



Purpose
Progress
Performance

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New Garden Town, Canal Road,
Lahore, Pakistan.
- 042 111 111 476 (HSM)
- info@husein.pk
- www.husein.pk

ANNUAL REPORT
2019



Dedicated to
Continued
Excellence

COVER STORY



As we honor the core values that have brought us decades of success, we pledge, once again to pursue excellent performance and sustainable progress with unwavering purpose.

At Husein Sugar,
we strive to achieve excellence and innovation in everything that we do, we aim to enjoy our work and the people with whom we work. We continue to seek opportunities to promote greater economic, social, and environmental sustainability.

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We aim to contribute to the social and economic development of our community



VISION STATEMENT



MISSION STATEMENT

- To be a leading producer of sugar and its by-products by delivering the highest quality of products of the highest international standards to our customers at the lowest possible cost.
- To maximize the wealth of our shareholders by increasing equity and earnings in real terms.
- To strive for excellence through integrity, unrelenting efforts, and by synergizing the integral components of the company.
- To achieve sustainable growth and development by anticipating the expectations of our customers, predicting market trends, and through constant and fluid innovation.
- To provide a safe, hygienic, challenging, and non-discriminatory workplace environment to our employees.
- To contribute to the social and economic development of our community.

Our mission is to be a dynamic, profitable, and growth oriented company by working with all relevant stakeholders to maximize the returns on the investments of our shareholders and investors through the production and sale of the highest quality of products at the lowest possible costs in a secure and harmonious environment. To conduct business with the philosophy of "business for better life, respect for human dignity, and intelligent investment for a prosperous future."

COMPANY INFORMATION

CHAIRMAN
Mian Ahmed Ali Tariq

**CHIEF EXECUTIVE
OFFICER**
Mian Mustafa Ali Tariq

DIRECTORS
Mrs. Nusrat Shamim
Mrs. Maryam Habib
Mr. Taufiq Ahmed Khan
Mr. Saif Hasan
Mr. Muhammad Imran Khan

**CHIEF OPERATING
AND FINANCIAL
OFFICER**
Mr. Wasim Saleem

COMPANY SECRETARY
Mr. Khalid Mahmood

HEAD OF INTERNAL AUDIT
Mr. Jalal-ud-din Khan

AUDIT COMMITTEE
Mr. Taufiq Ahmad Khan (Chairman)
Mian Ahmed Ali Tariq (Member)
Mr. Muhammad Imran Khan (Member)

**HUMAN RESOURCE AND
REMUNERATION COMMITTEE**
Mian Ahmed Ali Tariq (Chairman)
Mr. Taufiq Ahmed Khan (Member)
Mian Mustafa Ali Tariq (Member)

LEGAL ADVISOR
Masud & Mirza Associates K-29 Gulberg-III, Lahore

BANKERS ISLAMIC

Askari Bank Ltd.
BankIslami Pakistan Ltd.
Bank Al Habib Ltd.
Dubai Islamic Bank Pakistan Ltd.
Habib Bank Ltd.
Meezan Bank Ltd.
Orix Modarba

CONVENTIONAL

Bank Alfalah Ltd.
Habib Metropolitan Bank Ltd.
National Bank of Pakistan
Samba Bank Ltd.

SHARE REGISTRAR
M/S Corptec Associates (Pvt) Limited
503 - E Johar Town, Lahore
Tel: 042- 35170336-7
Fax: 042-35170338
E-mail: info@corptec.com.pk

EXTERNAL AUDITORS
Kreston Hyder Bhimjee & Co
Chartered Accountants
Amin Building, 65-The Mall, Lahore

MILLS
Lahore Road, Jaranwala
041-4563299-96

REGISTERED & HEAD OFFICE
180 Abu Bakar Block,
New Garden Town, Canal Road,
Lahore, Pakistan.
Tel: 042-111-111-HSM (476)
E-mail: info@husein.pk

WEBSITE
www.husein.pk

PSX SYMBOL
HSM



CODE OF CONDUCT FOR DIRECTORS

It is a fundamental policy of the Company to conduct its business with honesty, integrity and with the highest professional, ethical and legal standards

The Company has adopted a comprehensive Code of Conduct (Code) for members of the Board of Directors. The Code defines acceptable and unacceptable behavior, provides guidance to Directors in specific situations that may arise and foster a culture of honesty, accountability and high standards of personal and professional integrity.

SALIENT FEATURES OF THE CODE

1. Conflict of Interest

Each Director must avoid any conflict of interest between the Director and the Company, its associated or subsidiary undertaking(s). Any situation that involves, or may reasonably be expected

to involve, a conflict of interest with the Company, should be disclosed promptly.

2. Corporate Opportunities

Directors are prohibited from taking for themselves personally, opportunities related to the Company's business; using the Company's property, information or position for personal gain or competing with the Company for business opportunities.

3. Confidentiality

Directors must maintain the confidentiality of information entrusted upon to them by the Company and any other confidential information about the Company and its associated or subsidiary undertaking(s) that comes to them, except when disclosure is authorized by the Chairman of the Board or legally mandated.

4. Honesty, Integrity and Fair Dealing

Directors must act honestly and fairly and exhibit high ethical standards in dealing with all the stakeholders of the Company.

5. Compliance with Laws, Rules and Regulations

Directors shall comply with laws, rules and regulations applicable to the Company including but not limited to the Companies Act 2017, Listing Regulations of the Stock Exchange and Insider Trading Laws.

6. Encouraging the Reporting of any Possible Illegal or Unethical Behavior

Directors should take steps to ensure that the Company promotes ethical behavior; encourages employees to talk to supervisors, managers, and other appropriate personnel when in doubt about the best course of action in a particular situation; encourages employees to report violation of laws, rules, regulations, Company policies and procedures or the Company's Code of Conduct to appropriate personnel; and informs employees that the Company will not allow any retaliation for reports made in good faith.

7. Trading in Company Shares

Certain restrictions / reporting requirements apply to trading by the Directors in Company shares. Directors shall make sure that they remain compliant with these statutory requirements.

8. Compliance Procedures

Directors should disclose any suspected violations of this Code promptly in the immediate subsequent meeting of the Board of Directors.

9. Compliance Officer

The Company has designated Company Secretary who serves as a Compliance Officer to administer the Code. Directors, at their discretion may make any report or complaint provided for in this Code to the Chairman of the Board or to the Compliance Officer. The Compliance Officer will refer complaints submitted to the Chairman of the Board.

10. Public Company Reporting

As a public company it is of great importance that the Company's filings with the SECP and concerned Stock Exchange(s) on which the shares of the Company are or may be listed be full, fair, accurate, timely and understandable. Directors may be requested to provide information necessary to ensure that the Company's published reports meet these requirements. The Company expects directors to provide prompt and accurate answers to enquiries relating to its public disclosure requirements.

11. Disclosure of Interest

Directors are also required to disclose, at the time of appointment and on an annual basis the directorship and/ or memberships they hold in other companies.

CODE OF CONDUCT FOR EMPLOYEES

Defines acceptable and unacceptable behaviour, provides guidance to Directors in specific situations that may arise and fosters a culture of honesty, accountability and high standards of personal and professional integrity.

It is a fundamental policy of the Company to conduct its business with honesty, integrity, and in accordance with the highest professional, ethical and legal standards. The Company has adopted a comprehensive Code of Conduct (Code) for employees. The Code defines acceptable and unacceptable behavior, provides guidance to Directors in specific situations that may arise and foster a culture of honesty, accountability and high standards of personal and professional integrity.

SALIENT FEATURES OF THE CODE

1. Conflict of Interest

Employees/trainees must not engage in activity or transactions which may give rise, or which may be seen to have given rise to conflict between their personal interests and the interests of the Company.

2. Confidentiality and Disclosure of Information

Employees/trainees are expected to safeguard confidential information and must not, without authority, disclose such information about the Company activities to any third party including, but limited to, the press, customers, suppliers, employees are not entitled to such information or any other outside party.

3. Political Contribution

No funds or assets of the Company may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by law.

4. Bribes and Commercial Payments

An employee/trainee must not give or receive bribes or other payments, which are intended to influence a business decision or compromise independent judgment; nor must any employee/trainee give money in order to obtain business for the Company, nor receive money for having given Company business to an outside agency.

5. Proper Recording of Funds, Assets, Receipts and Disbursements

All funds, assets, receipts and disbursements must be properly recorded in the books of the Company.

6. Agreements with Agents, Sales Representatives or Consultants

Agreements with agents, sales representatives or consultants should state clearly the services to be performed for the Company, the amount to be paid and all other relevant terms and conditions.

7. Relations and Dealings with Suppliers, Consultants, Agents, Intermediaries and Other Third Parties

HSML's relations and dealings with suppliers, consultants, agents, intermediaries and other third parties should at all times be such that HSML's integrity and its reputation should not be damaged if details of the relationship or dealings were to become public knowledge.

8. Health, Safety and Environment Policy

Every employee/trainee at work must take reasonable care for the health and safety of himself/herself and others including visitors who may be affected by his/her acts or omissions at work; and cooperate in the Company's efforts to protect the environment.

9. Smoking Policy

Smoking and exposure of workplace to tobacco poses serious health hazards to the employees/trainees besides potential risks of explosions. Considering this, smoking is permitted only in the designated 'Smoking Areas'.

10. Seat Belt Policy

As per policy, it is mandatory for all HSML employees/trainees, contractors, visitors and all other persons to fasten seat belts in the front seats of the vehicle while traveling.

CODE OF CONDUCT FOR EMPLOYEES



11. Other Employment, Outside Interests, Civic Activities

HSML does not allow its employees / trainees to take any part time and/or full-time second employment during employees'/trainees' engagement with the Company.

