annual report

2018

CHASHMA SUGAR MILLS LIMITED

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CHASHMA SUGAR MILLS LIMITED

Company Profile

Chashma Sugar Mills Limited (the Company) was incorporated on 05 May, 1988 as a Public Company and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacturing and sale of white sugar including the following:

a) The exclusive object for which the Company established is to set up and operate an industrial undertaking at, Dera Ismail Khan in the Khyber Pakhtoon Khawa province to manufacture, produce, process, compound, prepare and sell sugar and other allied compounds, intermediates and by products thereto.

b) To appoint agents, sub-agents, attorneys, consultants, brokers, and contractors and connection with the exclusive object but not to act as managing agents.

c) To receive money on loan and borrow or raise money in such manner as the Company shall think fit in pursuance of the exclusive object, and in particular by the issue of debentures, or debenture stock (perpetual or otherwise) and to secure the repayment of any money borrowed raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future), and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company or any other person or company as the case may be, but not to act as a finance or banking company.

d) To purchase and import equipment, machinery, spare parts, or other articles and chemicals of use required by the Company for the purpose of carrying on the exclusive object and to export the products of the Company.

e) To employ and remunerate managers and other officers, employees and servants of the Company or any person or firm or company rendering services to the Company upon such terms as the Company may determine.

f) To accept or give security, including but not limited to promissory notes, indemnity bonds, guarantees, assignments, receipts, bailments pledges, hypothecations, liens, mortgages and charges, against the credit extended or moneys borrowed in connection with the exclusive object of the Company.

g) To open, close and operate banking accounts of the Company with any bank or banks, financial institutions or co-operative societies and to draw, make, accept, endorse, discount, execute and issue promissory notes bills of exchange, bill of lading, warrants, debentures and other negotiable or transferable instruments, but not to act as a finance or banking Company.

CHASHMA SUGAR MILLS LIMITED

COMPANY INFORMATION

Board of Directors

Mr. Aziz Sarfaraz Khan - Chief Executive
Mr. Abbas Sarfaraz Khan - Chairman
Begum Laila Sarfaraz
Ms. Zarmine Sarfaraz
Ms. Najda Sarafaraz
Mr. Iskander M. Khan
Mr. Baber Ali Khan
Mr. Abdul Qadar Khattak
Mr. Sher Ali Jafar Khan

Company Secretary

Mr. Mujahid Bashir

Chief Financial Officer

Mr. Rizwan Ullah Khan

Head of Internal Audit

Mr. Zaheer Mir

Auditors

M/s. A.F Ferguson & Co.
Chartered Accountants

Tax Consultants

M/s. ShineWing Hameed Chaudhri & Co.,
Chartered Accountants

Legal Advisor

Mr. Tariq Mehmood Khokhar
Barrister-at-Law, Advocate

Shares Registrar

M/s. Hameed Majeed Associates (Pvt.) Limited,
H.M. House, 7-Bank Square, Lahore.
Phone No. : 042-37235081 Fax No. : 042-37235083

Bankers

Bank Al-Habib Limited	Habib Bank Limited
The Bank of Khyber	National Bank of Pakistan
MCB Bank Limited	Soneri Bank Limited
The Bank of Punjab	Askari Bank Limited
Bank Al-Falah Limited	United Bank Limited
Dubai Islamic Bank (Pakistan) Limited	Meezan Bank Limited
Al-Baraka Bank (Pakistan) Limited	Habib Metropolitan Bank Limited
Allied Bank Limited	

Management Committees

Executive Committee

Mr. Abbas Sarfaraz Khan (Non-Executive Director)	Chairman
Mr. Baber Ali Khan (Non-Executive Director)	Member
Mr. Abdul Qadar Khattak (Executive Director)	Member

Executive Committee is involved in day to day operations of the Company and is authorized to conduct every business except the businesses to be carried out by Board of Directors as required by section 196 of the Companies Ordinance, 1984. Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions, investments and funding requirements.

Audit Committee

Mr. Sher Ali Jafar Khan (Independent Director)	Chairman
Mr. Iskander M. Khan (Non-Executive Director)	Member
Ms. Najda Sarfaraz (Non-Executive Director)	Member
Mr. Baber Ali Khan (Non-Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The terms of reference of the Audit Committee have been derived from the Code of Corporate Governance applicable to listed companies. Thereby Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee also include the following:

a) Determination of appropriate measures to safeguard the Company's assets;
b) Review of preliminary announcements of results prior to publication;
c) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards; and
- Compliance with listing regulations and other statutory and regulatory requirements.

d) Facilitating the external audit and discussion with external auditors of major observations arising form interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) Review of management letter issued by external auditors and management's response thereto;

f) Ensuring coordination between the internal and external auditors of the Company;

g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) Consideration of major findings of internal investigations and management's response thereto;

i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;

k) Instituting special projects, value for money studies or other investigations on any matte specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l) Determining of compliance with relevant statutory requirements;

m) Monitoring compliance with the best practices of Corporate Governance and identification of significant violations thereof; and

n) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource and Remuneration Committee

Mr. Sher Ali Jafar Khan (Independent Director)	Chairman
Mr. Abbas Sarfaraz Khan (Non-Executive Director)	Member
Mr. Iskander M. Khan (Non-Executive Director)	Member
Mr. Mujahid Bashir	Secretary

The Committee is responsible for:

i) recommending human resource management policies to the board;

ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and

iv) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

CHASHMA SUGAR MILLS LIMITED

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 optimizing the shareholders value 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 fulfil the social responsibilities.

- Commitment to building, Safe, Healthy and Environment friendly atmosphere.

- We with professional and dedicated team, ensure continual improvement in quality and productivity through effective implementation of Quality Management System. Be a responsible employer and reward employees according to their ability and performance.

- The quality policy 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 and industrial alcohol at lowest cost.

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

- Expanding customer base by exploring new national and international markets and undertaking product research and development in sugar industry.

- Ensuring Efficient Resource Management by managing human, financial, technical and infrastructural resources so as to support all 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 decision and operations.

CHASHMA SUGAR MILLS LIMITED

Code of Conduct

Chashma Sugar Mills Limited has built a reputation for conducting its business with integrity in accordance with high standards of ethical behavior and in compliance with the laws and regulations that govern our business. This reputation is among our most valuable assets and ultimately depends upon the individual actions of each of our employees all over the country.

The Company Code of Conduct has been prepared to assist each of us in our efforts to not only maintain but enhance this reputation. It provides guidance for business conduct in a number of areas and references to more detailed corporate policies for further direction. The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders including our customers, our communities, our shareholders and ourselves.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking corrective measures if and as required.

The Code of Conduct applies to all affiliates, employees and others who act for us countrywide, within all sectors, regions, areas and functions.

The Code of Conduct of the Company includes the policies in respect of followings:

- Standard of Conduct;
- Obeying the law;
- Human Capital;
- Consumers;
- Shareholders;
- Business Partners;
- Community involvement;
- Public activities;
- The environment;
- Innovation;
- Competition;
- Business integrity;
- Conflicts of interests; and
- Compliance, monitoring and reporting.

General Principles

- Compliance with the law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all the employees and characterizes the Conduct of the organization.
- The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.

- All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterized by honesty, fairness, cooperation, loyalty and mutual respect.
- The belief that one is acting in favor or to the advantage of the Company can never, in any way, justify-not even in part any behavior that conflict with the principles and content of the Code.
- The Code of Conduct aims at guiding the "CSM team" with respect to standards of conduct expected in areas where improper activities could result in adverse consequences to the Company, harm its reputation or diminish its competitive advantage.
- Every employee is expected to adhere to, and firmly inculcate in his/her everyday conduct; this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

Statement of Ethical Practices

It is the basic principle of Chashma Sugar Mills Limited to obey the law of the land and comply with its legal system. Accordingly, every director and employee of the Company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.

Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.

All business transactions on behalf of the Company must be reflected accordingly in the accounts of the Company. The image and reputation of the Company is determined by the way each and every of us acts and conducts him / her at all times.

We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

CHASHMA SUGAR MILLS LIMITED

TEN YEARS PERFORMANCE AT A GLANCE

PARTICULARS	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
					(RUPEES IN THOUSAND)					
Sales	10,275,004	11,332,390	11,206,209	7,559,896	5,831,752	6,673,731	5,848,891	5,882,738	6,362,700	3,968,673
Cost of sales	9,004,826	10,224,316	10,100,778	7,102,310	5,725,768	6,173,254	5,702,814	5,186,437	5,597,467	3,595,629
Operating profit/(Loss)	764,878	625,256	716,714	586,046	84,272	481,250	97,323	612,225	647,940	297,935
Profit/(Loss) before tax	253,164	132,299	215,151	125,969	(275,026)	56,728	(239,067)	165,491	347,799	(140,786)
Profit/(Loss) After tax	193,623	92,152	297,450	174,097	(128,619)	32,972	(218,971)	140,610	283,794	(217,910)
Share capital	286,920	286,920	286,920	286,920	286,920	286,920	286,920	286,920	286,920	286,920
Shareholders' equity	5,805,481	4,065,179	4,075,359	2,621,405	2,423,137	2,524,899	1,397,464	1,645,127	423,572	66,712
Fixed assets - net	9,558,755	7,789,577	8,169,406	6,764,869	6,368,487	5,010,389	3,167,380	3,099,093	2,335,101	2,515,056
Total assets	13,815,725	10,573,906	10,072,321	10,265,039	9,303,424	7,485,951	5,835,443	5,647,181	2,975,098	3,535,462
Long term liabilities	2,825,550	2,792,674	3,370,510	2,890,982	3,223,672	2,270,940	1,451,512	1,357,532	1,059,164	1,229,686
Dividend										
Cash dividend	15%	15%	45%	25%	0%	0%	0%	10%	10%	0%
Ratios:										
Profitability (%)										
Operating profit	7.44	5.52	6.40	7.75	1.45	7.21	1.66	10.41	10.18	7.51
Profit/ (Loss) before tax	2.46	1.17	1.92	1.67	(4.72)	0.85	(4.09)	2.81	5.47	(3.55)
Profit/(Loss) after tax	1.88	0.81	2.65	2.30	(2.21)	0.49	(3.74)	2.39	4.46	(5.49)
Return to Shareholders										
ROE - Before tax	4.36	3.25	5.28	4.81	(11.35)	2.25	(17.11)	10.06	82.11	(211.04)
ROE - After tax	3.34	2.27	7.30	6.64	(5.31)	1.31	(15.67)	8.55	67.00	(326.64)
Return on Capital Employe	2.24	1.34	3.99	3.16	(2.28)	0.69	(7.69)	4.68	19.14	(16.81)
E. P. S. - After tax	6.75	3.21	10.37	6.07	(4.48)	1.15	(7.63)	4.90	9.89	(7.59)
Activity										
Income to total assets	0.74	1.07	1.11	0.74	0.63	0.89	1.00	1.04	2.14	1.12
Income to fixed assets	1.07	1.45	1.37	1.12	0.92	1.33	1.85	1.90	2.72	1.58
Liquidity/Leverage										
Current ratio	0.82	0.75	0.72	0.74	0.80	0.92	0.89	0.96	0.43	0.46
Break up value per share	202.34	141.68	142.04	91.36	84.45	88.00	48.71	57.34	14.76	2.33
Total Liabilities to equity (Times)	1.38	1.60	1.47	2.92	2.84	1.96	3.18	2.43	6.02	52.00

CHASHMA SUGAR MILLS LIMITED

TEN YEARS REVIEW

PRODUCTION OF SUGAR

YEAR	CANE CRUSHED TONS	RECOVERY %	SUGAR PRODUCED TONS
2009	1,050,807	8.20	85,234
2010	1,046,061	8.42	88,086
2011	1,353,553	8.69	117,474
2012	1,196,202	8.65	103,478
2013	1,326,905	9.18	121,771
2014	1,294,435	8.33	107,775
2015	1,588,226	9.16	145,502
2016	1,689,633	9.20	155,443
2017	2,224,494	9.16	203,687
2018	2,040,734	9.47	193,323

PRODUCTION OF ETHANOL

YEAR	MOLASSES CONSUMED TONS	RECOVERY %	PRODUCTION (LITRES)
2014	19,590	18.54	4,540,945
2015	36,277	18.24	8,272,982
2016	111,385	18.58	25,870,308
2017	129,384	18.32	29,623,876
2018	184,282	19.37	44,617,163

CHASHMA SUGAR MILLS LIMITED

Notice of Annual General Meeting

Notice is here by given that 31st Annual General Meeting of the share holders of **Chashma Sugar Mills Limited** will be held on March 29, 2019 at 11:30 AM at the Registered Office of the Company at Nowshera Road, Mardan, for transacting the following business: -

Ordinary Business:

(1) To confirm the minutes of the Annual General Meeting held on January 27, 2018.

(2) To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended September 30, 2018.

(3) To consider and approve the payment of final cash dividend. The Board of Directors has recommended payment of final cash dividend of Rs. 1.5 per share (15%) for the year ended September 30, 2018.

(4) To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2019. The present auditors' M/s A.F. Ferguson & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

(5) To elect seven Directors of the Company as per the number fixed by the Board of Directors of the Company under section 159 of the Companies Act, 2017 for a term of three (3) years commencing from March 29, 2019.

The following are the names of the retiring Directors, who are eligible for re-election:

(i) Mr. Aziz Sarfaraz Khan	(ii) Begum Laila Sarfaraz	(iii) Mr. Abbas Sarfaraz Khan
(iv) Ms. Zarmine Sarfaraz	(v) Ms. Najda Sarfaraz	(vi) Mr. Iskander M. Khan
(vii) Mr. Abdul Qadar Khattak	(viii) Mr. Babar Ali Khan	(ix) Mr. Sher Ali Jaffer Khan

Special Business:

(6) To ratify and approve transactions conducted in ordinary course of business with Related Parties for the year ended September 30, 2018 and to authorize the Chief Executive of the Company to approve transactions to be conducted in ordinary course of business with Related Parties for the financial year ending September 30, 2019 by passing the following special resolutions with or without modification:

a) - "RESOLVED THAT the transactions conducted in ordinary course of business with Related Parties during the year ended September 30, 2018 be and are hereby ratified, approved and confirmed"

b) - "FURTHER RESOLVED THAT the Chief Executive of the Company be and is hereby authorized to approve all the transactions conducted and to be conducted in ordinary course of business with Related Parties during following financial year ending September 30, 2019 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign, execute all such documents as may be required in this regard on behalf of the Company"

(7) To approve remuneration of the Chief Executive of the Company and adopt the following resolution:

"RESOLVED THAT the remuneration of the Chief Executive amounting to Rs. 1.00 million per month, be and is hereby approved."

(8) To transact any other business of the Company as may be permitted by the Chair.

The share transfer books of the Company will remain closed from March 18, 2019 to March 29, 2019 (both days inclusive).

BY ORDER OF THE BOARD

(Mujahid Bashir)
Company Secretary

Mardan:
March 05, 2019

N.B:

1. A members, eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of himself /herself. Proxies in order to be effective must be valid and received by the Company not less than 48 hours before the time for holding of the Meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.

2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.

3. CDC shareholders are requested to bring their original computerized national identity card, account, sub account number and participant's number in the Central Depository System for identification purpose for attending the meeting. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

4. Transmission of Annual Financial Statements through E-Mail:
The SECP vide SRO 787 (1)/ 2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of Annual General Meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of Annual General Meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website www.chashmasugarmills.com to the Company's Share Registrar. The Company shall, however additionally provide hard copies of the annual report to such members, on request, free of cost.

5. The Financial Statements of the Company for the year ended September 30, 2018 along with reports have been placed at website of the Company www.chashmasugarmills.com

6. In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent form member's holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

"The Company Secretary, Chashma Sugar Millls Limited, 20-A, Kings Arcade, F-7 Markaz Islamabad."

7. **DEDUCTION OF INCOME TAX FOR FILER AND NON FILER**

Currently Section 150 of the Income Tax Ordinance, 2001 prescribed following rates for deduction of withholding tax on the amount of dividend paid by the companies:

Rate of tax deduction for filer of income tax returns	15 %
Rate of tax deduction for non-filer of income tax returns	20 %

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No	(No. of Shares)	Name & CNIC No	(No. of Shares)

The CNIC number /NTN details are now mandatory and are required for checking the tax status as per the Active Taxpayers List (ATL) issued by federal Board of Revenue (FBR) for time to time.

8. **EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:**

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration of non-deduction of zakat.

9. Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedure prescribed under the Companies Act, 2017. As per Section 244(1) (b) of the Act, the Company has given final notice to the members to file their claims with the Company. Shareholders are hereby informed that a list of all unclaimed dividend has been added on the Company's website http://www.chashmasugarmills.com. Any member effected by this notice is advised to write to or call at the office of the Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Limited. H.M-House, 7- Bank Square Road, Lahore during normal working hours.

10. Any person who intends to contest the election for the office of the Directors or otherwise, shall file with the Company at its Head Office not later than fourteen (14) days before the date of the Annual General Meeting, a notice of his/her intention to offer himself/herself for election as Director in terms of Section 159(3) of the Companies Act, 2017 along with (a) consent to act as director in Form 28, duly completed and signed by the candidate; (b) a detailed profile along with office address for placement on the Company's website seven days prior to the date of AGM, in terms of SRO 634(i) of July 10, 2014; and (c) declarations in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the eligibility criteria as set out in the Companies Act, 2017.

Independent Directors will be Elected Through the process of election of directors in terms of section 159 of the Act and they shall meet the criteria laid down under section 166(2) of the Act.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO SPECIAL BUSINESS

This statement sets out the material facts pertaining to the special business, being items on the notice, intended to be transacted at the Annual General Meeting of the Company to be held on March 29, 2019.

6) Transactions carried out by the Company with its related parties constitute a small fraction of the Company's entire business. The Company carries out transactions with its Associated Companies and related parties in the normal course of business. It is also emphasized that the Company carries out such transactions in a fair and transparent manner and on an arm's length basis. All transactions entered into with Associated Companies and related parties require the approval of the Audit Committee of the Company, which is chaired by the Independent Director of the Company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with running market practice and that the terms are as per the Company's practices. Only upon the recommendation of the Audit Committee, such transactions are placed before the board of directors for approval.

   a) The transactions with related parties carried out during the fiscal year 2017-2018 to be ratified have been disclosed in the financial statements for the year ended September 30, 2018. All such transactions were recommended by the Audit Committee and were carried out at arm length basis.

      Furthermore, since such transactions are an ongoing process and are approved by the Board of Directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions. Having said the above, strictly speaking, since the transactions are intended to be carried out on an arm's length basis, such approval is not required from the shareholders of the Company in accordance with the proviso to Section 208(1); however, to ensure transparency and good governance, such broad approval is being obtained which will also ensure that the Company can carry on its business smoothly for the benefit of its stakeholders.

      Transactions intended to be carried out by the Company include, but are not limited to, the sale/purchase of molasses and other necessary goods, as well as the purchase of PP bags and other necessary goods and commodities including receipts/ payments of dividends with the following related parties including, but are not limited to:

      a) Chashma Sugar Mills Limited
      b) Premier Board Mills Limited
      c) Syntron Limited
      d) Syntronics Limited
      f) Arpak International Investments Limited
      g) The Frontier Sugar Mills & Distillery Limited
      h) Azlak Enterprises (Pvt.) Limited
      i) Phipson & Co., Pakistan Limited.

   b) The shareholders would note that it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad approval of the shareholders that the board may cause the Company to enter into transactions with related parties from time to time in its wisdom and in accordance with the policy of the Company for the fiscal year 2018-19.

All such transactions are clearly stipulated at the end of the year in the company's annual report. Furthermore, the Company and the board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

The interest of the relevant directors of the Company in the associated companies / related parties are known to the shareholders and are disclosed by the Company as per the applicable laws, including in the financial statements of the Company.

7) As per requirements of the new Code of Corporate Governance, 2017 and Articles of Association of the Company, approval of the Chief Executive remuneration is required from the shareholders.

CHASHMA SUGAR MILLS LIMITED
CHAIRMAN'S REVIEW REPORT

I am pleased to welcome you to the 31st Annual General Meeting of your Company and present on behalf of the Board of Directors, the Audited Financial Statements for the year ended September 30, 2018 along with my review on the performance of your Company.

As required under Listed Companies (Code of Corporate Governance), an annual evaluation of the Board of the Company is carried out. The purpose of this exercise is to ensure that the Board's overall performance and effectiveness is measured and bench marked against expectations in the context of objectives set for the Company.

The Board met the duties as required under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance), Regulations 2017, which include approval of significant policies, establishing a sound system of internal controls, approval of budgets and financial results, along with approval of significant investments. During the year the Board met six times. The Board is compliant with all the regulatory requirements and acted in accordance with applicable laws & best practices.

Being the Chairman of the Board, I ensured that the management is actively working on different options to ensure appropriate returns on available funds in the agenda of the Board meetings held during the year. All written notices, including the agenda, supporting documents and other working papers of meetings were circulated prior to the meetings. Further, I ensured that the Board plays an effective role in fulfilling its responsibilities.

On behalf of the Board of Directors of your Company, I take this opportunity to acknowledge the devoted and sincere services of employees of the Company. I am also thankful for the valuable shareholders for their patronage and confidence reposed in the Company.

(Abbas Sarfaraz Khan)
Chairman

Mardan,
March 05, 2019

چشمہ شوگر ملز لمیٹڈ

چیئر مین کی جائزہ رپورٹ

میں آپ کی کمپنی کے 73 ویں سالانہ جنرل میٹنگ میں آپ کو خوش آمدید کہتا ہوں اور میں اپنی اور بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی آڈیٹڈ فنانشل سٹیٹمنٹس برائے سال 30 ستمبر، 2018 اور مجموعی کارکردگی اپنے جائزہ کے ساتھ پیش کر رہا ہوں۔

لسٹڈ کمپنیوں کی مطلوبہ شرائط کے مطابق (کوڈ آف کارپوریٹ گورننس) اور کمپنی کے بورڈ کی جانچ کا کام بھی کیا جا چکا ہے۔ اس جانچ کا بنیادی مقصد یہ ہے کہ جانچ کے معیارات کو مد نظر رکھتے کمپنی کے طے شدہ مقاصد کے تناظر میں بورڈ کی مجموعی کارکردگی کا جائزہ لیا جائے گا کہ بورڈ کی کارکردگی کتنی موثر رہی۔

بورڈ کی جانب سے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کی شرائط کے مطابق اپنے فرائض منصبی کی ادائیگی کی گئی جن میں اہمیت حامل پالیسیوں کی منظوری، موثر اندرانی کنٹرول کے نظام کے نظام کا قیام، بجٹ اور مالیاتی نتائج کی منظوری اور اہمیت کی حامل سرمایہ کاری کی منظوری جیسے امور شامل ہیں۔ زیر نظر مالی سال کے دوران بورڈ کی جانب سے چھ اجلاس منعقد کئے گئے۔ بورڈ تمام قانونی شرائط وضوابط پر پورا اترتا ہے، مروجہ قوانین اور بہترین روایات کی پاسداری کرتے ہوئے اپنے فرائض منصبی کی ادائیگی کرتا ہے۔

بورڈ کی چیئر مین ہونے کے ناطے اس بات کی یقین دہانی کرواتا ہوں کہ انتظامیہ فعال طور پر مختلف آپشنز کو مد نظر رکھتے ہوئے دستیاب فنڈز کے مناسب ریٹرنز کے ایجنڈہ پر سال کے دوران ہونے والی بورڈ میٹنگ میں کام کرتی رہی ہے۔ تمام لکھے گئے نوٹس، بشمول ایجنڈہ، متعلقہ دستاویزات اور دیگر ورکنگ پیپرز میٹنگ کے دوران مہیا کیے گئے تھے۔ مزید براں میں اس بات کی یقین دہانی کرواتا ہوں کہ بورڈ اپنی زمہ داریوں کو پورا کرنے میں موئثر کردار ادا کر رہا ہے۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، میں کمپنی کے ملازمین کی مخلص خدمات کو سراہتا ہوں۔ میں کمپنی کے شیئر ہولڈرز کے کمپنی پر قابل قدر اعتماد پر ان کا شکر گزار ہوں۔

عباس سرفراز خان

چیئر مین

مردان، 05 مارچ، 2019

DIRECTORS' REPORT

The Board of Directors of Chashma Sugar Mills Limited is pleased to present Directors' Report of the Company together with the audited financial statements for the year ended September 30, 2018.

1. SUMMARISED FINANCIAL RESULTS

The financial results of the Company for the year under review are as under:-

	2018	2017
	(Rupees in thousands)	
Profit before taxation	253,164	132,299
Taxation		
- Current	(123,731)	(77,689)
- Prior	(669)	(1,729)
- Deferred	64,859	39,271
	(59,541)	(40,147)
Profit after taxation	193,623	92,152
	---------- (Rupees) ----------	
Earnings per Share	6.75	3.21

2. REVIEW OF OPERATIONS

2.1 CRUSHING SEASON 2017-18

The sugarcane crushing season 2017-18 commenced on November 30, 2017 and continued till April 12, 2018. The mills have crushed 2,040,734 tons. (2017: 2,224,494 tons) of sugar cane and have produced 193,323 tons (2017: 203,687 tons) of sugar at an average recovery of 9.47% (2017: 9.16%).

2.2 CRUSHING SEASON 2018-19

The sugarcane crushing season 2018-19 commenced on November 30, 2018 however, crushing was delayed due to sugarcane price settlement with the Growers as the sugar prices were lower as compared to the cost of production. The mills have crushed 1,316,211 tons of sugarcane and have produced 137,020 tons of sugar till February 28, 2019. The Government of Pakistan has allowed the export 1.1 million tons of sugar and directed the Provincial Governments to pay subsidy. However, the Khyber Pakhtunkhwa Government has refused to allow the subsidy to the industry.

