BABA FARID

SUGAR MILLS LIMITED



40TH Annual Report 2018


BABA FARID SUGAR MILLS LTD.
OKARA



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. 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

Mr. Muhammad Ibrahim

CHIEF FINANCIAL OFFICER

Mr. Adnan Zulfiqar (ACA)

HEAD OF INTERNAL AUDIT

Mr. Ahmad Yar

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, 511878, 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

40TH

Annual General Meeting



NOTICE is hereby given that the 40th Annual General Meeting of theshareholders of Baba Farid Sugar Mills Limited will be held on Monday, January 28, 2019 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 39th Annual General Meeting held on 27th January 2018.
2. To, consider, approve and adopt the Annual Audited Financial Statements of the Company for the year ended September 30, 2018 together with the Directors' and Auditors' report thereon.
3. To appoint Auditors for the year ending September 30, 2019 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 approve the transactions carried out with related parties in normal course of business and if thought fit to pass the following resolutions with or without modification.
   a) "RESOLVED that the transactions carried out by the Company in the normal course of business with related parties for the period ended September 2018 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 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 elect seven Directors of the Company as fixed by the Board of Directors pursuant to section 159 of the Companies Act 2017 for the period of three years commencing from January 28, 2019 The following are the names of retiring Directors who shall be eligible for the re-election.;-

Mrs. Naheed Roohi	Mr. Muhammad Sarwar	Mr. Muhammad Shah Anjum
Mr. Shahid Mahmood Qureshi	Syed Qaissar Abbas Naqvi	Ms. Rafia Aslam
Mr. Muhammad Ashraf		

6. To consider transit any other business with the permission of the Chair.

BY ORDER OF THE BOARD

(Muhammad Ibrahim)
Company Secretary

Lahore, January 04, 2019

NOTES:

(1) The Share Transfer Books of the Company will remain closed from January 22, 2019 to January 28, 2019 (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 21, 2019 will be considered in time for entitlement to attend and vote at the Meeting.

(2) Any person who seeks to contest an election to the office of the Director shall whether he / she is the retiring Director or otherwise, file with the Company at its registered office not later than fourteen (14) days before the date of meeting, the following:-

a) A notice of his / her intention to offer himself / herself for election as a Director.
b) A declaration (copy may be obtained from Registered Office) on the matters required by the Code Of Corporate Governance.
c) A copy of form 28: and
d) A copy of Computerized National Identity Card (CNIC)

(3) CDC account holders are required to follow under mentioned guidelines laid down by Securities and Exchange Commission of Pakistan.

For Attending The Meeting:

i. In case of individuals the account holders, or sub account holder shall authenticate his / her identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting
ii. In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

For Appointing Proxies:

i. In case of individuals, the account holders or sub account holders shall submit the proxy form as per above requirement
ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC number shall be mentioned on the Form.
iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form
iv. The proxy shall produce his/ her original CNIC or passport at the time of meeting.
v. In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted to the Company along with the proxy form.

(4) 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.

(5) All those shareholders who have not yet submitted their valid copies of CNIC/National Tax Number, Bank Account 24 digits (IBN No) are requested to send the copies of the same along with Folio Number at the earliest to the Share Registrar of the Company.

STATEMENT 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.

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

The transactions with holding companyand associated company were carried out during the year, therefore, these transactions have been placed before the shareholders of the Company for their approval.

a) Transaction with Pattoki Sugar Mills Limited: (Holding Company)

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.

b) Transactions with Imporient Chemicals (Private) Limited: (Associated Company)

The Company purchased chemicals from its associated undertaking i.e. 'M/s Imporient Chemicals (Private) Limited amounting to Rs. 13,316,475 for the period commencing from October 01, 2017 to period ends September 30, 2018 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. Muhammad Shah Anjum.

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

Following were the common directors in Baba Farid Sugar Mills Limited (subsidiary) and Pattoki Sugar Mills Limited (holding company) and respectively:

Mr.Muhammad Sarwar	Ms.Naheed Roohi
Mr. Muhammad Shah Anjum	Ms.Rafia Aslam

The Company shall continue to carry out transactions with the related parties in the ordinary course of business till next the Annual General Meeting. Therefore, such transactions with related parties have to be approved by the shareholders. The shareholders may authorize the Chief Executive or his nominee to approve such transactions till the next annual general meeting.

There is no specific interest of the directors in these special resolutions, except that mentioned above.

CHAIRPERSON'S REVIEW REPORT

It gives me a great pleasure to present you the annual audited financial statements for the year ended September 30th 2018.

During the crushing season 2017-2018, due to technical problems the working of sugar plant was not upto mark. As a result there is a decline in the duration of crushing season, decrease in sugar cane crushing period as well as production of sugar. It affects the profitability of the company.

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.

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 I wish the teamevery success in the coming years.

Lahore, January 04, 2019

Naheed Roohi

(Mrs. Naheed Roohi)

Chairperson

DIRECTOR'S REPORT TO THE MEMBERS

On behalf of the Company, I am pleased to present the40 th Annual Report of your Company. The directors feel pleasure to present you the Annual Audited Financial Statements for the year ended 30th September 2018 together with the Auditors' report thereof.

FINANCIAL RESULTS

The financial results of your company as compared to last year. An analysis of the key financial results is given below:

	2017-18	2016-17
	(Million)	(Million)
Sales	1,311.23	1,932.15
Gross (Loss) / Profit	(163.83)	194.67
(Loss) / Profit before Taxation	(376.29)	23.96
(Loss) / Profit for the year	(374.07)	29.54
(Loss) / Earnings per share- Basic and diluted	(39.58)	3.13



In the Punjab Sugar Mills have to pay higher sugar cane purchase price as compared to other Provinces. The sugar cane purchase price was maintained by the Punjab Government i.e. Rs. 180/- per 40 kg for the crushing season 2017 2018. The sugar price was remained depressed during the year due to bumper cane crop locally as well as internationally, excess production and carryover of sugar stock. It affects the sale revenue and profitability of the company. The increase in finance cost was due to change in bank rate

OPERATIONAL PERFORMANCE REVIEW

The comparative results of your Company as compared to last year are given

		2017-18	2016-17
Season started		25-Dec-17	19-Nov-16
Season closed		27-Mar-18	26-Mar-17
Crushing days		93	126
Sugarcane crushed	M.Tons	208,593.73	393,034.57
Sugar recovery	%	8.773%	9.109 %
Sugar produced	M.Tons	18,261.90	35,486.50
Molasses recovery	%	4.802	4.739%
Molasses produced	M.Tons	9,990	18,495



The crushing season commenced on December 25, 2017 and Mill crushed 208,593.73 M.T of sugarcane as compared to 393,034.57 M.Ton of corresponding last period. The decrease in sugarcane crushing is 46.93 %.The sugar recovery has been decreased from 9.109% to 8.773%.The company has witnessed a decline in the duration of crushing season and also reduction in sugarcane crushed as compared to previous period. The reason behind are technical problems of power house, turbine, transformer and boiler.

DIVIDEND

The Directors of the company has/have not recommended any dividend for the year due to current year loss as well as accumulated losses of the company.

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. 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 endedSeptember 30, 2018 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 Act 2017 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 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. Mr. Muhammad Shah Anjum	2
Mr. Muhammad Ashraf	1
Sayed Qaissar Abbas Naqvi	5
M. Maqsood ul Hassan	3



*Meetings attended during the tenure

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

CHANGE IN THE BOARD

One casual vacancy occurred on the Board onJuly 10, 2018. M. Maqsood ul Hassan resigned from the Board and vacancy was filled by Mr. Muhammad Shah Anjum.

SHARE TRANSFER

During the year 2400 shares were transferred by M. Maqsood ul Hassan in the name of Mr. Muhammad Shah Anjum to fulfill the requirement of qualification shares.

There was no other reported transaction of sale or purchase of Company by Directors, Company Secretary, Chief Financial officer and their spouses or minor children during the period under review.

HOLDING COMPANY

M/S Pattoki Sugar Mills Limited is the holding company with 81.44% shares.

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, 2019 . 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, 2019.