12. Unsolicited Gifts

Accepting gifts that might place an employee/trainee under obligation is prohibited. Employee/ trainee must politely but firmly decline any such offer and explain that in accordance with the Company's instructions, they are unable to accept the offer.

13. Family Connections and Employment of Relatives

Any dealings between staff themselves or outside organizations in which they have a direct, indirect or family connection must be fully disclosed to the Management.

14. Company and Personal Property

An employee/trainee must not take or use Company property or the property of another employee/trainee without permission; nor must be employee/trainee use Company property for private purposes without the Management's permission.

15. Alcohol and Drugs

Alcohol in any form and the use of drugs, except under medical advice, is prohibited at all locations.

16. Gambling

All forms of organized gambling or betting on the Company's premises is forbidden.

17. Rumour Mongering & Gossiping

Rumour mongering, persuasive allegations, accusations and exaggerations with the main purpose of negatively influencing and manipulating the minds and emotions of the fellow employees/trainees are strictly prohibited.

18. Harassment

It is the policy of the Company to promote a productive work environment and not to tolerate verbal or physical conduct by any employee/trainee that harasses, disrupts or interferes with another's work performance, creates an intimidating, humiliating, offensive or hostile environment.

19. Grievance Handling

HSML strives to provide a fair and impartial process to its employees/trainees and ensure timely resolution of their grievance.

20. Whistle Blowing

In order to enhance good governance and transparency, HSML has introduced a Whistle Blowing Policy. The Policy provides an avenue to employees/trainees and vendors to raise concerns and report legal and ethical issues like fraud, corruption or any other unlawful conduct or dangers to the public or the environment. These concerns should be raised by bringing those into the notice of supervisors/managers or compliance office.

21. General Discipline

Every employee/trainee must adhere to

the Company's rules of service and make sure that he/she is familiar with them.

22. Reporting Violations / Disciplinary Actions

Any violation of this Code shall be promptly reported to the Human Resources department by any employee/trainee having knowledge thereof or having reasonable belief that such a violation has occurred.

23. Compliance Office

The Human Resources Department will act as the designated compliance office for implementation of the code.





BUSINESS CONTINUITY PLAN



The comprehensive plan is designed to ensure the protection of the company's overall operations

The Board of Directors ensures that the Company has an updated Business Continuity and Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extra ordinary circumstances. The comprehensive plan is designed to ensure the protection of the company's overall operations and assets by ensuring regular archival and backup systems at remote locations.

The key highlights and actions of Husein Sugars' Business Continuity Plan are as follows:

- It is regularly ensured that Data Recovery processes are operating effectively.
- The management is responsible for the development and execution of an effective Business Continuity Plan.
- The development of the plan must be done keeping in mind the on-going business needs and the environment it is operating in.
- A company-wide and detailed Process Documentation Activity has been done whereby all the processes are mapped and serve as an SOP for all practices.

- The Management also ensures the training of all the employees on how to respond in case of any unforeseen or extraordinary event.
- Employees are imparted multi-skill training which helps in the continuity of business activities.
- To ensure protection of employees and assets, adequate systems are in place for natural disasters, fire emergencies, etc at plants.
- The Company has also deployed adequate security staff at its plant to ensure uninterrupted sugar production regardless of the political situation and other external factors.
- The Company ensures backup of all the assets whether physical or virtual; the physical assets are backed by insurance whereas backup of virtual assets and data is created on a routine basis.



COMPANY PROFILE



Integrity Inspiration Innovation

Husein Sugar Mills Limited (The Company) was incorporated on February 14, 1966 in Karachi and received its Certificate for Commencement of Business on April 16, 1966. The Company is listed on the Pakistan Stock Exchange and has received the award for Top 25 Companies of Pakistan twice in its history. The Company commenced trial production on January 22, 1968 and went into commercial production on February 15, 1968, making it one of the pioneers of Pakistan's sugar industries. Given the rich history of the company, which is now in its third generation, it enjoys cordial and familial relations with the sugarcane growers of the area

The ancestors of the current sponsors took control of the Company in 1977 and transformed the Company to its current identity through a continued process of BMR. The current sponsors consolidated control of the company and took over management in 2015. The existing sugar manufacturing process is based on Defecation Remelt Sulphitation that was changed in 1986- 87 from out-fashioned Double Carbonation Double Sulphitation process.

The plant is located in Jaranwala. Approximately 80KM from Lahore and 40 KM from Faisalabad, Jaranwala is situated in the heart of Punjab's urban centers. The region is highly suitable for the plantation of sugarcane because of the area's unique climate and soil conditions. The area has large tracts of land where sugarcane is cultivated and produces approximately 40-45 million maunds of sugarcane a year.

The Company has recently initiated an efficiency improvement scheme in which equipment is being installed, which will reduce steam consumption per ton of cane processed. The bagasse saved will help increase revenues and maximize profitability. In fact, various measures have already been completed and positive results have already been achieved, which have been reflected in the improved revenue generation and the increased profitability of the company.

The secret to
our continued
excellence is
contained in
one word –
Dedication



**MR.
AHMED ALI
TARIQ**
CHAIRMAN



Mian Ahmed Ali Tariq is the Chairman of the Board of Directors of the company. He completed his higher education at the Lahore University of Management Sciences and was awarded with a Bachelors of Science (Honors) degree. Mian Tariq is also a certified director from the Institute of Cost and Management Accountants of Pakistan (ICMAP). He has been associated with the company for more than a decade, and has served in an executive capacity since 2009. Mian Ahmed's vision and leadership at Husein has played a critical role in the company's growth, success, and development. An industry leader, Mian Ahmed has also previously served on the Executive Committee of The Pakistan Sugar Mills Association for Punjab.

Mian Ahmed is a strong advocate of giving back to the community. Under his leadership, Husein Sugar Mills has expanded its commitment and contribution towards social welfare and development. His family trust has been providing quality education and healthcare for generations at affordable prices through substantial scholarships and financial aid.

PROFILE OF THE DIRECTORS



**MR.
MUSTAFA ALI
TARIQ**
CHIEF
EXECUTIVE
OFFICER



Mian Mustafa Ali Tariq is the Chief Executive Officer of the company. He completed his higher education at the University of California, Los Angeles and was awarded with a Bachelor of Arts degree in Economics. He has also been certified by the Lahore University of Management Sciences for successfully completing their course on Enhancing Board Effectiveness. He is a member of the HR&R Committee of the Board.

He is also a trustee of his family's non-profit social welfare organization. The family's education trust, which operates Mian Mohammad Ali Tariq College and Mian Nazir Husein School, has provided financial aid and scholarships to thousands of children since its inception. The family's healthcare trust operates a non-profit hospital that provides low-cost and free health care services.

**MRS.
NUSRAT
SHAMIM**

NON-
EXECUTIVE
DIRECTOR



Mrs. Nusrat Shamim was the chief executive and chairperson of Husein Sugar Mills for more than a decade. In her time at Husein Sugar, she spearheaded the process of bringing the company's core systems and procedures up to date with the latest practices of the 21st century. A true visionary, Mrs. Shamim led the company through a time of crisis and helped build the base on which the company continues to grow and develop in today. Mrs. Shamim has held directorships in various other companies.

She is also the chairperson of the HSM Education and Healthcare Trusts, which were formalized in 2003. Both the trusts have been providing quality education and healthcare facilities at subsidized rates to the underprivileged members of our community. Besides aforementioned trusts, Mrs. Nusrat Shamim is also operating a number of other welfare projects/non-profit non-governmental organizations.

Due to her decades of business experience across various industries, Mrs. Shamim's seasoned and wise insights and intuitions have proven essential to successful operations of the company.

**MRS.
MARYAM
HABIB**

EXECUTIVE
DIRECTOR



Mrs. Maryam Habib was elected as a director on the board of Husein Sugar Mills in March 2017. Mrs. Maryam Habib pursued her higher education at Kinnaird College Lahore. She is currently serving as the Executive Director of the company. In her short time at the company, she has been instrumental in initiating and implementing various programs of the company.

**MR.
TAUFIQ AHMED
KHAN**

INDEPENDENT
DIRECTOR



Mr. Khan is a highly decorated executive of Pakistan's pharmaceutical industry. Serving as an independent director on Husein Sugar's Board of Directors, and as the Chairman of the Board's Audit Committee, Mr. Khan's contributions to the company are of the utmost importance. He pursued his higher education at the University of Exeter where he was rewarded with a Bachelors of Science Degree in Economics Mr. Khan is also a director of Highnoon Laboratories Ltd., one of Pakistan's largest pharmaceutical manufacturers. He is also the Chief Executive Officer of Curexa Health Pvt. Ltd, a wholly owned subsidiary of Highnoon Labs. After completing the necessary requirements as per the Code of Corporate Governance, The Pakistan Institute of Corporate Governance has also certified Mr. Khan. Given his vast capabilities and wide-ranging exposure, Mr. Khan is an invaluable member of the Board of Directors.

**MR.
SAIF
HASAN**

NON-
EXECUTIVE
DIRECTOR



Mr. Saif Hasan is an experienced executive in the global textile and fashion industry with a background in technology operations and management. He is also serving as a Director of Intermoda Brands Pvt. Ltd and is an executive at Matrix Sourcing, Triple Tree Solutions, and Lulusar. Previously, Mr. Hasan has worked in Silicon Valley. He completed his higher education at The George Washington University in Washington DC. He has also completed executive courses at the London School of Economics and the Lahore University of Management Sciences. Mr. Hasan joined the Board of Directors of Husein Sugar Mills Limited on the Dec 19, 2019.