3. SUGAR PRICE

3.1- SUGAR SEASON 2017-18

The sugar prices remained depressed throughout the year.

3.2- SUGAR SEASON 2018-19

We expect that the prices of sugar will stabilize after the closing of the crushing season.

4. ETHANOL FUEL PLANT AT UNIT-II

The Ethanol Fuel Plant produced 35,694 MT of Ethanol during the year and contributed towards the profitability of the Company.

5. SILOS PROJECT

During the current year, the Company, as per the requirements of Request for Proposal document, issued by Punjab Food Department (PFD), formed a special purpose company named “Whole Foods (Private) Limited” which signed Concession Agreements with PFD for these two sites on October 26, 2017.

6. STAFF

The Management and Labor relations remained cordial during the year. Bonus to employees was paid at the rate of 01 month salary during the year.

7. PATTERN OF SHAREHOLDING

The Pattern of Shareholding, as required under section 227(2)(f) of the Companies Act, 2017 is annexed.

8. CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of Chashma Sugar Mills Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- All appropriate accounting policies have been consistently applied while preparing financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Company's ability to continue as a 'going concern'.
- The Company has followed corporate governance as detailed in the listing regulations.
- Key operating and financial data for the last decade in summarized form is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at September 30, 2018, except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on audited accounts, was Rs. 78.584 million as at September 30, 2018.
- Eight (8) out of Nine (9) Directors of the Company has the prescribed education and experience under clause 5.19.7 of Pakistan Stock Exchange, Regulations and remaining one Director of the Company will conduct Director Training Program by June 30, 2021.

9. **TRADING IN SHARES**

No trade in the shares of the Company were carried-out by the Directors, CFO, Company Secretary and their spouses and minor children except one director who purchased 404,236 shares during the year ended September 30, 2018.

10. **RELATED PARTY TRANSACTIONS**

The Related Parties transactions mentioned in Note 42 to the financial statements were placed before the Board Audit Committee and were approved by the Board. These transactions were in-line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 2017. The Company maintains a complete record of all such transactions. All transactions entered into in ordinary course of business with the related parties will also be placed before shareholders in their AGM for approval purposes. Further, approval to allow CEO of the Company to approve transactions to be entered in ordinary course of business with related parties' transaction will also be taken in AGM.

11. **THRESHOLD FOR DETERMING EXECUTIVES**

Pursuant to the requirements of clause 5.6.1 (a) & (d) of the Listing Regulations (Rule Book) of the Pakistan Stock Exchange, the Board has set out a Threshold for determining an 'Executive' in respect of trading of Company's shares. The person whose basic salary exceeds Rs. 2.00 million during the year is treated as executive.

12. **HUMAN RESOURCE COMMITTEE**

The Human Resource Committee is performing its duties in line with its term of reference as determined by the Board of Directors.

13. **BOARD MEETINGS**

During the year, total fourteen (14) meetings were held and attendance by each director was as follows;

Name of Directors	Board Meetings	Board Audit Committee Meetings	Human Resource and Remuneration Committee
	Attended	**Attended**	**Attended**
Non- Executive Directors			
Mr. Abbas Sarfaraz Khan	5	-	4
Begum Laila Sarfaraz	5	-	-
Ms. Zarmine Sarfaraz	4	-	-
Ms. Najda Sarfaraz	5	4	-
Mr. Iskander M. Khan	6	4	4
Mr. Baber Ali Khan	3	-	-
Executive Directors			
Mr. Aziz Sarfaraz Khan	6	4	-
Mr. Abdul Qadar Khattak	4	-	-
Independent Director			
Mr.Sher Ali Jaffar Khan	5	4	4

- Leave of absence was granted to directors who could not attend some of the Meetings.

14. **ROLE OF SHAREHOLDERS**

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half yearly and annual reports. The Board of Directors encourages the shareholder's participation at the annual general meeting to ensure high level of accountability.

15. DIVIDEND

The Board has recommended payment of Final Cash Dividend for the year ended September 30, 2018 @ Rs. 1.5 per share (15%) to all the shareholders of the Company.

16. ELECTION OF DIRECTORS

All the existing directors retire in accordance with the provision of Section 159(3) of the Companies Act, 2017 and fresh election will be held in the Annual General Meeting on March 29, 2019. The Board has fixed the number of directors to be seven including two independent directors as required by the Code of Corporate Governance.

17. EXTERNAL AUDITORS

The present Auditors, M/s A. F. Fergusons & Co., Chartered Accountants, Islamabad, retire at the conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment. As suggested by the Audit Committee in terms of the Code of Corporate Governance, the Board of Directors has recommended their appointment as Auditors of the Company for the year ending September 30, 2019.

18. STATUS OF THE COMPANY

In the light of the directions of the Securities and Exchange Commission of Pakistan, the Company has been treated a subsidiary of The Premier Sugar Mills & Distillery Company Limited with effect from the financial year 2010.

19. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

During the year, the SECP issued Listed Companies (Code of Corporate Governance) Regulations, 2017, revising the previous regulations which are applicable from January 1, 2018. However, as per additional Frequently Asked Questions (FAQs) pertaining to CCG placed on website of SECP on February 02, 2018, the Board decided to follow the requirements of the Code of Corporate Governance issued in 2012. The requirements of the new Code have been reviewed and the Board is making necessary arrangements to ensure compliance in due course of time. A statement of compliance to this effect is annexed with the report.

20. ACKNOWLEDGEMENT

The Directors would like to express their gratitude for the hard work and dedication displayed by Staff and the Executives of the Organization and the valuable support of our Bankers.

Finally, the Board wishes to thank the valued shareholders for their patronage and confidence reposed in the Company and consistent support in the present challenging scenario.

FOR AND ON BEHALF OF THE BOARD

(ISKANDER M. KHAN)
DIRECTOR

(AZIZ SARFARAZ KHAN)
CHIEF EXECUTIVE

Mardan
March 05, 2019

چشمہ شوگر ملز لمیٹڈ

ڈائریکٹرز کی رپوٹ

چشمہ شوگر ملز لمیٹڈ کے ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور 30 ستمبر 2018 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشوارے، پیش کرنے پر مسرت محسوس کرتے ہیں۔

1۔ خلاصہ مالیاتی نتائج

کمپنی کی مالیاتی کارکردگی کا ذیل میں خلاصہ پیش ہے۔

	2018	2017
	(ہزار روپے)	
ٹیکس سے پہلے منافع	**253,164**	132,999
ٹیکسیشن		
- موجودہ سال کا ٹیکس	**(123,731)**	(77,689)
- گزشتہ سال کا ٹیکس	**669**	(1,729)
- ڈیفرڈ ٹیکس	**64,859**	39,271
	(59,541)	(40,147)
بعد از ٹیکس منافع	**(193,623)**	92,152
	---------- روپے ----------	
منافع فی شیئر	**6.75**	3.21

2۔ آپریشن کا جائزہ

2.1۔ کرشنگ سیزن 18-2017

گنے کا کرشنگ سیزن 18-2017، 30 نومبر 2017 کو شروع ہوا اور 12 اپریل 2018 تک جاری رہا۔ ملز نے 2,040,734 ٹن (2017 میں 2,224,494 ٹن) گنا کرش کیا اور 9.47 فیصد اوسط (2017 میں 9.16: فیصد) کے حساب سے چینی کی پیداوار 193,323 ٹن (2017 میں 203,687 ٹن) رہی۔

2.2۔ کرشنگ سیزن2018-19

گنے کا کرشنگ سیزن 2018-19 کا آغاز 30 نومبر 2018 کو ہوا۔ لیکن کسانوں کے ساتھ گنے کی قیمت کا تعین کی وجہ سے کرشنگ میں تاخیر ہوئی کیونکہ چینی کی قیمت پیداواری لاگت کے مقابلے میں کم تھی۔ 28 فروری 2019 تک ملز نے 1,316,211 ٹن گنے کو کرش کرتے ہوئے 137,020 ٹن چینی کی پیداوار کی۔ وفاقی حکومت نے کرشنگ سیزن 2018-19 میں 1.1 ملین ٹن چینی برآمد کرنے کی اجازت دی ہے اور صوبائی حکومتوں کو سبسڈی دینے کا کہا۔ تاہم خیبر پختونخواہ حکومت نے سبسڈی دینے سے انکار کر دیا ہے۔

3۔ چینی کی قیمت

3.1 چینی کا سیزن2017-18

سال بھر چینی کی قیمت مایوس کن رہی۔

3.2۔ چینی کا سیزن2018-19

اہم امید رکھتے ہیں کہ کرشنگ سیزن کے اختتام کے بعد چینی کی قیمتیں مستحکم ہو جائیں گی۔

4۔ ایتھانول فیول پلانٹ یونٹ نمبرII

ایتھانول فیول پلانٹ نے اس سال کے دوران MT35,694 ایتھانول کی پیداوار ہوئی اور کمپنی کے منافع میں اپنا حصہ ڈالا۔

5۔ سائیلوز پروجیکٹ

موجودہ سال کے دوران پنجاب فوڈز ڈیپارٹمنٹ (پی ایف ڈی) کی طرف سے دستاویزات کی ضروریات کے مطابق خصوصی مقصد کی کمپنی ہول فوڈز (پرائیویٹ) لمیٹڈ قائم کی گئی جس نے دو سائٹس کیلئے پنجاب فوڈز ڈیپارٹمنٹ سے 26 اکتوبر 2017 کو کنسیشن معاہدوں پر دستخط کئے۔

6۔ سٹاف

سال کے دوران انتظامیہ اور مزدوروں کے تعلقات مثالی رہے۔ ملازمین کو سال کے دوران ایک ماہ کی تنخواہ کی شرح کے برابر بونس کی ادائیگی کی گئی۔

7۔ حصص داران کی ترتیب

کمپنی ایکٹ 2017 کے سیکشن 227 سب سیکشن (f2) کے مطابق، حصص داران کی ترتیب منسلک ہے۔

8۔کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

۔چشمہ شوگر ملز لمیٹڈ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، رقم کی آمد و رفت، کاروباری سرمایہ میں ہونے والی تبدیلیاں اور تمام معاملات کو واضع پیش کرتے ہیں۔

۔ کمپنی کے حسابداری کے باقاعدہ کھاتے مرتب کیے جاتے ہیں۔

۔مناسب حسابداری کے اصول تسلسل سے مالیاتی حسابات بنانے میں استعمال ہوتے ہیں۔ یہ گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

۔انٹرنیشنل اکاؤنٹنگ رپورٹنگ، جو پاکستان میں لاگو ہیں ان پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کیے جاتے ہیں۔

۔اندرونی کنٹرول کے نظام کی شکل مضبوط ہے اور موثر طریقے سے نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔

۔ کمپنی کے قائم نہ رہنے کے حوالے سے کسی قسم کا کوئی خدشہ نہیں پایا جاتا ہے۔

۔ کمپنی باقاعدگی سے کارپوریٹ گورننس کے قواعد وضوابط، جو کہ لسٹنگ کے قواعد میں واضع کئے گئے ہیں کی پاسداری کر رہی ہے۔

۔ کمپنی کے گزشتہ دس سال کے انتظامی اور مالی امور سے مطلق اعداد و شمار منسلک ہیں۔

۔30 ستمبر 2018 تک کسی بھی قسم کی کوئی ٹیکس، فرائض، لیویز، چارجز، بقایاجات نہیں ہیں، سوائے ان کے جو مالیاتی بیانات میں بتائی گئیں ہیں۔

۔30 ستمبر 2018 کو آڈٹ شدہ اکاؤنٹس پر مبنی، اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 78.584 ملین تھی۔

۔ کمپنی کے نو میں سے آٹھ ڈائیریکٹرز کی تعلیمی قابلیت اور تجربہ پاکستان اسٹاک ایکسچینج کی ریگولیشن سب کلاس 5.19.7 کے مطابق ہے اور باقی ایک ڈائریکٹر کے لیئے کمپنی 30 جون 2021 سے پہلے ڈائریکٹر ٹریننگ پروگرام میں شرکت یقینی بنائے گی۔

9۔ شیئرز کی تجارت

30 ستمبر 2018 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکرٹری، ان کے ازواج اور چھوٹے بچوں کی جانب سے کمپنی کے حصص میں کوئی لین دین نہیں ہوئی سوائے ایک ڈیئریکٹر کے جنہوں نے سال کے دوران 404,236 شیئرز خریدے تھے۔

10۔متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں سے لین دین کے معاملے جو نوٹ 42 میں بیان کئے گئے ہیں ان کو بورڈ آف آڈٹ کمیٹی کے سامنے منظوری کے لئے پیش کیا گیا تھا اور بورڈ سے باقاعدہ منظوری لی گئی تھی۔ لین دین کے یہ معاملات انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈرز (آئی ایف آر ایس) اور کمپنیز ایکٹ 2017 کے قواعد کے عین مطابق ہیں۔ کمپنی کی جانب سے اس قسم کے تمام معاملات / لین دین کا ریکارڈ رکھا جاتا ہے۔ متعلقہ پارٹیوں سے عمومی کاروباری طریقہ کار کے مطابق تمام لین دین کے معاملات کی شیئر ہولڈرز سے سالانہ اجلاس عام میں منظوری لی جائے گی۔ بعد ازاں کمپنی کے چیف ایگزیکٹو آفیسر کو عمومی کاروباری طریقہ کار کے مطابق متعلقہ پارٹیوں سے لین دین کے معاملات کی منظوری کے لئے مجاز بنایا جائے گا۔

11۔ایگزیکٹو کے تعین کا معیار

پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز (رول بک) کی دفعات 5.6.1(a) & (d) کے تحت کمپنی کی جانب سے ایگزیکٹو کے تعین کیلئے نظرثانی کے بعد ایک معیار مقرر کر دیا گیا ہے تاکہ حصص کی خرید و فروخت سے متعلق کسی بھی ابہام کو دور کیا جاسکے۔ ہر وہ شخص جس کی سالانہ بنیادی تنخواہ 2 ملین سے زیادہ ہو جائے گی ایگزیکٹو مانا جائے گا۔

12۔ہیومن ریسورس کمیٹی

ہیومن ریسورس کمیٹی بورڈ آف ڈائریکٹرز کے بنائے گئے ٹرم آف ریفرنس کے مطابق اپنی ذمہ داریاں سرانجام دے رہی ہے۔

13۔بورڈ اجلاس

۔سال کے دوران کل چودہ اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی شمولیت کی تفصیل مندرجہ ذیل ہے؛

ڈائیریکٹرز کے نام نان۔ایگزیکٹو ڈائریکٹرز	بورڈ آف ڈائریکٹرز کے اجلاس حاضری	آڈٹ کمیٹی کے اجلاس حاضری	ہیومن ریسورس اور معاوضہ کی کمیٹی حاضری
جناب عباس سرفراز خان	5	--	4
بیگم لیلیٰ سرفراز	5	--	--
محترمہ زرمین سرفراز	4	--	--
محترمہ نجیدہ سرفراز	5	4	--
جناب اسکندر محمد خان	6	4	4
جناب بابر علی خان	3	--	--
ایگزیکٹو ڈائریکٹر			
جناب عزیز سرفراز خان	6	4	--
جناب عبدالقادر خٹک	4	--	--
آزاد ڈائریکٹر			
جناب شیر علی جعفر خان	5	4	4

۔جوڈائریکٹر اجلاس میں حاضر نہیں ہو سکے ان کو چھٹی کی منظوری دی گئی تھی۔

14۔ حصص داران کا کردار

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے حصص داران کو کسی بھی ایسی اہم پیش رفت سے بروقت مطلع کیا جائے، جو کمپنی کے معاملات پر اثر انداز ہو۔ اس مقصد کو حاصل کرنے کے لیے حصص داران کو سہ ماہی، چھ ماہی اور سالانہ رپورٹ کی معلومات فراہم کی جاتی ہے۔ بورڈ آف ڈائریکٹرس اعلی سطحی احتساب کو یقینی بنانے کے لیئے حصص داروں کو سالانہ اجلاس میں شرکت کی حوصلہ افزائی کرنا ہے۔

15۔ڈیویڈنڈ

بورڈ نے 30 ستمبر 2018 کو ختم ہونے والے مالی سال کے لئے 1.5 روپے (15%) فی حصص کے حساب سے حتمی نقد ڈیویڈنڈ کی آدئیگی کی سفارش کی ہے۔

16۔ڈائیریکٹرز کے انتخابات

کمپنیز ایکٹ 2017 کے سیکشن (3)159 کے تحت ڈائریکٹرز ریٹائر ہو جائیں گے اور نئے الیکشن کاانعقاد 29 مارچ 2019 کو سالانہ اجلاس عام کے موقع پر کیا جائے گا۔ کوڈ آف کارپوریٹ گورننس کے مطابق سات ڈائیرکٹرز کا انتخاب کیا جائے گا جس میں سے دو آزاد ڈائیرکٹرز ہوں گے۔

17۔آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاونٹنٹ، اسلام آباد، سالانہ اجلاس عام تک ریٹائر ہو جاہیں گے اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ کوڈ آف کارپوریٹ گورننس کے ضابطہ کے مطابق، بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش کے مطابق ان کو 30 ستمبر 2019 مالی سال کے اختتام تک مقرر کرنے کی گزارش کی ہے۔

18۔ کمپنی کی حیثیت

سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کی ہدایت کی روشنی میں کمپنی کو سال 2010 سے "دی پریمیر شوگر ملز اینڈ ڈسٹلری کمپنی لمیٹڈ" کی ذیلی کمپنی مانا گیا ہے۔

19۔ضابطہ برائے کاروباری نظم ونسق

سال کے دوران سیکورٹیز اینڈ ایکسچینج کمیشن کی جانب سے پرانی ریگولیشنز میں ردوبدل کے بعد لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 متعارف کروائی گئی، جن کا اطلاق 01 جنوری 2018 سے ہوتا ہے۔تاہم سیکورٹیز اینڈ ایکسچینج کمیشن کی ویب سائٹ پر موجود (FAQs) کے مطابق بورڈ نے کوڈ آف کارپوریٹ گورننس 2012 کو لاگو رکھنے کا فیصلہ کیا۔اس پیرا میں بورڈ نے نئے کوڈ کا جائزہ لے لیا ہے تاکہ اس بات کو حتی الامکان بنایا جاسکے کہ اس کی تکمیل مقررہ وقت پہ ہو۔اس سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

20۔اعتراف

ڈائریکٹر نے کمپنی اور ایگزیکٹوز کی محنت اور لگن اور بنکوں کی قیمتی حمایت کو سراہا ہے۔

بورڈ قابل قدر حصص داروں کا شکر گزار ہے جنہوں نے مشکل وقت میں کمپنی کا ساتھ دیا اور کمپنی پہ اپنا بھروسہ رکھا، جس کی وجہ سے کمپنی موجودہ چیلنج میں سرخرو ہوئی۔

منجانب بورڈ

اسکندر محمد خان
ڈائریکٹر

عزیز سرفراز خان
چیف ایگزیکٹو

مردان
بتاریخ: 05مارچ 2019

CHASHMA SUGAR MILLS LIMITED

Shareholders' Information

Registered Office
Nowshera Road Mardan, Khyber Pakhtunkhwa
Tel # 92 937 862051-52
Fax # 92 937 862989

Shares Registrar
Hameed Majeed Associates (Pvt.) Limited,
HM House, 7-Bank Square, Lahore.
Tel # 92 42 37235081-2
Fax # 92 42 37358817

M/s. Hameed Majeed Associates (Pvt.) Limited is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, and issue of duplicate/replaced share certificates, change of address and other related matters.

Listing on Stock Exchange
Chashma Sugar Mills Limited Company's equity shares are listed on Pakistan Stock Exchange.

Listing Fees
The annual listing fee for the financial year 2018-19 has been paid to the stock exchanges within the prescribed time limit.

Statutory Compliance
During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 and allied rules, the regulations of Securities and Exchange Commission of Pakistan (SECP) and the PSX rule book.

Stock Code
The stock code for dealing in equity shares of Chashma Sugar Mills Limited at PSX is **Chas**.

Book Closure Dates
The Register of Members and Share Transfer books of the Company will remain closed from March 18, 2019 to March 29, 2019.

Web Presence
Updated information regarding the Company can be accessed at the website, www.chashmasugarmills.com. The website contains the latest financial results of the Company together with Company's profile.

CHASHMA SUGAR MILLS LIMITED

FORM - 34

PATTERN OF SHAREHOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT 30 SEPTEMBER, 2018

SHARE HOLDERS	SHAREHOLDING					TOTAL SHARESHELD
162	From	1	to	100	Shares	11,630
567	From	101	to	500	Shares	254,684
146	From	501	to	1,000	Shares	138,754
167	From	1,001	to	5,000	Shares	442,201
45	From	5,001	to	10,000	Shares	354,000
24	From	10,001	to	20,000	Shares	357,906
10	From	20,001	to	25,000	Shares	236,000
5	From	25,001	to	30,000	Shares	137,500
3	From	30,001	to	35,000	Shares	101,500
8	From	35,001	to	40,000	Shares	308,400
8	From	40,001	to	60,000	Shares	379,500
1	From	60,001	to	70,000	Shares	69,000
3	From	70,001	to	80,000	Shares	224,867
2	From	80,001	to	85,000	Shares	166,500
4	From	85,001	to	125,000	Shares	381,142
6	From	125,001	to	250,000	Shares	957,800
3	From	250,001	to	310,000	Shares	872,000
1	From	310,001	to	450,000	Shares	334,650
1	From	450,001	to	625,000	Shares	484,069
4	From	625,001	to	2,000,000	Shares	5,138,422
2	From	2,000,001	to	above	Shares	17,341,475
1,172						**28,692,000**

Categories of Shareholders	Numbers	Shares Held	Percentage
Associated Compaines, undertakings and related parties	4	19,111,834	66.61
Directors & Relatives	12	4,405,955	15.36
Public Sector Companies & Corporation	6	35,300	0.12
Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas and Mutal Funds	8	1,157,721	4.03
Individuals	1,141	3,976,190	13.86
Charitable Trusts	1	5,000	0.02
	1,172	**28,692,000**	**100.00**

Categories of Shareholders	Numbers		Shares Held		Percentage of Paid-up Capital
Associated Companies, Undertakings and Related Parties	**4**		**19,111,834**		**66.61**
Phipson & Co. (Pak) (Pvt.) Limited		307,500		1.07	
Azlak Enterprises (Pvt) Limited		1,462,859		5.10	
The Premier Sugar Mills & Distillery Co., Ltd.		13,751,000		47.93	
Syntronics Limited		3,590,475		12.51	
Directors & Relatives	**12**		**4,405,955**		**15.36**
Public Sector Companies and Corporations	**6**		**35,300**		**0.12**
Asif Mushtaq & Company		1,500		0.01	
Shakil Express (Pvt) Ltd.		17,700		0.06	
Neelam Textile Mills Ltd.		12,400		0.04	
Muhammad Ahmed Nadeem Securities (Pvt) Ltd.		300		0.00	
S.H Bukhari Securities Fabrics		400		0.00	
Fikree's (SMC) (Pvt) Limited		3,000		0.01	
Banks, Development Finance Instituions, Non Banking Financial Instituitions, Insurance Companies, Modarabas and Mutual Funds	**8**		**1,157,721**		**4.03**
National Bank of Pakistan (Pension Fund)		86,142		0.30	
National Bank of Pakistan (Emp Benevolent Fund)		3,023		0.01	
National Bank of Pakistan		529		0.00	
Habib Bank AG Zurich Switerland		211,800		0.74	
Hanib Bank AG Zurich Deira Dubai		500		0.00	
Trustee National Investment (unit) Trust		852,227		2.97	
IDBP (ICP) Unit		3,200		0.01	
State life Insurance Co. of Pakistan		300		0.00	
Individuals	**1,140**		**3,976,190**		**13.86**
Charitable Trusts	**2**		**5,000**		**0.02**
Trustees Moosa Lawari Foundation		5,000		0.02	
	1,172		**28,692,000**		**100.00**

Shareholders holding 10% or more voting Intesrest in the Company

The Premier Sugar Mills & Distillery Co., Ltd	13,751,000	47.93
Syntronics Limited	3,590,475	12.51

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF COMPLIANCE WITH
THE CODE OF CORPORATE GOVERNANCE

Chashma Sugar Mills Limited- year ended September 30, 2018.
This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Listing Regulations No. 5.19 of the Rule Book of Pakistan Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.
The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent Director Non-Executive Directors and Directors representing minority interests on its board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Sher Ali Jaffar Khan.
Executive Directors	Mr. Aziz Sarfaraz Khan, Mr. Abdul Qadar Khattak
Non-Executive Directors	Mr. Abbas Sarfaraz Khan, Begum Laila Sarfaraz, Ms. Zarmine Sarfaraz, Ms. Najda Sarfaraz, Mr. Iskander M. Khan Mr. Baber Ali Khan

The Independent director meets the criteria of Independence under clause 5.19.1 (b) of the Code.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed Companies including this Company.

3. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or he/she, being a member of a stock exchange has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred in the Board during the year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO other executive directors, have been taken by the board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated among the directors.

9. 8 out of 9 Directors of the Company are exempted from the requirement of Director's Training Program (DTP) by virtue of minimum of 14 years of education and 15 year of experience as director of a listed Company. Remaining one director of the Company will conduct training program in the upcoming years.

10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of appointment.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share-holding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee, It comprises of four members, of whom three are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the Committee is an independent director.

