised doubts on the Company's ability to continue as a going concern on the basis of heavy accumulated losses. The management has no doubts about the Company's ability to continue as a going concern and is justify for the preparation of financial statements on going concern basis due to improvement of sugarcane recovery percentage, better sale rate of sugar, increase in gross profit and net profit for the year.

FUTURE OUTLOOK

The Punjab Government has maintained the minimum support price of sugarcane. Purchase price of cane is Rs180/= per 40 kg. It is expected Sugarcane crop will be higher than as compared to the year under review.

The falling film Evaporators is at the completion stage and it is expected that the successful completion / running shall significantly contribute towards surplus bagasse.

The management of the company is anticipating a tough and challenging season for the sugar industry and is doing its utmost efforts to improve the profitability of the company by focusing on reduction of production cost especially financial cost and improvement in production efficiencies. We have devised a long term strategy to cope with situation to reduce our dependence on the borrowing in the coming years.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchanges in their Listing Regulations, relevant to the year ended September 30, 2014 have been duly complied with. A statement to this effect is annexed with the review report from the auditors

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors hereby declares that:

- The financial statements present fairly the state of affairs of the company, the results of its operation, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, and the requirements of Companies Ordinance 1984 have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts about the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- Information about taxes and levies is given in the notes to the accounts
- A statement regarding key financial data for the last six years is annexed to this report

BOARD MEETINGS

During the year under review five (05) Meetings of the meetings of the Board of Directors were held. Participation of Directors is as follows:

Name Of Director	No of Meeting Attended
Mr. Muhammad Sarwar	5
Mr. Shahid Mahmood Quershi	5
Mrs. Naheed Roohi	5
Mrs. Rafia Aslam	3
Mr. M. Maqsood ul Hassan	4
Mr. Muhammad Ashraf	1
Sayed Qaissar Abbas Naqvi	2



*Meetings attended during the tenure

The Board granted leave of absence to the directors who could not attend the Meeting.

AUDIT COMMITTEE

The Board has constituted an audit committee consisting of four members including chairman of the committee. The committee regularly meets as per requirements of the code.

The committee supervises the internal control procedures through internal audit department and review financial statements periodically, before the same are circulated. The audit committee is also responsible for recommending the appointment of auditors and ensures their independence with regard to services provided by them.

A total of four (04) meetings of the Audit Committee were held during the year.

BOARD HUMAN RESOURCE COMMITTEE

A Human Resource and Remuneration Committee have been in existence since the enforcement of the Revised Code of Corporate Governance, which comprises of three Directors. During the year two meeting of the Human Resource and Remuneration Committee was held.

PATTERN OF SHAREHOLDING

A statement of pattern of shareholding is annexed.

No trading in the shares of the company was carried out by the Directors, CEO, and CFO, Company Secretary and their spouses and minor children during the year except those that have been duly reported as per law.

AUDITORS

The present Auditors of M/s. Hasnain Ali & Co., Chartered Accountants, Lahore stand retired and have offered themselves for re appointment for the year 2018. The Audit Committee has recommended to the Board the re appointment of M/s. Hasnain Ali & Co., Chartered Accountants, Lahore, being eligible and offered themselves for appointment as auditors of the Company for the year ended September 30, 2018. Therefore, Board of Directors has proposed to the shareholder to appoint M/s. Hasnain Ali & Co., Chartered Accountants, as Auditors of the Company for the year ending September 30, 2018.

ACKNOWLEDGEMENT

The Board would like to thank the shareholders and bankers for their trust and continued support extended to the company for its smooth operation. The Board would also like to place on record its appreciation for the efforts, loyalty and hard work of all the workers, staff and management team and hope that the same spirit would continue in future as well.

For and on behalf of the Board
(Muhammad Sarwar)
Chief Executive

Lahore, January 5, 2018

ممبران کیلئے ڈائریکٹرز کی رپورٹ

کمپنی کی 39ویں سالانہ رپورٹ پیش کرنا میرے لئے باعث مسرت وافتخار ہے۔ ڈائریکٹرز کیلئے یہ امر باعث فخر ہے کہ وہ آڈیٹرز کے ساتھ مل کر 30 ستمبر 2017ء کے اختتام پر سالانہ آڈٹ شدہ فنانشل سٹیٹمنٹس پیش کررہے ہیں۔

مالی نتائج گزشتہ سال کے مقابلہ میں کمپنی کے مالی نتائج میں قدرے بہتری دیکھنے میں آئی ہے۔ بنیادی مالی نتائج کی تفصیل وجائزہ حسب ذیل ہے۔

	2015-16 (ملین)	2016-17 (ملین)
سیلز	1,264.12	1,932.15
کل منافع	139.13	194.67
ٹیکس سے پہلے منافع/(نقصان)	3.24	23.96
سال کیلئے منافع/(نقصان)	12.49	29.54
فی شیئر پر بنیادی اور مجموعی کمائی/(نقصان)	1.32	3.13

کمپنی نے سالانہ مبلغ 29.54 ملین ٹیکس کی ادائیگی کے بعد گزشتہ سال 12.49 ملین کے مقابلہ میں 136.49 فیصد منافع کمایا ہے۔ اس طرح فی شیئر پر گزشتہ سال کے 1.32 روپے کے مقابلہ میں 3.13 روپے اضافہ ہوا ہے۔

عملی کارکردگی کا جائزہ گزشتہ سال کے تقابلی جائزہ کے بعد کمپنی نتائج حسب ذیل ہیں۔

	2015-16	2016-17
سیزن کا آغاز	27نومبر2015ء	19نومبر2016
سیزن کا اختتام	05مارچ2016ء	26مارچ2017
پیسائی کے دن	100	128
گنے کی پیسائی (میٹرک ٹن)	261,931	393,035
شوگر کی ریکوری (فیصد)	9.165 %	9.109 %
شوگر کی مصنوعات (میٹرک ٹن)	23,943	35,497
شیرے کی ریکوری (فیصد)	4.65%	4.739%
شیرے کی پیداوار (میٹرک ٹن)	12,155	18,495

حکومت پنجاب کی جانب سے پیسائی کے سیزن 17-2016ء کے دوران فی 40 کلوگرام گنے کی قیمت مبلغ -/180 روپے رہی۔ انتظامیہ نے اوسط قیمت کو کم از کم کرنے کیلئے موزوں اقدامات اُٹھائے اور حکومت کی منظور شدہ قیمت پر فروخت کو ممکن بنایا۔

زیر نظر سال کے دوران 393,035 میٹرک ٹن گنے کی پیسائی کی گئی اور شوگر کی پیداوار 9.109 فیصد ریکوری کیساتھ 35,497 میٹرک ٹن رہی جبکہ گزشتہ سال 261,931 میٹرک ٹن گنے کی پیسائی کی گئی اور اوسط ریکوری 9.165 فیصد کے ساتھ شوگر کی پیداوار 23,943 میٹرک ٹن رہی۔

ڈیویڈنڈ

کمپنی مجموعی طور پر نقصان میں رہی لہٰذا کمپنی کے ڈائریکٹرز کی جانب سے کوئی ڈیوڈنڈ منظور نہیں کیا گیا۔

حالیہ تشویش

مجموعی طور پر بھاری نقصان اُٹھانے کی وجہ سے کمپنی کے آڈیٹرز نے کمپنی کی صلاحیتوں پر تشویش کا اظہار کیا ہے۔اس تشویش کے برعکس کمپنی کی انتظامیہ کو کمپنی کی صلاحیتوں پر مکمل بھروسہ ہے اور رواں سال گنے کی ریکوری کی شرح فیصد میں بہتری، شوگر کی بہتر قیمتوں، نیٹ منافع اور مجموعی منافع میں اضافہ کے باعث بہتری کی اُمید کی جاسکتی ہے۔

مستقبل کے امکانات

حکومت نے گنے کی کم از کم امدادی قیمت کو برقرار رکھا۔ گنے کی نئی قیمت فی 40 کلوگرام مبلغ-/180 روپے ہے جبکہ کاشتکار ابھی بھی اضافی قیمت کا مطالبہ کر رہے ہیں۔

توقع کی جاتی ہے کہ گنے کی فصل کی پیسائی کے سیزن میں گزشتہ سال کے مقابلہ میں اضافہ ہوگا۔ پیداواری مواد تکمیل کے آخری مراحل میں ہے اور اگر یہ اسی طرح کامیابی سے جاری رہا تو توقع کی جاتی ہے کہ مجموعی منافع میں بہتری ہوگی۔