**PROFILE
OF THE
DIRECTORS**



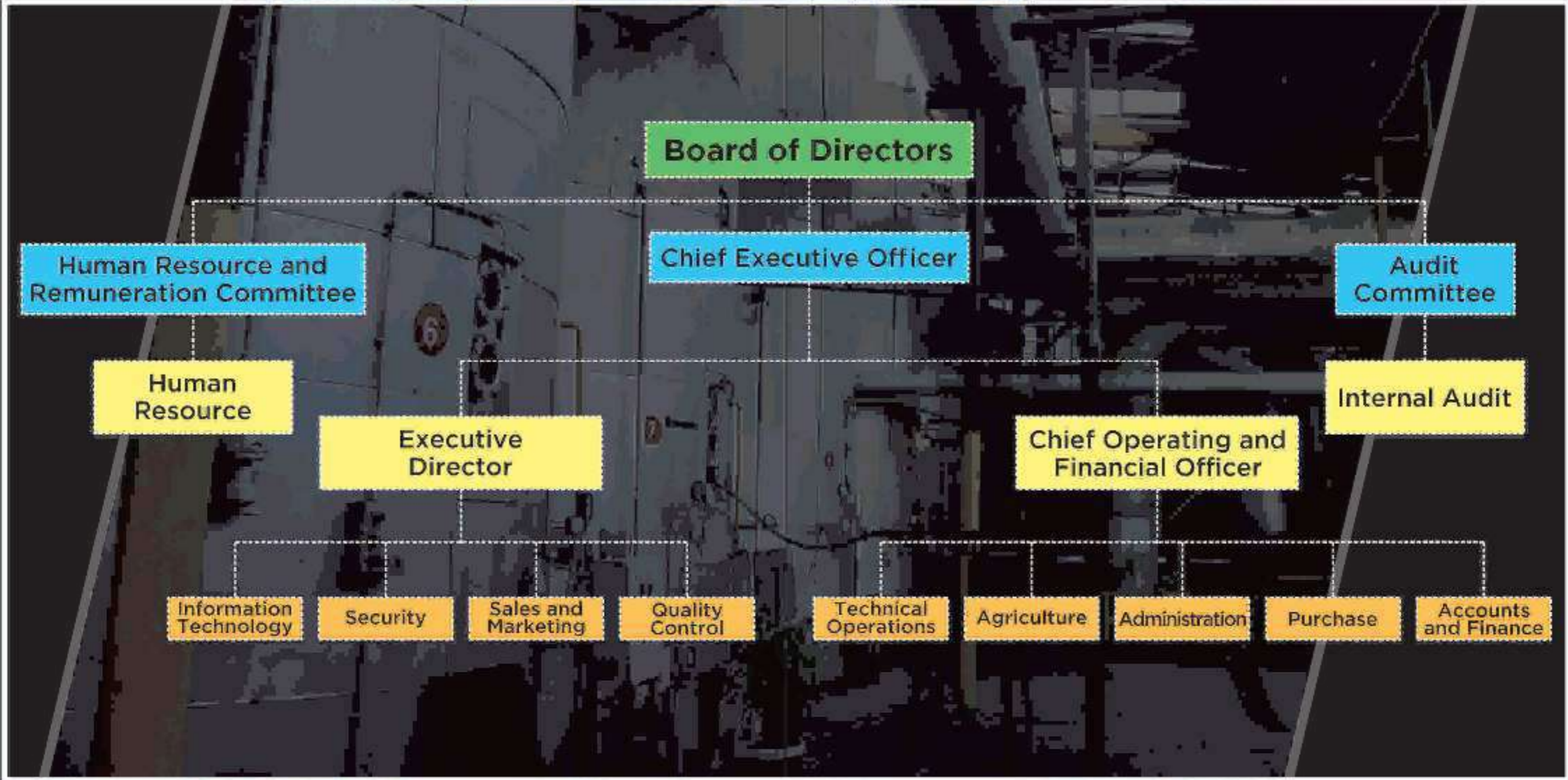
**MR.
MUHAMMAD
IMRAN KHAN**

NON-
EXECUTIVE
DIRECTOR



Mr. Muhammad Imran Khan joined the Board on 31 May 2018. He is currently serving as a Non-Executive Director on Husein Sugar's Board of Directors, and as the Member of the Board's Audit Committee. Mr. Khan's contributions to the company are of the utmost importance. Mr. Khan serves as CEO/ Founder of Sule International and brings in several years of experience in commodities trading domestically and internationally. He was Co-Founder of Amber Road Trading Co New York with focus on trading between South East Asia, North America and England. Mr. Khan also serves on the board of Admaxim a global digital advertising technology company. Mr. Khan holds a Bachelors degree from Government College (Lahore, Pakistan) and has completed a business management and marketing certification from the University of California Los Angeles.

COMPANY ORGANOGRAM CHART



NOTICE OF ANNUAL GENERAL MEETING



HUSEIN SUGAR MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 53rd Annual General Meeting of the company will Insha Allah be held on Tuesday the February 18, 2020 at 10:00 A.M. at its registered office, 180 Abu Bakar Block, New Garden Town, Canal Road, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on 27 February 2019.
2. To receive, consider and adopt the annual audited financial statements together with Directors' and Auditors' Reports thereon for the year ended September 30, 2019.
3. To consider and, if thought fit, approve and declare, as recommended by the Board, final cash dividend @ 3% i.e. Rs. 0.30/- per share for the year ended September 30, 2019.
4. To appoint Auditors for the year ending 30th September, 2020 and to fix their remuneration. The Board on the recommendation of the Audit Committee has proposed the appointment of M/s Kreston Hyder Bhimji & Company, Chartered Accountants, Lahore. The retiring auditors being eligible have offered themselves for reappointment.

Special Business

5. To approve the issue of bonus shares in proportion of 07 shares for every 100 shares held i.e. 7% as recommended by the Board by capitalization of an amount of Rs.25,200,000 out of the share premium account and if deemed appropriate pass the following ordinary resolution:-

"RESOLVED THAT a sum of Rs 25,200,000 out of the Company's share premium account be capitalized and applied towards the issue of 2,520,000 ordinary shares of Rs.10/- each and allotted as fully paid bonus shares to the members who are registered in the books of the company as at the close of the business on 11 February 2020, in proportion of 07 shares for every 100 shares held and that such new shares shall rank pari passu with the existing ordinary shares."

"FURTHER RESOLVED that fractionate entitlement of the members shall be consolidated in to whole shares and sold in the stock market and the sale proceeds shall be donated to any registered charitable institution."

"FURTHER RESOLVED that the Chief Executive and Company Secretary be and are hereby jointly and/or severally authorized to give effect to this, resolution and to do or cause to do all acts deeds and things that may be necessary or required for the issue and allotment of the said bonus shares."

6. To transact any other business with permission of the Chairman.

Lahore
Dated: January 27, 2020

By Order of the Board
KHALID MAHMOOD
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from 12 February 2020 to 18 February 2020 (both days inclusive) to determine the names of members entitled to receive the final cash dividend and to attend the Annual General Meeting. Transfers received in order at the office of our Share Registrar M/s Corptec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on 11 February 2020, will be treated in time for entitlement of final cash dividend and for attending the meeting.
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote on behalf of him/her. A proxy must be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notorially attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of holding the meeting.
4. Any individual beneficial owners of CDC, entitled to attend and vote at the meeting must bring his/her CNIC or passport to prove his/her identity and the proxy shall produce his/ her original CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee

shall require to be produced at the time of meeting.

5. For the convenience of Members, a Standard Request Form with appropriate details has been uploaded on the Company's website www.husein.pk. Those Members who opt to receive the hard copies of the annual audited financial statements instead of sending the same through CD/DVD at their registered addresses may apply to the Company's Secretary at his postal address at 180 Abu Bakar Block, New Garden Town, Canal Road, Lahore.
6. Members are requested to submit an attested photo copy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier.
7. Members are requested to promptly notify any change in their address.
8. Pursuant to Section 132(2) of the Companies Act, 2017 if the Company receives consent from members 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, please fill the following form and submit to the registered address of the Company within seven (07) days before holding of annual general meeting.

REQUEST FOR VIDEO CONFERENCE FACILITY

I/We, _____ of _____, being a Member of Husein Sugar Mills Limited, holding of _____ ordinary shares as per Register Folio / CDCA/ C No. _____ hereby, opt for video conference facility at _____

Signature of Member

Date: _____

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

ITEM 5 OF THE AGENDA:

The Board of Directors in their meeting held on January 22, 2020 has recommended issue of bonus shares in proportion of 07 (Seven) Ordinary shares for every hundred (100) Ordinary shares held by the Members (i.e.07%). The directors are of the opinion that the reserves of the Company are adequate for capitalization of a sum of Rs. 25,200,000 out of share premium account for issue of 07 % bonus shares.

The directors are not directly or indirectly interested in this special business except to the extent of entitlement of bonus shares to be allotted to them and their spouses as shareholders of the Company.





MANAGEMENT



Ch. Muhammad Ashraf
General Manager Agriculture

Mr. Iqbal Sodagar
Deputy General Manager Electrical

Mr. Azhar Fazal
General Manager Operations

Mr. Saeed Anwar
Assistant General Manager Technical

Mr. Waseem Ahmad Ghafoor
Resident Director

Mr. Gul Zamin Said Khan
Assistant General Manager Administration
and Human Resources

Mr. Zahid Mahmood
Senior Manager Finance and Accounts

Maj. (R) Muhammad Anwar
Manager Security

Mr. Shah Nawaz
Deputy General Manager Cane

Mr. Sohail Akber
Assistant General Manager Production

Mr. Jalal Ud Din Khan
Head of Internal Audit

Mr. Sher-e-Yazdan Khan
Manager Quality Control

Mr. Muhammad Sadiq Sabir
Senior Chief Engineer Instruments

**MR.
WASIM
SALEM**

CHIEF
OPERATING
AND
FINANCIAL
OFFICER



Mr. Wasim Saleem is the Chief Operating and Financial Officer of the Company. He did his masters in Business Administration. He is a member of the Institute of Cost and Management Accountants of Pakistan and the Institute of Bankers in Pakistan. Besides attending many senior executive / management courses he has diversified experience of over thirty years at a senior management level in development banking and sugar industry. Prior to joining Husein Sugar Mills Limited, He has worked with the NDFC and Ashraf Sugar Mills Limited.