18. The Board has set-up an effective internal audit function.

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company complied with requirements relating to maintenance of register of persons having assess to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with except for the fact that the meeting of the Audit Committee was not held with the external auditors due to pre-commitments of the members of the Audit Committee. The reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

For and on behalf of the Board

Mardan
March 5, 2019

(AZIZ SARFARAZ KHAN)
Chief Executive

TO THE MEMBERS OF CHASHMA SUGAR MILLS LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2012 (THE CODE)

We have reviewed the enclosed Statement of Compliance with the Code prepared by the Board of Directors of Chashma Sugar Mill Limited (the Company) for the year ended September 30, 2018 in accordance with the requirements of the Code.

The responsibility for compliance with the Code 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 Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code 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 Code as applicable to the Company for the year ended September 30, 2018.

Further, we highlight contents of the paragraph 24 of the Statement of Compliance where non-compliance with the requirements of the Code in respect of meeting of audit committee with external auditors has been explained.

-sd-
Chartered Accountants
Islamabad
Date: March 05, 2019

Engagement partner: JehanZeb Amin

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHASHMA SUGAR MILLS LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**New requirements under the Companies Act, 2017** *(Refer note 4 to the financial statements)* The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements. The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous and the current financial reporting framework and as a result certain changes were made in the Company's annexed financial statements. In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it 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 there appropriateness for the sufficient audit evidence. - Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.
(ii)	**Contingencies** *(Refer note 26 to the financial statements)* Contingencies disclosed in the annexed financial statements relate to various matters which are pending in litigations including matters in respect of income tax and sales tax, which are pending adjudication before the appellate authorities and the courts. Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and	Our audit procedures in relation to the matter included: - Obtained and reviewed details of pending legal and tax matters and discussed the same with the Company's management. - Obtained view of the Company's legal and tax counsels related to open litigations. - Reviewed correspondence of the Company with the relevant

S.No.	Key Audit Matters	How the matter was addressed in our audit
	measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including related financial impacts, we considered contingencies a key audit matter.	authorities including judgements or orders passed by the competent authorities in relation to the issues involved or the matters which have similarities with the issues involved. - Reviewed disclosures made in respect of the contingencies.
iii)	**Revaluation of property, plant and equipment** *(Refer note 18 to the financial statements)* The Company follows revaluation model for measurement of its property, plant and equipment. As at September 30, 2018, the carrying value of property, plant and equipment was Rs 9,532 million which included an amount of Rs 1,280 million relating to land and an amount of Rs 5,811 million relating to plant and machinery. The fair value of the Company's property, plant and equipment was assessed by management based on independent valuation performed by an external property valuation expert as at September 30, 2018. For valuation of buildings, the depreciated replacement cost method is used, whereby, current cost of construction of similar buildings in similar locations has been adjusted using suitable depreciation rates to arrive at present market value. This technique requires significant judgment as to estimate value of property, plant and equipment in terms of their quality, structure, layout and locations. We identified valuation of property, plant and equipment as a key audit matter due to the significant carrying value, the significant management judgement and estimation involved in determining their value due to factors described above.	Our audit procedures to assess the valuation of property, plant and equipment included the following: - Obtained valuation report of external valuation expert and gathered understanding of the valuation process and techniques adopted by the valuation expert to assess, if they are consistent with the industry norms. - Evaluated the qualification, experience and competence of the independent external property valuation expert engaged by the Company as management expert for valuation of property, plant and equipment. - Tested mathematical accuracy of the valuation reports. - Engaged another independent valuation expert as an auditor expert to assess the appropriateness of the value of the property, plant and equipment and the reasonableness of the related management's assumptions and methodologies used by the management expert.

S.No.	Key Audit Matters	How the matter was addressed in our audit
		- Reviewed the adequacy of the related disclosures in the annexed financial statements.

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the financial statements and our auditor's report thereon.

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

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

If based on the work we have performed, on other information obtained prior to the date of this auditor's report, 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 any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of the Company for the year ended September 30, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on January 4, 2018.

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

-:sd:-
Chartered Accountants
Islamabad
Date: March 05, 2019

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
			(Rupees in thousand)	
NON CURRENT ASSETS				
Property, plant and equipment	8	9,531,791	7,789,577	8,169,406
Intangible assets		-	-	433
Long term investment	9	100,000	-	-
Long term security deposits - considered good		13,858	13,918	4,163
		9,645,649	7,803,495	8,174,002
CURRENT ASSETS				
Stores and spares	10	342,702	345,339	295,498
Stock-in-trade	11	2,242,638	1,353,534	571,183
Trade debts	12	219,126	185,372	143,410
Loans and advances	13	331,743	270,937	280,408
Trade deposits, prepayments and other receivables	14	812,028	531,526	259,676
Income tax refundable	15	33,057	-	310,633
Cash and bank balances	16	188,782	83,703	37,511
		4,170,076	2,770,411	1,898,319
TOTAL ASSETS		13,815,725	10,573,906	10,072,321
SHARE CAPITAL AND RESERVES				
Authorized capital	17	500,000	500,000	500,000
Issued, subscribed and paid-up capital	17	286,920	286,920	286,920
Capital reserve				
General reserve		327,000	327,000	327,000
Revenue reserve				
Unappropriated profits		1,172,533	846,585	696,075
Surplus on revaluation of property, plant and equipment	18	4,019,029	2,604,674	2,765,364
Shareholders' equity		5,805,482	4,065,179	4,075,359
NON-CURRENT LIABILITIES				
Long term finances - secured	19	1,177,828	1,640,638	2,237,608
Loans from related parties - secured	20	458,825	388,825	312,143
Liabilities against assets subject to finance lease	21	34,102	40,105	31,600
Deferred liabilities	22	1,154,794	723,106	789,159
		2,825,549	2,792,674	3,370,510
CURRENT LIABILITIES				
Trade and other payables	23	712,298	470,220	805,062
Unclaimed dividend		7,990	7,162	4,541
Short term running finance	24	3,796,204	2,504,177	1,053,213
Current maturity of non-current liabilities	25	668,202	708,687	763,636
Provision for taxation - net		-	25,807	-
		5,184,694	3,716,053	2,626,452
TOTAL LIABILITIES		8,010,243	6,508,727	5,996,962
Contingencies and commitments	26			
TOTAL EQUITY AND LIABILITIES		13,815,725	10,573,906	10,072,321

The annexed notes 1 to 47 form an integral part of these financial statements.

RIZWAN ULLAH KHAN	**AZIZ SARFARAZ KHAN**	**ISKANDER M KHAN**
CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE**	**DIRECTOR**

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	2017 (Restated)
		(Rupees in thousand)	
Gross sales	27	11,268,243	12,559,202
Sales tax, other government levies and commissions	28	(993,239)	(1,226,812)
Sales - net		10,275,004	11,332,390
Cost of sales	29	(9,004,826)	(10,224,316)
Gross profit		1,270,178	1,108,074
Selling and distribution expenses	30	(215,377)	(132,572)
Administrative and general expenses	31	(397,318)	(350,259)
Other income	32	125,470	16,966
Other expenses	33	(18,075)	(16,953)
Operating profit		764,878	625,256
Finance cost	34	(511,714)	(492,957)
Profit before taxation		253,164	132,299
Taxation	35	(59,541)	(40,147)
Profit for the year		193,623	92,152
Earnings per share - basic and diluted (Rs)	36	6.75	3.21

The annexed notes 1 to 47 form an integral part of these financial statements.

RIZWAN ULLAH KHAN	**AZIZ SARFARAZ KHAN**	**ISKANDER M KHAN**
CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE**	**DIRECTOR**

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Profit for the year		193,623	92,152
Other comprehensive income			
Items that will not be classified to profit or loss:			
Remeasurement loss on staff retirement benefit plans	22.2	(813)	-
Less: Deferred tax on remeasurement loss on staff retirement benefit plans		220	-
		(593)	-
Surplus on revaluation of property, plant and equipment		2,079,452	-
Less: Deferred tax on surplus on revaluation of property, plant and equipment		(561,452)	-
		1,518,000	-
Total comprehensive income for the year		1,711,030	92,152

The annexed notes 1 to 47 form an integral part of these financial statements.

RIZWAN ULLAH KHAN	**AZIZ SARFARAZ KHAN**	**ISKANDER M KHAN**
CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE**	**DIRECTOR**

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Cash flow from operating activities			
Profit for the year - before taxation		253,164	132,299
Adjustments for non-cash items:			
Depreciation		667,978	731,852
Gain on sale of operating fixed assets		(980)	(712)
Amortization of intangible assets		-	433
Finance cost		507,277	487,931
Provision for doubtful debts		1,528	-
Provision for doubtful advances		26,401	-
Provision for obsolete items		35,948	-
Provision for gratuity		8,429	-
		1,499,745	1,351,803
Changes in working capital			
Increase in stores and spares		(33,311)	(49,841)
Increase in stock-in-trade		(889,104)	(782,351)
Increase in trade debts		(35,282)	(41,962)
(Increase) / Decrease in loans and advances		(87,207)	9,471
Increase in trade deposits, prepayments and other receivables		(280,502)	(51,513)
Increase / (Decrease) in trade and other payables		242,078	(334,842)
		(1,083,328)	(1,251,038)
		416,417	100,765
Income tax (paid) / refund received - net		(183,264)	36,685
Gratuity paid		(804)	-
Net cash generated from operating activities		232,349	137,450
Cash flow from investing activities			
Purchase of property, plant and equipment		(312,628)	(357,336)
Sale proceeds of operating fixed assets		6,689	6,025
(Increase) / decrease in long term security deposits		60	(9,755)
Long term investment made		(100,000)	-
Net cash used in investing activities		(405,879)	(361,066)
Cash flow from financing activities			
Long term finances repaid		(496,136)	(502,758)
Loan received from / (repaid to) related party		70,000	(48,175)
Obligations under finance leases		(27,670)	11,768
Dividends paid		(42,210)	(126,493)
Finance cost paid		(479,967)	(479,896)
Net cash used in financing activities		(975,983)	(1,145,554)
Net decrease in cash and cash equivalents		(1,149,513)	(1,369,170)
Cash and cash equivalents - at beginning of the year		(2,368,704)	(999,534)
Cash and cash equivalents - at end of the year		(3,518,217)	(2,368,704)
Cash and cash equivalents comprised of:			
Cash and bank balances	16	188,782	83,703
Short term running finance - secured	24	(3,706,999)	(2,451,000)
Bank overdraft	24	-	(1,407)
		(3,518,217)	(2,368,704)

The annexed notes 1 to 47 form an integral part of these financial statements.

RIZWAN ULLAH KHAN	AZIZ SARFARAZ KHAN	ISKANDER M KHAN
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Share capital	General reserve	Unappropriated profits	Surplus on revaluation of property, plant and equipment	Total
	----------	----------	Rupees in thousand	----------	----------
Balance as at October 1, 2016 (as previously reported)	286,920	327,000	696,075	-	1,309,995
Effect of retrospective restatement due to change in accounting policy (note 6.1)	-	-	-	2,765,364	2,765,364
Balance as at October 1, 2016 - restated	286,920	327,000	696,075	2,765,364	4,075,359
Total comprehensive income for the year ended September 30, 2017					
Income for the year	-	-	92,152	-	92,152
Other comprehensive income for the year	-	-	-	-	-
	-	-	92,152	-	92,152
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred taxation	-	-	187,472	(187,472)	-
Deferred tax adjustment due to reduction in tax rate	-	-	-	26,782	26,782
Cash dividend at rate of Rs. 4.50 per ordinary share for the year ended September 30, 2016	-	-	(129,114)	-	(129,114)
Balance as at September 30, 2017 - Restated	286,920	327,000	846,585	2,604,674	4,065,179
Total comprehensive income for the year ended September 30, 2018					
Income for the year	-	-	193,623	-	193,623
Other comprehensive income for the year	-	-	(593)	1,518,000	1,517,407
	-	-	193,030	1,518,000	1,711,030
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred taxation	-	-	175,956	(175,956)	-
Deferred tax adjustment due to reduction in tax rate	-	-	-	72,311	72,311
Cash dividend at rate of Rs 1.50 per ordinary share for the year ended September 30, 2017	-	-	(43,038)	-	(43,038)
Balance as at September 30, 2018	286,920	327,000	1,172,533	4,019,029	5,805,482

The annexed notes 1 to 47 form an integral part of these financial statements.

RIZWAN ULLAH KHAN	AZIZ SARFARAZ KHAN	ISKANDER M KHAN
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

1. Legal status and operations

Chashma Sugar Mills Limited (the Company) was incorporated in Pakistan on May 5, 1988 as a public company, under the Companies Ordinance, 1984 (which is repealed upon enactment of the Companies Act, 2017 on May 30, 2017) and commenced its commercial production from July 9, 1988. The Company has its shares quoted on the Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing, production, processing, compounding, preparation and sale of sugar, other allied compound, intermediates and by products. The Company is a subsidiary of The Premier Sugar Mills and Distillery Company Limited. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located at Dera Ismail Khan, Khyber Pakhtunkhwa.

2. Summary of significant transactions and events

The financial position and performance of the Company was affected by the following events and transactions during the year:

i) The Company has gained a net exchange income of Rs 27.35 million in respect of trade receivable denominated in US Dollars as disclosed in note 32;

ii) The Company has invested Rs 100 million in Whole Foods (Private) Limited as disclosed in note 9; and

iii) The Company has revalued its property, plant and equipment resulting in net revaluation surplus of Rs 1,518 million as disclosed in note 18.

Other transactions and events are disclosed in respective notes.

3. Statement of compliance

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

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

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

4. New and revised standards and interpretations

4.1 The fourth schedule to the Act became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribes the nature and content of disclosures in relation to various elements of the financial statements. The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes include change in nomenclature of primary financial statements. 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.

Specific additional disclosures and changes to the existing disclosures as a result of significant changes are stated in notes 2, 6, 8.4, 8.6, 13, 26, 27.1, 31.2, 33.1, 35.3, 41.1, 42, 43, 44.1, 44.2 and 44.3.

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

		Effective date (annual reporting periods beginning on or after)
IAS 19	Employee Benefits (Amendments)	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IAS 40	Investment Property (Amendments)	January 1, 2018
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 4	Insurance Contracts (Amendments)	January 1, 2018
IFRS 9	Financial Instruments	July 1, 2018
IFRS 15	Revenue from Contract with Customers	July 1, 2018
IFRS 16	Leases	January 1, 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Tax Treatments	January 1, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

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

IFRIC 4	Determining Whether an Arrangement Contains Lease
IFRIC 12	Service Concession Arrangements

5. Summary of significant accounting policies

5.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except as otherwise stated in respective accounting policies notes.

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.

These financial statements are the separate financial statements of the Company. In addition to these separate financial statements, the Company also prepares consolidated financial statements.

5.2 Property, plant and equipment

Owned assets

Cost

Operating fixed assets except freehold land, building and roads and plant & machinery are stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at revalued amount, where as building & roads and plant & machinery are stated at revalued amount less accumulated depreciation and impairment losses. Capital work-in-progress and major spare parts and standby equipment are stated at cost. Cost in relation to certain plant and machinery items include borrowing cost related to the financing of major projects during construction phase.

Subsequent cost, if reliably measureable, are included in the asset's carrying amount or recognized as separate amount as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company. The carrying amount of any replaced parts as well as other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Increase in the carrying amount arising on revaluation of freehold land, building and roads and plant & machinery are recognised in other comprehensive income and accumulated in shareholders' equity under the heading surplus on revaluation of property, plant and equipment. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

Depreciation on operating assets is calculated using the reducing balance method to allocate their cost over their estimated useful life at the rates specified in note 8.1.

Depreciation on additions to property, plant and equipment is charged from the date asset us available for intended use till date of disposal.

The gain or loss on disposal of an asset, calculated as difference between the sale proceed and carrying amount of the asset, is recognized in statement of profit or loss for the year

Assets subject to finance lease

At its inception, a lease is classified as either a finance lease or an operating lease. Finance leases transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases.

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the statement of financial position.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Minimum lease payments receivable under operating leases are recognised on a straight-line basis over the term of the lease.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to depreciation/ amortisation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.

5.3 Long term investments

5.3.1 Investment in subsidiaries

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

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

5.3.2 Investment in associates

Investments in associates and jointly controlled entities are initially recognised at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in the statement of profit or loss. Where impairment losses are subsequently reversed, the carrying amounts of these investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the statement of profit or loss. The profits and losses of associates and jointly controlled entities are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the associates and jointly controlled entities. Gains and losses on disposal of investments are included in the statement of profit or loss.

5.4 Stores and spares

Stores and spares are stated at cost less allowance for obsolete and slow moving items. Cost is determined using weighted average method. Items in transit are valued at cost comprising invoice value and other related charges incurred upto the statement of financial position date.

5.5 Stock-in-trade

Sugar and Ethanol is stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads.

Cost of own produced molasses a by product, is determined on the basis of average cost of molasses purchased from third parties.

Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and costs necessary to be incurred to make the sale.

5.6 Trade debts

Trade debts are recognized initially at original invoice amount which is fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debts is established at each reporting date when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the trade debts. The provision is recognized in the statement of profit or loss. When a trade debt is uncollectible, it is written off against the provision.

5.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise balances with banks in current, deposit and saving accounts and bank overdrafts. Bank overdrafts are shown in current liabilities on the statement of financial position.

5.8 Borrowings and borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are charged to statement of profit or loss.

5.9 Employee retirement benefits

The Company operates a provident fund and unfunded gratuity scheme for its employees per details below:

5.9.1 Defined contribution plan

The Company operates a recognized contributory provident fund for its permanent employees. Equal monthly contributions are made, both by the Company and the employees to the fund at the specified rate of basic salary and charged to statement of profit or loss.

5.9.2 Defined benefit plan

The Company operates an unfunded gratuity scheme covering eligible employees under their employment contract. During the year, the liability for gratuity is recognized on the basis of actuarial valuation conducted as at September 30, 2018, using Projected Unit Credit Method. Previously, the gratuity expense was recognised on the basis of payments to employees. The comparative figures have not been restated for change in accounting policy due to insignificant impact. Accordingly, Rs 5,576 thousand at September 30, 2017 has been accounted for as expense in statement of profit or loss for the year ended September 30, 2018.

5.10 Trade and other payables

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

5.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

5.12 Taxation

Income comprises of current and deferred tax.

(i) Current

Provision for current 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. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year. Income tax expense is recognized in statement of profit or loss except to extent that it relates to items recognized directly in equity or in other comprehensive income.

(ii) Deferred

Deferred income tax is recognised using the statement of financial position liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that deductible temporary differences will reverse in the future and taxable income will be available against which the deductible temporary differences, unused tax losses and tax credit can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

5.13 Dividend and revenue reserve appropriation

Dividend and movement in revenue reserves are recognised in the financial statements in the period in which these are approved.

5.14 Offsetting of financial assets and liabilities

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

5.15 Foreign currency transactions and translation

Foreign currency transactions are translated into the rupees using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the statement of profit or loss.

5.16 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised as follows:

(i) Sales are recorded on dispatch of goods.
(ii) Income on deposit / saving accounts is recognized using the effective yield method.
(iii) Dividend income is recognized when the right to receive dividend is established.

5.17 Development expenditure

Expenditure incurred on development of sugar cane is expensed in the year of incurrence.

5.18 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has two reportable segments i.e. sugar and ethanol.

5.19 Earnings per share

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

5.20 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially recognized at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in statement of profit or loss for the year.

(a) Financial assets

Classification and subsequent measurement

The Company classifies its financial assets in the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits to purchase or sell the asset.

(i) Fair value through profit and loss

Financial assets at fair value through profit or loss, include financial assets held for trading and financial assets, designated upon initial recognition, at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at their fair value, with changes therein recognized in statement of profit or loss for the year. Assets in this category are classified as current assets.

(ii) Held to maturity

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold these assets to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment, if any.

(iii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments, that are not quoted in an active market. After initial measurement, these financial assets are measured at amortized cost, using the effective interest rate method, less impairment, if any.

The Company's loans and receivables comprise long term security deposit, loans and advance, trade deposits prepayments and other receivables, cash and bank balances, long term finances, loans from related parties, trade and other payables, short term running finance, current maturity of non current liabilities.

(iv) Available for sale

Available-for-sale financial assets are non-derivatives, that are either designated in this category, or not classified in any of the other categories. These are included in non current assets, unless management intends to dispose them off within twelve months of the date of the statement of financial position.

After initial measurement, available-for-sale financial assets are measured at fair value, with unrealized gains or losses recognized as other comprehensive income, until the investment is derecognized, at which time the cumulative gain or loss is recognized in income for the year.

Impairment

The Company assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(b) Financial liabilities

Initial recognition and measurement

The Company classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss, include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at their fair value, with changes therein recognized in the income for the year.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method.

6. Change in accounting policy

6.1 Surplus on revaluation of property, plant and equipment

Section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets. The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of property, plant and equipment has not been carried forward in the Act. In view of foregoing and the contents of note 3 & note 4.1, the accounting and presentation of revaluation surplus is required to be made in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment.

The applicability of requirements of IAS 16 accordingly results in the change in accounting policy of revaluation of surplus in following manner:

- Present surplus on revaluation of fixed assets under equity;
- Offset the deficit arising from revaluation of the particular asset; and
- Transfer the realized surplus directly to the retained earnings / unappropriated profit.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated. The effect of retrospective application in case of the Company has resulted in reclassification of surplus on revaluation of property, plant and equipment to reserves. There is no other impact of the retrospective application on the amounts of surplus presented in prior years.

6.2 **Reclassification of accrued markup and unclaimed dividend**

The requirement in the Fourth Schedule of the repealed Companies Ordinance, 1984 relating to presentation of accrued markup has not been carried forward in new Fourth Schedule to the Act. The effect of this change in disclosure requirement as a separate line item on the face of statement of financial position has resulted in reclassification of accrued markup to current portion of long term financing/short term running finance with in current liabilities in the current period and prior presented periods.

Further unclaimed divided is required to be disclosed as separate line item and same has been reclassified from trade payables accordingly. There is no other impact of these changes on the amounts presented in the prior years.