کمپنی کی انتظامیہ کیلئے یہ سیزن مشکل اور مقابلہ کن رہے گا جسے پیداواری لاگت میں کمی بالخصوص مالی لاگت اور پیداواری کارکردگی میں بہتری کے رجحان سے ٹھیک کیا جاسکتا ہے۔آئندہ سالوں میں ہمیں قرضوں پر انحصار سے بچنے کیلئے ایک طویل المیعادی حکمت عملی مرتب کرنا ہوگی۔

کارپوریٹ گورننس کے ضابطوں کی تعمیل

30 ستمبر 2014ء کے سال کے اختتام سے متعلقہ پاکستان سٹاک ایکسچینج کے فہرست سازی قوانین میں مقرر کردہ کارپوریٹ گورننس کے کوڈ کی ضرویات کے مطابق ہے۔اس حوالے سے آڈیٹرز سٹیٹمنٹ کی ری ویو رپورٹ منسلک ہے۔

کارپوریٹ اور فنانشل رپورٹنگ کا فریم ورک

بورڈ آف ڈائریکٹرز کی جانب سے مطلع کیا جاتا ہے کہ:

- ☆ یہ فنانشل سٹیٹمنٹس کمپنی کے معاملات، کمپنی کی کارکردگی کے نتائج، کیش کے فلو اور ایکوئٹی میں تبدیلیوں کے حوالے سے نہایت شفاف طور پر پیش کی گئی ہے
- ☆ کمپنی کے بک آف اکاؤنٹس کو باقاعدہ طور پر برقرار رکھا گیا ہے
- ☆ فنانشل سٹیٹمنٹس کی تیاری کیلئے فنانشل سٹیٹمنٹ کے نوٹس میں واضح کردہ اکاؤنٹنگ پالیسوں کو مسلسل ملحوظ خاطر رکھا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات ایک ذمہ دارانہ تشخیص و تجزیہ پر مبنی ہیں۔
- ☆ فنانشل سٹیٹمنٹس پاکستان میں رائج انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز اور کمپنیز آرڈیننس 1984ء کے تقاضوں کے عین مطابق تیار کی گئی ہے
- ☆ انٹرنل کنٹرول کا نظام مضبوط ہے اور اس پر مئوثر طریقہ سے عمل درآمد اور اس کی بہترین مانیٹرنگ کی جاتی ہے۔
- ☆ تشویش کے باوجود کمپنی کی صلاحیتوں پر کوئی شک نہیں کیا جاسکتا ہے۔
- ☆ کارپوریٹ گورننس کی جانب سے فہرست سازی کے قواعد وضوابط کی تفصیلات کے مطابق بہتر کارکردگی کی بدولت بہتر نتائج حاصل ہوئے
- ☆ ٹیکس وغیرہ کے بارے میں معلومات اکاؤنٹس نوٹس میں درج ہیں۔
- ☆ رپورٹ کے ساتھ گزشتہ چھ سالوں کے بنیادی فنانشل ڈیٹا کی سٹیٹمنٹ منسلک ہے

بورڈ کا اجلاس

زیرغور سال کے دوران بورڈ آف ڈائریکٹرز کی جانب سے پانچ اجلاس منعقد کروائے گئے جس میں درج ذیل ڈائریکٹرز نے شمولیت اختیار کی:

ڈائریکٹرز کے نام	اجلاس کی تعداد جن میں شرکت کی

1.	مسٹر محمد سرور	5
2.	مسٹر شاہد محمود قریشی	5
3.	مسز ناہید روہی	5
4.	مسز رافع اسلم	3
5.	مسٹر ایم مقصود الحسن	4
6.	مسٹر محمد اشرف	1
7.	سید قیصر عباس نقوی	2

*مدت کے دوران اجلاس میں شامل رہے

بورڈ نے اُن ڈائریکٹرز کو رخصت عنایت کی جو اجلاس میں شمولیت اختیار نہیں کر پائے۔

آڈٹ کمیٹی

بورڈ نے بشمول چیئرمین چار ارکان پر مشتمل ایک آڈٹ کمیٹی مقرر کی ہے۔ یہ کمیٹی کوڈ کے تقاضوں کے مطابق باقاعدہ کام کرتی ہے۔ کمیٹی انٹرل آڈٹ ڈیپارٹمنٹ کے تحت انٹرنل کنٹرول کے طریقہ کار کی نگرانی اور فنانشل سٹیٹمنٹس کی متعلقین تک رسائی سے قبل وقتاً فوقتاً اس پر نظر ثانی کرتی ہے۔ آڈٹ کمیٹی آڈیٹرز کی تعیناتی کے لئے سفارشات اور ان کو خدمات کی ادائیگی میں یقینی خودمختاری فراہم کرنے کی ذمہ دار ہے۔ زیرغور سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد کئے گئے۔

بورڈ ہیومن ریسورس کمیٹی

ترمیم شدہ کوڈ آف کارپوریٹ گورننس کے نفاذ کے بعد تین ڈائریکٹرز پر مشتمل ہیومین ریسورس اینڈ ریمیونیریشن کمیٹی کام کر رہی ہے۔ زیرغور سال کے دوران ہیومین ریسورس اینڈ ریمیونیریشن کمیٹی کے دو اجلاس منعقد کئے گئے۔

شیئر ہولڈرز کی ترتیب

شیئر ہولڈر کی ترتیب سے متعلقہ فہرست منسلک ہے

زیرغور سال کے دوران کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کے رشتہ دار اور چھوٹے بچوں (ماسوائے ان کے جو قانون کے مطابق مطلع کرنے کے پابند ہیں) نے کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی

آڈیٹرز

موجودہ آڈیٹر میسرز حسنین علی اینڈ کمپنی؛ چارٹرڈ اکاؤنٹنٹس، لاہور نے ریٹائرمنٹ کے بعد اپنی خدمات کی سال 2018ء کیلئے دوبارہ پیشکش کی ہے۔ آڈٹ کمیٹی نے میسرز حسنین علی اینڈ کمپنی؛ چارٹرڈ اکاؤنٹنٹس، لاہور کی اہلیت اور ان کی جانب سے دوبارہ تعیناتی کی درخواست کے پیشکش کے پیش نظر بورڈ کو سفارش کی ہے کہ وہ انہیں سال 2018ء کیلئے دوبارہ تعینات کریں۔ اسی طرح بورڈ آف ڈائریکٹرز نے شیئر ہولڈرز کو یہ پیشکش کی ہے کہ میسرز حسنین علی اینڈ کمپنی؛ چارٹرڈ اکاؤنٹنٹس، لاہور کو سال 30 ستمبر 2018ء کے لئے دوبارہ تعینات کریں

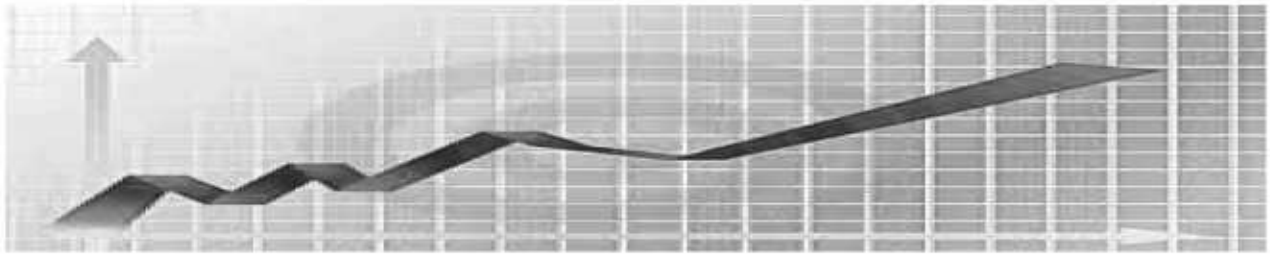
اعتراف

بورڈ شیئر ہولڈرز اور بینکرز کے اعتماد اور کمپنی کی ترقی کیلئے ان کی خدمات پر تہہ دل سے مشکور ہے۔ بورڈ اپنے تمام ورکرز، سٹاف اور مینجمنٹ ٹیم کی محنت اور کوششوں کو خراج تحسین پیش کرتے ہوئے اُمید کرتا ہے کہ مستقبل میں بھی وہ اسی محنت اور مستعدی سے کام کرتے رہیں گے۔