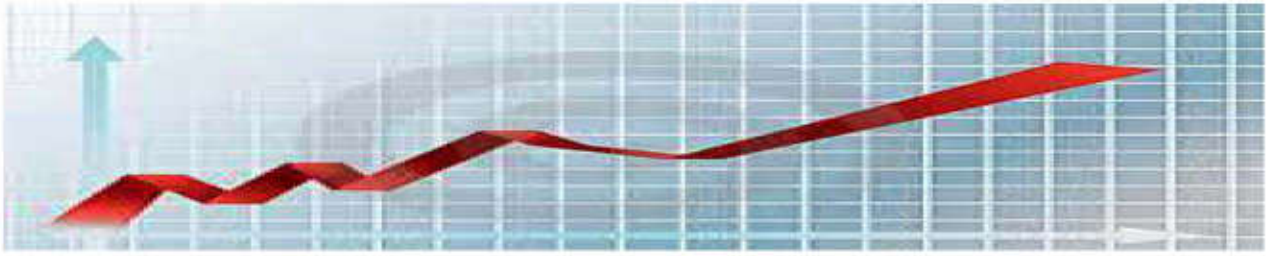
ACKNOWLEDGEMENT

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 4, 2019

SIX YEARS' REVIEW AT GLANCE



		2018	2017	2016	2015	2014	2013
OPERATIONAL PERFORMANCE							
Crusting Days	Days	93	128	100	94	111	129
Total Cane Milled	M.Tons	208,594	393,035	261,930	249,227	407,635	413,485
Sugar Produced	M.Tons	18,262	35,497	23,943	21,845	39,062	37,742
Sugar Recovery	%age	8.773%	9.109%	9.165%	8.82%	9.60%	9.14%
Molasses Produced	M.Tons	9,990	18,495	12,155	11,209	18,960	23,120
Molasses Recovery	%age	4.802%	4.74 %	4.65%	4.52%	4.66%	5.59%
Support Price	Rupees	180	180	180	180	170	170
OPERATING RESULTS (MILLION)							
Sale		1311.23	1,932.15	1,264.12	1,638.08	1,754.60	1,955.01
Gross (Loss) / Profit		(163.83)	194.67	139.13	41.87	266.76	85.92
Net (Loss) / Profit before Taxation		(378.29)	23.96	3.24	(204.86)	2.84	(135.65)
Net (Loss) / Profit after Taxation		(374.07)	29.54	12.49	(198.71)	8.72	(132.32)
(Loss) / Earnings Per share		(39.58)	3.13	1.32	(21.03)	0.92	(14.00)
Ratios							
(Loss) / Profit Gross		(12.49)%	10.07%	11.00%	2.56%	15.20%	4.39%
ASSETS EMPLOYED (MILLION)							
Operating assets		2,495.99	2,518.37	2,475.98	2,037.78	2,083.26	1,952.25
Current assets		471.45	965.17	808.35	596.37	917.50	591.48

PATTERN OF SHAREHOLDINGS

Incorporation Number

1.1 Name Of the Company BABA FARID SUGAR MILLS LIMITED

2.1 Pattern of holding of shares held by shareholders as at September 30, 2018

SHAREHOLDING

2.2 NO. OF SHAREHOLDERS	FROM	To	TOTAL SHARES HELD
682	1	100	18,168
392	101	500	74,540
36	501	1,000	25,040
44	1,001	5,000	108,870
5	5,001	10,000	36,088
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	439,201
1	915,001	920,000	916,000
1	7,555,001	7,560,000	7,559,077
1,167			**9,450,000**

2.3	Categories of Shareholders	Shares Held	Percentage
2.3.1	Directors, Chief Executive Officers, and their spouse and minor children	980,183	10.3723%
2.3.2	Associated Companies, undertakings and related parties	7,696,072	81.4399%
2.3.3	NIT and ICP	1,000	0.0106%
2.3.4	Bank Development Financial Institutions, Non Banking Financial Institutions	100	0.0011%
2.3.5	Insurance Companies	0	0.0000%
2.3.6	Modarabas and Mutual Funds	0	0.0000%
2.3.7	Share holders holding 10%	7,696,072	81.4399%
2.3.8	General Public a) Local	769,619	8.1441%
	b) Foreign	0	0.0000%
2.3.9	Others (to be specified) Joint Stock Companies	3.026	0.0320%

3.0	Signature of Company Secretary	
4.0	Name Of Signatory	Muhammad Ibrahim
5.0	Designation	Company Secretary
6.0	NIC Number	35201-8459576-7
7.0	Date	30-Sep-18

CATEGORIES OF SHAREHOLDING

As Required Under Code Of Corporate Governance (CCG) As On September 30, 2018

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	Mr. Muhammad Shah Anjum	2,500	0.0265
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
1	Mr. Muhammad Shah Anjum	-	2,400

FINANCIAL STATEMENTS

For the year ended September 30, 2018



STATEMENT OF COMPLIANCE

with best practices of CORPORATE GOVERNANCE for the year ended September 30, 2018

Listed companies (Code of Corporate Governance) Regulations, 2017.

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

1. The total number of directors are seven (07) as per the following:
   a) Male: Five (5)
   b) Female: Two (2)
2. The composition of board is as follow:

Category	Names
Independent Directors	Muhammad Ashraf
Executive Directors	Muhammad Sarwar
	Muhammad Shah Anjum
	Mrs. Naheed Roohi
Other Non -Executive Directors	Ms. Rafia Aslam
	Syed Qaisar Abbas Naqvi
	Mr. Shahid Mahmood Qureshi



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

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The boards of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year, no Directors' Training Program was arranged for the directors.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and term and conditions of employment and compiled with relevant requirement of the regulations.

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

12. The board has formed committees comprising of members given below:

a) Audit Committee:

Muhammad Ashraf	Chairman
Mrs. Rafia Aslam	Member
Syed Qaissar Abbas Naqvi	Member
Mr. Shahid Mahmood Qureshi	Member

b) HR and Remuneration Committee

Mrs. Naheed Roohi

Mrs. Rafia Aslam

Mr. Shahid Mahmood Qureshi

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) **Audit Committee:**
The audit committee of the company is meeting every quarter of the financial year prior to the approval of interim results of the company by its board of directors and after completion of external audit and if requested by the external auditors or the head of internal audit.

b) **HR and Remuneration Committee :**
The Committee shall meet at least once in a financial year and may meet more often if requested by the member of the board, or committee itself or the chief executive officer.

15. The board has set up effective internal audit functions who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

For and on behalf of the Board

(Muhammad Sarwar)
Chief Executive
Lahore, January 04, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Baba Farid Sugar Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Baba Farid Sugar Mills Limited**("the Company"), which comprise the statement of Financial Position as at September 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Material Uncertainty Relating to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has incurred loss before tax of Rs. 378,292,616 during the year ended September 30, 2018, and as of that date, its accumulated losses have stood up to Rs. 1,480,646,743. Further, its current liabilities exceed its current assets by Rs.1,278,590,619. These conditions along with other matters as set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt on Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our

opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Relating to Going Concern Section, we have determined the matters described below to the key audit matters to be communicated in our report.

Following are the Key audit matter(s):

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	**Companies Act, 2017** (Refer note 3.3 to the annexed financial statements) The provisions of the Fourth Schedule to the Companies Act, 2017, became applicable to the Company for the first time in the preparation of the annexed financial statements. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result, certain amendments and additional disclosures were made in the Company's annexed financial statements. In view of the additional disclosures in the annexed financial statements due to first time application of the Fourth Schedule to the Companies Act, 2017, we considered this as a key audit matter.	We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017. Our audit procedures included the following: • Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements; • Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and • Verified on test basis, the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended September30,2018 but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hasnain Adam Ali.

Hasnain Ali& Co.
Chartered Accountants

Lahore

Date: January 04, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BABA FARID SUGAR MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **BABA FARID SUGAR MILLS LIMITED** ("the Company") for the year ended September 30, 2018, in accordance with the requirements of Regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2018.