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting and reporting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

i) Estimated useful life of operating assets - note 5.2
ii) Surplus on revaluation of property, plant and equipment - note 5.2
iii) Provision for stores and spares - note 5.4
iv) Write down of stock in trade to net realizable value - note 5.5
v) Provision for doubtful debts - note 5.6
vi) Provision for employees' defined benefit plans - note 5.9.1
vii) Provision for current and deferred tax - note 5.12
viii) Contingencies - note 26

8. Property, plant and equipment

	Note	2018	2017 (Restated)
		(Rupees in thousand)	
Operating fixed assets	8.1	9,058,808	7,567,595
Capital work-in-progress	8.7	472,983	221,137
Stores held for capital expenditure		-	845
		9,531,791	7,789,577

8.1 Operating fixed assets

	Owned								Leased	
	Freehold land	Buildings and roads	Plant and machinery	Electric installations	Office equipment	Farm equipment	Furniture and fixtures	Vehicles	Vehicles	Total
	Rupees in thousand									
As at October 1, 2016										
Cost or revalued amount	989,218	1,459,315	6,433,428	408,801	53,458	947	27,224	48,100	85,431	9,505,922
Accumulated depreciation	-	(284,922)	(868,428)	(128,360)	(21,564)	(446)	(14,809)	(35,369)	(21,058)	(1,374,956)
Net book value	989,218	1,174,393	5,565,000	280,441	31,894	501	12,415	12,731	64,373	8,130,966
Year ended September 30, 2017										
Opening net book value	989,218	1,174,393	5,565,000	280,441	31,894	501	12,415	12,731	64,373	8,130,966
Additions	31,235	21,583	50,932	9,952	17,154	-	5,921	785	36,232	173,794
Disposals										
Cost	-	-	-	-	-	-	-	(7,920)	-	(7,920)
Accumulated depreciation	-	-	-	-	-	-	-	2,607	-	2,607
	-	-	-	-	-	-	-	(5,313)	-	(5,313)
Transfers from leased to owned										
Cost	-	-	-	-	-	-	-	5,893	(5,893)	-
Depreciation	-	-	-	-	-	-	-	(1,366)	1,366	-
	-	-	-	-	-	-	-	4,527	(4,527)	-
Depreciation charge	-	(118,698)	(559,468)	(28,630)	(4,233)	(50)	(1,512)	(1,984)	(17,277)	(731,852)
Closing net book value	1,020,453	1,077,278	5,056,464	261,763	44,815	451	16,824	10,746	78,801	7,567,595
As at October 1, 2017										
Cost or revalued amount	1,020,453	1,480,898	6,484,360	418,753	70,612	947	33,145	46,858	115,770	9,671,796
Accumulated depreciation	-	(403,620)	(1,427,896)	(156,990)	(25,797)	(496)	(16,321)	(36,112)	(36,969)	(2,104,201)
Net book value	1,020,453	1,077,278	5,056,464	261,763	44,815	451	16,824	10,746	78,801	7,567,595
Year ended September 30, 2018										
Opening net book value	1,020,453	1,077,278	5,056,464	261,763	44,815	451	16,824	10,746	78,801	7,567,595
Additions	35,185	3,650	-	100	5,498	-	5,363	3,908	31,744	85,448
Disposals (Note 8.6)										
Cost	-	-	-	-	-	-	-	(11,300)	-	(11,300)
Depreciation	-	-	-	-	-	-	-	5,591	-	5,591
	-	-	-	-	-	-	-	(5,709)	-	(5,709)
Transfers from leased to owned										
Cost	-	-	-	-	-	-	-	10,588	(10,588)	-
Depreciation	-	-	-	-	-	-	-	(5,137)	5,137	-
	-	-	-	-	-	-	-	5,451	(5,451)	-
Depreciation charge	-	(107,758)	(505,647)	(26,186)	(4,758)	(45)	(1,940)	(2,664)	(18,980)	(667,978)
Revaluation adjustments: (note 18)										
Cost or valuation	224,549	83,478	-	-	-	-	-	-	-	308,027
Depreciation	-	511,378	1,260,047	-	-	-	-	-	-	1,771,425
	224,549	594,856	1,260,047	-	-	-	-	-	-	2,079,452
Closing net book value	1,280,187	1,568,026	5,810,864	235,677	45,555	406	20,247	11,732	86,114	9,058,808
As at September 30, 2018										
Cost or revalued amount	1,280,187	1,568,026	6,484,360	418,853	76,110	947	38,508	50,054	136,926	10,053,971
Accumulated depreciation	-	-	(673,496)	(183,176)	(30,555)	(541)	(18,261)	(38,322)	(50,812)	(995,163)
Net book value	1,280,187	1,568,026	5,810,864	235,677	45,555	406	20,247	11,732	86,114	9,058,808
Annual rate of depreciation (%)	-	10	10	10	10	10	10	20	20	

8.2 Had the revalued fixed assets of the Company been recognised under the cost model, the carrying values of these assets would have been as follows:

	2018	2017
	(Rupees in thousand)	
Freehold land	138,213	103,028
Buildings & roads	639,850	706,922
Plant & machinery	2,714,817	3,016,465
	3,492,880	3,826,415

8.3 Forced sales value of the fixed assets based on valuation conducted during the year and comparative figures are for valuation conducted during 2016, were as follows:

Freehold land	1,088,159	791,374
Buildings & roads	1,332,822	939,514
Plant & machinery	4,358,148	3,895,500
	6,779,129	5,626,388

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

Location	Usage of immovable property	Total Area	Covered Area
		(Kanals)	
CSM-1, D.I.Khan	Factory Building	1,111.25	98.86
CSM-2, Ramak	Factory Building	1,488.15	144.72

8.5 Depreciation for the year has been allocated as follows:

Cost of sales	29	639,636	706,846
Administrative and general expenses	31	28,342	25,006
		667,978	731,852

8.6 Disposal of operating fixed assets:

Particulars of assets	Sold to	Cost / Carrying amount	Accumulated Depreciation	Net book value	Sale proceeds	Profit / (loss) on disposal	Mode of disposal
		-- Rupees in thousand	---				
Vehicles							
	Mr Muhammad Asif	110	59	51	33	(18)	Negotiation
	Adamjee Insurance Company	131	11	120	112	(8)	Insurance claim
	Mr Muhammad Arif	471	384	87	100	13	As per Company policy
	Mr Muhammad Latif	2,728	935	1,793	1,930	137	------do-------
	Mr Taj Mali Khan	1,657	1,004	653	819	166	------do-------
	Mr Ammar Khursheed	1,612	995	617	806	189	------do-------
	Mr Malik Nazir Hussain	1,727	381	1,346	1,457	111	------do-------
	Mr Abid Javed Qureshi	1,054	673	381	527	146	------do-------
	Mr Saym Ahmad	1,076	686	390	538	148	------do-------
	Mr Sajid Ali	734	463	271	367	96	------do-------
		11,300	**5,591**	**5,709**	**6,689**	**980**	

8.7 Capital work-in-progress:

	Buildings on freehold land	Plant and machinery	Electric installations	Vehicles - leased	Advance payments to Contractors	Total
	----------	----------	----------	Rupees in thousand	----------	----------
As at October 1, 2016				6,721	30,689	37,410
Additions during the year	56,404	202,650	20,865	41,446	7,421	328,786
Capitalized during the year	(21,583)	(50,822)	(9,673)	(31,725)	(31,256)	(145,059)
Balance as at September 30, 2017	34,821	151,828	11,192	16,442	6,854	221,137
As at October 1, 2017	34,821	151,828	11,192	16,442	6,854	221,137
Additions during the year	59,470	178,516	25,525	24,666	33,958	322,135
Capitalized during the year	(3,650)	-	-	(31,407)	(35,232)	(70,289)
Balance as at September 30, 2018	90,641	330,344	36,717	9,701	5,580	472,983

9. Long term investment

	Note	2018	2017
		(Rupees in thousand)	
Balance as at October 1		-	-
Purchase of shares during the year	9.1	3	-
Advance for purchase of shares		99,997	-
Balance as at September 30		100,000	-

	% age holding		
9.1 Un-quoted - Whole Foods (Private) Limited (WFL)	0.003%	3	-

WFL was incorporated in Pakistan on October 26, 2017. The principal activity of WFL is to setup, manage, supervise and control the storage facilities for agricultural produce. WFL is yet to commence its operations. Although the Company has less than 20 percent shareholding in WFL, it has been treated as subsidiary since the Company has representation on its Board of Directors. Subsequent to the year end, shares have been issued by WFL in respect of the advance for shares extended by the Company.

9.2 The tables below provide summarised financial information for WFL that are material to the Company. The information disclosed reflects the amounts presented in the unaudited financial statements for the period ended September 30, 2018 of WFL. The latest available audited financial statements of WFL have been prepared for the period ended June 30, 2018.

	2018
	(Rupees in thousand)
Summarised statement of financial position	
Current assets	107,661
Non- current assets	26,964
Current liabilities	(36,096)
Net assets	98,529
Reconciliation to carrying amounts:	
Net assets as at October 26, 2017	3
Advance received for issuance of share capital	99,997
Loss for the period	(1,471)
Net assets as at September 30, 2018	98,529
Company's percentage shareholding in the associate	0.003%
Company's share in net assets (at cost)	2.96
Summarised statements of comprehensive income	
Net revenue	-
Loss for the period	(1,471)
Other comprehensive income / (loss)	-
Total comprehensive (loss)	(1,471)

		Note		2017
			(Rupees in thousand)	
10.	**Stores and spares**			
	Stores and Spares	10.1	378,650	345,339
	Less: Provision for obsolete items - during the year		(35,948)	-
			342,702	345,339

10.1 This includes stores and spares in-transit for an amount of Rs Nil (2017: Rs 2.58 million).

11.	**Stock-in-trade**			
	Finished goods			
	- sugar		1,653,935	692,212
	- molasses		391,264	384,832
	- ethanol		189,656	268,542
			2,234,855	1,345,586
	Work-in-process		7,783	7,948
		11.1	2,242,638	1,353,534

11.1 Certian short term and long term borowings of the Company are secured by way of collateral charge on stock-in-trade.

12.	**Trade debts - unsecured**			
	Considered good	12.1	219,126	185,372
	Considered doubtful		1,528	-
			220,654	185,372
	Provision for doubtful debts - during the year		(1,528)	-
			219,126	185,372

12.1 Trade debts includes amount relating to export sales to Hong Kong under the letter of credit amounting to Rs 10.760 million (2017: Singapore Rs 22.176 million)

12.2	Provision for doubtful debts			
	Opening Balance		-	-
	Provision during the year		(1,528)	-
	Closing Balance		(1,528)	-
13.	**Loans and advances - unsecured and considered good**			
	Advances to:			
	Employees	13.1	6,050	7,714
	Suppliers and contractors		241,941	214,093
			247,991	221,807
	Due from associated companies	13.2	107,854	50,251
	Letters of credit		4,736	1,316
			360,581	273,374
	Less: provision for doubtful advances	13.3	(28,838)	(2,437)
			331,743	270,937

13.1 This includes advances to following related parties extended in accordance with the Company's policy and secured against retirement benefits of respective employees.

		2018	2017
		(Rupees in thousand)	
Rizwan Ullah Khan		1,250	-
Muhammad Latif		-	1,958
		1,250	1,958

13.2 This represents amounts due from the associated companies:

		2018	2017
Due from holding company:			
The Premier Sugar Mills and Distillery Company Limited		72,270	50,251
Due from associated company:			
Whole Foods (Private) Limited		35,584	-
		107,854	50,251

Maximum aggregate amount outstanding in respect of related parties at any month-end during the year was Rs 187.78 million (2017: Rs 136.88 million).

Age analysis of balance due from associated companies, past due but not impaired:

		2018	2017
0 to 6 months		107,554	50,251

13.3 Provision for doubtful advances

		2018	2017
Opening Balance		2,437	2,437
Provision during the year		26,401	-
Closing Balance		28,838	2,437

14. Trade deposits, prepayments and other receivables

		2018	2017
Deposits		5,500	5,500
Prepayments		6,965	5,230
Export subsidy receivable	14.1	339,893	254,935
Insurance claim receivable		142	16,836
Sales tax		430,804	248,775
Others		28,724	250
		812,028	531,526

14.1 This represents subsidy receivable from the Government of Khyber Pakhtunkhwa (KPK) and Federal Government on account of subsidy on sugar exports. During the year Rs 86.67 million (2017: Rs Nil) has been recognized in this respect.

15. Income tax refundable

Income tax refundable is net of provision for taxation.

16. Cash and bank balances

		2018	2017
At banks in			
Current accounts	16.1	151,406	49,467
Savings accounts	16.2	35,248	29,928
Deposit accounts	16.2	2,128	4,308
		188,782	83,703

16.1 These include dividend account balance of Rs 3.16 million (2017: Rs 1.72 million).

16.2 These carry profit at the rates ranging from 3.75% to 6.50% (2017: 0.26% to 3.75%) per annum.

16.3 Lien is marked on bank balances for an amount of Rs 9.67 million (2017: Rs 1.5 million) in respect of the various guarantees extended by the banks.

17. Share capital

17.1 Authorised share capital

2018	2017		2018	2017
(Number of shares)			(Rupees in thousand)	
50,000,000	50,000,000	Ordinary shares of Rs 10 each	500,000	500,000

17.2 Issued, subscribed and paid up capital

2018	2017		2018	2017
(Number of shares)		Ordinary shares of Rs 10 each	(Rupees in thousand)	
28,692,000	28,692,000	Fully paid in cash	286,920	286,920

The holding company The Premier Sugar Mills and Distillery Company Limited held 13,751,000 (2017: 13,751,000) ordinary shares and the associated companies held 5,360,834 (2017: 5,360,834) ordinary shares at the year end.

18. Surplus on revaluation of Property, Plant and equipment

18.1 The Company had revalued its freehold land, buildings & roads and plant & machinery of its Unit - I on March 31, 2008, which resulted in revaluation surplus aggregating Rs. 957.7 million. The Company as at September 30, 2011, September 30, 2013 and September 30, 2016 had revalued the aforementioned fixed assets of its three Units, which resulted in revaluation surplus aggregating Rs 880.75 million, Rs 1,594 million and Rs 1,430 million respectively. These fixed assets were revalued by independent valuers on the basis of replacement value / depreciated market values.

18.2 The Company as at September 30, 2018 has again revalued the aforementioned fixed assets of its three Units. The revaluation exercise has been carried-out by external valuer - K.G. Traders (Private) Limited. Freehold land has been revalued on the basis of current market value whereas buildings & roads and plant & machinery have been revalued on the basis of depreciated market values. The surplus arising on latest revaluation aggregates to Rs 2,079 million and has been credited to related surplus on revaluation. The year-end balance has been arrived at as follows:

	2018	2017
	(Rupees in thousand)	
Balance at the beginning of the year	3,327,780	3,595,597
Add: surplus on revaluation carried-out during the year	2,079,452	-
Less: transferred to unappropriated profits on account of incremental depreciation for the year	(241,036)	(267,817)
	5,166,196	3,327,780
Less: deferred tax on:		
- opening balance of surplus	723,106	830,233
- surplus during the year	561,452	-
- incremental depreciation for the year	(65,080)	(80,345)
	1,219,478	749,888
	3,946,718	2,577,892
Resultant adjustment due to reduction in tax rate	72,311	26,782
Balance at the end of the year	4,019,029	2,604,674

19. Long term finances - secured

Lending Institutions	Interest rate (per annum)	Total available facility	Long-term portion (September 30, 2018)	Current portion (September 30, 2018)	Total outstanding amount (September 30, 2018)	Total outstanding amount (September 30, 2017)	Collateral
		---------------------------	-----------------	(Rupees in thousand)	-----------------	---------------------------	
Loans from banking companies and other financial institutions							
Bank Al Falah Limited	6 month KIBOR +2 %	25,000	-	25,000	25,000	100,000	First registered joint pari passu charge on present and future fixed assets of the Company for Rs 386.67 million.
Bank Al Habib Limited	6 month KIBOR + 1 % - 1.5 %	331,316	235,713	95,603	331,316	303,697	Secured against first joint pari passu charge on present and future fixed assets of the Company for Rs 933.33 million.
Faysal Bank Limited	6 month KIBOR + 1.5 %	83,327		83,327	83,327	249,982	Secured against joint pari passu hypothecation charge over all fixed assets of the Company for Rs. 667 million.
Soneri Bank Limited	6 month KIBOR + 1 % - 1.75%	256,320	156,544	99,776	256,320	351,231	First registered joint pari passu charge on present and future fixed assets of the Company for Rs 667 million.
The Bank of Punjab	6 month KIBOR + 1 % - 1.3 %	193,019	103,119	89,900	193,019	282,714	Secured against joint pari passu hypothecation charge over fixed assets of the Company for Rs.666.67 million
Dubai Islamic Bank Pakistan Limited	6 month KIBOR + 2 %	877,438	682,452	194,986	877,438	974,931	Secured against pari passu hypothecation charge over all fixed assets of the Company for Rs. 1.33 billion.
		Note					
Total			1,177,828	588,592	1,766,420	2,262,555	
Accrued mark-up					48,606	59,912	
					1,815,026	2,322,467	
Less: amount payable within next 12 months							
Principal		19.1			588,592	621,917	
Accrued mark-up					48,606	59,912	
Amount due after September 30, 2019		19.2			1,177,828	1,640,638	

19.1 This includes installments due on September 30, 2018 for an aggregate amount of Rs 30.9 million which have been paid subsequently on October 2, 2018.

19.2 In case of various loan arrangements, the concerned lenders have waived the requirements of certain covenants of the respective loan agreements. Accordingly, the liabilities under those loan agreements continue to be classified as per the repayment schedule applicable in respect of the respective loan agreements.

20. Loans from related parties - secured

	Note	2018	2017
		(Rupees in thousand)	
Holding Company			
The Premier Sugar Mills and Distillery Company Limited	20.1	279,500	279,500
Associated Companies			
Premier Board Mills Limited	20.2	65,575	65,575
Arpak International Investments Limited	20.3	43,750	43,750
Azlak Enterprises (Private) Limited	20.4	70,000	-
Accrued mark-up		6,320	5,173
		465,145	393,998
Less: amount payable within next 12 months			
Accrued mark-up		6,320	5,173
		458,825	388,825

20.1 The long term finance facility had been renewed on February 9, 2017. The principal is repayable in 7 semi annual installments commencing from February 2020. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the holding company is not less than the borrowing cost of the holding company. These loans are secured against promissory note from the Company.

20.2 The long term finance facility had been renewed on February 9, 2017. The principal is repayable is repayable in 7 semi annual installments commencing from November 2020. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

20.3 The long term finance facility had been renewed on February 9, 2017. The principal is repayable in 7 semi annual installments commencing from November 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

20.4 The long term finance facility was obtained during the year. The principal is repayable in 8 semi annual installments commencing from December 2021. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

21. Liabilities against assets subject to finance lease - secured

	2018	2017
Present value of minimum lease payments	58,786	61,790
Less: Current portion shown under current liabilities	(24,684)	(21,685)
	34,102	40,105
Due within one year		
Minimum lease payments	28,759	25,781
Less: Financial charges not yet due	(4,075)	(4,096)
Present value of minimum lease payments	24,684	21,685
Due after one year but not later than five years		
Minimum lease payments	37,577	44,126
Less: Financial charges not yet due	(3,475)	(4,021)
Present value of minimum lease payments	34,102	40,105
	58,786	61,790

21.1 The Company acquired vehicles under finance lease from commercial banks. The financing is repayable in equal monthly installments over a period of three to five years and carries finance charge ranging from 4.72% to 8.45% (2017: 4.49% to 8.03%) per annum.

22. **Deferred liabilities**	Note	2018	2017
		(Rupees in thousand)	
Deferred taxation	22.1	1,147,169	723,106
Provision for gratuity	22.2	7,625	-
		1,154,794	723,106

22.1 Deferred tax comprises of the following:

	2018	2017
Taxable temporary differences arising in respect of:		
Accelerated tax depreciation allowances	272,336	295,301
Surplus on revaluation of property, plant and equipment	1,147,169	723,106
Lease finances	7,379	756
	1,426,884	1,019,163
Deductible temporary differences arising in respect of:		
Provision for doubtful advances	(7,786)	(731)
Provision for obsolete items	(9,706)	-
Provision for doubtful debts	(412)	-
Provision for gratuity	(2,059)	-
Unused tax losses	(144,447)	-
Minimum tax recoverable against normal tax charge in future years	(115,305)	(295,326)
	(279,715)	(296,057)
	1,147,169	723,106

22.2 The latest actuarial valuation of the employees' defined benefit plan was conducted at September 30, 2018 using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

	2018
	(Rupees in thousand)
Present value of defined benefit obligation	7,625
Fair value of plan assets	-
Net liability	7,625
Movement in net liability recognised	
Opening net liability	-
Expense for the year recognised in statement of profit or loss	7,616
Remeasurement loss recognised in Other Comprehensive Income (OCI) during the year	813
Other adjustment / payments	(804)
	7,625
Expense for the year	
Current service cost	7,202
Net interest expense	414
	7,616

Changes in the present value of defined benefit obligation:	Note	2018	2017
		(Rupees in thousand)	
Opening defined benefit obligation			-
Current service cost			7,202
Interest cost			414
Benefits paid			(804)
Remeasurement loss on defined benefit obligation			813
Closing defined benefit obligation			7,625

Principal actuarial assumptions used in the actuarial valuation:

The "Projected Unit Credit Method" using the following significant assumptions was used for the valuation of the scheme:

	2018
	%
Discount rate	
Salary increase rate - long term	9.00
Salary increase rate - short term	9.00
Expected return on plan assets	9.00
Demographic assumptions	
Mortality rates	
	SLIC 2001-05

During the year 2019, the Company expects to contribute Rs 1,214,337 to its gratuity scheme.

Remeasurement recognised in OCI during the year:	**2018** (Rupees in thousand)
Remeasurement loss on defined benefit obligation	813

Projected benefit payments from fund are as follows:	**Rupees**
FY 2019	1,214,337
FY 2020	656,927
FY 2021	600,195
FY 2022-2026	4,555,512
FY 2026 and above	171,865,427

The weighted average number of years of defined benefit obligation is given below:

Plan duration	**Years**
September 30, 2018	9.7

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in respective assumptions by one percent.

	Effect of 1 percent increase	**Effect of 1 percent decrease**
	(Rupees in thousand)	
2018		
Discount rate	(676)	798
Future salary growth	785	(676)

The above sensitivity analyses are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.

The defined benefit obligation exposes the Company to the following risks:

Final salary risks:

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Withdrawal risks:

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Mortality risks:

The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

23. Trade and other payables

	Note	2018	2017
		(Rupees in thousand)	
Creditors		205,904	181,574
Due to related parties	23.1	22,336	34,798
Accrued expenses		90,931	76,083
Retention money		15,962	14,735
Security deposits	23.2	774	769
Advance payments from customers		297,802	135,166
Income tax deducted at source		17,761	301
Payable for workers welfare obligations	23.3	16,570	6,615
Payable to employees		22,544	17,115
Payable to provident fund		2,201	1,411
Others		19,513	1,653
		712,298	470,220

23.1 This represents amounts due to the following related parties:

Associated Companies

	2018	2017
The Frontier Sugar Mills & Distillery Limited	81	69
Syntronics Limited	4,685	16,956
Syntron Limited	-	3,276
Azlak Enterprises (Private) Limited	17,570	14,497
	22,336	34,798

23.2 These are repayable on demand and cannot be utilised for the purpose of business in accordance with the terms of written agreements with these parties. No amount in this respect has been kept in separate bank account.

23.3 Payable for workers welfare obligations	2018	2017
	(Rupees in thousand)	
Balance at the beginning of the year	6,615	23,214
Charge for the year	16,570	6,615
	23,185	29,829
Interest on funds utilized in the Company's business	557	-
Payments made during the year	(7,172)	(23,214)
Balance at the end of the year	16,570	6,615

24 Short term running finance

Lending Institution	Interest rate (per annum)	Total available facility	Facility availed	Current portion	Total outstanding amount	Total outstanding amount	Collateral
		September 30, 2018				September 30, 2017	
		(Rupees in thousand)					
Secured							
Bank Alfalah Limited	3 month KIBOR +1.1 %	550,000	449,500	449,500	449,500	305,000	All the Company's present and future goods pledged with bank included but not limited to merchandise, product, stock in trade pertaining to white refined sugar in bags under pledge located anywhere in Pakistan.
Bank Al-Habib Limited	3 month KIBOR +1 %	900,000	686,500	686,500	686,500	150,000	Refined white sugar to be stored at factory premises, Dera Ismail Khan.
The Bank of Punjab	3 month KIBOR +1.1 %	800,000	300,000	300,000	300,000	280,000	All the Company's present and future goods pledged with bank included but not limited to merchandise, product, stock-in-trade pertaining to white refined sugar in bags under pledge located anywhere in Pakistan.
MCB Bank Limited	3 month KIBOR +1.1 %	1,000,000	840,000	840,000	840,000	593,000	Pledge of stock of white refined sugar stock in bags of standards packing and weight, property stacked, segregated and differentiated form the stocks of the company other lenders at godowns within mill premises of the Company.
Askari Bank Limited	3 month KIBOR +0.9 %	700,000	625,000	625,000	625,000	-	All the customer's present and future goods Pledged with bank including but not limited to merchandise, products, stocks, stocks-in-trade, pertaining to white refined sugar in bags under pledge located anywhere in Pakistan.
Dubai Islamic Bank Pakistan Limited	matching KIBOR +1.25%	300,000	225,000	225,000	225,000	300,000	Pledged stock of white refined sugar.
Soneri Bank Limited	3 month KIBOR +0.9 % 6 month KIBOR +1.25 %	800,000	300,000	300,000	300,000	323,000	Pledged stock of white refined sugar.
United Bank Limited	1 month KIBOR +1 %	400,000	280,999	280,999	280,999	-	Pledge of sugar stocks at factory premises with 15% margin
The Bank of Khyber	-	-	-	-	-	500,000	Pledged stock of white refined sugar.
Total					3,706,999	2,451,000	
Accrued mark-up					89,205	51,770	
Un-secured							
Bank overdraft					-	1,407	
					3,796,204	2,504,177	

25. Current maturity of non-current liabilities

	Note	2018	2017
		(Rupees in thousand)	
Long term finances	19	637,198	681,829
Loans from related parties	20	6,320	5,173
Liabilities against assets subject to finance lease	21	24,684	21,685
		668,202	708,687

26. Contingencies and commitments

Contingencies

26.1 The Assistant Commissioner Inland Revenue (ACIR) vide show cause notice dated May 12, 2014 alleged that Company has claimed inadmissible input tax adjustment on building material including cements & bricks during the tax periods in year 2013-14. Further the ACIR ordered the Company to pay alleged demand of Rs 36.84 million representing principal amount and default surcharge for the aforesaid tax period. The Company filed appeal before Commissioner Inland Revenue Appeals [CIR(A)] wherein amount was reduced to Rs. 28.06 million vide order-in-appeal dated March 24, 2015. The Company preferred an appeal against the aforesaid order before the Appellate Tribunal Inland Revenue (ATIR), whereby ATIR vide its order dated January 25, 2016 upheld the Company's contention. The tax department filed a reference in this respect before the Honorable Peshawar High Court which is yet to be decided.

26.2 The Commissioner Inland Revenue (CIR), Peshawar vide order dated May 26, 2015 alleged that the Company has not undertaken appropriate stock taking and raised a demand of Rs 10 million in respect of FED on the alleged differential stock. The Company preferred an appeal before Appellate Tribunal Inland Revenue (ATIR) which was accepted vide order dated January 25, 2016. In this respect, the department filed reference before the Honorable Peshawar High Court which is yet to be decided.

26.3 The Assistant Commissioner Inland Revenue (ACIR) vide its order dated June 12, 2014 alleged that the Company has claimed input tax amounting to Rs 136 million against the supplies to unregistered persons in contravention to the related statutory provisions. The Company filed appeal before Commissioner Inland Revenue Appeals [CIR (A)] Peshawar which was rejected through an exparte order. The Company filed appeal before Appellate Tribunal Inland Revenue, Peshawar against ex-parte order-in-appeal passed by the CIR (A), Peshawar. Simultaneously, a rectification application was also filed before CIR (A), Peshawar which was upheld and Company's view accepted vide order-in-appeal dated March 29, 2018. In pursuance of the aforesaid rectification order by the Commissioner Inland Revenue a withdrawal application has been filed by the Company before Appellate Tribunal Inland Revenue (ATIR), Peshawar. However, the department has filed appeal before ATIR against the said rectification order of CIR (A). Further, the Federal Government issued another SRO whereby, the amendment made earlier have been omitted. In view of foregoing, management believes that as the related charging provisions have been deleted with retrospective effect resultantly the departmental proceedings are now redundant.

26.4 Subsequent to the year end, the Assistant Commissioner Inland Revenue issued show cause notice dated October 3, 2018 in respect of non charging of further tax for an amount of Rs 174 million on sales made to unregistered persons. The Company filed writ petition before the Honorable Peshawar High Court, challenging the said notice and accordingly stay has been granted in this respect by High Court vide order dated November 2, 2018. The Company is of the view that further tax is not attracted in the instant case on sale of sugar and related matter is already decided per Company's contention in identical matters of certain other entities by the superior appellate/judicial fora.