بحکم بورڈ (محمد سرور) چیف ایگزیکٹو

لاہور 05 جنوری 2018ء

SIX YEARS' REVIEW AT GLANCE



		2017	2016	2015	2014	2013	2012
OPERATIONAL PERFORMANCE							
Crusting Days	Days	128	100	94	111	129	114
Total Cane Milled	M.Tons	393,035	261,930	249,227	407,635	413,485	342,173
Sugar Produced	M.Tons	35,497	23,943	21,845	39,062	37,742	32,263
Sugar Recovery	%age	9.109%	9.165%	8.82%	9.60%	9.14%	9.43%
Molasses Produced	M.Tons	18,495	12,155	11,209	18,960	23,120	15,515
Molasses Recovery	%age	4.74 %	4.65%	4.52%	4.66%	5.59%	4.54%
Support Price	Rupees	180	180	180	170	170	150
OPERATING RESULTS (MILLION)							
Sale		1,932.15	1,264.12	1,638.08	1,754.60	1,955.01	1,839.80
Gross Profit/(Loss)		194.67	139.13	41.87	266.76	85.92	52.90
Net Profit/(Loss) before Taxation		23.96	3.24	(204.86)	2.84	(135.65)	(222.92)
Net Profit/(Loss) after Taxation		29.54	12.49	(198.71)	8.72	(132.32)	(255.87)
Basic Earnings (Loss) Per share		3.13	1.32	(21.03)	0.92	(14.00)	(27.08)
Ratios							
Gross Profit/(Loss)		10.07%	11.00%	2.56%	15.20%	4.39%	2.88%
ASSETS EMPLOYED (MILLION)							
Operating assets		2,518.37	2,475.98	2,037.78	2,083.26	1,952.25	1,898.86
Current assets		965.17	808.35	596.37	917.50	591.48	753.20

PATTERN OF SHAREHOLDINGS

01 Incorporation Number

02 Name Of the Company BABA FARID SUGAR MILLS LIMITED

03 Pattern of holding of shares held by shareholders as at September 30, 2017

SHAREHOLDING

04	NO. OF SHAREHOLDERS	FROM	To	TOTAL SHARES HELD
	682	1	100	18,562
	392	101	500	73,003
	36	501	1,000	28,905
	44	1,001	5,000	106,748
	5	5,001	10,000	30,088
	1	10,001	15,000	10,500
	2	35,001	40,000	77,668
	1	50,001	55,000	50,853
	1	135,001	140,000	136,995
	1	440,001	445,000	441,601
	1	915,001	920,000	916,000
	1	7,555,001	7,560,000	7,559,077
	1,167			**9,450,000**

5	Categories of Shareholders	Shares Held	Percentage
5.1	Directors, Chief Executive Officers, and their spouse and minor children	1,419,284	15.0189%
5.2	Associated Companies, undertakings and related parties	7,696,072	81.4399%
5.3	NIT and ICP	1,000	0.0106%
5.4	Bank Development Financial Institutions, Non Banking Financial Institutions	100	0.0011%
5.5	Insurance Companies	0	0.0000%
5.6	Modarabas and Mutual Funds	0	0.0000%
5.7	Share holders holding 10%	7,696,072	81.4399%
5.8	General Public		
	a) Local	333,018	3.5240%
	b) Foreign	0	0.0000%
5.9	Others (to be specified) Joint Stock Companies	526	0.0056%

6.0 Signature of Company Secretary

7.0 Name Of Signatory Muhammad Ibrahim Raza

8.0 Designation Company Secretary

9.0 NIC Number 35201-8459576-7

10.0 Date 30-Sep-17

CATEGORIES OF SHAREHOLDING

As Required Under Code Of Corporate Governance (CCG) As On September 30, 2017

Sr. NO	Name	No. Of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Names Wise Detail):			
1	M/s Pattoki Sugar Mills LTD.	7,696,072	81.4399
Mutual Funds (Name Wise Detail)			-
Directors and their Spouse and Minor Children (Name wise Detail):			
1	Mr. Muhammad Sarwar	47,593	0.5036
2	Mrs. Naheed Roohi	2,500	0.0265
3	Mrs. Rafia Aslam	2,500	0.0265
4	Mirza Muhammad Maqsood ul Hassan	441,601	4.6730
5	Mr. Muhammad Ashraf	2,500	0.0265
6	Mr. Shahid Mahmood Quershi	2,500	0.0265
7	Sayed Qaissar Abbas Naqvi	4,090	0.0433
8	Mr. Muhammad Aslam H/O Mrs. Naheed Roohi	916,000	9.6931
Executives:			
Public Sector Companies & Corporations:			
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		100.00	0.0033
Shareholders holding five percent or more voting interest in the listed company (Name wise Detail)			
1	M/S Pattoki Sugar Mills LTD.	7,696,072	81.4399
2	Muhammad Aslam	916,000	9.6931

All traders in the share of the listed company, carried out by its Directors, Executives and their spouses and minor children shall be disclosed:

Sr. NO	Name	Sales	Purchase

FINANCIAL STATEMENTS

For the year ended September 30, 2017



STATEMENT OF COMPLIANCE

with best practices of CORPORATE GOVERNANCE for the year ended September 30, 2017

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

1. Company encourages the representation ofindependent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Muhammad Ashraf
Executive Directors	Muhammad Sarwar
	Mirza Maqsood Ul Hassan
	Mrs. Naheed Roohi
Non -Executive Directors	Ms. Rafia Aslam
	Syed Qaisser Abbas Naqvi
	Mr. Shahid Mahmood Qureshi



The independent director meets the criteria of independence as contained in the Code

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy on the board is filled up by the directors within 90 days.
5. 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.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. All the Directors on the Board are well conversant with the listing regulations, legal requirements and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. The Board arranged training program for one of its directors.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including

their remuneration and terms & conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises four members, of whom two directors are-non executive, one is independent and one is executive director (having financial skills / expertise and experience).
16. 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.
17. The board has formed an HR and Remuneration Committee. It comprises four members of whom one director is executive, two are non-executive and one is independent.
18. The board has set up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to providing other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having assessed to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

(Muhammad Sarwar)

Chief Executive

Lahore, January 05, 2018

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheeBABA FARID SUGAR MILLS LIMITED ("the Company") as at September 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii. the expenditure incurred during the year was for the purpose of the Company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without qualifying our opinion, we draw attention to note 2 to the financial statements. During the current financial year, the Company has earned profit before tax amounting to Rs. 23,957,034 (2016: Rs. 3,237,466) and at balance sheet date its accumulated losses have stood up to Rs.1,146,927,052 (2016: Rs. 1,217,959,120). Further, the Company's equity is in negative and its current liabilities have exceeded its current assets by Rs. 811,890,913 (2016: Rs. 972,420,689). These conditions may cast significant doubt on Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Hasnain Ali & Co

Dated: **January 5, 2018**
Place: Lahore

HASNAIN ALI & CO
CHARTERED ACCOUNTANTS
Engagement Partner: - Hasnain Adam Ali

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF 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 Baba Farid Sugar Mills Limited (the Company), for the year ended September 30, 2017 to comply with the Listing Regulation of Pakistan Stock Exchange Limited 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.