HASNAIN ALI & CO
Chartered Accountants
Audit Engagement Partner: Hasnain Adam Ali

Date: January 04, 2019
Lahore

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

EQUITY AND LIABILITIES	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
SHARE CAPITAL AND RESERVES				
Authorized capital				
70,000,000 ordinary shares of Rs.10 each		700,000,000	700,000,000	700,000,000
(2017: 70,000,000 ordinary shares of Rs.10 each)				
Issued, subscribed and paid-up capital	6	94,500,000	94,500,000	94,500,000
Accumulated (Loss)		(1,480,646,743)	(1,146,927,052)	(1,217,959,120)
Surplus on revaluation of property, plant & equipment	7	1,715,902,655	1,746,005,655	1,779,773,872
		329,755,912	693,578,603	656,314,752
NON CURRENT LIABILITIES				
Long term loans	8	100,000,000	200,000,000	-
Loan from holding company	9	500,000,000	500,000,000	500,000,000
Deferred liability	10	288,233,669	313,488,827	347,835,618
		888,233,669	1,013,488,827	847,835,618
CURRENT LIABILITIES				
Current portion of long term liabilities	11	125,000,000	125,000,000	54,408,109
Short term finances	12	25,982,166	89,155,032	101,799,132
Due to related party	13	1,154,442,231	1,130,247,361	1,111,646,078
Trade and other payables	14	278,288,794	360,087,191	477,775,543
Unclaimed dividends		255,930	255,930	2,597,511
Interest and mark-up accrued	15	154,058,109	50,651,849	20,715,647
Provision for taxation		12,012,897	21,662,092	11,831,378
		1,750,040,127	1,777,059,455	1,780,773,398
TOTAL EQUITY & LIABILITIES		**2,968,029,708**	**3,484,126,885**	**3,284,923,768**
Contingencies and commitments	16			
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	17	2,495,992,625	2,518,370,768	2,475,983,483
Long term deposits	18	587,575	587,575	587,575
		2,496,580,200	2,518,958,343	2,476,571,058
CURRENT ASSETS				
Stores, spares and loose tools	19	43,621,327	37,271,741	45,609,787
Stock-in-trade	20	51,731,844	533,034,690	381,077,616
Trade debts	21	151,278,030	121,322,598	108,890,582
Advances	22	116,855,614	167,029,163	144,705,252
Trade deposits and short term prepayments		-	-	20,632,000
Other receivables	23	105,742,500	105,742,500	105,742,500
Cash and bank balances	24	2,220,193	767,850	1,694,973
		471,449,508	965,168,542	808,352,710
TOTAL ASSETS		**2,968,029,708**	**3,484,126,885**	**3,284,923,768**

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

Chief Executive Officer | Chief Financial Officer | Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	25	1,311,229,139	1,932,149,283
Cost of sales	26	1,475,058,098	1,737,483,371
Gross (loss) / profit		**(163,828,959)**	**194,665,912**
Distribution and selling expenses	27	2,283,934	4,223,383
Administrative expenses	28	42,404,351	37,668,564
Other expenses		-	1,261,681
		44,688,285	43,153,628
Operating (loss) / profit before finance cost		**(208,517,244)**	**151,512,284**
Finance cost	29	169,775,372	127,555,250
(Loss) / profit before taxation		**(378,292,616)**	**23,957,034**
Taxation	30	(4,226,425)	(5,581,390)
(Loss) / profit after taxation		**(374,066,191)**	**29,538,423**
(Loss) / Earning per share - Basic and diluted	31	(39.58)	3.13

The annexed notes, from 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, 2018

	2018 Rupees	2017 Rupees
(Loss) / profit for the year	(374,066,191)	29,538,423
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of net defined benefit liability	617,565	(378,046)
Total comprehensive (loss) / income for the year	**(373,448,626)**	**29,160,377**

The annexed notes, from 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, 2018

	Issued, subscribed and paid-up capital	Accumulated (Loss)	Revaluation Surplus	Total
	---------- Rupees ----------			
Balance as at September 30, 2016 - as reported previous	94,500,000	(1,217,959,120)	-	(1,123,459,120)
Impact of re-statement - note 5	-	-	1,779,773,872	1,779,773,872
Balance as at October 01, 2016 - as restated	94,500,000	(1,217,959,120)	1,779,773,872	656,314,752
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
Surplus on revaluation of property, plant and equipment related to rate change	-	-	8,103,474	8,103,474
Balance as at September 30, 2017 - as restated	94,500,000	(1,146,927,052)	1,746,005,655	693,578,603
Balance as at October 01, 2017 as restated	94,500,000	(1,146,927,052)	1,746,005,655	693,578,603
Current year incremental depreciation - net of deferred tax	-	39,728,935	(39,728,935)	-
Total comprehensive loss for the year	-	(373,448,626)	-	(373,448,626)
Surplus on revaluation of property, plant and equipment related to rate change	-	-	9,625,935	9,625,935
Balance as at September 30, 2018	94,500,000	(1,480,646,743)	1,715,902,655	329,755,912

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

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED SEPTEMBER 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2018 Rupees	2017 Rupees
Cash generated from / (used in) operations	32	261,096,658	(47,811,916)
Finance cost paid		(66,202,334)	(97,604,146)
Taxes paid		(1,406,973)	(10,030,971)
Net cash generated from / (used in) operating activities		**193,487,351**	**(155,447,033)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(53,057,011)	(122,029,164)
Net cash (used in) investing activities		**(53,057,011)**	**(122,029,164)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan		(100,000,000)	270,591,891
Due to related party		24,194,870	18,601,283
Net cash (used in) / generated from financing activities		**(75,805,130)**	**289,193,174**
Net increase in cash and cash equivalents		64,625,210	11,716,977
Cash and cash equivalents at the beginning of the year		(88,387,182)	(100,104,159)
Cash and cash equivalents at end of the year	33	**(23,761,973)**	**(88,387,182)**

The annexed notes, from 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, 2018

1. CORPORATE AND GENERAL INFORMATION

1.1 THE COMPANY AND ITS OPERATIONS

Baba Farid Sugar Mills Limited ("the Company") was incorporated in 1978 under the Companies Ordinance, 1984 (Now the Companies Act, 2017) 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 information on geographical location and address of the Company's business units including plant is as under:

- The Company's registered office is situated at Suit-T-09, 3rd Floor, 75-E/1 Main Boulevard, Gulberg III, Lahore
- Manufacturing facility is located in the district Okara, Punjab.

1.2 Summary of Significant Events and Transactions in the Current Reporting Period

	2018
	Impact in Rupees
- Reclassification of revaluation surplus in equity as per Companies Act, 2017	1,715,902,655
- Reclassification of unclaimed dividend as per Companies Act, 2017	255,930
- Increase in Interest and mark-up accrued	103,406,260

2. GOING CONCERN ASSUMPTION

During the current financial year, the Company has earned loss before tax amounting to Rs. 378,292,616 (2017 Profit of Rs. 23,957,034) and at statement of financial position date its accumulated losses have stood up to Rs. 1,480,646,743 (2017: Rs. 1,146,927,052). Further, its current liabilities exceed its current assets by Rs. 1,278,590,619 (2017: Rs. 811,890,913). 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 accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

i) International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017; and

ii) Provisions of and directives issued under the Companies Act, 2017.

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on October 1, 2017 but are not considered to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events)and are, therefore, not detailed in these financial statements, except for the following:

- IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendments)

International Accounting Standard ('IAS') 7, 'Cashflow statements: Disclosure Initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cashflows have been, or will be classified as financing activities in the statement of cashflows. The amendment only covers statement of financial position items for which cashflows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The company has given the required disclosure in these financial statements.

-IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

IAS 12 'Income taxes' (Amendment), on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt instruments measured at fair value. The company's current accounting treatment is already in line with the requirements of this standard.

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

IFRS 9, 'Financial Instruments' (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard 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. The company is yet to assess the full impact of this standard.

- IFRS 15 Revenue from Contracts with Customers:

IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related Interpretations. It is unlikely that this standard will have any significant impact on the company's financial statements.

- **IFRS 16 Leases**

IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). This standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The company is yet to assess the full impact of this standard.

- **IFRIC 22 Foreign currency transactions and advance consideration**

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the company's financial statements.

- **IFRIC 23 Uncertainity Over Income Tax Treatments**

IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and taxr ates. The company is yet to assess the full impact of the interpretation.

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.