No provision on account of contingencies disclosed in note 26.1 - 26.4 above has been made in these financial statements as the management and its tax and legal advisors are of the view, that these matters will eventually be settled in favor of the Company.

26.5 The Company has letter of guarantee facilities aggregating Rs 100 million (2017: Rs 100 million) available from Bank Al Habib. The amount availed on these facilities as at September 30, 2018 is Rs 9.67 million (2017: Rs 1.5 million). These facilities are secured by master counter guarantee and 100% cash margin.

26.6 The Company has obtained letter of credit facilities aggregating Rs 231 million (2017: Rs 75 million) from Bank Al Habib, Habib Metropolitan Bank, Bank Alfalah Limited, MCB Bank Limited. The amount availed on these facilities as at September 30, 2018 is Rs 4.73 million (2017: Rs 3.89 million). These facilities are secured by lien on shipping documents.

26.7 The Company has cash finance facility available from various banks aggregating to Rs 5.85 billion, out of which Rs 2.99 billion has been availed by the Company. These facilities are secured against pledge charge over crystalline sugar inclusive of margin of 10%.

26.8 The Company has Export Re Finance/Finance Against Pecking Credit (ERF / FAPC) facility from various commercial banks for Rs 1,200 million, out of which Rs 959 million has been availed by the Company as at September 30, 2018. These facilities are secured by the joint parri passu hypothecation charge over current assets of the Company and lien over export documents.

26.9 The Company is defending its stance before the courts of law against various parties including individuals, corporate entities, federal and provincial revenue / regulatory authorities etc. The management of the Company is of the view that the ultimate outcome of these cases are expected to be favorable and a liability, if any, arising on the settlement of these cases is not likely to be material. Accordingly, no provision has been made in the financial statements in this regard.

Commitments

	Note	2018	2017
		(Rupees in thousand)	
26.10 The Company has following commitments in respect of:			
Foreign letters of credit for purchase of plant and machinery		68,041	17,604
Capital expenditure other than for letters of credit		30,240	2,318

27. Gross sales

	Note	2018	2017
Local		8,761,917	11,058,477
Export	27.1	2,506,326	1,500,725
		11,268,243	12,559,202

27.1 Export sales comprise of the sales made in the following regions:

	2018	2017
Afghanistan	318,793	295,406
Japan	1,202,553	529,362
Singapore	650,862	279,577
Spain	201,012	259,413
Hong Kong	87,587	5,349
Switzerland	-	131,618
United Arab Emirates	45,519	-
	2,506,326	1,500,725

28. Sales tax, other government levies and commissions

	2018	2017
Indirect taxes	873,802	1,147,532
Commissions	119,437	79,280
	993,239	1,226,812

		Note	2018	2017
			(Rupees in thousand)	
29.	**Cost of sales**			
	Raw material consumed		8,292,442	9,440,481
	Chemicals and stores consumed		228,422	219,112
	Salaries, wages and benefits	29.1	440,129	451,751
	Power and fuel		58,435	53,982
	Repair and maintenance		185,750	123,555
	Insurance		13,168	10,940
	Depreciation		639,636	706,846
	Provision for obsolete items		35,948	-
			9,893,930	11,006,667
	Adjustment of work-in-process:			
	Opening		7,948	7,865
	Closing		(7,783)	(7,948)
			165	(83)
	Cost of goods manufactured		9,894,095	11,006,584
	Adjustment of finished goods:			
	Opening stock		1,345,586	563,318
	Closing stock		(2,234,855)	(1,345,586)
			(889,269)	(782,268)
			9,004,826	10,224,316

29.1 Salaries, wages and benefits include Rs 10.12 million (2017: Rs 4.96 million) in respect of retirement benefits.

		Note	2018	2017
30.	**Selling and distribution expenses**			
	Salaries, wages and benefits	30.1	11,261	8,322
	Loading and stacking		17,001	13,615
	Export development surcharge		6,841	3,775
	Freight and other expenses on export		180,274	106,860
			215,377	132,572

30.1 Salaries, wages and benefits include Rs 157 thousand (2017: Rs 98 thousand) in respect of retirement benefits.

		Note	2018	2017
31.	**Administrative and general expenses**			
	Salaries, wages and benefits	31.1	245,594	223,223
	Travelling and conveyance		9,936	26,188
	Vehicles running and maintenance		12,056	11,046
	Rent, rates and taxes		12,434	4,833
	Communication		6,287	8,156
	Printing and stationery		7,360	6,571
	Insurance		2,857	2,693
	Repair and maintenance		12,924	12,711
	Fees and subscription		4,650	5,036
	Depreciation		28,342	25,006
	Amortization of intangible assets		-	433
	Provision for doubtful advances		26,401	-
	Provision for doubtful debts		1,528	-
	Auditors' remuneration	31.2	2,665	1,905
	Legal and professional charges		5,406	3,014
	Others		18,878	19,444
			397,318	350,259

31.1 Salaries, wages and benefits include Rs 10.51 million (2017: Rs 2.20 million) in respect of charge for retirement benefits.

31.2 Auditors' remuneration:

	Note	2018	2017
		(Rupees in thousand)	
Statutory Auditor			
Statutory audit		1,600	1,443
Half year review		315	289
Consolidation		200	-
Group reporting		150	-
Certification and others		150	107
Out-of-pocket expenses		250	66
		2,665	1,905

32. Other income

Income from financial assets		
Return on bank deposits	4,105	4,808
Exchange gain (net)	27,354	1,645
	31,459	6,453
Income from other than financial assets		
Sale of press mud - net of sales tax	4,795	9,122
Sale of fusel oil - net of sales tax	513	538
Gain on disposal of operating fixed assets	980	712
Export subsidy	86,670	-
Seed sales net of expenses	911	141
Insurance claim	142	-
	94,011	10,513
	125,470	16,966

33. Other expenses

Donations - without directors' interest	33.1	1,505	10,338
Workers' profit participation and workers welfare obligations		16,570	6,615
		18,075	16,953

33.1 This includes donation paid to Shandana Humayun Khan amounting to Rs.1 million (2017: Rs Nil).

34. Finance cost

Mark-up on:		
Long term finances	155,893	217,192
Loans from related parties	31,588	30,743
Short term borrowings	314,453	235,332
	501,934	483,267
Lease finance charges	4,786	4,664
Interest on workers' profit participation	557	-
Bank charges	4,437	5,026
	511,714	492,957

35. Taxation

Current:		
- for the year	123,731	77,689
- prior year	669	1,729
	124,400	79,418
Deferred:		
Change in tax rate	72,311	26,782
On account of temporary differences	(137,170)	(66,053)
	(64,859)	(39,271)
	59,541	40,147

35.1 Reconciliation of taxation with accounting profit

There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented.

35.2 By virtue of amendments introduced through Finance Act 2017, the provisions of section 5A of the Income Tax Ordinance, 2001 were amended to the effect that a listed company that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the said tax year through cash or bonus shares, shall be liable to pay tax at the rate of 7.5% of its accounting profit before tax. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires. The Company has distributed 40% of its after tax profits for the Tax Year 2018.

35.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analysed as follows:

Tax year	Provision for taxation	Tax assessed	Excess / (deficit)
	(Rupees in thousand)		
2018	77,689	50,230	27,459
2017*	-	-	-
2016*	-	-	-

*The Company has returned tax loss for each of the tax years 2016 and 2017.

36. Earnings per share

Profit after taxation attributable to ordinary shareholders	193,623	92,152
Weighted average number of shares outstanding during the year (No. of shares '000')	28,692	28,692
Earnings per share (Rs)	6.75	3.21

36.1 There is no dilutive effect on basic earnings per share.

37. Segment operating results for the year ended September 30, 2018

	Sugar Division		Ethanol Division		Total	
	2018	2017	2018	2017	2018	2017
	Rupees in thousand					
Sales						
-Local	8,340,266	10,784,786	421,651	273,691	8,761,917	11,058,477
-Export	318,793	295,405	2,187,533	1,205,320	2,506,326	1,500,725
-By product	804,180	740,556	-	-	804,180	740,556
	9,463,239	11,820,747	2,609,184	1,479,011	12,072,423	13,299,758
Less : sales tax & commission	(836,038)	(1,107,765)	(168,062)	(119,047)	(993,239)	(1,226,812)
Sales - net	8,627,201	10,712,982	2,441,122	1,359,964	11,079,184	12,072,946
Less :Intersegment sales	(804,180)	(740,556)	-	-	(804,180)	(740,556)
	7,823,021	9,972,426	2,441,122	1,359,964	10,275,004	11,332,390
Segment expenses:						
Cost of sales						
Cost of Sales	(7,900,398)	(9,608,750)	(1,908,608)	(1,356,122)	(9,809,006)	(10,964,872)
less: Intersegment cost	-	-	804,180	740,556	804,180	740,556
	(7,900,398)	(9,608,750)	(1,104,428)	(615,566)	(9,004,826)	(10,224,316)
Gross profit / (loss)	(77,377)	363,676	1,336,694	744,398	1,270,178	1,108,074
Selling and distribution expenses	60,645	(97,222)	(276,022)	(35,350)	(215,377)	(132,572)
Administrative and general expenses	(354,291)	(183,962)	(43,027)	(166,297)	(397,318)	(350,259)
	(293,646)	(281,184)	(319,049)	(201,647)	(612,695)	(482,831)
Profit / (loss) from operations	(371,023)	82,492	1,017,645	542,751	657,483	625,243
Other income	95,104	19,273	30,366	(2,307)	125,470	16,966
Other expenses	(18,075)	(16,903)	-	(50)	(18,075)	(16,953)
	77,029	2,370	30,366	(2,357)	107,395	13
Segment results	(293,994)	84,862	1,048,011	540,394	764,878	625,256
Finance cost					(511,714)	(492,957)
Profit before tax					253,164	132,299
Taxation					(59,541)	(40,147)
Profit for the year					193,623	92,152

37.1 Segment assets and liabilities

	2018		2017	
	(Rupees in thousand)			
	Assets	Liabilities	Assets	Liabilities
Sugar	7,996,305	3,088,678	7,265,861	581,645
Ethanol	5,819,420	3,265,854	2,979,556	2,279,998
Total for reportable segment	13,815,725	6,354,532	10,245,417	2,861,643
Others	-	1,655,711	328,489	3,647,084
Total assets / liabilities	13,815,725	8,010,243	10,573,906	6,508,727

38 Financial instruments and risk management

38.1 Financial assets and liabilities

	Note	2018	2017
		(Rupees in thousand)	
Financial assets:			
Maturity upto one year			
Loans and receivables			
Trade debts		219,126	185,372
Loans and advances		56,228	53,091
Trade deposits and other receivables		374,259	277,521
Cash and bank balances		188,782	83,703
Maturity after one year			
Long term security deposits		13,858	13,918
Available for sale			
Long term investment		100,000	-
		952,253	613,605
Financial liabilities:			
Other financial liabilities			
Maturity upto one year			
Trade and other payables		380,165	328,138
Unclaimed dividends		7,990	7,162
Current portion of non current liabilities - secured		643,518	687,002
Short term running finance		3,796,204	2,504,177
Liabilities against assets subject to finance lease		24,684	21,685
Maturity after one year			
Long term finances - secured		1,177,828	1,640,638
Loans from related parties - secured		458,825	388,825
Liabilities against assets subject to finance lease		34,102	40,105
Deferred liabilities		7,625	-
		6,530,941	5,617,732

38.2 Financial risk management

38.2.1 Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors (the Board) has the overall responsibility for the establishment and oversight of the Company’s risk management framework.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of the Company oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

a) 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. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, loans and advances, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set an allowed credit period to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings. In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company. The maximum exposure to credit risk at the reporting date was:

	Rating	2018	2017
		(Rupees in thousand)	
Long term security deposits		13,858	13,918
Trade debts		219,126	185,372
Loans and advances		56,228	53,091
Trade deposits and other receivables		374,259	277,521
Cash and bank balances		188,782	83,703
		852,253	613,605

At September 30, 2018, trade debts of Rs 219 million (2017: Rs 185 million) were past due but not impaired. The aging analysis of these trade debts is as follows:

0 to 6 months	208,257	181,935
6 to 12 months	10,869	-
Above 12 months	-	3,437
	219,126	185,372

Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade debts, loans and advances and other financial assets.

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

Counterparties without external credit rating			
Trade debts		219,126	185,372
Loans and advances		56,228	53,091
Trade deposits and other receivables		374,259	277,521
		649,613	515,984
Counterparties with external credit rating			
Bank balances			
	A1+	128,288	39,203
	A1	3,542	1,034
	A-1+	56,198	43,106
	A-1	754	360
		188,782	83,703

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the contractual maturities of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 Year	Between 1 to 5 years	5 years and above
			(Rupees in thousand)		
As at September 30, 2018					
Long term financing	1,815,026	1,815,026	637,198	1,177,828	-
Loans from related parties	465,145	465,145	-	465,145	-
Liabilities against assets subject to finance lease	58,786	66,336	28,759	37,577	-
Trade and other payables	380,165	380,165	380,165	-	-
Unclaimed dividend	7,990	7,990	7,990	-	-
Deferred liabilities	7,625	7,625	-	-	7,625
Short term running finance	3,796,204	3,796,204	3,796,204	-	-
As at September 30, 2017					
Long term financing	2,322,467	2,322,467	681,829	1,640,638	-
Loans from related parties	393,998	393,998	-	393,998	-
Liabilities against assets subject to finance lease	61,790	69,907	25,781	44,126	-
Trade and other payables	328,138	328,138	328,138	-	-
Unclaimed dividend	7,162	7,162	7,162	-	-
Deferred liabilities	-	-	-	-	-
Short term running finance	2,504,177	2,504,177	2,504,177	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price 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. Financial assets include Rs 10.76 million (2017: Rs 22.18 million) and financial liabilities include Rs Nil (2017: Rs Nil) which were subject to currency risk.

	2018	2017
Rupees per USD		
Average rate	114.60	104.79
Reporting date rate	124.20	105.00

Sensitivity analysis

As at September 30, 2018, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 0.76 million (2017: Rs 1.55 million) lower/ higher.

ii) 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. The Company has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial assets and liabilities include balances of Rs 37.38 million (2017: Rs 34.24 million) and Rs 6,080 million (2017: Rs 5,217 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

Sensitivity analysis

As at September 30, 2018, if interest rates had been 1% higher/ lower with all other variables held constant, profit after tax for the year would have been Rs 42.90 million (2017: Rs 36.28 million) higher/ lower, mainly as a result of higher/ lower interest income/ expense from these financial assets and liabilities.

iii) Price risk

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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

38.2.2 Capital risk management

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and the level of dividend to ordinary shareholders. 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 the capital management during the year.

The Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements. In case of various loan arrangements, the concerned lenders have waived the requirements of certain covenants of the respective financing agreements. Accordingly, the liabilities under these financing agreements have been classified as per the repayment schedule applicable in respect of the aforesaid financing agreements.

The Company monitors capital using a gearing ratio, which is calculated as net debt divided by total capital plus net debt. Net debt is calculated as amounts payable by the Company less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The Company's gearing ratio is as follows:

	2018	2017
	(Rupees in thousand)	
Long term finances - secured	1,815,026	2,322,467
Loans from related parties - secured	465,145	393,998
Liabilities against assets subject to finance lease	58,786	61,790
Trade and other payables	712,298	470,220
Short term running finance	3,796,204	2,504,177
Less: cash and cash equivalents	(188,782)	(83,703)
Net debt	6,658,677	5,668,949
Issued, subscribed and paid-up capital	286,920	286,920
Capital reserve	327,000	327,000
Revenue reserve	1,172,533	846,585
Total capital	1,786,453	1,460,505
Capital and net debt	8,445,130	7,129,454
Gearing ratio	79%	80%

38.3 Fair value of financial assets and liabilities

The carrying values of financial assets and liabilities approximate their fair value.

39 Fair value hierarchy

Certain property, plant and equipment of the Company was valued by independent valuers to determine the fair value of property, plant and equipment. The revaluation surplus was credited to other comprehensive income and is shown as 'surplus on revaluation of property, plant and equipment'. The different levels have been defined as follows:

- Level 1

Quoted prices (unadjusted) in active market for identical assets/ liabilities.

- Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Level 2 fair value of certain property, plant and equipment has been derived using the comparison approach. Sales prices of comparable property, plant and equipment in identical circumstances or close proximity are adjusted for differences in key attributes such as property size, structure, location, capacity etc. The most significant inputs into this valuation approach are price per marla, price per square feet, depreciated replacement cost etc.

40. Reconciliation of movement of liabilities to cash flow arising from financing activities

	Liabilities			Total
	Long term finance	Loans from related parties	Liabilities against assets subject to finance lease	
	-----------Rupees in thousand-----------			
Balance at October 1, 2017	2,322,467	393,998	61,790	2,778,255
Cash flows	(663,334)	39,559	(27,670)	(651,445)
Acquisition - finance lease	-	-	24,666	24,666
Other non-cash movements	155,893	31,588	-	187,481
Balance at September 30, 2018	1,815,026	465,145	58,786	2,338,957

41. Provident Fund

Details of the provident funds based on audited financial statements for the year ended September 30, 2018 are as follows:

	2018	2017
	(Rupees in thousand)	
Staff provident fund		
	105,460	87,768
Size of the fund	78,584	65,490
Cost of investment made	103,259	86,357
Fair value of investment made		
	%	%
Percentage of investment made	74.52	74.62

	2018		2017	
	Rupees '000'	%	Rupees '000'	%
Breakup of investment - at cost				
Term deposit	51,400	65.41	4,590	7.01
Bank deposits	27,184	34.59	60,900	92.99
	78,584	100.00	65,490	100.00

41.1 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

42. Transactions with related parties

42.1 The Premier Sugar Mills & Distillery Company Limited holds 47.93% (2017: 47.93%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of Premier Sugar Mills & Distillery Co. Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in note 43 to the statement of financial statements.

	2018	2017
	(Rupees in thousand)	
The Premier Sugar Mills and Distillery Company Limited		
Purchase of molasses	114,784	96,981
Sale of store items	1,732	1,600
Sale of bagasse	1,325	-
Purchase of store items	57	338
Mark-up charged	22,363	20,969
Expenses paid on behalf of the Company	15,225	16,866
Expenses paid by the Company	91	82
Dividend paid	20,627	61,880
Rent expense	9,900	-

Syntron Limited	2018 (Rupees in thousand)	2017
Purchase of store items	70,617	65,170
Azlak Enterprises (Private) Limited		
Sale of bagasse	20,416	17,325
Mark-up charged	477	
Expenses paid by the Company	4,307	8,902
Dividend paid	2,194	6,583
Phipson & Company Pakistan (Private) Limited		
Dividend paid	461	1,384
The Frontier Sugar Mills & Distillery Limited		
Purchase of store items	-	5,353
Expenses paid by the Company	17	132
Expenses paid on behalf of the Company	-	2
Provident fund		
Contribution to provident fund	13,201	7,277

42.2 Following are the related parties with whom the Company had entered into transactions or have arrangement/agreement in place.

Sr No	Company Name	Basis of Association	Aggregate % of Shareholding
1	The Premier Sugar Mills and Distillery Company Limited	Holding Company	47.93%
2	Premier Board Mills Limited	Associated Company	0.00%
3	Azlak Enterprises (Private) Limited	Associated Company	5.10%
4	Arpak International Investments Limited	Associated Company	0.00%
5	Phipson & Company Pakistan (Private) Limited	Associated Company	1.07%
6	Syntronics Limited	Associated Company	12.51%
7	The Frontier Sugar Mills & Distillery Limited	Associated Company	0.00%
8	Syntron Limited	Associated Company	0.00%
9	Whole Foods (Private) Limited	Subsidiary Company	100.00%

43. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017*
	(Rupees in thousand)					
Managerial remuneration	1,200	1,200	-	-	16,725	23,544
Bonus	-	-	-	-	1,209	6,494
Housing and utilities	-	-	-	-	11,150	15,573
Company's contribution to provident fund	-	-	-	-	1,197	1,021
Medical	-	960	-	-	133	379
	1,200	2,160	-	-	30,414	47,011
Number of persons	1	1	3	3	10	14

*Comparative figures have been restated to reflect changes in the definition of "Executive" as per Companies Act, 2017.

43.1 In addition to above, the Chief Executive and Executives were provided with the Company maintained cars for official and personal use. All the Executives based at factory coumpounds are also provided with free housing with the Company's generated electricity, telephone and certain household items in the residential colony within the factory compound.

44. General

44.1 Geographical location and addresses of business units

The business units of the Company include the following:

Business Units	Location
Sugar - unit I	University Road, Dera Ismail Khan, KPK
Sugar - unit II	Ramak, Dera Ismail Khan, KPK
Ethanol fuel plant	Ramak, Dera Ismail Khan, KPK

44.2 Capacity and production

	2018	2017
Sugar plants		
Rated crushing capacity (Metric Ton / day)	18,000	18,000
On the basis of average number of 131 days (2017: 130 days)	2,358,000	2,340,000
Actual cane crushed (Metric Ton)	2,040,734	2,224,494
Sugar produced (Metric Ton)	193,322	203,686
Ethanol fuel plant		
Rated production capacity (Litres / day)	125,000	125,000
On the basis of average number of 357 days (2017: 261 days) (Litres)	44,625,000	32,625,000
Actual production (Litres)	44,617,163	29,623,876
Days worked	Days	
Sugar - unit I	133	131
Sugar - unit II	129	130
Ethanol fuel plant	357	261

Reasons for Shortfall

Sugar division performed at less than installed capacity due to non availability of sugar cane, strike of growers and atmospheric effect. Capacity of ethanol unit was under utilized due to overhauling and cleaning shut downs.

44.3 Number of employees

	2018	2017
	(Rupees in thousand)	
Number of employees at September 30		
Permanent	938	914
Contractual	921	914
	1,859	1,828

This includes 1,810 (2017: 1,783) number of factory employees.

Average number of employees for the year		
Permanent	928	926
Contractual	1,259	1,236
	2,187	2,162

This includes 2,138 (2017: 2,117) number of factory employees.

44.4 Rounding off

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

45. Corresponding figures

Corresponding figures have been re-arranged and re-classified as follows, for the purposes of comparison and better presentation as per reporting framework. However, the change in corresponding figures has no material impact on previously reported financial position, financial performance and cash flow of the Company.

Reclassified from	Reclassified to	Rupees in thousands
Income tax refundable	Trade deposits, prepayments and other receivables	248,775
	Provision for taxation	51,882
Trade and other payables	Unclaimed dividend	7,162
Markup accrued	Current maturity of non-current liabilities	65,085
	Short term borrowing	51,770
Selling and distribution expenses	Sales tax, other government levies and commissions	79,280
Cost of sales	Other income	5,477
	Administrative expenses	1,772

46. Non-adjusting events after the statement of financial position date

The Board of Directors in its meeting held on March 05, 2019 has proposed a final cash dividend for the year ended September 30, 2018 @ Rs 1.50 per ordinary share (2017 @ Rs 1.50 per ordinary share), amounting to Rs 43.038 thousand (2017: Rs 43.038 thousand) for approval of the members in the annual general meeting to be held on March 29, 2019.

47. Date of Authorisation for Issue

These financial statements have been authorised for issue by the Board of Directors of the Company on March 05, 2019.

RIZWAN ULLAH KHAN	**AZIZ SARFARAZ KHAN**	**ISKANDER M KHAN**
CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE**	**DIRECTOR**

annual report

2018

CHASHMA SUGAR MILLS LIMITED
CONSOLADITED FINANCIAL STATEMENTS

Independent Auditor's Report To the members of Chashma Sugar Mills Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Chashma Sugar Mills Limited (the Company) and its subsidiary Whole Foods (Private) Limited (the Group), which comprise the consolidated statement of financial position as at September 30, 2018, the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at September 30, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**New requirements under the Companies Act, 2017** *(Refer note 4 to the financial statements)* The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Group for the first time in the preparation of these annexed financial statements. The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Group. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous and the current financial reporting framework and as a result certain changes were made in the Group's annexed financial statements. In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it 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 Group's annexed financial statements. - Obtained relevant underlying supports for the additional disclosures and assessed there appropriateness for the sufficient audit evidence. - Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.
(ii)	**Contingencies** *(Refer note 25 to the financial statements)* Contingencies disclosed in the annexed financial statements relate to various matters which are pending in litigations including matters in respect of income tax and sales tax, which are pending adjudication before the appellate authorities and the courts. Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including related financial impacts, we considered contingencies a key audit matter.	Our audit procedures in relation to the matter included: - Obtained and reviewed details of pending legal and tax matters and discussed the same with the Group's management. - Obtained view of the Group's legal and tax counsels related to open litigations. - Reviewed correspondence of the Group with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or the matters which have similarities with the issues involved. - Reviewed disclosures made in respect of the contingencies.
iii)	**Revaluation of property, plant and equipment** *(Refer note 17 to the financial statements)* The Group follows revaluation model for measurement of its property, plant and equipment.	Our audit procedures to assess the valuation of property, plant and equipment included the following:

S.No.	Key Audit Matters	How the matter was addressed in our audit
	As at September 30, 2018, the carrying value of property, plant and equipment was Rs 9,559 million which includes an amount of Rs 1,307 million related to land and an amount of Rs 5,811 related to plant and machinery. The fair value of the Group's property, plant and equipment was assessed by management based on independent valuation performed by an external property valuation expert as at September 30, 2018. For valuation of buildings, the depreciated replacement cost method is used, whereby, current cost of construction of similar buildings in similar locations has been adjusted using suitable depreciation rates to arrive at present market value. This technique requires significant judgment as to estimate value of property, plant and equipment in terms of their quality, structure, layout and locations. We identified valuation of property, plant and equipment as a key audit matter due to the significant carrying value, the significant management judgement and estimation involved in determining their value due to factors described above.	- Evaluated the qualification, experience and competence of the independent external property valuation expert engaged by the Group as management expert for valuation of property, plant and equipment. - Obtained valuation report of external valuation expert and gathered understanding of the valuation process and techniques adopted by the valuation expert to assess, if they are consistent with the industry norms. - Tested mathematical accuracy of the valuation reports. - Engaged another independent valuation expert as an auditor expert to assess the appropriateness of the value of the property, plant and equipment and the reasonableness of the related management's assumptions and methodologies used by the management expert. - Reviewed the adequacy of the related disclosures in the annexed financial statements.