**MR.
KHALID
MAHMOOD**

COMPANY
SECRETARY



Mr. Khalid is the Company Secretary of Husein Sugar Mills Ltd. He has been associated with the company since 2005. Mr. Khalid is an associate member of the Institute of Chartered Secretaries of Pakistan (ICSP). He got his masters in business administration from the Virtual University of Pakistan, Lahore, in 2008. He has done CAF from the Institute of Chartered Accountants of Pakistan. He has complete command over good corporate secretarial practices and is very competent in all application of corporate laws. He has also attended various seminars and workshops arranged by various organizations such as the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange, and the Central Depository Company.

PROFILES OF KEY MANAGEMENT



**MR.
MUHAMMAD
MUDASSAR
AHSAN**

GENERAL
MANAGER
HEAD
OFFICE



Mr. Muhammad Mudassar Ahsan is currently working in Husein Sugar Mills Limited as General Manager (Head Office). He has more than 20 years experience in the sugar industry. He has remained on the Board of the Husein Sugar Mills Limited in 2011-2012. He got his Masters in Business Administration (MBA Marketing) from University of Management and Science, Lahore in 1995 along with Diplomas in Export Marketing Management and Computer Applications. He attended Financial Management Courses from Lahore University of Management Sciences (LUMS).

**MR.
WASEEM
AHMED
GHAFOOR**

RESIDENT
DIRECTOR



Mr. Waseem Ahmed Ghafoor is the Resident Director of the company. He joined Husein Sugar Mills in 2012. He has done masters in Chemistry from the University of Agricultural Faisalabad. He has 31 years of practical experience in the sugar industry. He is being assisted by an adequately qualified and well experienced team of technical persons in the fields of chemical processing, mechanical, electrical and instruments engineering.

**CHAUDHRY
MUHAMMAD
ASHARAF**

GENERAL
MANAGER
AGRICULTURE



Chaudhary Muhammad Ashraf is working with Husein Sugar Mills Limited as General Manager-Agriculture. The University of Agriculture in Faisalabad awarded Mr. Chaudhry with a Masters degree with a masters degree in agriculture in 1982. Mr. Ashraf has been instrumental in the innovation and development of the Cane Procurement and Cane Development department at the company. He has 35 years of experience in the sugar industry.

**MR.
AZHER
FAZAL**

GENERAL
MANAGER
OPERATIONS



Mr. Azher Fazal has been a part of the Husein team since 2013. Mr. Azher Fazal completed his higher education at the University of Engineering and Technology where he was awarded with a degree in Mechanical Engineering. Mr. Fazal is also a certified engineer from the Pakistan Engineering Council. Mr. Azher's numerous contributions in the technical operations of the plant have been instrumental in the operating success of the company.

PROFILES OF KEY MANAGEMENT



KEY OPERATING AND FINANCIAL DATA



HUSEIN SUGAR MILLS LIMITED

KEY OPERATING AND FINANCIAL DATA

OPERATING DATA	2019	2018	2017	2016	2015	2014
Cane Crushed (M.Tons)	491,277	600,773	660,136	499,396	447,091	429,617
Sugar Produced (M.Tons)	48,251	55,331	65,024	46,861	41,103	40,415
Recovery (%)	9.81	9.21	9.85	9.41	9.20	9.41
Operating Days	98	135	151	111	139	114
FINANCIAL DATA	(Rupees in Thousands)					
Sales	3,715,573	2,755,737	3,856,539	3,144,147	1,995,710	2,694,801
Gross Profit /(Loss)	240,082	259,095	485,320	245,551	(209,329)	(54,950)
Operating Profit /(Loss)	74,514	71,923	286,354	68,130	(381,278)	(197,430)
Profit / (Loss) Before Taxation	313,185	32,792	228,853	98,257	(416,144)	(287,973)
Taxation	(19,642)	2,376	(27,263)	17,408	(2,197)	(6,672)
Profit / (Loss) After Taxation	293,543	35,168	201,590	115,665	(418,342)	(294,645)
Earning /(Loss) Per Share (Rupees)	9.05	1.28	9.55	5.61	(24.61)	(17.28)
Total Assets	4,640,997	5,137,459	3,732,920	3,339,121	3,337,783	3,149,633
Current Liabilities	1,395,380	2,439,517	1,052,191	1,276,551	1,731,041	1,411,531
Capital Employed	3,245,617	2,697,942	2,680,729	1,862,570	1,606,742	1,738,103
REPRESENTED BY:						
Share Capital	360,000	250,000	250,000	170,000	170,000	170,000
Reserves	1,938,295	1,998,952	2,043,551	1,644,092	208,855	203,987
Accumulated Profit / (Loss)	102,945	(246,489)	(341,669)	(770,789)	(952,607)	(594,721)
Shareholders' Equity	2,401,237	2,002,463	1,951,882	1,043,303	(573,752)	(220,734)
NON-CURRENT LIABILITIES						
Lease Liabilities	-	-	-	-	-	7,576
Long Term Financing	277,663	-	-	-	-	-
Long Term Deposits	-	-	-	-	-	6,753
Deferred Income Tax Liability	120,334	165,126	196,995	209,585	282,327	295,705
	397,999	165,126	196,995	209,585	282,327	310,034

REPORT OF THE BOARD AUDIT COMMITTEE



The Board Audit Committee (BAC) is governed by the mandate given to it by the Board of Directors in compliance of the Code of Corporate Governance. It is a vital platform to ensure the transparency of financial reporting and is critical for the efficient effectiveness of the company's objectives.

The BAC assists the Board in scrutinizing the financial and non-financial information and maintaining an independent check on the activities of the management. It also serves as a platform to evaluate, assess, and monitor internal controls, compliance, and manage risks.

The Board Audit Committee comprises of three members:

DIRECTOR NAME	STATUS	CATEGORY
Mr. Taufiq Ahmad Khan	Independent Director	Chairman
Mr. Ahmed Ali Tariq	Non - Executive Director	Member
Mr. Muhammad Imran Khan	Non - Executive Director	Member

All the members have extensive knowledge and experience in the fields of finance, accounting, controls, and systems management.

The BAC takes into account information from various sources such as biweekly reports from management, internal auditors' report, external auditors' report among other sources. The BAC is empowered to invite and question any person from management as and when required for the purposes it has been authorized to scrutinize by the Board of Directors.

During FY19, The Board Audit Committee met four times. The Chief Financial Officer and the Head of Internal Audit are regular participants of the meeting. The BAC also meets external and internal auditors independently once a year.

The terms of BAC are precisely defined by the Board. The Committee monitors including other things:

- Internal Controls
- Risk Management
- Integrity of Financial Information
- Internal Audit Report
- Audit Observations
- Compliance with Applicable Laws
- Assessing accounting & financial estimates, changes in accounting policies, and compliance with standards.
- Recommendation of External Auditors Appointment based on independence, integrity and satisfactory rating with ICAP.

The Board Audit Committee has reviewed the performance and operations of the Company for the year ended September 30, 2019 and reports that:

- Internal controls of the company are sound and are working properly;
- Departments of the company are working in line with company objectives;
- Records are maintained in accordance with applicable laws and regulations;
- Financial statements are in conformity with applicable laws and regulations;
- Code of Corporate Governance is followed;
- Recommended the present auditors, M/S Kreston Hyder Bhimji & Co. Chartered Accountants, for re-appointment for year ending September 30, 2020.

Taufiq Ahmed Khan
Chairman
Board Audit Committee



The Board Audit Committee (BAC) is a vital platform to ensure the transparency of financial reporting



ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Listed below are the responsibilities of the Chairman and the CEO of the Company.

CHAIRMAN

The Chairman is responsible for the leadership of the Board. In particular, he will:

1. Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance.
2. Ensure effective communication with shareholders.
3. Set the agenda of Board discussions to promote constructive debate and effective decision-making.

4. Chair the Nominations Committee and build an effective and complementary Board, initiating change and planning succession on Board and Executive appointments.

5. Ensure that all Board committees are properly established, composed and operated.

6. Ensure comprehensive induction programs for new directors and updates for all directors as and when necessary.

7. Support the Chief Executive in the development of strategy and, more broadly, to support and advise the Chief Executive.

8. Maintain access to senior management as is necessary and useful, but not intrude on the Chief Executive's responsibilities.

9. Promote effective relationships and communications between non-executive directors Executive directors.

10. Ensure that the performance of the Board, its main committees and individual directors is formally evaluated on an annual basis.

11. Preside over all the BOD meetings and AGM.

12. Declare results of the meetings where result based on show of hands of General Meeting.

13. Sign the minutes of meetings of the Board Of Directors and the Annual General Meeting.

14. Establish a harmonious and open relationship with the Chief Executive Officer and Management.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is responsible for leadership of the business and managing it within the authorities delegated by the Board. In particular, he will:

1. Develop strategy proposals for recommendation to the Board and ensure that agreed strategies are reflected in the business.

2. Develop annual plans, consistent with agreed strategies, for presentation to the Board for support.

3. Plan human resource strategies to ensure that the Company has the capabilities and resources required to achieve its plans.