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

HASNAIN ALI & CO
CHARTERED ACCOUNTANTS
Engagement Partner: Hasnain Adam Ali

Date: January 5, 2018
Place: Lahore

BALANCE SHEET

AS AT SEPTEMBER 30, 2017

	Note	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
70,000,000 ordinary shares of Rs.10 each		700,000,000	700,000,000
(2016: 70,000,000 ordinary shares of Rs.10 each)			
Issued, subscribed and paid-up capital	5	94,500,000	94,500,000
Accumulated (Loss)		(1,146,927,052)	(1,217,959,120)
		(1,052,427,052)	(1,123,459,120)
Surplus on revaluation of property, plant & equipment	6	1,746,005,655	1,779,773,872
NON CURRENT LIABILITIES			
Long term loans	7	200,000,000	-
Loan from holding company	8	500,000,000	500,000,000
Deferred liability	9	313,488,827	347,835,618
		1,013,488,827	847,835,618
CURRENT LIABILITIES			
Current portion of long term liabilities	10	125,000,000	54,408,109
Short term finances	11	89,155,032	101,799,132
Due to related party	12	1,130,247,361	1,111,646,078
Trade and other payables	13	360,343,121	480,373,054
Interest and mark-up accrued	14	50,651,849	20,715,647
Provision for taxation		21,662,092	11,831,378
		1,777,059,455	1,780,773,398
TOTAL EQUITY & LIABILITIES		**3,484,126,885**	**3,284,923,768**
Contingencies and commitments	15		
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	16	2,518,370,768	2,475,983,483
Long term deposits	17	587,575	587,575
		2,518,958,343	2,476,571,058
CURRENT ASSETS			
Stores, spares and loose tools	18	37,271,741	45,609,787
Stock-in-trade	19	533,034,690	381,077,616
Trade debts	20	121,322,598	108,890,582
Advances	21	167,029,163	144,705,252
Trade deposits and short term prepayments	22	-	20,632,000
Other receivables	23	105,742,500	105,742,500
Cash and bank balances	24	767,850	1,694,973
		965,168,542	808,352,710
TOTAL ASSETS		**3,484,126,885**	**3,284,923,768**

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Note	2017 Rupees	2016 Rupees
Sales - Net	25	1,932,149,283	1,264,121,314
Cost of sales	26	1,737,483,371	1,124,993,001
Gross profit		**194,665,912**	**139,128,313**
Distribution and selling expenses	27	4,223,383	3,005,568
Administrative expenses	28	37,668,564	37,549,476
Other expenses		1,261,681	-
		43,153,628	40,555,044
Operating profit		**151,512,284**	**98,573,269**
Other income	29	-	30,629,036
Operating profit before finance cost		**151,512,284**	**129,202,305**
Finance cost	30	127,555,250	125,964,839
Profit before taxation		**23,957,034**	**3,237,466**
Taxation	31	(5,581,390)	(9,247,615)
Profit after taxation		**29,538,423**	**12,485,081**
Earning per share - Basic and diluted	32	3.13	1.32

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	2017 Rupees	2016 Rupees
Profit for the year	29,538,423	12,485,081
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of net defined benefit liability	(378,046)	(31,357)
Total comprehensive income for the year	**29,160,377**	**12,453,724**

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2017 Rupees	2016 Rupees
Cash (used in) operations	33	(47,811,916)	(4,299,889)
Finance cost paid		(97,604,146)	(168,306,510)
Taxes paid		(10,030,971)	(10,672,470)
Net cash (used in) operating activities		**(155,447,033)**	**(183,278,869)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(122,029,164)	(28,839,700)
Net cash (used in) investing activities		**(122,029,164)**	**(28,839,700)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan		270,591,891	(35,668,333)
Due to related party		18,601,283	392,891,675
Net cash generated from financing activities		**289,193,174**	**357,223,342**
Net increase in cash and cash equivalents		11,716,977	145,104,772
Cash and cash equivalents at the beginning of the year		(100,104,159)	(245,208,930)
Cash and cash equivalents at end of the year	34	**(88,387,182)**	**(100,104,159)**

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Issued, subscribed and paid-up capital	Accumulated (Loss)	Total
	---------- Rupees ----------		
Balance as at October 01, 2015	**94,500,000**	**(1,266,087,217)**	**(1,171,587,217)**
Current year incremental depreciation - net of deferred tax	-	35,674,373	35,674,373
Total comprehensive income for the year	-	12,453,724	12,453,724
Balance as at September 30, 2016	**94,500,000**	**(1,217,959,120)**	**(1,123,459,120)**
Balance as at October 01, 2016	94,500,000	(1,217,959,120)	(1,123,459,120)
Current year incremental depreciation - net of deferred tax	-	41,871,691	41,871,691
Total comprehensive income for the year	-	29,160,377	29,160,377
Balance as at September 30, 2017	**94,500,000**	**(1,146,927,052)**	**(1,052,427,052)**

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

1. STATUS AND ACTIVITIES

Baba Farid Sugar Mills Limited ("the Company") was incorporated in 1978 under the Companies Ordinance, 1984 as a Public Limited Company and its shares are quoted at Pakistan Stock Exchange. It is engaged in manufacturing and sale of sugar including its by-product i.e. molasses and V. Filter cake. The registered office of the Company is situated at Suit - T-09, 3rd Floor, 75-E/1 Main Boulevard, Gulberg III, Lahore and its manufacturing facilities are located in the district Okara, Punjab.

2. GOING CONCERN ASSUMPTION

During the current financial year, the Company has earned profit before tax amounting to Rs. 23,957,034 (2016: Rs.3,237,466) and at balance sheet date its accumulated losses have stood up to Rs. 1,146,927,052 (2016: Rs. 1,217,959,120). Further, the Company's equity is in negative and its current liabilities have exceeded its current assets by Rs. 811,890,913 (2016: Rs. 972,420,689). These conditions may cast significant doubt on Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, management has taken various measures to improve the financial position of the Company which include the sponsors' continued assurance for arrangement of funds as and when required, prompt discharging of its liabilities including financial obligations, securing growers' commitments for availability of quality sugarcane and hiring of competent management personnel for managing Company's affairs.

The management has firm belief that the above stated measures shall mitigate the doubt about the Company's ability to continue as a going concern and also justifies the preparation of these financial statements on going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of Companies Ordinance, 1984 (the Ordinance) and directives issued by the Securities and Exchange Commission of Pakistan and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

3.2 Application of new and revised International Financial Reporting Standards (IFRSs)

3.2.1 Standards, amendments to approved accounting standards and interpretations that are effective in the current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after October 01, 2016 and therefore, have been applied in preparing these financial statements.

- **IAS 16 "Property Plant and Equipment" and IAS 38 "Intangible Assets"**

The amendments introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-base methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The Company's policy is already in line with these amendments.

- **IAS 19 Employee Benefits**

This amendment as a part of Annual Improvements 2014 clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The Company's policy is already in line with this amendment.

- IAS 34 Interim Financial Reporting

Amendments to IAS 34, Interim Financial Reporting, clarifies what is meant by the reference in the standard to, information disclosed elsewhere in the interim financial report; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements. The amendments only affect disclosures in the Company's financial statements.

- IAS 1 Presentation of Financial Statements

Amendments to IAS 1, Presentation of Financial Statements, are made in the context of the IASB's Disclosures Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality: An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Notes: Confirmation that the notes do not need to be presented in a particular order.

- Other comprehensive income (OCI) arising from investments accounted for under the equity method: The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on October 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial statements reporting and operations.

3.2.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

- IFRS 9 Financial Instruments

IASB has published the complete version of IFRS 9, 'Financial Instruments', which replaces the guidance in IAS 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model used today. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The standard not likely to have material impact on the Company's financial statements.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- IFRS 15 Revenue from Contracts with Customers:

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- IFRS 16 Leases

Replaces the current IAS - 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The application of standard is not expected to have any material impact on the Company's financial statements.

- **IAS 12 Income Taxes**

  The amendments to IAS 12 address the issue of recognition of deferred tax assets for unrealized losses and clarify how to account for deferred tax assets related to debt instruments measured at fair value.

  The amendments are effective for accounting period beginning on or after January 01, 2017. The application of standard is not expected to have any material impact on the Company's financial statements.

- **IAS 7 Statement of Cash Flows**

  The amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities

  The amendment is effective for accounting period beginning on or after January 01, 2017. The application of amendments is not expected to have any material impact on the Company's financial statements.

- **IFRIC 22 Foreign Currency Transactions**

  The interpretation clarifies which dates should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognized. the amendments are not expected to have a material impact on the Company's financial statements.

3.2.3 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

3.3 Basis of preparation

These financial statements have been prepared on the historical cost basis except for freehold land, buildings on freehold land and plant & machinery which are stated at revalued amounts.

3.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupee has been rounded to the nearest rupee.

3.5 Use of Estimates and Judgments

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

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

The areas where various assumptions and estimates are significant to company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Staff retirement benefits - gratuity
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment except freehold land, buildings on freehold land and plant and machinery are stated at cost less accumulated depreciation and impairment losses, if any. Buildings on freehold land and plant and machinery are stated at revalued amounts less accumulated depreciation and impairment losses, if any. Freehold land is stated at revalued amount and actual cost to date respectively.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the part so replaced is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

Depreciation

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note. Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.