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the consolidated financial statements of the Group and our auditor's report thereon.

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

If based on the work we have performed, on other information obtained prior to the date of this auditor's report, 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated 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.

Other Matter

The financial statements of the Company for the year ended September 30, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on January 4, 2018.

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

-sd-
Chartered Accountants
Islamabad
Date: March 05, 2019

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
			(Rupees in thousand)	
NON CURRENT ASSETS				
Property, plant and equipment	8	9,558,755	7,789,577	8,169,406
Intangible assets		-	-	433
Long term security deposits - considered good		13,858	13,918	4,163
		9,572,613	7,803,495	8,174,002
CURRENT ASSETS				
Stores and spares	9	342,702	345,339	295,498
Stock-in-trade	10	2,242,638	1,353,534	571,183
Trade debts	11	219,126	185,372	143,410
Loans and advances	12	296,159	270,937	280,408
Trade deposits, prepayments and other receivables	13	828,206	531,526	259,676
Income tax refundable	14	33,717	-	310,633
Cash and bank balances	15	279,605	83,703	37,511
		4,242,153	2,770,411	1,898,319
TOTAL ASSETS		13,814,766	10,573,906	10,072,321
SHARE CAPITAL AND RESERVES				
Authorized capital	16	500,000	500,000	500,000
Issued, subscribed and paid-up capital	16	286,920	286,920	286,920
Capital reserve				
General reserve		327,000	327,000	327,000
Revenue reserve				
Unappropriated profits		1,171,063	846,585	696,075
Surplus on revaluation of property, plant and equipment	17	4,019,029	2,604,674	2,765,364
Shareholders' equity		5,804,012	4,065,179	4,075,359
NON-CURRENT LIABILITIES				
Long term finances - secured	18	1,177,828	1,640,638	2,237,608
Loans from related parties - secured	19	458,825	388,825	312,143
Liabilities against assets subject to finance lease	20	34,102	40,105	31,600
Deferred liabilities	21	1,154,794	723,106	789,159
		2,825,549	2,792,674	3,370,510
CURRENT LIABILITIES				
Trade and other payables	22	712,809	470,220	805,062
Unclaimed dividend		7,990	7,162	4,541
Short term running finance	23	3,796,204	2,504,177	1,053,213
Current maturity of non-current liabilities	24	668,202	708,687	763,636
Provision for taxation - net		-	25,807	-
		5,185,205	3,716,053	2,626,452
TOTAL LIABILITIES		8,010,754	6,508,727	5,996,962
Contingencies and commitments	25			
TOTAL EQUITY AND LIABILITIES		13,814,766	10,573,906	10,072,321

The annexed notes 1 to 47 form an integral part of these financial statements.

RIZWAN ULLAH KHAN	AZIZ SARFARAZ KHAN	ISKANDER M KHAN
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	2017 (Restated)
		(Rupees in thousand)	
Gross sales	26	11,268,243	12,559,202
Sales tax, other government levies and commissions	27	(993,239)	(1,226,812)
Sales - net		10,275,004	11,332,390
Cost of sales	28	(9,004,826)	(10,224,316)
Gross profit		1,270,178	1,108,074
Selling and distribution expenses	29	(215,377)	(132,572)
Administrative and general expenses	30	(398,788)	(350,259)
Other income	31	125,470	16,966
Other expenses	32	(18,075)	(16,953)
Operating profit		763,408	625,256
Finance cost	33	(511,714)	(492,957)
Profit before taxation		251,694	132,299
Taxation	34	(59,541)	(40,147)
Profit for the year		192,153	92,152
Earnings per share - basic and diluted (Rs)	35	6.70	3.21

The annexed notes 1 to 47 form an integral part of these financial statements.

RIZWAN ULLAH KHAN	AZIZ SARFARAZ KHAN	ISKANDER M KHAN
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Profit for the year		192,153	92,152
Other comprehensive income			
Items that will not be classified to profit or loss:			
Remeasurement loss on staff retirement benefit plans	21.2	(813)	-
Less: Deferred tax on remeasurement loss on staff retirement benefit plans		220	-
		(593)	-
Surplus on revaluation of property, plant and equipment		2,079,452	-
Less: Deferred tax on surplus on revaluation of property, plant and equipment		(561,452)	-
		1,518,000	-
Total comprehensive income for the year		1,709,560	92,152

The annexed notes 1 to 47 form an integral part of these financial statements.

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CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Cash flow from operating activities			
Profit for the year - before taxation		251,694	132,299
Adjustments for non-cash items:			
Depreciation		667,978	731,852
Gain on sale of operating fixed assets		(980)	(712)
Amortization of intangible assets		-	433
Finance cost		507,277	487,931
Provision for doubtful debts		1,528	-
Provision for doubtful advances		26,401	-
Provision for obsolete items		35,948	-
Provision for gratuity		8,429	-
		1,498,275	1,351,803
Changes in working capital			
(Increase) in stores and spares		(33,311)	(49,841)
(Increase) in stock-in-trade		(889,104)	(782,351)
(Increase) in trade debts		(35,282)	(41,962)
(Increase) / decrease in loans and advances		(51,623)	9,471
(Increase) in trade deposits, prepayments and other receivables		(296,680)	(51,513)
Increase / (decrease) in trade and other payables		242,589	(334,842)
		(1,063,411)	(1,251,038)
		434,864	100,765
Income tax (paid) / refund received - net		(183,924)	36,685
Gratuity paid		(804)	-
Net cash generated from operating activities		250,136	137,450
Cash flow from investing activities			
Purchase of property, plant and equipment		(339,592)	(357,336)
Sale proceeds and insurance claims of operating fixed assets		6,689	6,025
(Increase) / decrease in long term security deposits		60	(9,755)
Net cash used in investing activities		(332,843)	(361,066)
Cash flow from financing activities			
Long term finances repaid		(496,136)	(502,758)
Loan received from / (repaid to) related party		70,000	(48,175)
Lease finances		(27,670)	11,768
Dividend paid		(42,210)	(126,493)
Finance cost paid		(479,967)	(479,896)
Net cash used in financing activities		(975,983)	(1,145,554)
Net increase / (decrease) in cash and cash equivalents		(1,058,690)	(1,369,170)
Cash and cash equivalents - at beginning of the year		(2,368,704)	(999,534)
Cash and cash equivalents - at end of the year		(3,427,394)	(2,368,704)
Cash and cash equivalents comprised of:			
Bank balances	15	279,605	83,703
Short term running finance - secured	23	(3,706,999)	(2,451,000)
Bank overdraft	23	-	(1,407)
		(3,427,394)	(2,368,704)

The annexed notes 1 to 47 form an integral part of these financial statements.

RIZWAN ULLAH KHAN	AZIZ SARFARAZ KHAN	ISKANDER M KHAN
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Share capital	General reserve	Unappropri ated profits	Surplus on revaluation of property, plant and equipment	Total
	---------- Rupees in thousand ----------				
Balance as at October 1, 2016 (as previously reported)	286,920	327,000	696,075	-	1,309,995
Effect of retrospective restatement due to change in accounting policy (note 6.1)	-	-	-	2,765,364	2,765,364
Balance as at October 1, 2016 - restated	286,920	327,000	696,075	2,765,364	4,075,359
Total comprehensive income for the year ended September 30, 2017					
Income for the year	-	-	92,152	-	92,152
Other comprehensive income for the year	-	-	-	-	-
	-	-	92,152	-	92,152
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred taxation	-	-	187,472	(187,472)	-
Deferred tax adjustment due to reduction in tax rate	-	-	-	26,782	26,782
Cash dividend at rate of Rs. 4.50 per ordinary share for the year ended September 30, 2016	-	-	(129,114)	-	(129,114)
Balance as at September 30, 2017 - Restated	286,920	327,000	846,585	2,604,674	4,065,179
Total comprehensive income for the year ended September 30, 2018					
Income for the year	-	-	192,153	-	192,153
Other comprehensive income for the year	-	-	(593)	1,518,000	1,517,407
	-	-	191,560	1,518,000	1,709,560
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the year - net of deferred taxation	-	-	175,956	(175,956)	-
Deferred tax adjustment due to reduction in tax rate	-	-	-	72,311	72,311
Cash dividend at rate of Rs 1.50 per ordinary share for the year ended September 30, 2017	-	-	(43,038)	-	(43,038)
Balance as at September 30, 2018	**286,920**	**327,000**	**1,171,063**	**4,019,029**	**5,804,012**

The annexed notes 1 to 47 form an integral part of these financial statements.

RIZWAN ULLAH KHAN	AZIZ SARFARAZ KHAN	ISKANDER M KHAN
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

1. Legal status and operations

Chashma Sugar Mills Limited (the Company) was incorporated in Pakistan on May 5, 1988 as a public Group, under the Companies Ordinance, 1984 (which is repealed upon enactment of the Companies Act, 2017 on May 30, 2017) and commenced its commercial production from July 9, 1988. The Company has its shares quoted on the Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing, production, processing, compounding, preparation and sale of sugar, other allied compound, intermediates and by products. The Company is a subsidiary of The Premier Sugar Mills and Distillery Company Limited. The head office of the Company is situated at King's Arcade, 20-A, Markaz F-7, Islamabad and its manufacturing facilities are located at Dera Ismail Khan, Khyber Pakhtunkhawa.

Whole Foods (Private) Limited (100% owned subsidiary of the Company) was incorporated in Pakistan as a Private Limited Company under Companies Act, 2017 on October 26, 2017. The principal activity of the subsidiary is to setup, manage, supervise and control the storage facilities for agricultural produce.

This is the first set of consolidated financial statements prepared by the Company. These include the financial statements of Chashma Sugar Mills Limited (the Company) and its subsidiary company Whole Foods (Private) Limited. The corresponding figures presented in these financial statements are the same as presented in the financial statements of the Company. For the purpose of these consolidated financial statements Chashma Sugar Mills Limited and its subsidiary are referred to as the Group.

2. Summary of significant transactions and events

The financial position and performance of the Group was affected by the following events and transactions during the year:

- The Group has gained a net exchange income of Rs 27.35 million in respect of trade receivable denominated in US Dollars as disclosed in note 32; and
- The Group has revalued its property, plant and equipment resulting in net revaluation surplus of Rs 1,518 million as disclosed in note 18.
- Other significant transactions and events have been described in respective notes of these consolidated financial statements.

3. Statement of compliance

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

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

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

4. New and revised standards and interpretations

4.1 The fourth schedule to the Act became applicable to the Group for the first time for the preparation of these consolidated financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst other, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. The Act has also brought certain changes with regard to preparation and presentation of annual and interim consolidated financial statements of the Group. These changes include change in nomenclature of primary consolidated financial statements. 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.

Specific additional disclosures and changes to the existing disclosures as a result of significant changes are stated in notes 2, 6, 8.4, 8.6, 12, 25, 26.1, 30.2, 32.1, 34.3, 40.1, 41, 43, 44.1, 44.2 and 44.3.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

		Effective date (annual reporting periods beginning on or after)
IAS 19	Employee Benefits (Amendments)	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IAS 40	Investment Property (Amendments)	January 1, 2018
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 4	Insurance Contracts (Amendments)	January 1, 2018
IFRS 9	Financial Instruments	July 1, 2018
IFRS 15	Revenue from Contract with Customers	July 1, 2018
IFRS 16	Leases	January 1, 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Tax Treatments	January 1, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

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

IFRIC 4	Determining Whether an Arrangement Contains Lease
IFRIC 12	Service Concession Arrangements

5. Summary of significant accounting policies

5.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in respective accounting policies notes.

5.2 Basis of consolidation

Subsidiary is an entity over which the Company has the power to govern the financial and operating and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The Company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Company's voting rights relative to the size and dispersion of holdings of other shareholders give the Company the power to govern the financial and operating policies, etc.

Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The reporting period end of subsidiary is June 30, 2018. The subsidiary financial statements used for preparation of consolidated financial statements corresponds with period of the Company.

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.

5.3 Property, plant and equipment

Owned assets

Cost

Operating fixed assets except freehold land, building and roads and plant & machinery are stated at cost less accumulated depreciation and impairment losses. Freehold land is stated at revalued amount, where as building & roads and plant & machinery are stated at revalued amount less accumulated depreciation and impairment losses. Capital work-in-progress and major spare parts and standby equipment are stated at cost. Cost in relation to certain plant and machinery items include borrowing cost related to the financing of major projects during construction phase.

Subsequent cost, if reliably measureable, are included in the asset's carrying amount or recognized as separate amount as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Group. The carrying amount of any replaced parts as well as other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Increase in the carrying amount arising on revaluation of freehold land, building and roads and plant & machinery are recognised in other comprehensive income and accumulated in shareholders' equity under the heading surplus on revaluation of property, plant and equipment. To the extent that the increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

Depreciation on operating assets is calculated using the reducing balance method to allocate their cost over their estimated useful life at the rates specified in note 8.1.

Depreciation on additions to property, plant and equipment is charged from the date asset is available for intended use till date of disposal.

The gain or loss on disposal of an asset, calculated as difference between the sale proceed and carrying amount of the asset, is recognized in the statement of profit or loss for the year

Assets subject to finance lease

At its inception, a lease is classified as either a finance lease or an operating lease. Finance leases transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases.

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the statement of financial position.

Rentals payable under operating leases are charged to the statement of profit or loss on a straight-line basis over the term of the relevant lease. Minimum lease payments receivable under operating leases are recognised on a straight-line basis over the term of the lease.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to depreciation/ amortisation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.

5.4 Stores and spares

Stores and spares are stated at cost less allowance for obsolete and slow moving items. Cost is determined using weighted average method. Items in transit are valued at cost comprising invoice value and other related charges incurred upto the statement of financial position date.

5.5 Stock-in-trade

Sugar and Ethanol is stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads.

Cost of own produced molasses a by product, is determined on the basis of average cost of molasses purchased from third parties.

Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and costs necessary to be incurred to make the sale.

5.6 Trade debts

Trade debts are recognized initially at original invoice amount which is fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debts is established at each reporting date when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the trade debts. The provision is recognized in the statement of profit or loss. When a trade debt is uncollectible, it is written off against the provision.

5.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise balances with banks in current, deposit and saving accounts and bank overdrafts. Bank overdrafts are shown in current liabilities on the statement of financial position.

5.8 Borrowings and borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are charged to the statement of profit or loss.

5.9 Employee retirement benefits

The Group operates a provident fund and unfunded gratuity scheme for its employees per details below:

5.9.1 Defined contribution plan

The Group operates a recognized contributory provident fund for its permanent employees. Equal monthly contributions are made, both by the Group and the employees to the fund at the specified rate of basic salary and charged to the statement of profit or loss.

5.9.2 Defined benefit plan

The Group operates an unfunded gratuity scheme covering eligible employees under their employment contract. During the year, the liability for gratuity is recognized on the basis of actuarial valuation conducted as at September 30, 2018, using Projected Unit Credit Method. Previously, the gratuity expense was recognised on the basis of payments to employees. The comparative figures have not been restated for change in accounting policy due to insignificant impact. Accordingly, Rs 5,576 thousand at September 30, 2017 has been accounted for as expense in the statement of profit or loss for the year ended September 30, 2018.

5.10 Trade and other payables

Liabilities for trade and other amounts payable including payable to related parties are carried at cost, which is the fair value of the consideration to be paid in future for goods and/or services received, whether or not billed to the Group.

5.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

5.12 Taxation

Income comprises of current and deferred tax.

(i) Current

Provision for current 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. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year. Income tax expense is recognized in the statement of profit or loss except to extent that it relates to items recognized directly in equity or in other comprehensive income.

(ii) Deferred

Deferred income tax is recognised using the statement of financial position liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that deductible temporary differences will reverse in the future and taxable income will be available against which the deductible temporary differences, unused tax losses and tax credit can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

5.13 Dividend and revenue reserve appropriation

Dividend and movement in revenue reserves are recognised in the financial statements in the period in which these are approved.

5.14 Offsetting of financial assets and liabilities

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

5.15 Foreign currency transactions and translation

Foreign currency transactions are translated into the rupees using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the statement of profit or loss.

5.16 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised as follows:

(i) Sales are recorded on dispatch of goods.
(ii) Income on deposit / saving accounts is recognized using the effective yield method.
(iii) Dividend income is recognized when the right to receive dividend is established.

5.17 Development expenditure

Expenditure incurred on development of sugar cane is expensed in the year of incurrence.

5.18 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Group has two reportable segments i.e. sugar and ethanol.

5.19 Earnings per share

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

5.20 Financial Instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument and derecognized when the Group loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially recognized at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in the statement of profit or loss for the year.

(a) Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Group commits to purchase or sell the asset.

(i) Fair value through profit and loss

Financial assets at fair value through profit or loss, include financial assets held for trading and financial assets, designated upon initial recognition, at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at their fair value, with changes therein recognized in the statement of profit or loss for the year. Assets in this category are classified as current assets.

(ii) Held to maturity

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold these assets to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment, if any.

(iii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments, that are not quoted in an active market. After initial measurement, these financial assets are measured at amortized cost, using the effective interest rate method, less impairment, if any.

The Group's loans and receivables comprise long term security deposits, trade debts, loans and advances, trade deposits and other receivables, cash and bank balances.

(iv) Available for sale

Available-for-sale financial assets are non-derivatives, that are either designated in this category, or not classified in any of the other categories. These are included in non current assets, unless management intends to dispose them off within twelve months of the date of the statement of financial position.

After initial measurement, available-for-sale financial assets are measured at fair value, with unrealized gains or losses recognized as other comprehensive income, until the investment is derecognized, at which time the cumulative gain or loss is recognized in income for the year.

Impairment

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(b) Financial liabilities

Initial recognition and measurement

The Group classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss, include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at their fair value, with changes therein recognized in the income for the year.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method.

6. Change in accounting policy

6.1 Surplus on revaluation of property, plant and equipment

Section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets. The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of property, plant and equipment has not been carried forward in the Act. In view of foregoing and the contents of note 3 & note 4.1, the accounting and presentation of revaluation surplus is required to be made in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment.

The applicability of requirements of IAS 16 accordingly results in the change in accounting policy of revaluation of surplus in following manner:

- Present surplus on revaluation of fixed assets under equity;
- Offset the deficit arising from revaluation of the particular asset; and
- Transfer the realized surplus directly to the retained earnings / unappropriated profit.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated. The effect of retrospective application in case of the Group has resulted in reclassification of surplus on revaluation of property, plant and equipment to reserves. There is no other impact of the retrospective application on the amounts of surplus presented in prior years.

6.2 Reclassification of accrued markup and unclaimed dividend

The requirement in the Fourth Schedule of the repealed Companies Ordinance, 1984 relating to presentation of accrued markup has not been carried forward in new Fourth Schedule to the Act. The effect of this change in disclosure requirement as a separate line item on the face of statement of financial position has resulted in reclassification of accrued markup to current portion of long term financing / short term running finance with in current liabilities in the current period and prior presented periods.

Further unclaimed divided is required to be disclosed as separate line item and same has been reclassified from trade payables accordingly. There is no other impact of these changes on the amounts presented in the prior years.

7. Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting and reporting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

i) Estimated useful life of operating assets - note 5.3

ii) Surplus on revaluation of property, plant and equipment - note 5.3

iii) Provision for stores and spares - note 5.4

iv) Write down of stock in trade to net realizable value - note 5.5

v) Provision for doubtful debts - note 5.6

vi) Provision for employees' defined benefit plans - note 5.9.1

vii) Provision for current and deferred tax - note 5.12

viii) Contingencies - note 25

8. Property, plant and equipment

	Note	2018	2017
		(Rupees in thousand)	
Operating fixed assets - tangible	8.1	9,085,772	7,567,595
Capital work-in-progress	8.7	472,983	221,137
Stores held for capital expenditure		-	845
		9,558,755	7,789,577

8.1 Operating fixed assets

	Owned								Leased	
	Freehold land	Buildings and roads	Plant and machinery	Electric installations	Office equipment	Farm equipment	Furniture and fixtures	Vehicles	Vehicles	Total
	Rupees in thousand									
As at October 1, 2016										
Cost or revalued amount	989,218	1,459,315	6,433,428	408,801	53,458	947	27,224	48,100	85,431	9,505,922
Accumulated depreciation	-	(284,922)	(868,428)	(128,360)	(21,564)	(446)	(14,809)	(35,369)	(21,058)	(1,374,956)
Net book value	989,218	1,174,393	5,565,000	280,441	31,894	501	12,415	12,731	64,373	8,130,966
Year ended September 30, 2017										
Opening net book value	989,218	1,174,393	5,565,000	280,441	31,894	501	12,415	12,731	64,373	8,130,966
Additions	31,235	21,583	50,932	9,952	17,154	-	5,921	785	36,232	173,794
Disposals										
Cost	-	-	-	-	-	-	-	(7,920)	-	(7,920)
Accumulated depreciation	-	-	-	-	-	-	-	2,607	-	2,607
	-	-	-	-	-	-	-	(5,313)	-	(5,313)
Transfers from leased to owned										
Cost	-	-	-	-	-	-	-	5,893	(5,893)	-
Depreciation	-	-	-	-	-	-	-	(1,366)	1,366	-
	-	-	-	-	-	-	-	4,527	(4,527)	-
Depreciation charge	-	(118,698)	(559,468)	(28,630)	(4,233)	(50)	(1,512)	(1,984)	(17,277)	(731,852)
Closing net book value	1,020,453	1,077,278	5,056,464	261,763	44,815	451	16,824	10,746	78,801	7,567,595
As at October 1, 2017										
Cost or revalued amount	1,020,453	1,480,898	6,484,360	418,753	70,612	947	33,145	46,858	115,770	9,671,796
Accumulated depreciation	-	(403,620)	(1,427,896)	(156,990)	(25,797)	(496)	(16,321)	(36,112)	(36,969)	(2,104,201)
Net book value	1,020,453	1,077,278	5,056,464	261,763	44,815	451	16,824	10,746	78,801	7,567,595
Year ended September 30, 2018										
Opening net book value	1,020,453	1,077,278	5,056,464	261,763	44,815	451	16,824	10,746	78,801	7,567,595
Additions	62,149	3,650	-	100	5,498	-	5,363	3,908	31,744	112,412
Disposals (Note 8.6)										
Cost	-	-	-	-	-	-	-	(11,300)	-	(11,300)
Depreciation	-	-	-	-	-	-	-	5,591	-	5,591
	-	-	-	-	-	-	-	(5,709)	-	(5,709)
Transfers from leased to owned										
Cost	-	-	-	-	-	-	-	10,588	(10,588)	-
Depreciation	-	-	-	-	-	-	-	(5,137)	5,137	-
	-	-	-	-	-	-	-	5,451	(5,451)	-
Depreciation charge	-	(107,758)	(505,647)	(26,186)	(4,758)	(45)	(1,940)	(2,664)	(18,980)	(667,978)
Revaluation adjustments (note - 17)										
Cost or valuation	224,549	83,478	-	-	-	-	-	-	-	308,027
Depreciation	-	511,378	1,260,047	-	-	-	-	-	-	1,771,425
	224,549	594,856	1,260,047	-	-	-	-	-	-	2,079,452
Closing net book value	1,307,151	1,568,026	5,810,864	235,677	45,555	406	20,247	11,732	86,114	9,085,772
As at September 30, 2018										
Cost or revalued amount	1,307,151	1,568,026	6,484,360	418,853	76,110	947	38,508	50,054	136,926	10,080,935
Accumulated depreciation	-	-	(673,496)	(183,176)	(30,555)	(541)	(18,261)	(38,322)	(50,812)	(995,163)
Net book value	1,307,151	1,568,026	5,810,864	235,677	45,555	406	20,247	11,732	86,114	9,085,772
Annual rate of depreciation (%)	-	10	10	10	10	10	10	20	20	

8.2 Had the revalued fixed assets of the Group been recognised under the cost model, the carrying values of these assets would have been as follows:

	2018	2017
	(Rupees in thousand)	
Freehold land	165,177	103,028
Buildings & roads	639,850	706,922
Plant & machinery	2,714,817	3,016,465
	3,519,844	3,826,415

8.3 Forced sales value of the fixed assets based on valuation conducted during the year and comparative figures are for valuation conducted during 2016, were as follows:

	2018	2017
Freehold land	1,115,123	791,374
Buildings & roads	1,332,822	939,514
Plant & machinery	4,358,148	3,895,500
	6,806,093	5,626,388

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

Location	Usage of immovable property	Total Area	Covered Area
		(Kanals)	
CSM-1, D.I.Khan	Factory Building	1,111.25	98.86
CSM-2, Ramak	Factory Building	1,488.15	144.72
Whole Foods - Land	Storage facility	32	-

8.5 Depreciation for the year has been allocated as follows:

	Note	2018	2017
Cost of sales	28	639,636	706,846
Administrative expenses	30	28,342	25,006
		667,978	731,852

8.6 Disposal of operating fixed assets:

Particulars of assets	Sold to	Cost / Carrying amount	Accumulated Depreciation	Net book value	Sale proceeds	Profit / (loss) on disposal	Mode of disposal
		---------- Rupees in thousand ----------					
Vehicles							
	Mr Muhammad Asif	110	59	51	33	(18)	Negotiation
	Adamjee Insurance Company	131	11	120	112	(8)	Insurance claim
	Mr Muhammad Arif	471	384	87	100	13	As per Group policy
	Mr Muhammad Latif	2,728	935	1,793	1,930	137	------do-------
	Mr Taj Mali Khan	1,657	1,004	653	819	166	------do-------
	Mr Ammar Khursheed	1,612	995	617	806	189	------do-------
	Mr Malik Nazir Hussain	1,727	381	1,346	1,457	111	------do-------
	Mr Abid Javed Qureshi	1,054	673	381	527	146	------do-------
	Mr Saym Ahmad	1,076	686	390	538	148	------do-------
	Mr Sajid Ali	734	463	271	367	96	------do-------
		11,300	**5,591**	**5,709**	**6,689**	**980**	

8.7 Capital work-in-progress:

	Buildings on freehold land	Plant and machinery	Electric installations	Vehicles - leased	Advance payments to Contractors	Total
	----------	----------	---------- Rupees in thousand	----------	----------	----------
As at October 1, 2016				6,721	30,689	37,410
Additions during the year	56,404	202,650	20,865	41,446	7,421	328,786
Captalized during the year	(21,583)	(50,822)	(9,673)	(31,725)	(31,256)	(145,059)
Balance as at September 30, 2017	34,821	151,828	11,192	16,442	6,854	221,137
As at October 1, 2017	34,821	151,828	11,192	16,442	6,854	221,137
Additions during the year	59,470	178,516	25,525	24,666	33,958	322,135
Captalized during the year	(3,650)	-	-	(31,407)	(35,232)	(70,289)
Balance as at September 30, 2018	90,641	330,344	36,717	9,701	5,580	472,983

	Note	2018	2017
		(Rupees in thousand)	
9. Stores and spares			
Stores and Spares	9.1	378,650	345,339
Less: Provision for obsolete items - during the year		(35,948)	-
		342,702	345,339

9.1 This includes stores and spares in-transit for an amount of Rs Nil (2017: Rs 2.58 million).

	Note	2018	2017
10. Stock-in-trade			
Finished goods			
- sugar		1,653,935	692,212
- molasses		391,264	384,832
- ethanol		189,656	268,542
		2,234,855	1,345,586
Work-in-process		7,783	7,948
	10.1.	2,242,638	1,353,534

10.1 Certain short term and long term borrowings of the Company are secured by way of collateral charge on stock-in-trade.