3.2.4 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective Date (Period beginning on or after)
- IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
- IFRS 17 'Insurance Contracts '	January 1, 2021

The Company expects that such improvements to the standards will not have any material impct on the Company's financial statement.

3.3. Changes due to Companies Act, 2017

The Act has also brought certain changes with regard to the preparation and presentation of the company's financial statements. These changes also include change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the Fourth Schedule to the Act have been revised, resulting in the:

- Elimination of duplicative disclosures with the IFRS disclosure requirements; and
- Incorporation of significant additional disclosures.

In view of the above, the presentation of these financial statements has been realigned with the provisions contained in the Act. The application of the Act, however, does not have any impact on the recognition and measurement of the amounts included in these financial statements.

3.4 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.

3.5 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.

3.6 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 upto 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, 2018 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 capitalised 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. Change in Accounting Policy

The Company has changed its accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment in line with the requirements of newly promulgated Companies Act, 2017 which does not stipulate any special treatment for revaluation surplus and therefore allows the presentation prescribed under IAS 16 "Property, Plant and Equipment". Thus, the Surplus on Revaluation of Property, Plant and Equipment is presented as equity. This change in policy is applied retrospectively in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" with effect from earliest period presented in these financial statements. Since section 235 of the repealed Companies Ordinance, 1984 has lost its application, the revaluation surplus which was previously shown as a separate line item on statement of financial position, has now been presented in equity for the year ended September 30, 2018, and figures have been restated accordingly.

In view of the above, the accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment is given below:

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

The impact of this change in accounting policy has been applied retrospectively from the earliest period presented in these financial statements:

	As at September 30, 2017			As at September 30, 2016		
	As previously reported on September 30, 2017	Adjustment	As restated on September 30, 2017	As previously reported on September 30, 2016	Adjustment	As restated on September 30, 2016
	Rupees					
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment	1,746,005,655	(1,746,005,655)	-	1,779,773,872	(1,779,773,872)	-
Share capital and reserves	-	1,746,005,655	1,746,005,655	-	1,779,773,872	1,779,773,872
Effect on statement of changes in equity						
Revaluation surplus	-	1,746,005,655	1,746,005,655	-	1,779,773,872	1,779,773,872

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	Note	2018 Rupees	2017 Rupees
Issued, subscribed and and paid up capital			
6,400,000 (2017: 6,400,000) ordinary shares of Rs.10 each		64,000,000	64,000,000
3,050,000 (2017: 3,050,000) bonus shares of Rs.10 each		30,500,000	30,500,000
		94,500,000	94,500,000

As at September 30, 2018 M/s Pattoki Sugar Mills Limited (the holding company) holds 7,696,072 (81.44%) shares of the Company.

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		
At beginning of the year	1,746,005,655	1,779,773,872
Less: transferred to accumulated loss on account of incremental depreciation for the year- net of deferred tax	(39,728,935)	(41,871,691)
Resultant adjustment due to reduction in tax rate	9,625,935	8,103,474
	1,715,902,655	1,746,005,655

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.

8. LONG TERM LOANS			
From banking companies - secured			
JS Bank Limited - term finance	8.1	200,000,000	300,000,000
Less: Current portion	11	(100,000,000)	(100,000,000)
		100,000,000	200,000,000

8.1 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.

	Note	2018 Rupees	2017 Rupees
At beginning of the year		300,000,000	-
Add: Avail during the year		-	300,000,000
Less: Payment made during the year		(100,000,000)	-
At end of the year		200,000,000	300,000,000

9. LOAN FROM HOLDING COMPANY

Pattoki Sugar Mills Limited		525,000,000	525,000,000
Less: Current portion	11	(25,000,000)	(25,000,000)
		500,000,000	500,000,000

9.1 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 8.15% to 8.93% (2017: 8.04% to 8.14%) per annum and this loan is subordinated to JS Bank Limited.

10. DEFERRED LIABILITY

Deferred taxation	10.1	284,572,416	310,437,673
Employees retirement benefits - gratuity	10.2	3,661,253	3,051,154
		288,233,669	313,488,827

10.1 Deferred liability on temporary differences:

Taxable temporary differences

Surplus on revaluation of fixed assets	262,924,805	288,778,051
Accelerated tax depreciation on fixed assets	73,748,982	65,749,604
	336,673,787	354,527,655

Deductible temporary differences

Provision for gratuity	(1,061,763)	(915,346)
Unabsorbed tax depreciation	(51,039,608)	(41,674,636)
Provision for doubtful debts	-	(1,500,000)
	(52,101,371)	(44,089,982)
	284,572,416	310,437,673

As at September 30, 2018, deferred tax asset amounting Rs. 88.87 million (2017: Rs. 3.164 million) on unused tax losses have not been recognised 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, 2019.

10.2 Staff retirement benefits - gratuity

	Note	2018 Rupees	2017 Rupees
The amount recognized in the balance sheet are as follows:			
Present value of defined benefit obligation		3,661,253	3,051,154
Net liability at beginning of the year		3,051,154	2,050,989
Charge to profit and loss account		1,227,664	622,119
Net remeasurements for the year		(617,565)	378,046
Net liability at end of the year		3,661,253	3,051,154
The movement in the present value of defined benefit obligation is as follows:			
Opening balance		3,051,154	2,050,989
Current service cost		555,606	483,391
Past service cost (credit)		460,200	-
Interest cost		211,858	138,728
Actuarial (gain) / loss		(617,565)	378,046
Closing balance		3,661,253	3,051,154

	2018	2017	2016	2015	2014
			Rupees		
Present value of defined benefit obligation	3,661,253	3,051,154	2,050,989	1,412,063	776,504
Experience adjustment on obligation	(617,565)	378,046	31,357	487,860	2,828

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:

	2018	2017
- Discount rate	10.00%	8.00%
- Expected rate of growth per annum in future salaries	9.00%	7.00%
- Average expected remaining working life time of employees	6 years	5 years

11. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loans	8	100,000,000	100,000,000
Loan from holding company	9	25,000,000	25,000,000
		125,000,000	125,000,000

12. SHORT TERM FINANCES

Temporary book overdrafts - unsecured	12.1	25,982,166	89,155,032

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

13. DUE TO RELATED PARTY	Note	2018 Rupees	2017 Rupees
Pattoki Sugar Mills Limited		1,154,442,231	1,130,247,361

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 8.15% to 8.93% (2017: 8.04% to 8.14%) per annum.

14. TRADE AND OTHER PAYABLES			
Trade creditors	14.1	180,184,246	247,937,441
Advances from customers		2,169,386	67,206,337
Accrued charges		28,271,372	23,261,631
Workers profit participation fund	14.2	1,609,491	1,442,714
Taxes and duties payable		2,359,634	2,226,034
Sales tax payable		37,498,444	13,345,170
Other payables		26,196,221	4,667,864
		278,288,794	360,087,191

14.1 This includes Rs. 2,184,896 (2017: 2,618,421) payable to Imporient Chemicals (Private) Limited (related party) against purchase of chemical.

14.2 Workers' Profit Participation Fund		
Balance at the beginning of the year	1,442,714	166,131
Add: Provision for the year	-	1,261,681
Mark up charged during the year	166,778	14,902
Balance at the end of the year	1,609,491	1,442,714

14.3 Interest on Workers' profit (participation) fund has been provided at the rate of 11.56% (2017: 8.97).

15. INTEREST AND MARK-UP ACCRUED		
On long term loans	6,329,216	2,793,197
On loan from holding company	147,728,893	47,858,652
	154,058,109	50,651,849

16. 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 upto an aggregate amount of Rs. 300 million.