4. Develop an organizational structure and establish processes and systems to ensure the efficient organization of resources.

5. Be responsible to the Board for the performance of the business consistent with agreed plans, strategies, and policies.

6. Lead the executive team, including the development of performance contracts and appraisals.

7. Ensure that financial results, business strategies and, where appropriate, targets and milestones are communicated to the investors.

8. Develop and promote effective communication with shareholders.

9. Ensure that business performance is consistent with the Business Principles.

10. Ensure that robust management succession and management development plans are in place and presented to the Board from time to time.

11. Develop processes and structures to ensure that capital investment proposals are reviewed thoroughly and that associated risks are identified and appropriate steps taken to manage the risks.

12. Develop and maintain an effective framework of internal controls over risk in relation to all business activities including the Company's trading activities.

13. Ensure that the flow of information to the Board is accurate, timely and clear.

14. Establish a close relationship of trust with the Chairman, reporting key developments to him in a timely manner and seeking advice and support as appropriate.





CHAIRMAN'S REVIEW



Dear Shareholders,

As we close yet another year, it gives me immense pleasure to address all the stakeholders of the company. I would like to take this opportunity to highlight the continued positive performance of the company and provide a broad review of the economic environment your company operates in. Although the last fiscal year has been extremely challenging, I am happy to report that the company has achieved profitability yet again.

Pakistan is facing one of the worst economic crises in its history. With record levels of debt and a slowing economy, it has been a difficult year for businesses throughout different sectors of the economy. In fact, with the highest interest rates in more than a decade, it has become much more expensive to access capital. Furthermore, with the devaluation of the Rupee against all major currencies around the world, the costs of various inputs have

increased dramatically. However, in spite of this challenging economic environment, I am pleased to announce that your company has continued to deliver.

We look forward to work with the government to do our part in the stabilization and growth of the economy. The government has taken extremely positive steps to document the economy and increase tax collection. These steps are praiseworthy and will undoubtedly be ultimately beneficial for the industry. With international sugar prices returning to stable rates around \$400 USD per ton, Pakistani sugar and its byproducts have tremendous potential for export around the world. This will not only help provide a stable means of revenue for the industry, but will also help alleviate the current deficit crisis for the economy. In this regard, we encourage and look forward to working with the government to develop and implement a long-term policy to streamline exports in the coming years.


For the financial year ended September 30, 2019, the Board has judged the overall performance of management as satisfactory and in line with the vision set forth by the Board. The overall assessment as satisfactory is based on a comprehensive criteria that includes evaluation of integral components, such as strategic planning, effective fiscal budgeting, successful implementation of policies, enhancement of systems, and ultimately operational results. Throughout the year, the Board and its associated committees have met regularly and have been actively involved in reviewing and approving business strategies, human resource policies, budgeting plans, and financial statements among other policies.

We continue to look toward new avenues for sustainable growth. We have begun to approach new vendors and renegotiate with existing partners to ensure financial optimization. Furthermore, the company has ventured significantly into retail packaging. This year, we have sold more sachets and 1KG bags under the 'Krystal' brand than ever before. For the incoming financial year, we have set aggressive targets to diversify our sales portfolio and introduce new products.

At home, the measures we have taken over the last few years to proliferate high sucrose content varieties in our region have paid off. For next year, we forecast a continued rise in our sucrose recovery. Furthermore, the enterprise resource management software that we incorporated has helped us mitigate risks and effectively monitor the implementation of policies. We are continuously integrating the latest technologies to our core systems. These projects are being overseen directly by the senior most executives of our management team.

The management at Husein continues to pursue the policy of hiring capable and motivated individuals, rewarding hard work, and providing platforms for personal development. In this regard, not only are we ensuring that executives undertake Director's Training Programs in compliance with the Code of Corporate Governance, but we are also providing internships to aspiring engineers and investing in the development of our managers and executives throughout the company. We continue to ensure compliance to the Code of Corporate





Governance and warrant the highest professional standards throughout the company. Accordingly, we have developed and implemented policies to guarantee the highest safety, health, and equal opportunity standards at your company.

As the company has continued to excel over the last few decades, the company has ensured continuous investment in social projects in our community. Our commitment to giving back to our community has only grown with time. We are proud to state that our CSR projects have set a benchmark for other companies to follow. The schools and college at our associated educational complex continue to provide the highest standard education to more than a thousand children every year from Kindergarten to College at extremely subsidized rates. This year, we have focused on the environment in particular. Under the directions of the Board, the Management of the company has undertaken various initiatives to become more eco-friendly. Tree plantation campaigns in coordination with the local administration have begun and the company is strictly enforcing waste minimization. We are enforcing strict policies with regard to recycling and look forward to cut down on unnecessary waste by 50% this year. In the years ahead, we are excited to initiate new projects to facilitate our community.

From a record high in sugarcane prices, to one of the toughest interest-rate environments in more than a decade, this year, we at Husein have overcome a challenging business environment. These challenges do not deter us. Rather, they renew our strength and keep the


company innovating. In this difficult economy, by the grace of Allah, I am happy to humbly report, we have had another good year.

The confidence of the shareholders and other stakeholders in the management and the board has been indispensable in allowing the company to embark on a new journey from a time of crisis to a position where we have sound prospects for sustainable development, greater value creation, and stable growth in the years ahead. I look forward to welcome as many of our shareholders as possible at the forthcoming Annual General Meeting.

Our management has worked tremendously hard to steer the company to a place where we can comfortably expect sustainable development, growth, and financial success in the years ahead. I would like to take this opportunity to place on record my appreciation to all stakeholders for their continued support. In particular, I would like to acknowledge the hard work, unrelenting efforts, and steadfast dedication of the entire Husein team and look forward to the same cooperation and commitment in the future.

As always, Husein Sugar continues its unwavering support for sustainable development and remains resolute in its commitments to all its stakeholders.

Thank you,



Mian Ahmed Ali Tariq
Chairman



DIRECTORS' REPORT



Your Directors are pleased to present the 52nd Annual Report of Husein Sugar Mills Limited for the year ended September 30, 2019.

The Company's performance for the current and last year is given ahead:

OPERATIONS		2019	2018
Sugarcane crushed	(M. Tons)	491,278	600,773
Sugar produced	(M. Tons)	48,251	55,331
Molasses Produced	(M. Tons)	24,070	32,941
Sugar recovery	(%age)	9.81	9.21
FINANCIAL		Rupees in Thousand	
Sales		3,715,573	2,755,737
Gross Profit		240,082	259,095
Operating Profit		74,514	71,923
Finance Cost		221,351	141,900
Profit After Taxation		293,543	35,169
Earnings Per Share (Rupees)		9.05	1.28

CHAIRMAN'S REVIEW

The Directors of your Company fully endorse the Chairman's Review for the year ended September 30, 2019.

THE ECONOMY

Pakistan is facing one of the worst economic crises in its history. With one of the lowest tax-to-GDP ratios in the world, it is extremely difficult for the government to deliver to a country of over 220 million with a population growth of over 3% a year. Inheriting a severely devastated economy with a rising current account deficit, the government was forced to seek another IMF bailout and implement serious rectifying measures to stabilize the economy. Among other initiatives, the government has undertaken a serious effort to document the economy, has sought formal participation of previously inactive individuals and firms, and has encouraged stakeholders throughout the supply chain to register with tax authorities. This effort is extremely commendable and it is essential for as many individuals as possible to amalgamate into the economy. We support this critical decision and look forward to work with the government in this regard. Ultimately, this will provide much needed relief to the industry.

However, with such drastic changes in monetary policy and rigorous enforcement of new policies in this regard, the economy has slowed drastically. Across various industries, production has taken a serious blow, and the cost of doing business has increased considerably. Pakistan's sugar industry has not survived this economic devastation. With the policy rate at a ten-year high, it has become almost twice as expensive to access capital. Continued pressures from the Financial Action Task Force (FATF), and burdensome debt repayments have crippled the economy. Consumer demand and industrial manufacturing are at a low. Although the current deficit is improving and the Rupee seems to have finally stabilized, GDP growth is forecasted to be lower, inflation is extremely high, and unemployment is on the rise. An increase in oil prices, increased energy tariffs, and political uncertainty at home and abroad have shook international investor confidence and Foreign Direct Investment is lower than the corresponding period last year. These economic conditions make it increasingly difficult to achieve profitability and have been burdensome on the company and the industry at large.

THE INDUSTRY AT LARGE

The sugar industry in Pakistan has collectively invested hundreds of billions of rupees in capital. In other words, this would approximately be the cost to set up the industry in Pakistan today. Every year, the industry directly and indirectly provides employment to hundreds of thousands. Every year, the industry in the form of various taxes and duties contributes hundreds of billions of rupees to the national exchequer. Due to miscommunication and a lack of awareness, Pakistan's sugar industry continues to be fundamentally misunderstood. There are various factors that influence sugar prices in Pakistan's local market. Among other features, 1) the cost of sugarcane, 2) interest rates, 3) international sugar prices, 4) the price of the US Dollar, 5) inflation, 6) and sales tax and Federal Excise Duties on sugar are some essential considerations that determine the local sugar price.