Assets residual values, if significant and useful lives are reviewed and adjusted, if appropriate at each balance sheet date. Gains or losses on disposal of property, plant and equipment are recognized in profit and loss account.

Surplus on revalued property, plant and equipment

Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. This surplus on revaluation, to the extent of incremental depreciation, is transferred to accumulated profit, net of deferred tax.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leased assets

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned asset. Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

4.2 Stores and spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

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

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as tangible fixed assets under the 'plant and machinery' category and are depreciated over a time period not exceeding the useful life of the related assets.

4.3 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost is computed applying the following basis:

Raw material	- at weighted averaged cost
Work-in-process	- at manufacturing average cost
Finished goods	- at manufacturing average cost
Molasses	- at net realizable value

Cost in relation to finished goods and work-in-process represents the average manufacturing cost which consists of prime cost and appropriate production overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

4.4 Trade debts and other receivables

These are initially stated at fair value and subsequently measured at amortized cost using effective interest rate method less provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and short term finances.

4.6 Staff retirement benefits (defined benefit plan)

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2017 on the basis of the projected unit credit method by an independent Actuary.

4.7 Trade and other payables

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

4.8 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

4.9 Taxation

- **Current**

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime.

- **Deferred**

Deferred tax is provided using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted at the balance sheet date.

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

4.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed-out in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.11 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Local sales are recognized when goods are dispatched to customers.
- Export sales are booked on shipment of goods.
- Return on bank deposits is accounted for on 'accrual basis'.

4.12 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.13 Impairment

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

4.14 Financial instruments

(I) Financial assets

Significant financial assets include advances, trade debts, trade deposits and prepayments and bank balances. Loan and advances and receivables are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

(II) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include long term loans, lease finances, interest and mark up accrued, trade and other payables and short term finances. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

(iii) Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise of the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

4.15 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.16 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated in Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	Note	2017 Rupees	2016 Rupees
5.1 Authorized capital			
70,000,000 (2016: 70,000,000) ordinary shares of Rs.10 each		700,000,000	700,000,000
5.2 Issued, subscribed and and paid up capital			
6,400,000 (2016: 6,400,000) ordinary shares of Rs.10 each		64,000,000	64,000,000
3,050,000 (2016: 3,050,000) bonus shares of Rs.10 each		30,500,000	30,500,000
		94,500,000	94,500,000

As at the September 30, 2017 M/s Pattoki Sugar Mills Limited (the holding company) holds 7,696,072 (81.44%) shares of the Company.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		
At beginning of the year	1,779,773,872	1,407,196,280
- surplus arisen on the revaluation carried-out during the year	-	479,795,019
Less: transferred to accumulated loss on account of incremental depreciation for the year	(59,816,701)	(51,701,990)
	(59,816,701)	428,093,029
Less: deferred tax on:		
- surplus on revaluation of property, plant and equipment during the year	-	81,767,156
- incremental depreciation	(17,945,010)	(16,027,617)
	(17,945,010)	65,739,539
Resultant adjustment due to reduction in tax rate	8,103,474	10,224,102
	1,746,005,655	1,779,773,872

The Company's freehold land, buildings on freehold land, plant and machinery were revalued by MYK Associates (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA). The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Buildings on freehold land

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

Suppliers and different sugar plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable sugar plant to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

7. LONG TERM LOANS

	Note	2017 Rupees	2016 Rupees
From Banking Companies - Secured			
Bank Al Habib Limited - Term finance	7.1	-	8,776,109
JS Bank Limited - Term finance	7.2	300,000,000	-
		300,000,000	8,776,109
Less: Current portion	10	(100,000,000)	(8,776,109)
		200,000,000	-

7.1 Bank Al Habib Limited - Term finance

At beginning of the year	8,776,109	44,444,442
Less: Payment made during the year	(8,776,109)	(35,668,333)
At end of the year	-	8,776,109

This has been fully repaid during the year.

7.2 JS Bank Limited - Term finance

This represents term finance facility obtained from JS Bank Limited for working capital requirements due to BMR activities carried out for enhancement in production capacity. It shall be repaid through 6 equal biannually installments along with mark up. It is secured by way of first charge over fixed assets of the Company amounting to Rs. 400 million (with 25% margin), corporate guarantee of M/s Pattoki Sugar Mills Limited, subordination of Director's loan of Rs. 500 million in favor of JS Bank and personal guarantees of all directors along with net worth statements.

8. LOAN FROM HOLDING COMPANY

	Note		
Pattoki Sugar Mills Limited		525,000,000	525,000,000
Less: Current portion	10	(25,000,000)	(25,000,000)
		500,000,000	500,000,000

8.1 The Company obtained unsecured loan from M/s Pattoki Sugar Mills Limited (PSML) - the holding company that carries mark-up at the rate of 3 month's KIBOR plus 2% per annum. The effective mark-up rate charged by PSML during the year ranged from 8.04% to 8.14% (2016: 7.79% to 8.24%) per annum and this loan is subordinated to JS Bank Limited.

9. DEFERRED LIABILITY

	Note		
Deferred taxation	9.1	310,437,673	345,784,629
Employees retirement benefits - gratuity	9.2	3,051,154	2,050,989
		313,488,827	347,835,618

9.1 Deferred liability on temporary differences:

Taxable temporary differences

Surplus on revaluation of fixed assets	288,778,051	316,947,164
Accelerated tax depreciation on fixed assets	65,749,604	45,298,138
Finance lease arrangements	-	18,043,800
	354,527,655	380,289,102

Deductible temporary differences

Provision for gratuity	(915,346)	(635,807)
Unabsorbed tax depreciation	(41,674,636)	(32,318,666)
Provision for doubtful debts	(1,500,000)	(1,550,000)
	(44,089,982)	(34,504,473)
	310,437,673	345,784,629

As at September 30, 2017, deferred tax asset amounting Rs. 3.164 million (2016: Rs. 92.826 million) on unused tax losses have not been recognized in the financial statements as a matter of prudence. The management intends to re-assess the recognition of deferred tax asset as at September 30, 2018.

Deferred tax liability at the respective year-end represents deferred tax on surplus on revaluation of property, plant and equipment.

9.2 Staff retirement benefits - gratuity

	Note	2017 Rupees	2016 Rupees
The amount recognized in the balance sheet are as follows:			
Present value of defined benefit obligation		3,051,154	2,050,989
Net liability at beginning of the year		2,050,989	1,412,063
Charge to profit and loss account		622,119	607,569
Net remeasurements for the year		378,046	31,357
Payments made during the year		-	-
Net liability at end of the year		3,051,154	2,050,989
The movement in the present value of defined benefit obligation is as follows:			
Opening balance		2,050,989	1,412,063
Current service cost		483,391	476,953
Interest cost		138,728	130,616
Benefits paid		-	-
Actuarial (gain) / loss		378,046	31,357
Closing balance		3,051,154	2,050,989

	2017	2016	2015	2014	2013
	..... Rupees				
Present value of defined benefit obligation	3,051,154	2,050,989	1,412,063	776,504	565,121
Experience adjustment on obligation	378,046	31,357	487,860	2,828	(150,035)

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

	2017	2016
- Discount rate	8.00%	7.25%
- Expected rate of growth per annum in future salaries	7.00%	6.25%
- Average expected remaining working life time of employees	5 years	6 years

10. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loans	7	100,000,000	8,776,109
Loan from holding company	8	25,000,000	25,000,000
Liability against assets subject to finance lease		-	20,632,000
		125,000,000	54,408,109

11. SHORT TERM FINANCES

	Note	2017 Rupees	2016 Rupees
Temporary book overdrafts - unsecured	11.1	89,155,032	101,799,132

11.1 This represents temporary overdraft due to cheques issued by the Company in excess of balance with banks.

12. DUE TO RELATED PARTY

Pattoki Sugar Mills Limited	1,130,247,361	1,111,646,078

The Company has obtained unsecured short term loan from M/s Pattoki Sugar Mills Limited (PSML) - the holding company that carries mark-up at the rate of 3 month's KIBOR plus 2% per annum. The effective mark-up rate charged by PSML during the year ranged from 8.04% to 8.14% (2016: 7.29% to 7.74%) per annum.