17. PROPERTY, PLANT AND EQUIPMENT

	Note	2018 Rupees	2017 Rupees
Operating fixed assets	17.1	2,378,527,606	2,400,905,749
Capital work in progress	17.5	117,465,019	117,465,019
		2,495,992,625	2,518,370,768

17.1 Operating fixed assets

	OWNED ASSETS									LEASED ASSETS	
	Land - Freehold	Buildings on freehold land	Plant and machinery	Electric installation	Tools and Equipment	Vehicles	Furniture and fixture	Equipment	Total	Plant and machinery	GRAND TOTAL
	RUPEES										
Net carrying value as at September 30, 2018											
Opening 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
Additions	-	-	52,598,604	-	-	23,264	-	435,123	53,057,011		53,057,011
Depreciation for the year	-	(17,158,838)	(57,483,896)	(55,356)	(91,285)	(191,061)	(58,783)	(395,935)	(75,435,154)		(75,435,154)
Closing net book value	1,080,150,000	154,429,539	1,137,582,296	498,208	821,563	767,241	529,045	3,749,714	2,378,527,606	-	2,378,527,606
Gross carrying value as at September 30, 2018											
Cost	1,080,150,000	353,113,274	1,990,997,001	9,681,095	4,280,715	15,178,282	5,783,562	14,282,476	3,473,466,406		3,473,466,406
Accumulated depreciation	-	(196,683,735)	(853,414,705)	(9,182,887)	(3,459,152)	(14,411,041)	(5,254,517)	(10,532,762)	(1,094,938,800)		(1,094,938,800)
	1,080,150,000	154,429,539	1,137,582,296	498,208	821,563	767,241	529,045	3,749,714	2,378,527,606	-	2,378,527,606
Net carrying value as at September 30, 2017											
Opening net book value	1,080,150,000	190,653,752	1,081,036,236	606,186	1,014,276	1,070,878	604,335	3,830,884	2,358,968,546	78,837,806	2,437,806,352
Additions	-	-	42,321,386	6,700	-	95,250	44,678	273,262	42,741,276	-	42,741,276
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	1,936,398,397	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
Rate (% age)	N/A	10%	5%	10%	10%	20%	10%	10%		5%	

17.2 Had there been no revaluation the carrying value of revalued assets as at September 30, 2018 would have been as under:

	Note	2018 Rupees	2017 Rupees
Land		7,959,798	7,959,798
Building		13,551,245	15,056,939
Plant and Machinery		371,823,333	336,405,522
		393,334,375	359,422,258

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

Cost of sales	26	74,789,375	78,955,965
Administrative expenses	28	645,779	685,914
		75,435,154	79,641,879

17.4 Freehold land of the Company is located at Faisalabad Road, District Okara, Punjab measuring 75 acres.

The building on freehold land and other immovable assets of the Company are constructed / located at above mentione freehold land.

17.5 Capital work in progress	Note	2018 Rupees	2017 Rupees
Building		6,282,560	6,282,560
Plant and machinery		111,182,459	111,182,459
		117,465,019	117,465,019
The reconciliation of the carrying amount is as follows:			
At beginning of the year		117,465,019	38,177,131
Additions during the year		-	79,287,888
At end of the year		117,465,019	117,465,019

18. LONG TERM DEPOSITS

Security deposits - others		587,575	587,575

19. STORES, SPARES AND LOOSE TOOLS

Stores		19,068,626	16,890,160
Spares		24,304,850	20,142,404
Loose tools		247,851	239,177
		43,621,327	37,271,741

20. STOCK-IN-TRADE

Work-in-Process			
- Sugar		31,895,978	28,648,842
- Molasses		1,970,542	1,790,712
		33,866,520	30,439,554
Finished Goods			
- Sugar		235,171	479,830,642
- V.F Cake		17,630,153	22,764,493
		17,865,324	502,595,136
		51,731,844	533,034,690

21. TRADE DEBTS

Unsecured and considered good		151,278,030	121,322,598

22. ADVANCES

Unsecured but considered good:			
Advances to cane growers	22.1	35,048,416	69,991,667
Advances to staff		457,240	729,259
Advance for store purchases		74,247,325	68,950,485
Advance income tax		7,102,633	27,357,752
		116,855,614	167,029,163
Unsecured but considered doubtful:			
Advances to cane growers		5,000,000	5,000,000
		121,855,614	172,029,163
Provision for doubtful advances		(5,000,000)	(5,000,000)
		116,855,614	167,029,163

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

	Note	2018 Rupees	2017 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		2,150,304	418,506
Cash in hand		69,889	349,344
		2,220,193	767,850
25. SALES - NET			
Sugar - Local		1,439,473,139	2,087,864,727
Less: Sales tax and federal excise duty		(128,244,000)	(155,715,444)
		1,311,229,139	1,932,149,283
26. COST OF SALES			
Cost of sugarcane consumed (including procurement and other costs)		882,081,661	1,820,429,130
Salaries, wages and other benefits	26.1	53,404,810	60,161,978
Stores, spares and loose tools consumed		2,813,592	13,192,834
Chemicals consumed		5,520,016	12,434,363
Packing material consumed		6,812,980	11,859,812
Fuel and power		17,568,809	18,526,740
Repair and maintenance		19,564,596	8,562,522
Vehicle running expenses		1,561,392	1,476,045
Depreciation	17.3	74,789,375	78,955,965
Other factory overheads		229,455	3,283,866
		1,064,346,686	2,028,883,255
Work in process adjustment			
Opening		30,439,554	13,322,874
Closing		(33,866,520)	(30,439,554)
		(3,426,966)	(17,116,681)
		1,060,919,720	2,011,766,574
Finished goods adjustment			
Opening		502,595,136	367,754,742
Closing		(17,865,324)	(502,595,136)
		484,729,812	(134,840,394)
Molasses		(69,731,257)	(133,032,553)
V.F.Cake		(860,177)	(6,410,256)
		(70,591,434)	(139,442,809)
		1,475,058,098	1,737,483,371

26.1 Salaries,wages and other benefits include employee benefits amounting to Rs. 352,723 (2017: Rs. 371,471).

27. DISTRIBUTION AND SELLING EXPENSES			
Salaries, wages and other benefits	27.1	841,779	935,336
Stacking, restacking and carriage		1,442,155	2,718,047
Miscellaneous		-	570,000
		2,283,934	4,223,383

27.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 50,938 (2017: Rs. 15,011)

28. ADMINISTRATIVE EXPENSES	Note	2018 Rupees	2017 Rupees
Salaries, wages and other benefits	28.1	25,771,331	26,482,254
Traveling and conveyance		6,150	28,500
Rent, rates and taxes		600	397,811
Telephone and postage		138,215	219,535
Printing and stationery		411,471	484,110
Fee and subscription		1,290,719	2,133,588
Insurance		2,371,259	1,935,150
Repair and maintenance		46,550	34,882
Vehicle running expenses		4,027,803	2,805,138
Entertainment		685,781	605,496
Advertisement expenses		-	97,329
Auditors' remuneration	28.2	560,000	560,000
Legal and professional charges		569,917	568,000
Donations	28.3	323,160	444,185
Depreciation	17.3	645,779	685,914
Penalty		5,387,138	-
Miscellaneous		168,478	186,672
		42,404,351	37,668,564

28.1 Salaries, wages and other benefits include employee benefits amounting to Rs. 824,003 (2017: Rs. 235,637).

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	-	-
	560,000	560,000

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

29. FINANCE COST		
Mark - up on:		
- long term loan	24,689,567	2,793,197
- loan from holding company	144,810,241	123,868,327
- workers profit participation fund	166,778	14,902
Commission and bank charges	108,786	878,824
	169,775,372	127,555,250

30. TAXATION		
- Current	12,012,897	21,662,092
- Deferred	(16,239,322)	(27,243,482)
	(4,226,425)	(5,581,390)

31. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTIVE		
Net (loss) / profit for the year	(374,066,191)	29,538,423
	(Number of shares)	(Number of shares)
Weighted average number of shares outstanding during the year	9,450,000	9,450,000
	Rupees	Rupees
(Loss) / Earnings per share - basic	(39.58)	3.13

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

32. CASH GENERATED FROM / (USED IN) OPERATIONS

	Note	2018 Rupees	2017 Rupees
(Loss) / profit before taxation		(378,292,616)	23,957,034
Adjustment for non cash charges and other items:			
Depreciation on property, plant and equipment		75,435,154	79,641,879
Finance costs		169,775,372	127,555,250
Provision for workers profit participation fund		-	1,261,681
Provision for gratuity		1,227,664	622,119
Working capital changes	32.1	392,951,084	(280,849,879)
		639,389,274	(71,768,950)
		261,096,658	(47,811,916)

32.1 Working capital changes

(Increase) / decrease in current assets			
Stores, spares and loose tools		(6,349,586)	8,338,046
Stock-in-trade		481,302,846	(151,957,075)
Trade debts		(29,955,432)	(12,432,016)
Advances		29,918,430	(24,124,318)
Trade deposits and short term prepayments		-	20,632,000
Other receivables		-	-
Increase / (decrease) in current liabilities			
Trade and other payables		(81,965,174)	(121,306,516)
		392,951,084	(280,849,879)

33. CASH AND CASH EQUIVALENTS

Short term finances	12	(25,982,166)	(89,155,032)
Cash and bank balances	24	2,220,193	767,850
		(23,761,973)	(88,387,182)

34. REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

34.1 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			
2018	-	-	-
2017	-	-	-
Directors			
2018	-	-	-
2017	-	-	-
Executives			
2018	-	-	-
2017	5,156,258	2,577,742	8

34.2 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.