1) One of the biggest misconceptions about the sugar industry is that millers have the ability to determine prices. In fact, in 2018, sugar prices across Pakistan remained severely distressed causing huge losses throughout the industry. Today, it is safe to say that Pakistan's sugar sector is one of the most fiercely competitive industries in the country. For the current crushing season (2019-20), the Government of Punjab has set a notified price for the procurement of sugarcane at Rs. 190 per Maund or 40 KG of sugarcane whereas the Government of Sindh has notified the price at Rs. 192 per 40 KG. Serious competition in the industry is made manifest by the fact that in the current season, some mills are procuring up to Rs. 240 per 40 KG. Were millers able to dictate the prices at which they procure sugarcane, sugarcane growers would not receive above the notified price per 40 KG for their produce. Rather, it is the near perfect competition in Pakistan's sugar industry resulting from basic gaps in supply and demand that has driven sugarcane costs to a level never seen before in Pakistan's history. Compared to last year, where most mills procured at Rs. 180 per 40 KG, this year has seen, on average, the mills acquire at a cost 25-30% higher than last season. In

fact, over the course of the last 20 crushing seasons, 85% of the time millers have procured cane at a higher price than the notified price.

2) Producing sugar is an inherently seasonal business. Due to the seasonal nature of the crop, sugarcane is only available for harvest between the months of November to March. On the other hand, sugar is sold all year round. If Inflow of cash is spread across twelve months and the significant majority of costs (that is sugarcane, up to 75%) are booked in four to five months, there will be an inherent need to avail financing facilities to overcome the cash flow deficit. With interest rates almost twice as high as last year, naturally, the cost to produce sugar has increased dramatically. Compared to last year, finance costs for a similar level of production are expected to be twice as high.

3) Pakistan's domestic sugar prices follow prices in the international market. In 2018, domestically, sugar was retailing in the low Rs. 50s per KG. Similarly, the international market was trading at around \$300 USD per ton. Today, as the international market has rallied to near \$400 USD per ton, market prices in Pakistan have also risen proportionately. It is incorrect to isolate Pakistan's domestic market prices from the international market. Another misconception of Pakistan's sugar industry is that it is cheaper to import sugar than to produce domestically. Today, with the international market trading at \$400 USD per ton and factoring in for transportation and associated costs, it is still cheaper to produce sugar in Pakistan than to import from the international market.

4) With the drastic depreciation of the Rupee to the US Dollar, costs of various raw materials have increased significantly. In fact, significant costs such as steel, oil, polypropylene bags, chemicals, and lubricants have increased because of the devaluation of the Rupee. Although the rupee depreciation makes it more lucrative to export Pakistani sugar, the unwillingness of the government to formulate a long-term sugar export policy has made it impossible for Pakistani millers to invest in building permanent

relationships abroad or avail much needed foreign inflows at times when export is more lucrative than the local market.

5) Inflation in Pakistan has reached unprecedented levels. Oil, gas, diesel, fertilizer, and other basic commodities such as wheat and vegetables have become more expensive. As basic commodities have become more expensive across Pakistan, the government has correctly decided to increase the minimum wage across industries in Pakistan. However, with a rise in minimum wage, there is an associated rise in the cost of manufacturing. Compared to the previous year, the cost of goods sold or administrative expenses have equitably increased.

6) In the last budget, the government increased the sales tax on sugar from 8% to 17%. Naturally, this increase in sales tax has further added to the increase on the price of Sugar. Roughly speaking, the additional burden per KG has increased by Rs. 3.60 per KG or more. If the government feels that sugar is an essential commodity that should be regulated in terms of price, it should consider reviewing this decision by revising the tax regime on sugar and providing much needed relief to household consumers. Furthermore, the government has increased duties on

various imported inputs and much needed machinery needed for routine repair, balancing, and modernization. In an already challenging economic environment, this decision has further burdened the industry through increased the costs of production and modernization of the plant.

With the factors stated above, it becomes clear why sugar prices have rallied across Pakistan towards the end of 2019. Market prices for sugar are purely dependent on supply and demand. As the cost of manufacturing continues to rise, the prices for sugar will naturally increase simultaneously. From giants of industry such as confectionary and soft drinks manufacturers to sweet shops and bakeries, roughly 65-75% of Pakistan's sugar production is consumed by industry. Although there has been no formal study on the statistics above, using the information provided by retailers and distributors, we can predict direct consumption in households of sugar is estimated at only 25-30% of the total local production or around 1.5 Million tons. Given that Sugar is an essential part of Pakistani household consumption, it is fair for the government to regulate the price of sugar to an extent. However, to force an artificial relief or subsidize sugar at large would unfairly give an advantage to industrial sugar buyers at the cost of sugar manufacturers.



Unlike the crop seasons from 2016 and 2017, last year, sugarcane under cultivation was dramatically lower. Given the short crop and climatic conditions this year, the industry is unlikely to produce more than 5-5.5 Million tons of sugar in the current crushing season. With a significant fall in sugar production and the highest cost of manufacturing on record, it is extremely likely that sugar prices will continue to rally in 2020. For the most part of last year, sugarcane farmers received payments against their crop at higher prices than the notified price floor. Despite this increase in price, the area under cultivation of sugarcane has not increased indicating that farmers are getting better returns in alternative crops. It is encouraging to see sugarcane farmers receiving higher prices for their crop than ever before. This will help alleviate the animosity of farmers with regard to losses in previous seasons and will encourage plantation of sugar cane in the forthcoming years.

Although Pakistan is the world's fifth largest with regards to area under sugarcane, it is only the world's seventh largest producer in terms of sugar and ranks 60th with regards to yield per acre of sugarcane. In order to be internationally competitive, it is crucial that the government formulates progressive policies for the sugar industry. For example, the price of sugarcane has been linked to the weight of sugar throughout the history of Pakistan. In order to compete internationally, certain policy changes are required at a government level. Almost all sugar-exporting countries internationally have linked the price of sugarcane with the amount of its sucrose content. Pakistan needs to follow suit. Similarly, Pakistan has almost no research and development in the sugarcane or sugar industry. The government in coordination with the private sector needs to provide sufficient funding to agricultural institutes to develop high sucrose varieties and help educate farmers to implement techniques that lead to higher yields per acre under cultivation. If done successfully, Pakistan with the same amount of area under cultivation and investment in sugarcane

annually, can achieve much higher production. This excess production under a long-term strategy can produce surplus supplies of sugar for export and reduce the current account deficit drastically.

OPERATIONAL RESULTS

The management at Husein has always emphasized on staying ahead of the market. Acting upon our market intelligence and foreseeing that the surplus of sugar would evaporate by the end of the year, the management pursued a relatively conservative selling strategy. This policy paid off and your company managed to materialize gains at lucrative prices. For this financial year, your company has recorded sales of PKR 3.71 Billion compared to PKR 2.75 Billion the year earlier. It is important to note that the increased sales, which have validated our selling strategy, have resulted from an increase in sales price rather than an increase in volume. Foreseeing that market prices for the commodity were bound to increase significantly at the end of the year, the management of your company decided to retain a significant quantity of sugar this year. In order to rationalize the gains from the increase in the price of sugar, inventory was held for a significant period. The corresponding phenomenal increase in financial charges that have increased more than 56% as compared to the corresponding period last year have eroded profitability. With the recent rise in sugar prices, the sugar stocks that the management decided to keep throughout the last year has given a handsome return in the profitability margin for those stocks. For the current year, Gross Profit was recorded at Rs. 240 million and Profit after Taxation has been recorded at PKR 293.5 million.

This year Husein Sugar crushed more than 491,278 tons of sugarcane at a recovery of 9.81 as compared to last year's crushing of 600,773 tons at a recovery of 9.21. The 18% drop in cane crushed is attributed to reduce sugarcane availability nationwide. As we continue to improve the efficiency of our plant, the latest machinery is being procured to enhance the quality and productivity of our products and processes.



INNOVATIONS AND NEW AVENUES

Not only have we invested in the latest machinery to increase the efficiency of our plant, but we have also invested in the latest software and internal control systems to maximize productivity. This year, we have revamped our reporting systems to provide accurate real time intelligence to our policy makers timely. We are also exploring new technologies to improve communication with stakeholders such as cane growers and incorporate the latest software systems to maximize efficiency across the company.

Building on our exports from last year, we have renewed contracts with our partners in Canada and Afghanistan for the export of the company's sugar. Not only have we availed the export potential, but we have made inroads in the domestic retail market. This year, we have dispatched more IKG and Sachets of our brand, Krystal, than ever before. Year on year, we forecast greater growth in our retail packaging division. After aggressively infiltrating the Lahore market, we are looking to other cities to expand sales.

HEALTH AND SAFETY

At Husein, we make no compromises on the health and safety of our employees. This year, we have taken measures to implement the latest international

techniques to improve and enhance the working conditions of our workers to maintain the highest safety and health standards. We are committed to providing a hygienic and secure environment for our employees, stakeholders, and visitors. Our top priority is always safety and this year, we have continued to build upon the progress of earlier years. We continue to take measures to ensure the same level of safety and health in the future.

THE ENVIRONMENT AND CLIMATE CHANGE

Another priority of ours is the environment. With record levels of poor air quality in Punjab, to some of the lowest temperatures recorded in previous years the effects of climate change are becoming increasingly clearer every year. As responsible corporate citizens, we share a collective responsibility in protecting the ecosystem that permits our operations, development, and growth. In this regard, along with the coordination of the local administration, we have embarked on various eco-friendly projects. We have begun a tree plantation campaign and have made significant progress in minimizing our waste through renewed investment in recycling among other initiatives. We look forward to working with local

partners and other stakeholders to do our part in ensuring that all Husein products are made in a responsible and environmentally friendly manner. We are also exploring new technologies to innovate and improve our processes.

It is recommended that the government in coordination with farmers and millers formulate a long-term policy with regard to the sustainability of the environment. Compared to other crops, sugarcane is unique in that almost all of its by-products can be used for value addition. Not only is sugarcane used to manufacture sugar, but can also be used to generate electricity, ethanol, and fertilizer. With a comprehensive private-public policy, new avenues can be used to generate additional value in the supply chain of sugarcane.