13. TRADE AND OTHER PAYABLES

Trade creditors	13.1	247,937,441	134,933,883
Advances from customers		67,206,337	323,350,670
Accrued charges		23,261,631	7,431,909
Unclaimed dividend		255,930	2,597,511
Workers profit participation fund	13.2	1,442,714	166,131
Workers welfare fund		-	736,403
Taxes and duties payable		2,226,034	1,432,177
Other payables		18,013,034	9,724,370
		360,343,121	480,373,054

13.1 This includes Rs. 2,618,421 (2016: 15,351,880) payable to Imporient Chemicals (Private) Limited (related party) against purchase of chemical.

13.2 Workers' Profit Participation Fund

Balance at the beginning of the year	166,131	166,131
Add: Provision for the year	1,261,681	-
Mark up charged during the year	14,902	-
Less: Payments made during the year	-	-
Balance at the end of the year	1,442,714	166,131

13.3 Interest on Workers' profit (participation) fund has been provided at the rate of 8.97% (2016: Nil).

14. INTEREST AND MARK-UP ACCRUED

On long term loans	2,793,197	1,095,322
On loan from holding company	47,858,652	19,620,325
	50,651,849	20,715,647

15. CONTINGENCIES AND COMMITMENTS

Contingencies

- The LTU-FBR has preferred a reference before Income Tax Appellate (ITAT) for the assessment year 1996 - 1997 against the decision of CIT appeals. The department has also filed petition for leave to appeal before the honorable Supreme Court of Pakistan for the assessment year 1999 - 2000 and tax year 2006 against the order in the favour of the company by the honorable High Court of Sindh. In the opinion of the tax advisor the ultimate appellate decision is likely to be in Company's favour, hence no provision is made in these accounts as there will be no tax impact of the matter in view of brought forward tax losses.

- The Company has filed reference application before the Honorable High Court of Sindh against the decision of ITAT in respect of assessment year 2000 -2001, the reference application is pending before the honorable High Court Sindh. The Company has also filed the appeal before the Commissioner of income tax appeals against addition made by the assessing officer for the assessment year 2002 - 2003 which is pending for adjudication.

- In view of the favorable decision of the higher appellate forums on the like issue in prior years the management is hopeful about favorable outcome in above matters. Hence no provision is made in these account as there will be no tax impact of the matter in view of brought forward losses.

- The Company has filed an appeal before the Tribunal against the order of Commissioner Inland Revenue disallowing refund of further tax on the ground that the incidence of the tax has been passed on the consumers and the Company is not entitled to claim refund in terms of Section 3 (B) of the sales Tax Act, 1990. The management of the Company is of the view that outcome of the suit would be in favour of the company.

The company (Baba Farid Sugar Mills Limited - BFSML) has issued a corporate guarantee for Rs. 300 million in favour of Apna Micro Finance Bank Limited. Against the said guarantee the bank agreed to finance facility to the local sugarcane growers up to an aggregate amount of Rs. 300 million.

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2017 Rupees	2016 Rupees
Operating fixed assets	16.1	2,400,905,749	2,437,806,352
Capital work in progress	16.4	117,465,019	38,177,131
		2,518,370,768	2,475,983,483

16.1 Operating fixed assets

	OWNED ASSETS									LEASED ASSETS	GRAND TOTAL
	Land - Freehold	Buildings on freehold land	Plant and machinery	Electric installation	Tools and Equipment	Vehicles	Furniture and fixture	Equipment	Total	Plant and machinery	
	RUPEES										
Net carrying value as at October 01, 2016											
Opening net book value	1,080,150,000	190,653,752	1,081,036,236	608,186	1,014,276	1,070,878	604,335	3,830,884	2,368,968,546	78,837,806	2,437,806,352
Surplus on revaluation	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	42,321,386	8,700	-	95,250	44,678	273,262	42,741,278	-	42,741,276
Disposal at NBV	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	(19,065,375)	(59,727,840)	(61,322)	(101,428)	(231,110)	(61,184)	(393,620)	(79,641,879)	-	(79,641,879)
Adjustment	-	-	78,837,806	-	-	-	-	-	78,837,806	(78,837,806)	-
Closing net book value	1,080,150,000	171,588,377	1,142,467,588	553,564	912,848	935,018	587,828	3,710,526	2,400,905,749	-	2,400,905,749
Gross carrying value as at September 30, 2017											
Cost	1,080,150,000	353,113,274	1,938,398,397	9,681,095	4,280,715	15,154,998	5,783,562	13,847,353	3,420,409,395	-	3,420,409,395
Accumulated depreciation	-	(181,524,897)	(795,930,809)	(9,127,531)	(3,367,867)	(14,219,980)	(5,195,734)	(10,136,827)	(1,019,503,646)	-	(1,019,503,646)
	1,080,150,000	171,588,377	1,142,467,588	553,564	912,848	935,018	587,828	3,710,526	2,400,905,749	-	2,400,905,749
Net carrying value as at October 1, 2015											
Opening net book value	864,120,000	165,690,978	888,396,397	675,762	1,126,973	1,569,117	661,521	4,029,433	1,926,272,181	82,987,164	2,009,259,345
Surplus on revaluation	216,030,000	42,596,791	221,168,228	-	-	-	-	-	479,795,019	-	479,795,019
Additions	-	-	19,183,359	-	-	-	9,803	219,260	19,412,422	-	19,412,422
Disposal at NBV	-	-	-	-	-	(3,593,880)	-	-	(3,593,880)	-	(3,593,880)
Depreciation for the year	-	(17,634,018)	(47,713,749)	(67,576)	(112,697)	(267,719)	(66,989)	(417,809)	(66,280,557)	(4,149,358)	(70,429,915)
Adjustment	-	-	-	-	-	3,363,360	-	-	3,363,360	-	3,363,360
Closing net book value	1,080,150,000	190,653,752	1,081,036,236	608,186	1,014,276	1,070,878	604,335	3,830,884	2,358,968,546	78,837,806	2,437,806,352
Gross carrying value as at September 30, 2016											
Cost	1,080,150,000	353,113,274	1,714,907,514	9,674,395	4,280,715	15,059,748	5,738,885	13,574,091	3,196,498,622	181,169,497	3,377,668,119
Accumulated depreciation	-	(182,459,522)	(633,871,278)	(9,066,209)	(3,266,439)	(13,988,870)	(5,134,550)	(9,743,207)	(837,530,076)	(102,331,691)	(939,861,767)
	1,080,150,000	190,653,752	1,081,036,236	608,186	1,014,276	1,070,878	604,335	3,830,884	2,358,968,546	78,837,806	2,437,806,352
Rate (% age)	N/A	10%	5%	10%	10%	20%	10%	10%		5%	

16.2 Had there been no revaluation the carrying value of revalued assets as at October 01, 2017 would have been as under:

	Note	2017 Rupees	2016 Rupees
Land		7,959,798	7,959,798
Building		15,056,939	16,729,932
Plant and Machinery		336,405,522	232,549,851
		359,422,258	257,239,580

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

Cost of sales	26	78,955,965	65,528,040
Administrative expenses	28	685,914	4,901,875
		79,641,879	70,429,915

16.4 Capital work in progress	Note	2017 Rupees	2016 Rupees
Building		6,282,560	6,282,560
Plant and machinery		111,182,459	31,894,571
		117,465,019	38,177,131
The reconciliation of the carrying amount is as follows:			
At beginning of the year		38,177,131	28,519,333
Additions during the year		79,287,888	9,657,798
At end of the year		117,465,019	38,177,131

17. LONG TERM DEPOSITS

Security deposits - others		587,575	587,575

18. STORES, SPARES AND LOOSE TOOLS

Stores		16,890,160	22,235,564
Spares		20,142,404	23,142,433
Loose tools		239,177	231,790
		37,271,741	45,609,787

19. STOCK-IN-TRADE

Work-in-Process			
- Sugar		28,648,842	12,498,481
- Molasses		1,790,712	824,393
		30,439,554	13,322,874
Finished Goods			
- Sugar	19.1	479,830,642	334,143,369
- Molasses		-	8,466,000
- V.F Cake		22,764,493	25,145,373
		502,595,136	367,754,742
		533,034,690	381,077,616

19.1 The entire stock of sugar is pledged as security with banks on behalf of Pattoki Sugar Mills Limited.

20. TRADE DEBTS

Unsecured and considered good		121,322,598	108,890,582

21. ADVANCES

Unsecured but considered good:			
Advances to cane growers	21.1	69,991,667	43,858,292
Advances to staff		729,259	95,612
Advance for store purchases		68,950,485	71,593,189
Advance income tax		27,357,752	29,158,159
		167,029,163	144,705,252
Unsecured but considered doubtful:			
Advances to cane growers		5,000,000	5,000,000
		172,029,163	149,705,252
Provision for doubtful advances		(5,000,000)	(5,000,000)
		167,029,163	144,705,252

21.1 This represents provision of cane seeds, pesticides and fertilizers to cane growers. The balance is adjustable against supply of sugarcane.

22. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposit - Lease key money	-	20,632,000
	-	20,632,000

	Note	2017 Rupees	2016 Rupees
23. OTHER RECEIVABLES			
Subsidy receivable on exports		105,742,500	105,742,500
		105,742,500	105,742,500
24. CASH AND BANK BALANCES			
At banks on			
- Current accounts		418,506	579,674
Cash in hand		349,344	1,115,299
		767,850	1,694,973
25. SALES - NET			
Sugar - Local		2,087,864,727	1,367,668,599
Less: Sales tax and federal excise duty		(155,715,444)	(103,547,285)
		1,932,149,283	1,264,121,314
26. COST OF SALES			
Cost of sugarcane consumed (including procurement and other costs)		1,820,429,130	1,178,073,547
Salaries, wages and other benefits	26.1	60,161,978	48,115,264
Stores, spares and loose tools consumed		13,192,834	9,552,990
Chemicals consumed		12,434,363	8,867,676
Packing material consumed		11,859,812	8,063,618
Fuel and power		18,526,740	10,222,147
Repair and maintenance		8,562,522	2,990,556
Vehicle running expenses		1,476,045	1,701,259
Depreciation	16.3	78,955,965	65,528,040
Other factory overheads		3,283,866	178,704
		2,028,883,255	1,333,293,801
Work in process adjustment			
Opening		13,322,874	12,671,829
Closing		(30,439,554)	(13,322,874)
		(17,116,681)	(651,045)
		2,011,766,574	1,332,642,756
Finished goods adjustment			
Opening		367,754,742	240,326,014
Closing		(502,595,136)	(367,754,742)
		(134,840,394)	(127,428,728)
Molasses		(133,032,553)	(80,221,027)
V.F.Cake		(6,410,256)	-
		(139,442,809)	(80,221,027)
		1,737,483,371	1,124,993,001

26.1 Salaries, wages and other benefits include employee benefits amounting to Rs. 371,471 (2016: Rs. 571,796).

27. DISTRIBUTION AND SELLING EXPENSES

Salaries, wages and other benefits	27.1	935,336	748,948
Stacking, restacking and carriage		2,718,047	1,722,297
Miscellaneous		570,000	534,323
		4,223,383	3,005,568

27.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 15,011 (2016: Rs. 5,396)

28. ADMINISTRATIVE EXPENSES	Note	2017 Rupees	2016 Rupees
Salaries, wages and other benefits	28.1	26,482,254	22,023,281
Traveling and conveyance		28,500	32,910
Rent, rates and taxes		397,811	265,815
Telephone and postage		219,535	128,654
Printing and stationery		484,110	368,382
Fee and subscription		2,133,588	4,033,662
Insurance		1,935,150	123,437
Repair and maintenance		34,882	27,130
Vehicle running expenses		2,805,138	2,816,888
Entertainment		605,496	491,473
Advertisement expenses		97,329	115,702
Auditors' remuneration	28.2	560,000	640,000
Legal and professional charges		568,000	200,500
Donations	28.3	444,185	1,080,640
Depreciation	16.3	685,914	4,901,875
Miscellaneous		186,672	299,127
		37,668,564	37,549,476

28.1 Salaries, wages and other benefits include employee benefits amounting to Rs. 235,637 (2016: Rs. 30,377)

28.2 Auditors' remuneration		
Annual audit fee	500,000	500,000
Review of code of corporate governance	10,000	10,000
Review of half year financial statements	50,000	50,000
	560,000	560,000
Cost audit fee	-	80,000
	560,000	640,000

28.3 The company has not paid donation to any organization in which any director or his spouse has any interest.

29. OTHER INCOME		
Liabilities written back	-	23,699,555
Gain on disposal of property, plant & equipment	-	6,929,481
	-	30,629,036

30. FINANCE COST		
Mark - up on:		
- long term loan	2,793,197	2,286,878
- loan from holding company	123,868,327	115,410,623
- short term finances	-	7,901,344
- workers profit participation fund	14,902	-
Commission and bank charges	878,824	365,994
	127,555,250	125,964,839

31. TAXATION		
- Current	21,662,092	11,831,378
- Deferred	(27,243,482)	(21,078,993)
	(5,581,390)	(9,247,615)

32. EARNINGS PER SHARE		
Net profit for the year	29,538,423	12,485,081
	(Number of shares)	(Number of shares)
Weighted average number of shares outstanding during the year	9,450,000	9,450,000
	Rupees	Rupees
Earnings per share - basic	3.13	1.32

32.1 There is no diluted effect on basic earning per share.

33. CASH (USED IN) OPERATIONS

	Note	2017 Rupees	2016 Rupees
Profit before taxation		23,957,034	3,237,466
Adjustment for non cash charges and other items:			
Depreciation on property, plant and equipment		79,641,879	70,429,915
Finance costs		127,555,250	125,964,839
Provision for workers profit participation fund		1,261,681	-
Provision for gratuity		622,119	607,569
Working capital changes	33.1	(280,849,879)	(204,539,678)
		(71,768,950)	(7,537,355)
		(47,811,916)	(4,299,889)

33.1 Working capital changes (Increase) / decrease in current assets

Stores, spares and loose tools		8,338,046	(8,165,667)
Stock-in-trade		(151,957,075)	(128,079,773)
Trade debts		(12,432,016)	(10,316,076)
Advances		(24,124,318)	(72,560,998)
Trade deposits and short term prepayments		20,632,000	4,150
Other receivables		-	2,000,000
Increase / (decrease) in current liabilities			
Trade and other payables		(121,306,516)	12,578,686
		(280,849,879)	(204,539,678)

34. CASH AND CASH EQUIVALENTS

Short term finances	11	(89,155,032)	(101,799,132)
Cash and bank balances	24	767,850	1,694,973
		(88,387,182)	(100,104,159)

35. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

35.1 The aggregate amount charged in the financial statements for the year against remuneration, including certain benefits, to the full time working directors and executives of the Company is as follows:

	Managerial remuneration	Allowances, utilities etc	Number of persons
	---------- Rupees ----------		
Chief Executive			
2017	-	-	
2016	-	-	
Directors	-		
2017	-	-	
2016	-	-	
Executives			
2017	5,156,258	2,577,742	8
2016	806,707	403,293	1

35.2 The chief executive and the directors of the company have waived their right to receive meeting fee. Additionally, executives are provided with free use of cellular phone and company maintained car.

36. TRANSACTION WITH RELATED PARTIES

Related parties include associated companies, directors of the Company, companies where directors also hold directorship, related group companies, key management personnel and staff retirement funds. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions, and at prices agreed based on inter company prices using admissible valuation modes.

Detail of transactions with related parties is as follows:

Name of related party	Nature of relationship	Basis of relationship	Nature of transaction	2017 Amount (Rupees)
Imporient Chemicals (Private) Limited	Associate	Common directorship	Purchase of chemical	13,796,503
Pattoki Sugar Mills Limited	Associate	Holding company	Loan including markup	1,703,106,013

Name of related party	Nature of relationship	Basis of relationship	Nature of transaction	2016 Amount (Rupees)
Imporient Chemicals (Private) Limited	Associate	Common directorship	Purchase of chemical	15,351,880
Pattoki Sugar Mills Limited	Associate	Holding company	Loan including markup	1,631,266,403

36.1 Purchase of chemical are based on commercial terms and at market prices which are approved by the Board of Directors.

37. CAPACITY AND PRODUCTION

	2017		2016	
	Days	M.Tonnes	Days	M.Tonnes
Crushing capacity	160	480,000	160	480,000
Sugarcane crushed	128	393,035	100	261,931
Sugar production	-	35,497	-	23,943

38. OPERATING SEGMENTS

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

38.1 Sugar Sales represents 93% (2016: 94%) of the total sales of the company.

38.2 Company's sales relate to the customers in Pakistan.

38.3 All non - current assets of the company as at September 30, 2017 are located in Pakistan.

39. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped wherever necessary for the purpose of better comparison.