35. 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	2018 Amount (Rupees)
Imporient Chemicals (Pvt) Limited	Associate	Common directorship	Purchase of chemical	13,316,475
Pattoki Sugar Mills Limited	Associate	Holding company	Loan including markup	124,065,111
Name of related party	**Nature of relationship**	**Basis of relationship**	**Nature of transaction**	**2017 Amount (Rupees)**
Imporient Chemicals (Pvt) Limited	Associate	Common directorship	Purchase of chemical	13,796,503
Pattoki Sugar Mills Limited	Associate	Holding company	Loan including markup	71,839,610

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

36. CAPACITY AND PRODUCTION

	2018		2017	
	Days	M.Tonnes	Days	M.Tonnes
Crushing capacity	160	480,000	160	480,000
Sugarcane crushed	93	208,594	128	393,035
Sugar production	-	18,262	-	35,497

The Capacity is under utilized due to frequent plant breakdowns.

37. OPERATING SEGMENTS

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

37.1 Sugar Sales represents 94.89% (2017: 93%) of the total sales of the company.

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

37.3 All non - current assets of the company as at September 30, 2018 are located in Pakistan.

38. CORRESPONDING FIGURES

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

39. General

In addition to restatements discussed in note 5, the following re-arrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	2017 Amount (Rupees)
Unclaimed dividends	Trade and other payables (Note 13)	Unclaimed dividends (face of the statement of financial position) of financial position)	255,930

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 financial performance.

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 management policies.

(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 affect stock price movement.

(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:

Floating rate instruments	**2018**	**2017**
Financial liabilities	**Rupees**	**Rupees**
Long term loans	200,000,000	300,000,000
Loan from holding company	525,000,000	525,000,000
Due to related party	1,154,442,231	1,130,247,361
Short term finances	25,982,166	89,155,032
	1,905,424,397	2,044,402,393

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 Company.

(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	151,276,030	121,322,598
Advances	116,855,614	167,029,163
Bank balances	2,150,304	418,506
	270,871,523	289,357,842

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

	2018 Rupees	2017 Rupees
Not past due		
Past due 0 - 180 days	125,560,763	103,124,208
Past due 181 - 365 days	25,717,267	18,198,390
	151,278,030	121,322,598

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	21,362	-
United Bank Ltd.	A-1+	AAA	JCR-VIS	335,164	20,181
MCB Bank Ltd.	A1+	AAA	PACRA	125,473	10,290
National Bank of Pakistan	A1+	AAA	PACRA	79,736	79,736
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	153,967	140,982
Habib Metropolitan Bank Ltd	A1+	AA+	PACRA	763	763
Summit Bank Ltd.	A-1	A-	JCR-VIS	635	333
Bank Al Falah Ltd	A1+	AA	PACRA	381,131	2,955
JS bank	A1+	AA-	PACRA	35,342	82,693
Bank Of Punjab	A1+	AA	PACRA	10,580	10,580
Askri Bank	A1+	AA+	PACRA	975,040	8,410
Apna Microfinance Bank Ltd.	A3	BBB+	PACRA	27,443	27,443
Meezan Bank Ltd.	A-1+	AA	JCR-VIS	3,668	34,140
				2,150,304	418,506

(c) Liquidity risk

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

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, 2018, the Company had borrowing limits available from financial institutions.

The following are the contractual maturities of financial liabilities as at September 30, 2018:

	Carrying amount	Less than one year	Less than one year
	---------- Rupees ----------		
Long term loan	200,000,000	100,000,000	100,000,000
Loan from holding company	525,000,000	25,000,000	500,000,000
Short term finances	25,982,166	25,982,166	-
Due to related party	1,154,442,231	1,154,442,231	-
Trade and other payables	278,544,724	278,544,724	-
Interest and mark-up accrued	154,058,109	154,058,109	-
	2,338,027,230	1,738,027,230	600,000,000

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

Long term loans	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

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, 2018, and September 30, 2017 is as follows:

	2018	2017
	Rupees	Rupees
Borrowings - notes 8 and 9	725,000,000	825,000,000
Less: Cash and cash equivalents - note 33	(23,761,973)	(88,387,182)
Net debt	748,761,973	913,387,182
Total equity (includes surplus on revaluation on operating fixed	329,755,912	693,578,603
Gearing	69%	57%

In accordance with the terms of agreement with the lenders of long term finances (as reffered to in note 8 to these financial statements), the Company is required to comply with certain financial covenants in respect of capital requirements which the Company has complied with throughout the reporting period.

41. NUMBER OF EMPLOYEES

	2018	2017
	Number of employees	
Number of persons employed as at September 30, 2018 - at mill		
- permanent	146	133
- contractual	123	117
Average number of employees during the year- at mill		
- permanent	140	137
- contractual	120	120

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 04, 2019 by the Board of Directors of the Company.

Chief Executive Officer | Chief Financial Officer | Director

اعترافات

بورڈ کمپنی کے معاملات وکارروائی کے تسلسل کو برقرار رکھنے میں اپنے شیئر ہولڈرز اور بینکرز کے اعتماد اور مسلسل سپورٹ پر ان کا تہہ دل سے مشکور ہے۔ بورڈ کمپنی کے ورکرز، سٹاف اور مینجمنٹ ٹیم کی ایمانداری، محنت اور انتھک کوششوں کا بھی اعتراف کرتے ہوئے ان کا شکریہ ادا کرتے ہوئے اُمید کرتا ہے کہ وہ آئندہ بھی اسی لگن کیساتھ کام کرتے رہیں گے۔

لاہور

4 جنوری 2019ء

بحکم بورڈ

(محمد سرور)

چیف ایگزیکٹو

شیئر ٹرانسفر

سال کے دوران 2400 ایم مقصود الحسن کے نام پر شیئرز کو مسز محمد شاہ انجم کے نام کیا گیا تا کہ کوالیفکیشن شیئرز کی ضرورت کو پورا کیا جا سکے ۔ڈائریکٹرز، کمپنی سیکرٹری، چیف فنانشل آفیسر اور ان کے رشتہ دار یا بچوں کی جانب سے زیر غور عرصہ کے دوران کمپنی کی سیل یا پرچیز کے حوالے سے کوئی ٹرانزیکشن رپورٹ نہیں ہوئی۔

ہولڈنگ کمپنی

میسرز چوکی شوگر ملز لمیٹڈ 81.44% شیئرز کے ساتھ ہولڈنگ کمپنی ہے۔

آڈٹ کمیٹی

بورڈ کی جانب سے 4 ممبران پر مشتمل کمیٹی چیئرمین پر مشتمل آڈٹ کمیٹی کا قیام عمل میں لایا گیا۔ یہ کمیٹی باقاعدہ طور پر کوڈ کے قواعد وضوابط کے مطابق کام کر رہی ہے۔

کمیٹی انٹرنل آڈٹ ڈیپارٹمنٹ کے ذریعے انٹرنل کنٹرول کے طریقہ کار کی نگرانی کرتی ہے اور فنانشل سٹیٹمنٹ کی فراہمی سے قبل وقتاً فوقتاً فنانشل سٹیٹمنٹ پر نظر ثانی کرتی ہے۔آڈٹ کمیٹی آڈیٹرز کی تعیناتی کیلئے سفارشات پیش کرنے کی ذمہ دار ہونے کیساتھ ساتھ ان کی جانب سے فراہم کی جانے والی خدمات میں خود مختاری کو یقینی بناتی ہے۔سال کے دوران آڈٹ کمیٹی کے 4 اجلاس منعقد کیے گئے۔