FUTURE OUTLOOK

For the current crushing season the government of Punjab has notified a support price of sugar cane for crushing season 2019-20 at Rs.190 per 40 kg. Based on the area of sugarcane under cultivation, the average yield per acre of sugarcane, and the varieties of sugarcane planted, it is expected that sugar production for the upcoming year will be lower than last year. The company started its crushing season from the 25th November, 2019 as compared to the 9th of December, 2018 last year in sight. Due to an increase in molasses prices in the domestic market, a smaller sugarcane crop compared to last year, and a forecasted global shortage of sugar, mills across Pakistan started an earlier crushing season. To try and procure a higher percentage of cane available, millers had started a price war driving cane prices to unprecedented levels, about 22% higher than the government's notified price. Soon thereafter, realizing that the cost of production is much higher than the wholesale price of sugar, and factoring in the lower supply of sugarcane due to extreme temperatures across the country, millers were forced to shut production mid-season for about ten days to cool down sugar cane prices.

However, the unfortunate delay in crushing means a gross loss for Pakistan's agriculture sector. This year, due to climatic reasons, the yield per acre for

farmers across Pakistan is almost 10% lower than last year. Furthermore, due to the unfavorable market conditions of the sugar sector the previous year, many farmers opted to plant different crops this year. Thus, the expected cultivation of sugarcane and manufacturing of sugar in Pakistan is forecasted to be much lower this year. This will necessarily have an impact in domestic sugar prices. This coupled with increasing costs of manufacturing due to higher costs of sugarcane, higher interest rates, and inflation in general will no doubt lead to higher costs of sugar.

The company has made significant progress with regard to its Efficiency Improvement Project (EIP) that aims to reduce operational losses considerably and multiply savings in fuel consumption.

With sugarcane prices and interest rates at new highs, it has been one of the toughest years on record. We at Husein have not been deterred by the challenges. Rather, we have faced the difficulties head on and persevered. Since 2015, Husein Sugar's story has been one of recovery, rejuvenation, and resilience. As has been the case in the last two years, in 2020, you can expect a story of growth.

CORPORATE SOCIAL RESPONSIBILITY

The Company provides a safe, healthy, and friendly atmosphere to its all employees, besides promoting a culture of tolerance, mutual respect, and openness.

Apart from offering apprenticeship to fresh graduates and postgraduates, the Company maintains an employment policy purely on the basis of merit. In tune with the vision set forth by the Board of Directors, the Company ensures an equal employment opportunity is provided to all potential employees. Furthermore, the company has a strict zero tolerance policy with regard to discrimination. The company also provides employment to physically handicapped and special persons to maximize their potential and integrate them into the community.

As a responsible corporate entity, the Company continues to work with government functionaries and other local representatives to maximize the development of the local community.



The Company has, for this purpose, established non-profit institutions for the welfare of the poor and needy, primarily in the field of education and health. Over the course of the company's history, the aforesaid institutions have provided free medical facilities and quality education to tens of thousands of individuals in the area.

DIVIDEND

The Directors have recommended payment of Final Cash Dividend for the year ended September 30, 2019 @ Rs. 0.30 per share (3%) to all the shareholders of the Company.

BONUS SHARES

The Directors have recommended issuance of Bonus Shares in proportion of 07 ordinary shares for every hundred (100) Ordinary shares held by the members (i.e. 7%) by capitalization of a sum of Rs. 25,200,000 out of the share premium account.

TRANSFER FROM GENERAL RESERVES

The Board of Directors has approved the transfer of rupees 169,450,000 from General Reserves to accumulated profits during the year.

DEBT SERVICING

All short term and long term loans are being serviced to the fullest satisfaction of lenders.

MODERNIZATION AND EFFICIENCY IMPROVEMENT

It is your Company's policy to constantly invest and explore options for strategically expansion, technological advancement, and/or environment safety. Cutting edge technologies in key areas of the sugar plant are being incorporated to enhance overall efficiencies and reduction in overall cost of production are being adopted.

EARNINGS PER SHARE

Your Company's post-tax profit of RS 293.543 million translates into earning per share Rs. 9.05 as compared to earning per share of Rs 1.28 last year.

CORPORATE GOVERNANCE

BEST CORPORATE PRACTICES

The directors of the company are committed to good corporate governance and are compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule Book of Pakistan Stock Exchange. The statement of compliance with the CCG Regulations, 2019 is enclosed.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

1. These financial statements prepared by the management of the Company

present a fair state of affairs of the company, the results of its operations, cash flows and changes in equity.

2. Proper books of accounts of the Company have been maintained as required by the Companies Act, 2017.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
4. The International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as listed in the listing regulations of the Pakistan Stock Exchange where the Company is listed.
- Key operating and financial data for last six years in summarized form is annexed.
- The Provident Fund is managed by a duly executed separate Trust and the Trust has invested Rupees 109.476 million, as at June 30, 2019 (2018: Rupees 112.283 million).

PATTERN OF SHAREHOLDING AND SHARES TRADED

A statement of the pattern of shareholding as at September 30, 2019, which is required to be disclosed under the reporting framework, is annexed to this report.

Detail of trade in the shares of the Company by Directors, and other executives their spouses and minor children is as under:

Trade in Shares:

Mr. Ahmed Ali Tariq Chairman	191,500
Mr. Mustafa Ali Tariq Chief Executive	22,500
Mrs. Maryam Habib Executive Director	102,500

COMPOSITION OF THE BOARD

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

The total number of directors is Seven (7) as per the following:

CATEGORY	NO OF DIRECTOR
Male Directors	5
Female Directors	2

The composition of board is as follows:

CATEGORY	NAMES
Independent Director	Mr. Taufiq Ahmad Khan
Executive Director	Mr. Mustafa Ali Tariq
Non-Executive Directors	Mr. Ahmed Ali Tariq Mr. Muhammad Iftikhar Mr. Muhammad Imran Khan
Female Directors	Mrs. Nusrat Shamim (Non-Executive Director) Mrs. Maryam Habib (Executive Directors)

Audit Committee

The Board of Directors has established Audit Committee in compliance with the Code of Corporate Governance. A chairman heads the Audit Committee, which consists of three members. The committee regularly meets with the Chief Financial Officer and the Head of Internal Audit to review and ensure that the highest accounting standards are being maintained. The Audit Committee comprises of the following members:

DIRECTORS' NAMES	STATUS	CATEGORY
Mr. Taufiq Ahmad Khan	Independent Director	Chairman
Mr. Ahmed Ali Tariq	Non Executive Director	Member
Mr. Muhammad Imran Khan	Non Executive Director	Member

The Audit Committee reviewed the quarterly, half yearly, annual financial statements along with the related party transaction register before submission to the Board. The Audit Committee also reviewed the internal audit department's findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

Human Resources and Remuneration (HR&R) Committee

Human resource planning and management is one of the most important focus points at the highest management level. The Company has a Human Resource and Remuneration Committee, which is involved in the selection, evaluation, compensation, and succession planning of key management personnel. It is also involved in endorsing improvements in Company's human resource policies and procedures and their periodic appraisal. The Human

Resources and Remuneration Committee comprises of the following members:

DIRECTORS' NAMES	STATUS	CATEGORY
Mian Ahmed Ali Tariq	Non Executive Director	Chairman
Mr. Taufiq Ahmad Khan	Independent Director	Member
Mian Mustafa Ali Tariq	Chief Executive Director	Member

Meetings of Board of Directors

The Board of the Company met four times during the current year in Pakistan and the attendance of the directors is summarized below:

DIRECTORS' NAMES	STATUS	NO OF MEETINGS ATTENDED
Mr. Ahmed Ali Tariq	Chairman	4
Mr. Mustafa Ali Tariq	Chief Executive Officer	4
Mrs. Nusrat Shamim	Non Executive Director	3
Mrs. Maryam Habib	Executive Director	4
Mr. Taufiq Ahmad Khan	Independent Director	4
Mr. Muhammad Iftikhar	Non Executive Director	4
Mr. Muhammad Imran Khan	Non Executive Director	4

Leaves of absences were granted to the directors who could not attend the Board meetings.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer have separate and distinct roles. The Chairman has all the powers vested under the Code of Corporate Governance and presides over Board meetings. The principal role of the Chairman is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company through the Chief Executive Officer. The

Chairman is independent from management and free from any interest and any business or other relationship which could conflict with the Chairman's independent judgment. The Chief Executive Officer performs his duties under the powers vested by the law and the Board. The Chief Executive Officer recommends and implements business strategy and is responsible for the overall control and operations of the Company.

DIRECTORS TRAINING PROGRAMME (DTP)

The Board remained fully compliant with the provision with regard to their Directors' Training Program (DTP). Out of seven directors, four (04) directors have completed the Director's Training program in prior years and the remaining directors shall obtain certification under the DTP in due course of time.

SIGNIFICANT FEATURES OF DIRECTORS' REMUNERATION POLICY

The Board of Directors has approved a formal policy for remuneration of executive directors based on their responsibilities. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully. Remuneration of executive directors is approved by the Board, as recommended by the Human Resource and Remuneration Committee.

RELATED PARTIES TRANSACTIONS

All related parties transactions entered into are at arm's length basis and were reviewed and approved by the Board Audit Committee as well as the Board of Directors of the Company in compliance with the Code of Corporate Governance and the Companies Act, 2017. The detail of transactions with the related parties is provided in the financial statements.

APPROVAL OF SCHEME OF MERGER

During the year under review, the Honourable Lahore High Court, Lahore has sanctioned the scheme of merger/amalgamation of STPL with and into your company. Accordingly 967,100 ordinary shares have been allotted to shareholders of STPL in compliance with the swap ratio (3.80 shares of HSM against 01 shares of STPL) sanctioned by

the Honourable Court. By the Grace of Allah, all post merger formalities have been successfully completed.