40. FINANCIAL INSTRUMENTS

40.1 Financial risk factors

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. However, the Company is not exposed to foreign currency risk on assets and liabilities as it does not have foreign debtors or creditors.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Investment Committee actively monitors the key factors that

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

	2017 Rupees	2016 Rupees
Floating rate instruments		
Financial liabilities		
Long term loans	300,000,000	8,776,109
Loan from holding company	525,000,000	525,000,000
Finance lease	-	20,632,000
Due to related party	1,130,247,361	1,111,646,078
Short term finances	89,155,032	101,799,132
	2,044,402,393	1,767,853,319

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its trade debts and its balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Long term deposits	587,575	587,575
Trade debts	121,322,598	108,890,582
Advances	167,029,163	144,705,252
Bank balances	418,506	579,674
	289,357,842	254,763,083

The aging of trade receivable at the reporting date is as under:

Not past due		
Past due 0 - 180 days	103,124,208	92,556,995
Past due 181 - 365 days	18,198,390	16,333,587
Past due more than one year	-	-
	121,322,598	108,890,582

The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating agency		
	Short term	Long term			
Bank Al-Habib Ltd.	A1+	AA+	PACRA	-	14,177
United Bank Ltd.	A-1+	AAA	JCR-VIS	20,181	-
MCB Bank Ltd.	A1+	AAA	PACRA	10,290	78,257
National Bank of Pakistan	A1+	AAA	PACRA	79,736	51,574
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	140,982	235,160
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	763	19,674
Summit Bank Ltd.	A-1	A-	JCR-VIS	333	31,637
Bank Al Falah Ltd	A1+	AA	PACRA	2,955	73,498
JS bank	A1+	AA-	PACRA	82,693	18,521
Bank Of Punjab	A1+	AA	PACRA	10,580	8,028
Askri Bank	A1+	AA+	PACRA	8,410	49,149
Apna Microfinance Bank Ltd.	A3	BBB+	PACRA	27,443	-
Meezan Bank Ltd.	A-1+	AA	JCR-VIS	34,140	-
				418,506	579,674

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial

The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. At September 30, 2017, the Company had borrowing limits available from financial institutions.

The following are the contractual maturities of financial liabilities as at September 30, 2017:

	Carrying amount	Less than one year	More than one year
		Rupees	
Long term loan	300,000,000	100,000,000	200,000,000
Loan from holding company	525,000,000	25,000,000	500,000,000
Short term finances	89,155,032	89,155,032	-
Due to related party	1,130,247,361	1,130,247,361	-
Trade and other payables	360,343,121	360,343,121	-
Interest and mark-up accrued	50,651,849	50,651,849	-
	2,455,397,363	1,755,397,363	700,000,000

The following are the contractual maturities of financial liabilities as at September 30, 2016:

Long term loans	8,776,109	8,776,109	-
Loan from holding company	525,000,000	25,000,000	500,000,000
Lease finances	20,632,000	20,632,000	-
Short term finances	101,799,132	101,799,132	-
Due to related party	1,111,646,078	1,111,646,078	-
Trade and other payables	480,373,054	480,373,054	-
Interest and mark-up accrued	20,715,647	20,715,647	-
	2,268,942,020	1,768,942,020	500,000,000

40.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

40.3 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

40.4 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares. There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

The gearing ratio as at September 30, 2017, and September 30, 2016 is as follows:

	2017	2016
	Rupees	Rupees
Borrowings - notes 7, 8, 10 and 12	825,000,000	533,776,109
Less: Cash and cash equivalents - note 34	(88,387,182)	(100,104,159)
Net debt	913,387,182	633,880,268
Total equity (includes surplus on revaluation on operating fixed assets)	693,578,603	656,314,752
Gearing	57%	49%

In accordance with the terms of agreement with the lenders of long term finances (as referred to in note 7 to these financial statements), the Company is required to comply with certain financial covenants in respect of capital requirements which the Company has compiled with throughout the reporting period.

41. NUMBER OF EMPLOYEES

	2017	2016
	Number of employees	
Number of persons employed as at September 30, 2017		
- permanent	133	140
- contractual	117	123
Average number of employees during the year		
- permanent	137	137
- contractual	120	116

42. EVENTS AFTER THE BALANCE SHEET DATE

There are no reportable events after balance sheet date.

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on January 05, 2018 by the Board of Directors of the Company.

Chief Executive Officer | Chief Financial Officer | Director

FORM OF PROXY

39th ANNUAL GENERAL MEETING
BABA FARID SUGAR MILLS LIMITED

I/We,_____

of_____

being member of Baba Farid Sugar Mills Limited _____

hereby appoint _____

failing him_____

as my /our proxy to attend act and vote for me / us and on my / our behalf at 39th Annual General Meeting of the members of the Company to be held at Lahore on Wednesday, 31st January, 2018 at 9:30 A.M. and at any adjournment(s) thereof

Signed this _____day of January 2018

Sign By the said Member

Signed in the presence of;

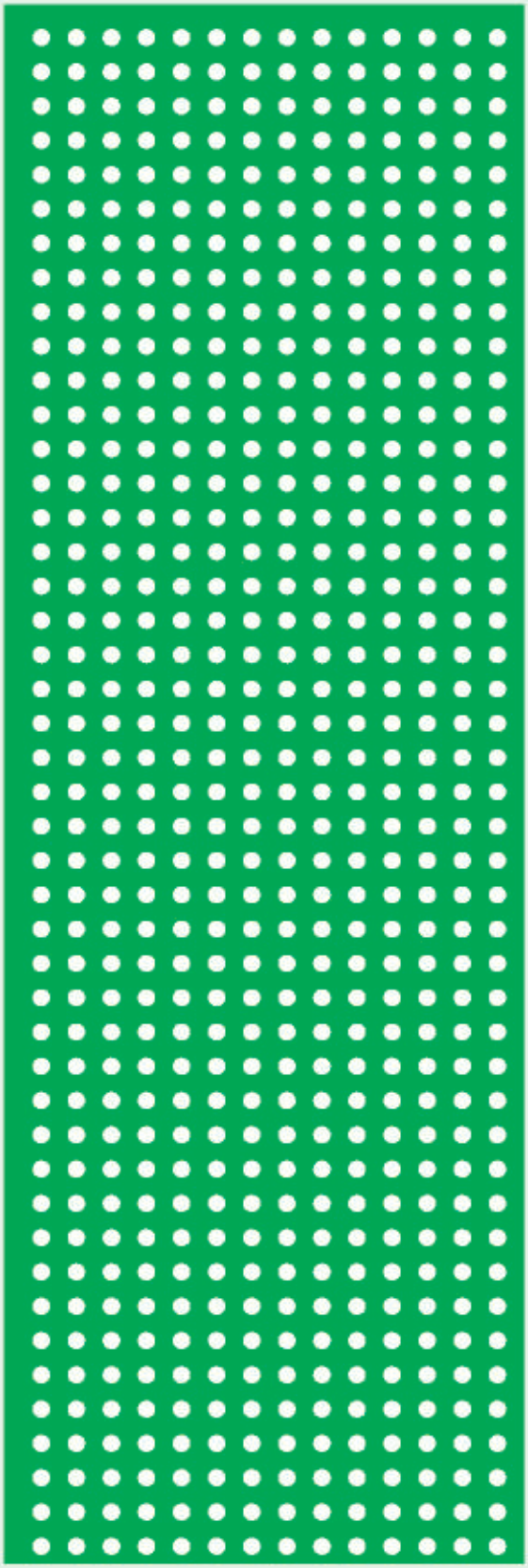
1 Signature:_____
Name: _____
Address: _____
CNIC/Passport No._____

2 Signature:_____
Name: _____
Address: _____
CNIC/Passport No._____

Information Required		For Members (Shareholders)	For Proxy	For alternate Proxy (*)
			(if Member)	
Number of shares held				
Folio No.				
CDC Account No	Participant I.D.			
	Account No.			

Affix Revenue Stamp Of Rs. 5/

(*) Upon failing of appointment Proxy



IF UNDELIVERED PLEASE RETURN TO

BABA FARID SUGAER MILLS LIMITED
Suite-T-09, 3rd Floor, Hafeez Center,
75-E/1, Main Boulevard,
Gulberg III, Lahore.