	Note	2018	2017
11. Trade debts - unsecured			
Considered good	11.1	219,126	185,372
Considered doubtful		1,528	-
		220,654	185,372
Provision for doubtful debts - during the year		(1,528)	-
		219,126	185,372

11.1 Trade debts includes amount relating to export sales to Hong Kong under the letter of credit amounting to Rs 10.760 million (2017:Rs 22.18 million)

	2018	2017
11.2 Provision for doubtful debts - during the year		
Opening Balance	-	-
Provision during the year	(1,528)	-
Closing Balance	(1,528)	-

		Note	2018	2017
12.	**Loans and advances - unsecured and considered good**		(Rupees in thousand)	
	Advances to:			
	Employees	12.1	6,050	7,714
	Suppliers and contractors		241,941	214,093
			247,991	221,807
	Due from associated companies	12.2	72,270	50,251
	Letters of credit		4,736	1,316
			324,997	273,374
	Less: provision for doubtful advances	12.3	(28,838)	(2,437)
			296,159	270,937

12.1 This includes advances to the following related parties extended in accordance with the Company's policy and secured against retirement benefits of respective employees.

	2018	2017
Riswan Ullah Khan	1,250	-
Muhammad Latif	-	1,958
	1,250	1,958

12.2 This represents amounts due from The Premier Sugar Mills and Distillery Company Limited - holding company amounting to Rs 72,270 thousand (2017: Rs 50,251 thousand).

Maximum aggregate amount outstanding in respect of related parties at any month-end during the year was Rs 152.20 million (2017: Rs 136.88 million).

Age analysis of balance due from associated companies, past due but not impaired.

	2018	2017
0 to 6 months	71,970	50,251

12.3 Provision for doubtful advances

	2018	2017
Opening Balance	2,437	2,437
Provision during the year	26,401	-
Closing Balance	28,838	2,437

13. Trade deposits, prepayments and other receivables

	Note	2018	2017
Deposits		5,500	5,500
Prepayments		6,965	5,230
Export subsidy receivable	13.1	339,893	254,935
Insurance claim receivable		142	16,836
Guarantees issued	13.2	15,000	-
Sales tax		430,804	248,775
Others		29,902	250
		828,206	531,526

13.1 This includes Rs 86.67 million (2017: Rs Nil) recognized during the year on account of subsidy on sugar exports. Balance as at September 30, 2018 represents subsidy portion receivable from the Government of Khyber Pakhtunkhwa (KPK) and Federal Government.

13.2 This represents guarantee given by the Group for performance of its obligations in respect of agreements entered into with Food Department, Government of Punjab.

14. Income tax refundable

Income tax refundable is net of provision for taxation.

15. Cash and bank balances

	Note	2018	2017
		(Rupees in thousand)	
At banks in			
Current accounts	15.1	242,229	49,467
Savings accounts	15.2	35,248	29,928
Deposit accounts	15.2	2,128	4,308
		279,605	83,703

15.1 These include dividend account balance of Rs 3.16 million (2017: Rs 1.72 million).

15.2 These carry profit at the rates ranging from 3.75% to 6.50% (2017: 0.26% to 3.75%) per annum.

15.3 Lien is marked on bank balances for an amount of Rs 9.67 million (2017: Rs 1.5 million) in respect of the various guarantees extended by the banks.

16. Share capital

16.1 Authorised share capital

2018	2017		2018	2017
(Number of shares)			(Rupees in thousand)	
50,000,000	50,000,000	Ordinary shares of Rs 10 each	500,000	500,000

16.2 Issued, subscribed and paid up capital

2018	2017		2018	2017
(Number of shares)		Ordinary shares of Rs 10 each	(Rupees in thousand)	
28,692,000	28,692,000	Fully paid in cash	286,920	286,920

The parent company The Premier Sugar Mills and Distillery Company Limited held 13,751,000 (2017: 13,751,000) ordinary shares and the associated companies held 5,360,834 (2017: 5,360,834) ordinary shares at the year end.

17. Surplus on revaluation of property, plant and equipment

17.1 The Company had revalued its freehold land, buildings & roads and plant & machinery of its Unit - I on March 31, 2008, which resulted in revaluation surplus aggregating Rs. 957.7 million. The Group as at September 30, 2011, September 30, 2013 and September 30, 2016 had revalued the aforementioned fixed assets of its three Units, which resulted in revaluation surplus aggregating Rs 880.75 million, Rs 1,594 million and Rs 1,430 million respectively. These fixed assets were revalued by independent valuers on the basis of replacement value / depreciated market values.

17.2 The Group as at September 30, 2018 has again revalued the aforementioned fixed assets of its three Units. The revaluation exercise has been carried-out by external valuers - K.G. Traders (Pvt.) Ltd. Freehold land has been revalued on the basis of current market value whereas buildings & roads and plant & machinery have been revalued on the basis of depreciated market values. The surplus arising on latest revaluation aggregates to Rs 2,079 million and has been credited to related surplus on revaluation. The year-end balance has been arrived at as follows:

	Note	2018	2017
		(Rupees in thousand)	
Balance at the beginning of the year		3,327,780	3,595,597
Add: surplus on revaluation carried-out during the year		2,079,452	-
Less: transferred to unappropriated profits on account of incremental depreciation for the year		(241,036)	(267,817)
		5,166,196	3,327,780
Less: deferred tax on:			
- opening balance of surplus		723,106	830,233
- surplus during the year		561,452	-
- incremental depreciation for the year		(65,080)	(80,345)
		1,219,478	749,888
		3,946,718	2,577,892
Resultant adjustment due to reduction in tax rate		72,311	26,782
Balance at the end of the year		4,019,029	2,604,674

18. Long term finances - secured

Lending Institutions	Interest rate (per annum)	Total available facility	Long-term portion	Current portion	Total outstanding amount	Total outstanding amount	Collateral
		September 30, 2018				September 30, 2017	
		------------------------	----------------	(Rupees in thousand)	----------------	------------------------	
Loans from banking companies and other financial institutions							
Bank Al Falah Limited	6 month KIBOR +2%	25,000	-	25,000	25,000	100,000	First registered joint pari passu charge on present and future fixed assets of the Company for Rs 386.87 million.
Bank Al Habib Limited	6 month KIBOR + 1 % - 1.5 %	331,316	235,713	95,603	331,316	303,697	Secured against first joint pari passu charge on present and future fixed assets of the Company for Rs 933.33 million.
Faysal Bank Limited	6 month KIBOR + 1.5 %	83,327	-	83,327	83,327	249,982	Secured against joint pari passu hypothecation charge over all fixed assets of the Company for Rs. 667 million.
Soneri Bank Limited	6 month KIBOR + 1 % -1.75 %	256,320	156,544	99,776	256,320	351,231	First registered joint pari passu charge on present and future fixed assets of the Company for Rs 667 million.
The Bank of Punjab	6 month KIBOR + 1 % - 1.3 %	193,019	103,119	89,900	193,019	282,714	Secured against joint pari passu hypothecation charge over fixed assets of the Company for Rs.666.67 million
Dubai Islamic Bank Pakistan Limited	6 month KIBOR + 2 %	877,438	682,452	194,986	877,438	974,931	Secured against pari passu hypothecation charge over all fixed assets of the Company for Rs. 1.33 billion.
		Note					
Total			1,177,828	588,592	1,766,420	2,262,555	
Accrued mark-up					48,606	59,912	
					1,815,026	2,322,467	
Less: amount payable within next 12 months							
Principal		18.1			588,592	621,917	
Accrued mark-up					48,606	59,912	
Amount due after September 30, 2019		18.2			1,177,828	1,640,638	

18.1 This includes installments due on September 30, 2018 for an aggregate amount of Rs 30.9 million which have been paid subsequently on October 2, 2018.

18.2 In case of various loan arrangements, the concerned lenders have waived the requirements of certain covenants of the respective loan agreements. Accordingly, the liabilities under those loan agreements continued to be classified as per the repayment schedule applicable in respect of the respective loan agreements.

19. Loans from related parties - secured

	Note	2018	2017
		(Rupees in thousand)	
Holding Company			
The Premier Sugar Mills & Distillery Company Limited	19.1	279,500	279,500
Associated Companies			
Premier Board Mills Limited	19.2	65,575	65,575
Arpak International Investments Limited	19.3	43,750	43,750
Azlak Enterprises (Private) Limited	19.4	70,000	-
Accrued mark-up		6,320	5,173
		465,145	393,998
Less: amount payable within next 12 months			
Accrued mark-up		6,320	5,173
		458,825	388,825

19.1 The long term finance facility had been renewed on February 9, 2017. The principal is repayable in 7 semi annual installments commencing from February 2020. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the holding company is not less than the borrowing cost of the holding company. These loans are secured against promissory note from the Company.

19.2 The long term finance facility had been renewed on February 9, 2017. The principal is repayable is repayable in 7 semi annual installments commencing from November 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

19.3 The long term finance facility had been renewed on February 9, 2017. The principal is repayable in 7 semi annual installments commencing from November 2019. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

19.4 The long term finance facility was obtained during the year. The principal is repayable in 8 semi annual installments commencing from December 2021. The rate of mark-up is one month KIBOR + 1.25%, provided the mark up charged by the associated company is not less than the borrowing cost of the associated company. These loans are secured against promissory note from the Company.

20. Liabilities against assets subject to finance lease - secured

	2018	2017
Present value of minimum lease payments	58,786	61,790
Less: Current portion shown under current liabilities	(24,684)	(21,685)
	34,102	40,105
Due within one year		
Minimum lease payments	28,759	25,781
Less: Financial charges not yet due	(4,075)	(4,096)
Present value of minimum lease payments	24,684	21,685
Due after one year but not later than five years		
Minimum lease payments	37,577	44,126
Less: Financial charges not yet due	(3,475)	(4,021)
Present value of minimum lease payments	34,102	40,105
	58,786	61,790

20.1 The Company acquired vehicles under lease from commercial banks. The financing is repayable in equal monthly installments over a period of three to five years and carries finance charge ranging from 4.72% to 8.45% (2017: 4.49% to 8.03%) per annum.

	Note	2018	2017
		(Rupees in thousand)	
21. Deferred liabilities			
Deferred taxation	21.1	1,147,169	723,106
Provision for gratuity	21.2	7,625	-
		1,154,794	723,106

21.1 Deferred tax comprises of the following:

	2018	2017
Taxable temporary differences arising in respect of:		
Accelerated tax depreciation allowances	272,336	295,301
Surplus on revaluation of property, plant and equipment	1,147,169	723,106
Lease finances	7,379	756
	1,426,884	1,019,163
Deductible temporary differences arising in respect of:		
Provision for doubtful advances	(7,786)	(731)
Provision for obsolete items	(9,706)	-
Provision for doubtful debts	(412)	-
Provision for gratuity	(2,059)	-
Unused tax losses	(144,447)	-
Minimum tax recoverable against normal tax charge in future years	(115,305)	(295,326)
	(279,715)	(296,057)
	1,147,169	723,106

21.2 The latest actuarial valuation of the employees' defined benefit plan was conducted at September 30, 2018 using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

	2018
	(Rupees)
Present value of defined benefit obligation	7,625
Fair value of plan assets	-
Net liability	7,625
Movement in net liability recognised	
Opening net liability	-
Expense for the year recognised in the statement of profit or loss	7,616
Remeasurement loss recognised in Other Comprehensive Income (OCI) during the year	813
Other adjustment / payments	(804)
	7,625
Expense for the year	
Current service cost	7,202
Net interest expense	414
	7,616

Changes in the present value of defined benefit obligation:	2018 (Rupees in thousand)
Opening defined benefit obligation	-
Current service cost	7,202
Interest cost	414
Benefits paid	(804)
Remeasurement loss on defined benefit obligation	813
Closing defined benefit obligation	7,625

Principal actuarial assumptions used in the actuarial valuation:

The "Projected Unit Credit Method" using the following significant assumptions was used for the valuation of the scheme:

	2018 %
Discount rate	8.00
Salary increase rate - long term	9.00
Salary increase rate - short term	9.00
Expected return on plan assets	
Demographic assumptions	
Mortality rates	SLIC 2001-05

During the year 2019, the Company expects to contribute Rs 1,214,337 to its gratuity scheme.

Remeasurement recognised in OCI during the year:

Remeasurement loss on defined benefit obligation	813

Projected benefit payments from fund are as follows:

	(Rupees)
FY 2019	1,214,337
FY 2020	656,927
FY 2021	600,195
FY 2022-2026	4,555,512
FY 2026 and above	171,865,427

The weighted average number of years of defined benefit obligation is given below:

Plan duration	**Years**
September 30, 2018	9.7

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in respective assumptions by one percent.

<u>**2018**</u>	**Effect of 1 percent increase**	**Effect of 1 percent decrease**
Discount rate	(676)	798
Future salary growth	785	(676)

The above sensitivity analyses are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.

The defined benefit obligation exposes the Company to the following risks:

Final salary risks:

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Withdrawal risks:

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Mortality risks:

The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

22. Trade and other payables

	Note	2018	2017
		(Rupees in thousand)	
Creditors		205,904	181,575
Due to related parties	22.1	22,336	34,798
Accrued expenses		91,442	76,082
Retention money		15,962	14,735
Security deposits	22.3	774	769
Advance payments from customers		297,802	135,166
Income tax deducted at source		17,761	301
Payable for workers welfare obligations	22.2	16,570	6,615
Payable to employees		22,544	17,115
Payable to provident fund		2,201	1,411
Others		19,513	1,653
		712,809	470,220

22.1 This represents amounts due to the following related parties:

Associated Companies

	2018	2017
The Frontier Sugar Mills & Distillery Limited	81	69
Syntronics Limited	4,685	16,956
Syntron Limited	-	3,276
Azlak Enterprises (Private) Limited	17,570	14,497
	22,336	34,798

22.2 Payable for workers welfare obligations

	2018	2017
Balance at the beginning of the year	6,615	23,214
Charge for the year	16,570	6,615
	23,185	29,829
Interest on funds utilized in the Company's business	557	-
Payments made during the year	(7,172)	(23,214)
Balance at the end of the year	16,570	6,615

22.3 These are repayable on demand and cannot be utilised for the purpose of business in accordance with the terms of written agreements with these parties. The amount Rs Nil (2017: Rs Nil) has been kept in separate bank account.

23. Short term running finance - secured

	Note	2018	2017
		(Rupees in thousand)	
Secured			
Cash / running finance	23.1	2,829,967	1,355,178
Export re finance	23.2	966,237	1,147,592
Un-secured			
Bank overdraft		-	1,407
		3,796,204	2,504,177

23.1 Short term running finance - secured

Lending Institutions	Interest rate (per annum)	Total available facility	Facility availed	Current portion	Total outstanding amount	Total outstanding amount	Collateral
		September 30, 2018				September 30, 2017	
		(Rupees in thousand)					
Bank Alfalah Limited	3 month KIBOR +1.1 %	550,000	449,500	449,500	449,500	305,000	All of the Company's present and future goods pledged with bank included but not limited to merchandise, product, stock in trade pertaining to white refined sugar in bags under pledge located anywhere in Pakistan.
Bank Al Habib Limited	3 month KIBOR +1 %	900,000	686,500	686,500	686,500	150,000	Refined white sugar to be stored at factory premises, Dera Ismail Khan.
The Bank of Punjab	3 month KIBOR +1.1 %	800,000	300,000	300,000	300,000	280,000	All of the Company's present and future goods pledged with bank included but not limited to merchandise, product, stock-in-trade pertaining to white refined sugar in bags under pledge located anywhere in Pakistan.
MCB Bank Limited	3 month KIBOR +1.1 %	1,000,000	840,000	840,000	840,000	593,000	Pledge of stock of white refined sugar stock in bags of standards packing and weight ,property stacked, segregated and differentiated form the stocks of the company other lenders at godowns within mill premises of the Company.
Askari Bank Limited	3 month KIBOR +0.9 %	700,000	625,000	625,000	625,000	-	All of the Company's present and future goods Pledged with bank including but not limited to merchandise, products, stocks, stocks-in-trade, pertaining to white refined sugar in bags under pledge located anywhere in Pakistan.
Dubai Islamic Bank Pakistan Limited	matching KIBOR +1.25 %	300,000	225,000	225,000	225,000	300,000	Pledged stock of white refined sugar.
Soneri Bank Limited	3 month KIBOR +0.9 % 6 month KIBOR +1.25 %	800,000	300,000	300,000	300,000	323,000	Pledged stock of white refined sugar.
United Bank Limited	1 month KIBOR +1 %	400,000	280,999	280,999	280,999	-	Pledge of sugar stocks at factory premises with 15% margin
The Bank of Khyber	-	-	-	-	-	500,000	Pledged stock of white refined sugar.
Secured							
Total					3,706,999	2,451,000	
Accrued mark-up					89,205	51,770	
Un-secured							
Bank overdraft					-	1,407	
					3,796,204	2,504,177	

	Note	2018	2017
		(Rupees in thousand)	
24. Current maturity of non-current liabilities			
Long term finances	18	637,198	681,829
Liabilities against assets subject to finance lease	20	24,684	21,685
Loans from related parties		6,320	5,173
		668,202	708,687

25. Contingencies and commitments

Contingencies

25.1 The Assistant Commissioner Inland Revenue (ACIR) vide show cause notice dated May 12, 2014 alleged that Company has claimed inadmissible input tax adjustment on building material including cements & bricks during the tax periods in year 2013-14. Further the ACIR ordered the Company to pay alleged demand of Rs 36.84 million representing principal amount and default surcharge for the aforesaid tax period. The Company filed appeal before Commissioner Inland Revenue Appeals [CIR(A)] wherein amount was reduced to Rs. 28.06 million vide order-in-appeal dated March 24, 2015. The Company preferred an appeal against the aforesaid order before the Appellate Tribunal Inland Revenue (ATIR), whereby ATIR vide its order dated January 25, 2016 upheld the Company's contention. The tax department filed a reference in this respect before the Honorable Peshawar High Court which is yet to be decided.

25.2 The Commissioner Inland Revenue (CIR), Peshawar vide order dated May 26, 2015 alleged that the Company has not undertaken appropriate stock taking and raised a demand of Rs 10 million in respect of FED on the alleged differential stock. The Company preferred an appeal before Appellate Tribunal Inland Revenue (ATIR) which was accepted vide order dated January 25, 2016. In this respect, the department filed reference before the Honorable Peshawar High Court which is yet to be decided.

25.3 The Assistant Commissioner Inland Revenue (ACIR) vide its order dated June 12, 2014 alleged that the Company has claimed input tax amounting to Rs 136 million against the supplies to unregistered persons in contravention to the related statutory provisions. The Company filed appeal before Commissioner Inland Revenue Appeals [CIR (A)] Peshawar which was rejected through an exparte order. The Company filed appeal before Appellate Tribunal Inland Revenue, Peshawar against ex-parte order-in-appeal passed by the CIR (A), Peshawar. Simultaneously, a rectification application was also filed before CIR (A), Peshawar which was upheld and Company's view accepted vide order-in-appeal dated March 29, 2018. In pursuance of the aforesaid rectification order by the Commissioner Inland Revenue a withdrawal application has been filed by the Company before Appellate Tribunal Inland Revenue (ATIR), Peshawar. However, the department has filed appeal before ATIR against the said rectification order of CIR (A). Further, the Federal Government issued another SRO whereby, the amendment made earlier have been omitted. In view of foregoing, management believes that as the related charging provisions have been deleted with retrospective effect resultantly the departmental proceedings are now redundant.

25.4 Subsequent to the year end, the Assistant Commissioner Inland Revenue issued show cause notice dated October 3, 2018 in respect of non charging of further tax for an amount of Rs 174 million on sales made to unregistered persons. The Company filed writ petition before the Honorable Peshawar High Court, challenging the said notice and accordingly stay has been granted in this respect by High Court vide order dated November 2, 2018. The Company is of the view that further tax is not attracted in the instant case on sale of sugar and related matter is already decided per Company's contention in identical matters of certain other entities by the superior appellate / judicial fora.

No provision on account of contingencies disclosed in note 25.1 - 25.4 above has been made in these financial statements as the management and its tax and legal advisors are of the view, that these matters will eventually be settled in favor of the Company.

25.5 The Company has letter of guarantee facilities aggregating Rs 100 million (2017: Rs 100 million) available from Bank Al Habib. The amount availed on these facilities as at September 30, 2018 is Rs 9.67 million (2017: Rs 1.5 million). These facilities are secured by master counter guarantee and 100% cash margin.

25.6 The Company has obtained letter of credit facilities aggregating Rs 231 million (2017: Rs 75 million) from Bank Al Habib, Habib Metropolitan Bank, Bank Alfalah Limited, MCB Bank Limited. The amount availed on these facilities as at September 30, 2018 is Rs 4.73 million (2017: Rs 3.89 million). These facilities are secured by lien on shipping documents.

25.7 The Company has cash finance facility available from various banks aggregating to Rs 5.85 billion, out of which Rs 2.99 billion has been availed by the Company. These facilities are secured against pledge charge over crystalline sugar inclusive of margin of 10%.

25.8 The Company has Export Re Finance / Finance Against Pecking Credit (ERF / FAPC) facility from various commercial banks for Rs 1,200 million, out of which Rs 959 million has been availed by the Company as at September 30, 2018. These facilities are secured by the joint parri passu hypothecation charge over current assets of the Company and lien over export documents.

25.9 The Company is defending its stance before the courts of law against various parties including individuals, corporate entities, federal and provincial revenue / regulatory authorities etc. The management of the Company is of the view that the ultimate outcome of these cases are expected to be favorable and a liability, if any, arising on the settlement of these cases is not likely to be material. Accordingly, no provision has been made in the financial statements in this regard.