بورڈ ہیومن ریسورس کمیٹی

تین ڈائریکٹران پر مشتمل ہیومن ریسورس اینڈ ریمیونیریشن کمیٹی نظر ثانی شدہ کوڈ آف کارپوریٹ گورننس پر یقینی عملدرآمد کا کام کر رہی ہے۔زیر غور سال کے دوران ہیومن ریسورس اینڈ ریمیونیریشن ڈیپارٹمنٹ کی 2 میٹنگز کا انعقاد کیا گیا۔

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈنگ کے پیٹرن سے متعلقہ سٹیٹمنٹ منسلک ہے

کمپنی کے شیئرز میں ڈائریکٹرز، سی ای او اور سی ایف او، کمپنی سیکرٹری یا ان کے رشتہ دار یا بچوں کی جانب سے کسی قسم کی کوئی ٹریڈنگ (ماسوائے اس کے جس کی باقاعدہ قانون کے مطابق رپورٹ کی گئی) نہیں کی گئی۔

آڈیٹرز

موجودہ آڈیٹرز میسرز حسین علی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، لاہور نے ریٹائر ہونے کے بعد سال 2019ء کیلئے دوبارہ سے تعیناتی کی پیشکش کی ہے۔آڈٹ کمیٹی نے میسرز حسین علی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، لاہور کی جانب سے خدمات کی دوبارہ پیشکش پر انہیں اہل قرار دیتے ہوئے 30 ستمبر 2019ء کے اختتام تک دوبارہ تعیناتی کیلئے سفارش پیش کی ہے۔اسی طرح بورڈ آف ڈائریکٹرز نے بھی شیئر ہولڈز کو تجویز پیش کی ہے کہ 30 ستمبر 2019ء تک کیلئے بطور کمپنی آڈیٹرز میسرز حسین علی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، لاہور کو ہی تعینات کیا جائے۔

☆ فنانشل سٹیٹمنٹ کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ کے معیارات اور کمپنیز ایکٹ 2017ء کی ضروریات کو ہر لحاظ سے پورا کیا گیا ہے۔

☆ انٹرنل کنٹرول کا سسٹم مضبوط بنیادوں پر ڈیزائن کیا گیا اور اس پر مئوثر طریقے سے عملدرآمد کو یقینی بناتے ہوئے اس کی باقاعدہ مانیٹرنگ کی جاتی رہی ہے۔

☆ اس میں کوئی شک نہیں کہ کمپنی حالیہ تشویش ناک صورتحال پر قابو پانے کی مکمل صلاحیت رکھتی ہے۔

☆ سمعی ضابطوں میں بین کردہ کارپوریٹ گورننس کے قواعد وضوابط کی پابندی کو یقینی بنایا گیا ہے۔

☆ ٹیکسز اور محصولات کی بارے میں اکاؤنٹس کو مکمل معلومات فراہم کی گئی ہیں۔

☆ اس رپورٹ کے ہمراہ گزشتہ چھ ماہ کا بنیادی فنانشل ڈیٹا سے متعلقہ سٹیٹمنٹ منسلک کردی گئی ہے۔

بورڈ میٹنگ

زیر نظر سال میں بورڈ آف ڈائریکٹرز کی 5 میٹنگ منعقد ہوئیں۔ درج ذیل ڈائریکٹران نے شمولیت اختیار کی۔

نام ڈائریکٹر	حاضری
مسٹر محمد سرور	5
مسٹر شاہد محمود قریشی	5
مسز ناہید روہی	5
مسز رافع اسلم	3
مسٹر محمد شاہد انجم	2
مسٹر محمد اشرف	1
سیدہ قیصرہ عباس نقوی	5
مسٹر مقصود الحسن	3

۱۰اجلاس میں شرکت کی تفصیل

بورڈ کی جانب سے شرکت نہ کرنے والے ڈائریکٹران کو رخصت عنائیت کی گئی۔

بورڈ میں تبدیلی

10 جولائی 2018ء کو ایم۔مقصود الحسن نے بورڈ سے ریٹائرمنٹ لی اور ان کی جگہ خالی اسامی پر مسٹر محمد شاہد انجم کو تعینات کیا گیا۔

کرشنگ یعنی پیسائی کا سیزن 25 دسمبر 2017ء سے شروع ہوا اور مل نے 208,593.73 میٹرک ٹن گنوں کی کرشنگ کی جبکہ پچھلے سال یہ تعداد 393,034.57 میٹرک ٹن رہی۔ گنے کی پیسائی میں 46.93 فیصد تک کمی واقع ہوئی ہے۔ شوگر ریکوری کی شرح 9.109 فیصد تا 8.773 فیصد رہی ہے۔ کمپنی کو پچھلے سال کے مقابلہ میں رواں سال کرشنگ سیزن کے دورانیہ اور گنے کی پیسائی میں کمی کا سامنا کرنا پڑا ہے۔ اس کمی کی بنیادی وجوہات میں پاور ہاؤس ٹربائن ٹرانسفارمر اور بوائلر کے ٹیکنیکل مسائل شامل ہیں۔

ڈیویڈنڈ

کمپنی کے ڈائریکٹران کی جانب سے حالیہ سال کے دوران اور کمپنی کے مجموعی نقصان کی وجہ سے ڈیویڈنڈ منظور نہیں کیا جاسکا۔

حالیہ تشویش

کمپنی کے آڈیٹرز کے مطابق بڑے پیمانے پر نقصانات کمپنی کی قابلیت پر شک اور تشویش کا باعث ہیں۔ کمپنی کی انتظامیہ کو اپنی کمپنی کی صلاحیتوں پر مکمل یقین ہے لہٰذا ضرورت اس امر کی ہے کہ گنے کی ریکوری کی فیصد شرح میں بہتری، شوگر کی مناسب قیمت فروخت، مجموعی منافع اور سالانہ نیٹ منافع اضافہ کیا جائے۔

مستقبل کا نقطہ نظر

حکومت پنجاب کی جانب سے گنے کی کم از کم معاون قیمت مبلغ 180 روپے فی 40 کلوگرام برقرار ہے۔ کمپنی کی مینجمنٹ نے شوگر انڈسٹری کیلئے یہ سیزن مشکل اور مقابلہ جاتی قرار دیا ہے اس لئے کمپنی کے منافع میں اضافہ کیلئے پیداواری لاگت بالخصوص مالی لاگت میں کمی اور پیداوار کی استعداد کار کو بڑھانے کیلئے سرتوڑ کوششیں ناگزیر ہیں۔ آنے والوں سالوں میں قرض سے بچنے کیلئے طویل المیاد لائحہ عمل مرتب کرنا ہوں گے۔

کارپوریٹ گورننس کے اصولوں کی تعمیل

پاکستان سٹاک ایکسچینج کے سمی ضابطوں میں مورخہ 30 ستمبر 2018ء کو اختتام پذیر ہونے والے سال سے متعلقہ متعین کئے گئے کوڈ آف کارپوریٹ گورننس کی ہر ممکن تعمیل کی گئی۔ اس حوالے سے آڈیٹرز کی نظر ثانی رپورٹ کے ہمراہ شیئنٹ منسلک ہے۔

کارپوریٹ اور فنانشل رپورٹنگ کا فریم ورک

بورڈ آف ڈائریکٹرز تصدیق کرتے ہیں کہ:۔

☆ کمپنی کے حالات واقعات، آپریشنز کے نتائج، کیش کے بہاؤ اور ایکوٹی میں فرق پر مبنی رپورٹ ہر لحاظ سے شفاف ہے۔

☆ کمپنی کے بک آف اکاؤنٹس باقاعدہ طور پر مرتب کئے گئے

☆ فنانشل سٹیٹمنٹ کی تیاری میں فنانشل سٹیٹمنٹ میں درج اکاؤنٹنگ پالیسیوں کو بہر صورت نافذ العمل کیا گیا اور اکاؤنٹنگ کے تخمینہ جات ذمہ دارانہ طریقے سے کئے گئے ہیں۔