Commitments

		Note	2018	2017
25.10	The Company has following commitments in respect of:		(Rupees in thousand)	
	Foreign letters of credit for purchase of plant and machinery		68,041	17,604
	Capital expenditure other than for letters of credit		30,240	2,318

26. Gross sales

	Note	2018	2017
Local		8,761,917	11,058,477
Export	26.1	2,506,326	1,500,725
		11,268,243	12,559,202

26.1 Export sales comprise of the sales made in the following regions:

	2018	2017
Afghanistan	318,793	295,406
Japan	1,202,553	529,362
Singapore	650,862	279,577
Spain	201,012	259,413
Hong Kong	87,587	5,349
Switzerland	-	131,618
United Arab Emirates	45,519	-
	2,506,326	1,500,725

27. Sales tax, other government levies and commissions

	2018	2017
Indirect taxes	873,802	1,147,532
Commissions	119,437	79,280
	993,239	1,226,812

	Note	2018	2017
28. Cost of sales		(Rupees in thousand)	
Raw material consumed		8,292,442	9,440,481
Chemicals and stores consumed		228,422	219,112
Salaries, wages and benefits	28.1	440,129	451,751
Power and fuel		58,435	53,982
Repair and maintenance		185,750	123,555
Insurance		13,168	10,940
Depreciation		639,636	706,846
Provision for obsolete items		35,948	-
		9,893,930	11,006,667
Adjustment of work-in-process:			
Opening		7,948	7,865
Closing		(7,783)	(7,948)
		165	(83)
Cost of goods manufactured		9,894,095	11,006,584
Adjustment of finished goods:			
Opening stock		1,345,586	563,318
Closing stock		(2,234,855)	(1,345,586)
		(889,269)	(782,268)
		9,004,826	10,224,316

28.1 Salaries, wages and benefits include Rs 10.12 million (2017: Rs 4.96 million) in respect of retirement benefits.

29. Selling and distribution expenses

	Note	2018	2017
Salaries, wages and benefits	29.1	11,261	8,322
Loading and stacking		17,001	13,615
Export development surcharge		6,841	3,775
Freight and other expenses on export		180,274	106,860
		215,377	132,572

29.1 Salaries, wages and benefits include Rs 157 thousand (2017: Rs 98 thousand) in respect of retirement benefits.

30. Administrative and general expenses

	Note	2018	2017
Salaries, wages and benefits	30.1	245,594	223,223
Travelling and conveyance		10,251	26,188
Vehicles running and maintenance		12,056	11,046
Rent, rates and taxes		12,434	4,833
Communication		6,287	8,156
Printing and stationery		7,360	6,571
Insurance		2,857	2,693
Repair and maintenance		12,924	12,711
Fees and subscription		4,650	5,036
Depreciation		28,342	25,006
Amortization of intangible assets		-	433
Provision for doubtful advances		26,401	-
Provision for doubtful debts		1,528	-
Auditors' remuneration	30.2	3,176	1,905
Legal and professional charges		5,566	3,014
Others		19,362	19,444
		398,788	350,259

30.1 Salaries, wages and benefits include Rs 10.51 million (2017: Rs 2.20 million) in respect of retirement benefits.

	Note	2018	2017
30.2 Auditors' remuneration:		(Rupees in thousand)	
Statutory Auditor			
Statutory audits		1,957	1,443
Half year review		469	289
Consolidation		200	-
Group reporting		150	-
Certification and others		150	107
Out-of-pocket expenses		250	66
		3,176	1,905

31. Other income

		2018	2017
Income from financial assets			
Return on bank deposits		4,105	4,808
Exchange gain (net)		27,354	1,645
		31,459	6,453
Income from other than financial assets			
Sale of press mud - net of sales tax		4,795	9,122
Sale of fusel oil - net of sales tax		513	538
Gain on disposal of operating fixed assets		980	712
Export subsidy		86,670	-
Seed sales net of expenses		911	141
Insurance claim		142	-
		94,011	10,513
		125,470	16,966

32. Other expenses

	Note	2018	2017
Donations - without directors' interest	32.1	1,505	10,338
Workers' profit participation and workers welfare obligations		16,570	6,615
		18,075	16,953

32.1 This includes donation paid to Shandana Humayun Khan amounting to Rs 1 million (2017: Rs Nil).

33. Finance cost

		2018	2017
Mark-up on:			
Long term finances		155,893	217,192
Loans from related parties		31,588	30,743
Short term borrowings		314,453	235,332
		501,934	483,267
Lease finance charges		4,786	4,664
Interest on workers' profit participation		557	-
Bank charges		4,437	5,026
		511,714	492,957

	2018	2017
34. Taxation	(Rupees in thousand)	
Current:		
- for the year	123,731	77,689
- prior year	669	1,729
	124,400	79,418
Deferred:		
Change in tax rate	72,311	26,782
On account of temporary differences	(137,170)	(66,053)
	(64,859)	(39,271)
	59,541	40,147

34.1 Reconciliation of tax income with accounting profit

There is no relationship between tax expense and accounting profit as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented.

34.2 By virtue of amendments introduced through Finance Act 2017, the provisions of section 5A of the Income Tax Ordinance, 2001 were amended to the effect that a listed company that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the said tax year through cash or bonus shares, shall be liable to pay tax at the rate of 7.5% of its accounting profit before tax. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires. The Company has distributed 40% of its after tax profits for the Tax Year 2018.

34.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analysed as follows:

Tax year	Provision for taxation	Tax assessed	Excess / (deficit)
	(Rupees in thousand)		
2018	77,689	50,230	27,459
2017*	-	-	-
2016*	-	-	-

* The Company has returned tax loss for each of the tax years 2016 and 2017. No Provision for taxation has been recognised by the subsidiary.

	2018	2017
	(Rupees in thousand)	
35. Earnings per share		
Profit after taxation attributable to ordinary shareholders	192,153	92,152
	No. of shares ('000')	
Weighted average number of shares outstanding during the year	28,692	28,692
	-------- Rupees --------	
Earnings per share	6.70	3.21

35.1 There is no dilutive effect on basic earnings per share.

36. Segment operating results for the year ended September 30, 2018

	Sugar Division		Ethanol Division		Total	
	2018	2017	2018	2017	2018	2017
	Rupees in thousand					
Sales						
-Local	8,340,266	10,784,786	421,651	273,691	8,761,917	11,058,477
-Export	318,793	295,405	2,187,533	1,205,320	2,506,326	1,500,725
-By product	804,180	740,556	-	-	804,180	740,556
	9,463,239	11,820,747	2,609,184	1,479,011	12,072,423	13,299,758
Less : sales tax & commision	(836,038)	(1,107,765)	(168,062)	(119,047)	(993,239)	(1,226,812)
Sales - net	8,627,201	10,712,982	2,441,122	1,359,964	11,079,184	12,072,946
Less :Intersegment sales	(804,180)	(740,556)	-	-	(804,180)	(740,556)
	7,823,021	9,972,426	2,441,122	1,359,964	10,275,004	11,332,390
Segment expenses:						
Cost of sales						
Cost of Sales	(7,900,398)	(9,608,750)	(1,908,608)	(1,356,122)	(9,809,006)	(10,964,872)
less: Intersegment cost	-	-	804,180	740,556	804,180	740,556
	(7,900,398)	(9,608,750)	(1,104,428)	(615,566)	(9,004,826)	(10,224,316)
Gross profit / (loss)	(77,377)	363,676	1,336,694	744,398	1,270,178	1,108,074
Selling and distribution expenses	60,645	(97,222)	(276,022)	(35,350)	(215,377)	(132,572)
Administrative and general expenses	(355,761)	(183,962)	(43,027)	(166,297)	(398,788)	(350,259)
	(295,116)	(281,184)	(319,049)	(201,646)	(614,165)	(482,831)
Profit / (loss) from operations	(372,493)	82,492	1,017,645	542,752	656,013	625,244
Other income	95,104	19,273	30,366	(2,307)	125,470	16,966
Other expenses	(18,075)	(16,903)	-	(50)	(18,075)	(16,953)
	77,029	2,370	30,366	(2,357)	107,395	13
Segment results	(295,464)	84,862	1,048,011	540,395	763,408	625,256
Finance cost					(511,714)	(492,957)
Profit before tax					251,694	132,299
Taxation					(59,541)	(40,147)
Profit for the year					192,153	92,152

36.1 Segment assets and liabilities

	September 30, 2018		September 30, 2017	
	(Rupees in thousand)			
	Assets	Liabilities	Assets	Liabilities
Sugar	7,995,346	3,089,189	7,265,861	581,645
Ethanol	5,819,420	3,265,854	2,979,556	2,279,998
Total for reportable segment	13,814,766	6,355,043	10,245,417	2,861,643
Others	-	1,655,711	328,489	3,647,084
Total assets / liabilities	13,814,766	8,010,754	10,573,906	6,508,727

37 Financial instruments and risk management

37.1 Financial assets and liabilities

	2018	2017
Financial assets:	(Rupees in thousand)	
Loans and receivables		
Maturity upto one year		
Trade debts	219,126	185,372
Loans and advances	27,218	56,844
Trade deposits and other receivables	390,437	277,521
Cash and bank balances	279,605	83,703
Maturity after one year		
Long term security deposits	13,858	13,918
	930,244	617,358
Financial liabilities:		
Other financial liabilities		
Maturity upto one year		
Trade and other payables	380,676	328,138
Unclaimed dividends	7,990	7,162
Current portion of non current liabilities - secured	643,518	687,002
Short term running finance	3,796,204	2,504,177
Liabilities against assets subject to finance lease	24,684	21,685
Maturity after one year		
Long term finances - secured	1,177,828	1,640,638
Loans from related parties - secured	458,825	388,825
Liabilities against assets subject to finance lease	34,102	40,105
Deferred liabilities	7,625	-
	6,531,452	5,617,732

37.2 Financial risk management

37.2.1 Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors (the Board) has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

a) 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. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, loans and advances, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set an allowed credit period to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings. In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company. The maximum exposure to credit risk at the reporting date was:

	2018	2017
	(Rupees in thousand)	
Long term security deposits	13,858	13,918
Trade debts	219,126	185,372
Loans and advances	27,218	56,844
Trade deposits and other receivables	390,437	277,521
Cash and bank balances	279,605	83,703
	930,244	617,358

At September 30, 2018, trade debts of Rs 219 million (2017: Rs 185 million) were past due but not impaired. The aging analysis of these trade debts is as follows:

0 to 6 months	208,257	181,935
6 to 12 months	10,869	-
Above 12 months	-	3,437
	219,126	185,372

Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade debts, loans and advances and other financial assets.

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

	Rating	2018	2017
		(Rupees in thousand)	
Counterparties without external credit rating			
Trade debts		219,126	185,372
Loans and advances		27,218	56,844
Trade deposits and other receivables		390,437	277,521
		636,781	519,737
Counterparties with external credit rating			
Bank balances			
	A1+	128,288	39,203
	A1	3,542	1,034
	A-1+	56,198	43,106
	A-1	754	360
	A	90,823	-
		279,605	83,703

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the contractual maturities of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

	Carrying amount	**Contractual cash flows**	**Less than 1 Year**	**Between 1 to 5 years**	**5 years and above**
	------------------------ (Rupees in thousand) ------------------------				
As at September 30, 2018					
Long term financing	1,815,026	1,815,026	637,198	1,177,828	-
Loans from related parties	465,145	465,145	-	465,145	-
Liabilities against assets subject to finance lease	58,786	66,336	28,759	37,577	-
Trade and other payables	380,676	380,676	380,676	-	-
Unclaimed dividend	7,990	7,990	7,990	-	-
Deferred liabilities	7,625	7,625	-	-	7,625
Short term running finance	3,796,204	3,796,204	3,796,204	-	-
As at September 30, 2017					
Long term financing	2,322,467	2,322,467	681,829	1,640,638	-
Loans from related parties	393,998	393,998	-	393,998	-
Liabilities against assets subject to finance lease	61,790	69,907	25,781	44,126	-
Trade and other payables	328,138	328,138	328,138	-	-
Unclaimed dividend	7,162	7,162	7,162	-	-
Deferred liabilities	-	-	-	-	-
Short term running finance	2,504,177	2,504,177	2,504,177	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price 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. Financial assets include Rs 10.76 million (2017: Rs 22.18 million) and financial liabilities include Rs Nil (2017: Rs Nil) which were subject to currency risk.

	2018	2017
Rupees per USD		
Average rate	114.60	104.79
Reporting date rate	124.20	105.00

Sensitivity analysis

As at September 30, 2018, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 0.76 million (2017: Rs 1.55 million) lower/ higher.

ii) 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. The Company has no long term interest bearing financial assets whose fair value or future cash flows will fluctuate because of changes in market interest rates. Financial assets and liabilities include balances of Rs 37.38 million (2017: Rs 34.24 million) and Rs 6,080 million (2017: Rs 5,217 million) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets and liabilities have been indicated in respective notes.

Sensitivity analysis

As at September 30, 2018, if interest rates had been 1% higher/ lower with all other variables held constant, profit after tax for the year would have been Rs 42.90 million (2017: Rs 36.28 million) higher/ lower, mainly as a result of higher/ lower interest income/ expense from these financial assets and liabilities.

iii) Price risk

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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

37.2.2 Capital risk management

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and the level of dividend to ordinary shareholders. 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 the capital management during the year.

The Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements. In case of various loan arrangements, the concerned lenders have waived the requirements of certain covenants of the respective financing agreements. Accordingly, the liabilities under these financing agreements have been classified as per the repayment schedule applicable in respect of the aforesaid financing agreements.

The Company monitors capital using a gearing ratio, which is calculated as net debt divided by total capital plus net debt. Net debt is calculated as amounts payable by the Company less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The Company's gearing ratio is as follows:

	2018	2017
	(Rupees in thousand)	
Long term finances - secured	1,815,026	2,322,467
Loans from related parties - secured	465,145	393,998
Liabilities against assets subject to finance lease	58,786	61,790
Trade and other payables	712,809	470,220
Short term running finance - secured	3,796,204	2,504,177
Less: cash and cash equivalents	(279,605)	(83,703)
Net debt	6,568,365	5,668,949
Issued, subscribed and paid-up capital	286,920	286,920
Capital reserve	327,000	327,000
Revenue reserve	1,171,063	846,585
Total capital	1,784,983	1,460,505
Capital and net debt	8,353,348	7,129,454
Gearing ratio	79%	80%

37.3 Fair value of financial assets and liabilities

The carrying values of financial assets and liabilities approximate their fair value.

38 Fair value hierarchy

Certain property, plant and equipment of the Company was valued by independent valuers to determine the fair value of property, plant and equipment. The revaluation surplus was credited to other comprehensive income and is shown as ‘surplus on revaluation of freehold land’. The different levels have been defined as follows:

- Level 1

  Quoted prices (unadjusted) in active market for identical assets/ liabilities.

- Level 2

  Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3

  Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Level 2 fair value of certain property, plant and equipment has been derived using the comparison approach. Sales prices of comparable property, plant and equipment in identical circumstances or close proximity are adjusted for differences in key attributes such as property size, structure, location, capacity etc. The most significant inputs into this valuation approach are price per marla, price per square feet, depreciated replacement cost etc.

39. Reconciliation of movement of liabilities to cash flow arising from financing activities

	Liabilities			Total
	Long term finance	Loans from related parties	Liabilities against assets subject to finance lease	
	-----------Rupees in thousand-----------			
Balance at October 1, 2017	2,322,467	393,998	61,790	2,778,255
Cash flows	(663,335)	39,559	(27,670)	(651,446)
Acquisition - finance lease	-	-	24,666	24,666
Other non-cash movements	155,893	31,588	-	187,481
Balance at September 30, 2018	1,815,025	465,145	58,786	2,338,956

40. Provident Fund

Details of the provident funds based on audited financial statements for the year ended September 30, 2018 are as follows:

	2018	2017
	(Rupees in thousand)	
Staff provident fund		
Size of the fund	105,460	87,768
Cost of investment made	78,584	65,490
Fair value of investment made	103,259	86,357
	%	%
Percentage of investment made	74.52	74.62

	2018		2017	
	Rupees '000'	%	Rupees '000'	%
Breakup of investment - at cost				
Term deposit	51,400	65.41	4,590	7.01
Bank deposits	27,184	34.59	60,900	92.99
	78,584	100.00	65,490	100.00

40.1 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act 2017, and applicable rules.

41. Transactions with related parties

41.1 The Premier Sugar Mills & Distillery Company Limited holds 47.93% (2017: 47.93%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of The Premier Sugar Mills & Distillery Company Limited are related parties of the Group. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, Directors and Executives is disclosed in note 43 to the financial statements.

	2018	2017
	(Rupees in thousand)	
The Premier Sugar Mills & Distillery Company Limited		
Purchase of molasses	114,784	96,981
Sale of store items	1,732	1,600
Sale of bagasse	1,325	-
Purchase of store items	57	338
Mark-up charged	22,363	20,969
Expenses paid by the Holding Company	15,225	16,866
Expenses paid on behalf of the Holding Company	91	82
Dividend paid	20,627	61,880
Rent expense	9,900	-
Syntronics Limited		
Purchase of store items	26,182	31,417
Dividend paid	5,386	16,157
Syntron Limited		
Purchase of store items	70,617	65,170
Azlak Enterprises (Private) Limited		
Sale of bagasse	20,416	17,325
Mark-up charged	477	
Expenses paid	4,307	8,902
Dividend paid	2,194	6,583
Phipson & Company Pakistan (Private) Limited		
Dividend paid	461	1,384
The Frontier Sugar Mills & Distillery Limited		
Purchase of store items	-	5,353
Expenses paid	17	132
Expenses paid on behalf of the Company	-	2
Provident fund		
Contribution to provident fund	13,201	7,277

41.2 Following are the related parties with whom the Group had entered into transactions or have arrangement/agreement in place.

Sr No	Company Name	Basis of Association	Aggregate % of Shareholding
1	The Premier Sugar Mills & Distillery Company Limited	Holding Company	47.93%
2	Premier Board Mills Limited	Associated Company	0.00%
3	Azlak Enterprises (Private) Limited	Associated Company	5.10%
4	Arpak International Investments Limited	Associated Company	0.00%
5	Phipson & Company Pakistan (Private) Limited	Associated Company	1.07%
6	Syntronics Limited	Associated Company	12.51%
7	The Frontier Sugar Mills & Distillery Limited	Associated Company	0.00%
8	Syntron Limited	Associated Company	0.00%

42. GROUP INFORMATION

42 Interest in a subsidiary

a) Composition of the Group

The Group consists of Chashma Sugar Mills Limited and its 100% owned subsidiary, Whole Foods (Private) Limited. For details regarding principal places of business, nature of the operations and principal activities of these entities, please refer to note 1 of these consolidated financial statements.

Except for its investment in Whole Foods (Private) Limited, the Group does not hold any voting or other interest in an entity, either on its own behalf, or as an agent. During the year, the Group made investment in its subsidiary company.

b) Significant estimates and judgments

In respect of Whole Foods (Private) Limited, no significant judgements and use of assumptions were required to establish control.

c) Significant restrictions to access or use the Group's assets

Statutory, contractual and regulatory requirements might restrict the ability of the Group to access and transfer assets freely to or from entities within the Group, and to settle liabilities of the Group. Since the Group did not have any non-controlling interests, or any other protective rights, at the reporting date, these do not give rise to significant restrictions.

Regulatory and local corporate laws may restrict the Group's ability to transfer assets, in the form of loans, dividends and returns of investment, mainly to ensure the liquidity of the group entities.

d) Other information

The period covered by the financial statements of Whole Foods (Private) Limited correspond with the period as covered in the preparation of these consolidated financial statements.

43. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the consolidated financial statements for remuneration, including all benefits, to Executive Directors and Chief Executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017*
	(Rupees in thousand)					
Managerial remuneration	1,200	1,200	-	-	16,725	23,544
Bonus	-	-	-	-	1,209	6,494
Housing and utilities	-	-	-	-	11,150	15,573
Company's contribution to provident fund	-	-	-	-	1,197	1,021
Medical		960	-	-	133	379
	1,200	2,160	-	-	30,414	47,011
Number of persons	1	1	3	3	10	14

*Comparative figures have been restated to reflect changes in the definition of "Executive" as per Companies Act, 2017.

43.1 In addition to above, the Chief Executive and Executives were provided with the Company maintained cars for official and personal use. All the Executives based at factory coumpounds are also provided with free housing with the Company's generated electricity, telephone and certain household items in the residential colony within the factory compound.

44. General

44.1 Geographical location and addresses of business units

The business units of the Company include the following:

Business Units	Location
Sugar - unit I	University Road, Dera Ismail Khan, KPK
Sugar - unit II	Ramak, Dera Ismail Khan, KPK
Ethanol fuel plant	Ramak, Dera Ismail Khan, KPK
Whole Foods	Bhakhar and Layyah, Punjab

44.2 Capacity and production

	2018	2017
Sugar plants		
Rated crushing capacity (Metric Ton / day)	18,000	18,000
On the basis of average number of 131 days (2017: 130 days)	2,358,000	2,340,000
Actual cane crushed (Metric Ton)	2,040,734	2,224,494
Sugar produced (Metric Ton)	193,322	203,686
Ethanol fuel plant		
Rated production capacity (Litres / day)	125,000	125,000
On the basis of average number of 357 days (2017: 261 days) (Litres)	44,625,000	32,625,000
Actual production (Litres)	44,617,163	29,623,876
Days worked	Days	
Sugar - unit I	133	131
Sugar - unit II	129	130
Ethanol fuel plant	357	261

Reasons for Shortfall

Sugar division performed at less than installed capacity due to non availability of sugar cane, strike of growers and atmospheric effect. Capacity of ethanol unit was under utilized due to overhauling and cleaning shut downs. The subsidiary company is yet to commence its operations.

44.3 Number of employees

	2018	2017
	(Rupees in thousand)	
Number of employees at September 30		
Permanent	938	914
Contractual	921	914
	1,859	1,828

This includes 1,810 (2017: 1,783) number of factory employees.

	2018	2017
Average number of employees for the year		
Permanent	928	926
Contractual	1,259	1,236
	2,187	2,162

This includes 2,138 (2017: 2,117) number of factory employees.

44.4 Rounding off

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

45. Corresponding figures

Corresponding figures have been re-arranged and re-classified as follows, for the purposes of comparison and better presentation as per reporting framework. However, the change in corresponding figures has no material impact on previously reported financial position, financial performance and cash flows of the Company.

Reclassified from	Reclassified to	Rupees in thousands
Income tax refundable	Trade deposits, prepayments and other receivables	248,775
	Provision for taxation	51,882
Trade and other payables	Unclaimed dividends	7,162
Markup accrued	Current maturity of non-current liabilities	65,085
	Short term borrowing	51,770
Distribution cost	Sales tax, other government levies and commissions	79,280
Cost of sales	Other income	5,477
	Administrative expenses	1,772

46. Non-adjusting events after the statement of financial position date

The Board of Directors in its meeting held on March 05, 2019 has proposed a final cash dividend for the year ended September 30, 2018 @ Rs 1.50 per ordinary share (2017 @ Rs 1.50 per ordinary share), amounting to Rs 43.038 thousand (2017: Rs 43.038 thousand) for approval of the members in the annual general meeting to be held on March 29, 2019.

47. Date of Authorisation for Issue

These financial statements have been authorised for issue by the Board of Directors of the Company on March 05,2019.

RIZWAN ULLAH KHAN	AZIZ SARFARAZ KHAN	ISKANDER M KHAN
CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE	DIRECTOR

CHASHMA SUGAR MILLS LIMITED

Nowshera Road, Mardan.

PROXY FORM

31st Annual General Meeting

I/We.. of ....being a member of **Chashma Sugar Mills Limited** and holding ....ordinary shares as per share register Folio/CDC Account No............................... hereby appoint Mr./Mrs .... of .... another member of the Company having Folio / CDC Account No .... CNIC No .... or Passport No................................. or failing him / her Mr. / Mrs .... of .... Folio / CDC Accounts No .... CNIC No........................... or Passport No .... who is also a member of the Company, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on March 29, 2019 and at any adjournment thereof.

Revenue Stamp Signature(Rs. 5.00)

Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

Dated this .... day of .... 2019.

Signature of Proxy __________________

1. **Witness:**
   Name: ___________________________
   Signature: ________________________
   Address: _________________________
   CNIC No: ________________________

2. **Witness:**
   Name: ______________________________
   Signature: ___________________________
   Address: ____________________________
   CNIC No: ___________________________

Note: Proxies, in order to be effective, must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

CDC Shareholders and their Proxies are each requested to attached an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.

چشمہ شوگر ملز لمیٹڈ

نوشہرہ روڈ مردان

نمائندگی کا فارم (پراکسی فارم)

31 واں سالانہ اجلاس عام

میں/ہم ____________ کا/کی ____________ بحیثیت رکن چشمہ شوگر ملز لمیٹڈ اور بذریعہ حصص رجسٹرڈ کے فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر ____________ حامل ____________ عام حصص، کمپنی کے ایک دوسرے رکن ____________ کا/کی ____________ فولیو نمبر/ سی ڈی سی اکاؤنٹ نمبر ____________

شناختی کارڈ نمبر ____________ یا پاسپورٹ نمبر ____________ یا بصورت دیگر کمپنی کے اور رکن ____________ کا/کی ____________ فولیو نمبر/سی ڈی اکاؤنٹ نمبر ____________

شناختی کارڈ نمبر ____________ یا پاسپورٹ نمبر ____________، کو میری/ہماری غیر حاضری میں کمپنی کے سالانہ اجلاس عام میں ،جو بتاریخ 29 مارچ 2019، منعقد ہو رہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا/ کرتے ہیں -

پانچ روپے کی ریونیو سٹامپ	____________ حصص دار کے دستخط (دستخط کمپنی میں رجسٹرڈ نمونے مطابقت رکھتے ہونے چاہے)

بتاریخ ________ مہینہ ________ 2019

نمائندہ کے دستخط: ____________

1. گواہ

دستخط:

نام: ____________

پتہ: ____________

____

شناختی کارڈ نمبر: ____________

2. گواہ

دستخط:

نام: ____________

پتہ: ____________

____

شناختی کارڈ نمبر: ____________

نوٹ:

نمائندگی فارم (پراکسی فارم) کمپنی کے پاس کمپنی کے رجسٹرڈ پتہ نوشہرہ روڈ مردان پر اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہو جانا چاہیے ،بصورتِ دیگر یہ فارم موثر تصور نہیں کیا جائے گا۔

سی ڈی سی حصص یافتگان اور انکے نمائندوں (پراکسی) سے درخواست ہے کہ (پراکسی فارم) کمپنی کو جمع کروانے سے پہلے اس کے ساتھ اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی لف کریں۔