ڈائریکٹرز کی رپورٹ

کمپنی کی 40ویں سالانہ رپورٹ پیش کرنا میرے لئے خوش آئند ہے۔ڈائریکٹرز کیلئے 30 ستمبر 2018ء کو اختتام پذیر ہونے والے سال کیلئے سالانہ آڈٹ کردہ مالیاتی سٹیٹمنٹ پیش کرتے ہوئے مجھے خوشی محسوس ہو رہی ہے۔

مالیاتی نتائج:

گزشتہ سال کے مقابلہ میں کمپنی کے مالیاتی نتائج اور اہم مالیاتی نتائج کا تجزیہ حسب ذیل ہے:۔

	2016-17
	ملین
سیلز	1,932.15
مجموعی (نقصان)/منافع	194.67
سال کا منافع قبل از ٹیکس	23.96
سال کیلئے (نقصان)/منافع	29.54
(نقصان)/فی شیئر کمائی۔بنیادی اور ڈائلوٹڈ	3.13

پنجاب کی شوگر ملوں نے دیگر صوبوں کے مقابلہ میں زیادہ قیمت پر گنے کی خریداری کی ہے۔کرشنگ سیزن 18-2017ء کے دوران حکومت پنجاب کی جانب سے گنے کی قیمت فروخت مبلغ-/180 روپے فی 40 کلوگرام برقرار رکھی گئی۔مقامی اور بین الاقوامی سطح پر بمپر کین کراپ،اضافی پیداوار اور کی وجہ سے سال کے دوران شوگر کی قیمت غیر تسلی بخش رہی ہے۔اس سے کمپنی کے منافع اور سیل ریونیو پر اثرات مرتب ہوئے۔خالص لاگت میں اضافہ بینک ریٹس میں تبدیلی کی وجہ سے رونما ہوا۔

آپریشنل پرفارمنس پر نظر ثانی:

گزشتہ سال کے مقابلہ میں کمپنی کے نتائج حسب ذیل ہیں:۔

	2016-17
سیزن کا آغاز	19 نومبر 2016
سیزن کا اختتام	27 مارچ 2018
پیسائی کی تاریخ	128
گنے کی پیسائی (میٹرک ٹن)	393,034.57
شوگر ریکوری	فیصد
شوگر کی پیداوار (میٹرک ٹن)	18.261.90
شیرے کی پیداوار (میٹرک ٹن)	9.990

چیئرپرسن کا جائزہ

میرے لئے 30 ستمبر 2018ء کے اختتام پر سالانہ آڈٹ شدہ مالیاتی گوشوارے پیش کرنا باعث مسرت وافتخار ہے۔ پیسائی (کرشن) سیزن 18-2017ء کے دوران بوجہ ٹیکنیکل مسائل شوگر پلانٹس میں کام کی نوعیت متوقع ہدف پورا نہیں کر پایا۔ اس کے نتیجہ میں کرشنگ سیشن کی مدت میں کمی واقع ہوئی اور گنے کی پیسائی کے دورانیہ میں اس کمی کی وجہ سے چینی کی پیداوار میں بھی کمی واقع ہوئی۔ اس کی وجہ سے کمپنی کے منافع پر بھی اثرات مرتب ہوئے۔

بورڈ ہنگامی بنیادوں پر اپنی ذمہ داریوں سے عہدہ برآ ہونے کیلئے اپنی کارکردگی پر مباحثہ اور نظر ثانی کر رہا ہے۔ میں یہاں یہ واضح کرنا چاہوں گا کہ مجموعی کارکردگی تسلی بخش قرار دی گئی ہے اور یہ کہ موجودہ طریقہ کار میں بہتری کے ذریعے مثبت مزید مثبت نتائج حاصل کئے جا سکتے ہیں۔

بورڈ اپنی ذمہ داریوں کے تحت گورننس میں بہتری اور روشن مستقبل کیلئے مؤثر کردار ادا کر رہا ہے۔ میں کمپنی کی بہتری کیلئے اپنے معزز صارفین کی جانب سے اُن کے اعتماد اور بھروسے کو بخوبی تسلیم کرتے ہوئے ان کا شکریہ ادا کرتی ہوں اور شیئر ہولڈرز کے علاوہ بینکنگ انسٹیٹیوشنز کی مسلسل سپورٹ اور تعاون کیلئے ان کی تہہ دل سے مشکور ہوں۔ میں افسران اور سٹاف ممبرز کا بھی شکریہ ادا کرتی ہوں اور میری دعا ہے کہ آنے والے سالوں میں ٹیم دن دگنی رات چوگنی ترقی کرے۔

Nahid Rohi

(مسز ناہید روہی)
چیئرپرسن

لاہور
04 جنوری 2019ء

BABA FARID SUGAR MILLS LIMITED

FORM OF PROXY

40th ANNUAL GENERAL MEETING
BABA FARID SUGAR MILLS LIMITED

I/We,_____

of_____

being member of Baba Farid Sugar Mills Limited _____

hereby Folio No. / CDC Participant I.D No _____and having _____ number of shares, hereby appoint

Mr. / Mrs. _____of _____

who is also a member of the Company having Folio No / CDC Participant I.D No _____and _____

number of shares, as my /our proxy in my / our absence to attend and vote for me / us and on my / our behalf at 40th Annual General Meeting of the members of the Company to be held at Lahore on Monday, January 28, 2019 at 9:30 A.M. at 42- G, Gulberg III, Lahore and at any adjournment(s) thereof

Signed this _____day of _____ 2019

Signature Of Shareholder

Signed in the presence of;

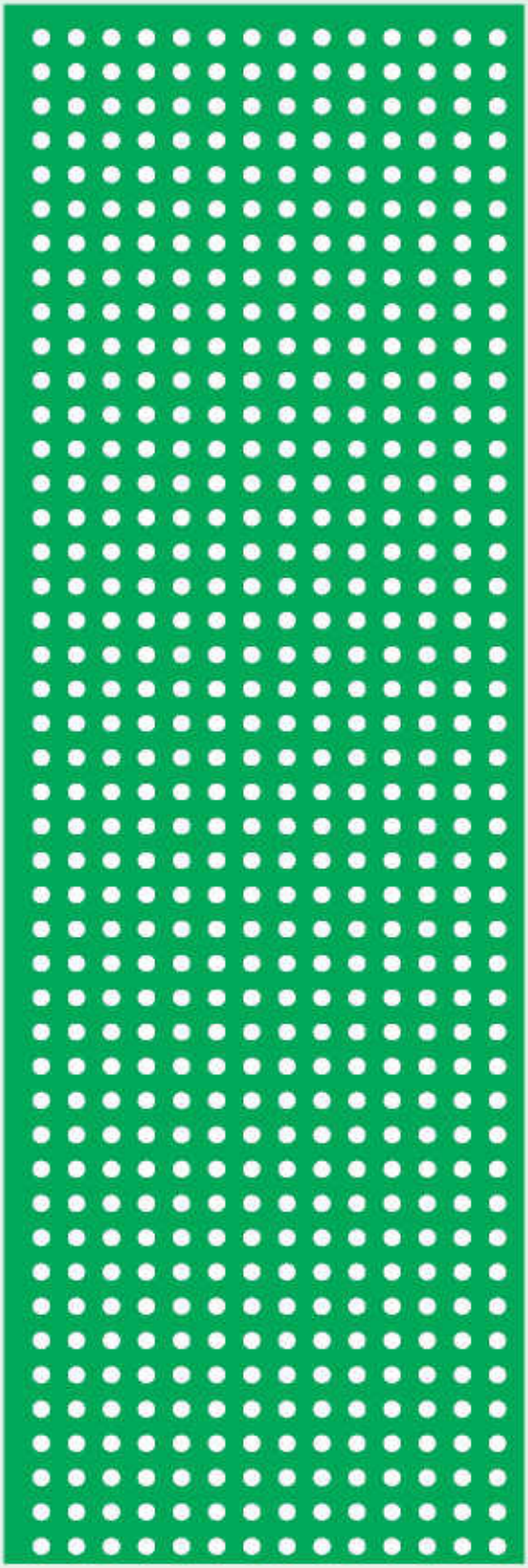
1 Signature:_____
Name: _____
Address: _____
CNIC/Passport No._____

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.