COMMUNICATION

The Company focuses on the importance of the communication with the shareholders. The annual, half yearly, and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The website of the Company is compliant to all requirements of Securities and Exchange Commission of Pakistan (SECP), and all the information relating to the Company is available on the website. Stakeholders and members of the general public can visit the company's website www.husein.pk to get their desired information.

SAFEGUARDING OF RECORDS

The company puts great emphasis for storage and safe custody of its financial records. The access to electronic documentation has been secured through implementation of a comprehensive password protected system.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors has made an efficient system of internal financial controls. They confirm to comply with the Listed Companies Code of Corporate Governance except as disclosed in Statement of Compliance, with applicable laws, regulation and have been effectively implemented and monitored. Internal Audit function of our company regularly appraises the financial controls and Audit committee reviews the internal controls and Financial accounts on quarterly basis.

BOARD EVALUATION

In compliance with the Code of

Corporate Governance, the Board approved self-evaluation mechanisms for evaluation of performance of the Board, its directors and committees through discussion and questions focusing on the Board's scope, objectives, functions, responsibilities, the Company's performance and monitoring. The Board has evaluated all the factors based on the inputs of the Directors made in the Board Meeting.

EXTERNAL AUDITORS

The present Auditors M/s. Kreston Hyder Bhimji & Co. Chartered Accountants, retire at the conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. 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, 2020.

APPRECIATION

The generation of long-term shareholder value is the primary driving force of our company. The continued confidence and trust of our shareholders is of the utmost importance to us. At Husein - we have always strived to maximize our shareholder's equity and we remain determined in our commitment. This would not be possible without the continued support of all our stakeholders. The Board acknowledges with thanks the continued support and cooperation extended by the shareholders, bankers, sugarcane farmers and all other stakeholders. The Board also places on record its appreciation for employees of the Company for its devotion and hard work.

For and on Behalf of the Board of Directors,

Lahore
22 January 2020

MIAN MUSTAFA ALI TARIQ
Chief Executive Officer

MIAN AHMED ALI TARIQ
Chairman



PERFORMANCE AT A GLANCE



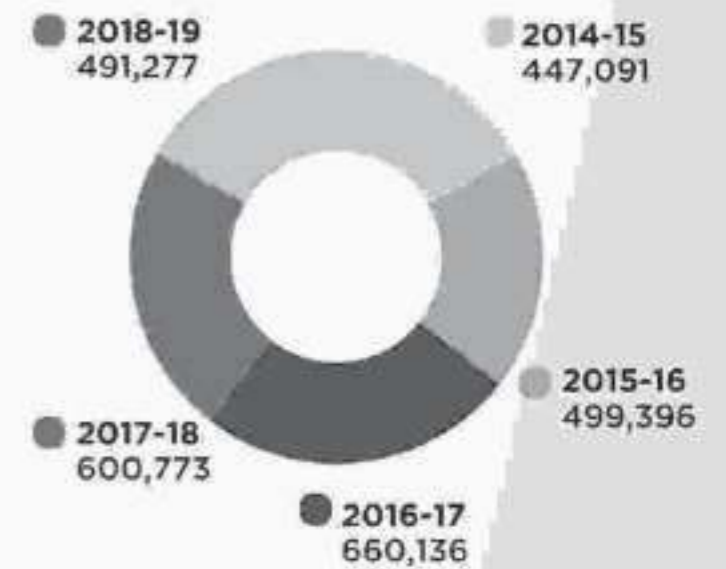
SALES ANALYSIS

SALES BREAK UP-CURRENT YEAR



CANE CRUSHING

Five Years Comparison of Sugarcane Crushing (M. Tons)







HUSEIN SUGAR MILLS LIMITED

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

1. The total number of directors are seven as per the following:

CATEGORY	NO OF DIRECTORS
Male Directors	5
Female Directors	2

2. The composition of board is as follows:

CATEGORY	NAMES
Independent Director	Mr. Taufiq Ahmad Khan
Executive Director	Mr. Mustafa Ali Tariq
Non-Executive Directors	Mr. Ahmed Ali Tariq
	Mr. Muhammad Iftikhar
	Mr. Muhammad Imran Khan
Female Directors	Mrs. Nusrat Shamim
	Mrs. Maryam Habib

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

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

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

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board remained fully compliant with the provision with regard to their Directors' Training Program. Out of seven directors, four (04) directors have completed the Director's Training program in prior years and the remaining directors shall obtain certification under the DTP in due course of time.

10. All appointments (including remuneration, terms and conditions of employment) of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit have been duly approved by the Board as per the requirements of applicable provisions of the Act and the Regulations.

STATEMENT OF COMPLIANCE



WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS , 2019

Name of Company: Husein Sugar Mills Limited
Year Ended: 30 September 2019

STATEMENT OF COMPLIANCE



AUDIT COMMITTEE:

NAME OF DIRECTOR	DESIGNATION
Mr. Taufiq Ahmad Khan	Chairman
Mian Ahmed Ali Tariq	Member
Mr. Muhammad Imran Khan	Member

HR AND REMUNERATION COMMITTEE:

NAME OF DIRECTOR	DESIGNATION
Mian Ahmed Ali Tariq	Chairman
Mr. Taufiq Ahmad Khan	Member
Mr. Mustafa Ali Tariq	Member

11. The CEO and CFO duly endorsed the financial statements before approval of the Board.
12. The board has formed committees comprising of members given below:
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee: Four quarterly meetings during the financial year ended September 30,2019
 - b) HR and Remuneration Committee: One meeting during the financial year ended September 30,2019
15. The Board has set up an effective internal audit function controlled by internal audit department, which is comprised of qualified and experienced professionals for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firms involved in the audit are not a close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or any Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Lahore: January 22, 2020

MIAN AHMED ALI TARIQ
Chairman

TO THE MEMBERS OF HUSEIN SUGAR MILLS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Husein Sugar Mills Limited for the year ended September 30, 2019 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Lahore: January 22, 2020

Kreston Hyder Bhimji T.G.
KRESTON HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REVIEW REPORT





TO THE MEMBERS OF HUSEIN SUGAR MILLS LIMITED Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting Standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 2019 and of the 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

INDEPENDENT AUDITORS' REPORT



Following are the Key Audit Matter(s):

S.No.	Key Audit Matter(s)	How the Matter was addressed in audit
1	Capitalization of Property, Plant and Equipment:	
	<p>The Company has made significant capital expenditure on balancing and modernization to improve plant efficiency and product quality as discussed in note - 15 to the annexed financial statements.</p> <p>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on capitalization of borrowing costs and depreciation charge for the year.</p>	<p>Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> • Understand the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; • Test on a sample basis, the costs incurred on projects with supporting documentation and contracts; • Assess the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy discussed in note 4.9 to the financial statements and applicable accounting standards; and • Verify supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.
2	Inventory	
	<p>As at September 30, 2019 inventory comprises consumable stores and spares and stock in trade as disclosed in note - 19 to the annexed financial statements.</p> <p>There is a risk in estimating the eventual NRV of items held, as well as assessing which items may be slow-moving or obsolete.</p> <p>The Company's principal accounting policy on inventory and the critical accounting estimates, judgements and assumptions are disclosed in note 4.12 to the annexed financial statements.</p>	<p>Our audit focused on whether the valuation of year-end inventory was in line with IAS 2. This included challenging judgements taken regarding obsolescence and net realizable value provisions.</p> <p>We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventory by:</p> <ul style="list-style-type: none"> • Checking the effectiveness of controls associated with the existence and condition of inventories by attending inventory counts at year end with sample / verification test; • Critically assessing the Company's provisioning policy, with specific

S.No.	Key Audit Matter(s)	How the Matter was addressed in audit
1	Capitalization of Property, Plant and Equipment:	
	<p>Further, stock in trade in financial statements as disclosed in note - 19 includes:</p> <ul style="list-style-type: none"> • By-products comprising press mud, bagasse and molasses; • Work-in-progress mainly comprising sugar in process and molasses in process; and • Finished goods in the shape of refined sugar. <p>The press mud and bagasse is stored in the opened area in the form of stockpiles. As the weighing of these inventories of stock in trade is not practicable, management assesses the reasonableness of the quantities on hand by obtaining measurements of stockpiles and converting these measurements to unit of volumes by using angle of repose.</p> <p>Due to the significance of inventory balances of consumable stores and spares and stock in trade and related estimations involved, this is considered as a key audit matter.</p>	<p>consideration given to aged / slow-moving inventory;</p> <ul style="list-style-type: none"> • Assessed the management's process of measurement of stockpiles and the determination of values using conversion of volumes to total weight; • Obtained and reviewed the inventory valuation report relating to press mud, bagasse and molasses of the external surveyor and assessed its accuracy and authenticity; and • Tested the NRV of the inventories held by performing a review of sales close to and subsequent to the year end.
3	Revenue Recognition	
	<p>As per ISA 240, there is a presumed risk of material misstatement due to inappropriate revenue recognition. This may either result from an overstatement of revenues through premature revenue recognition or recording fictitious revenues or understatement of revenues through improperly shifting revenues to a later period.</p> <p>These revenue may also be manipulated through the use of inappropriate rates for the overstatement / understatement of revenue to achieve desired financial results.</p>	<p>In this regard, our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Understanding the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes employed by the company. • Performing cut-off procedures for a sample of revenue transactions at year end in order to conclude as to whether they were recognized at the moment the related goods actually sold. • Analyzing other adjustments and credit notes issued after the reporting

S.No.	Key Audit Matter(s)	How the Matter was addressed in audit
1	Capitalization of Property, Plant and Equipment:	
	<p>The accounting policy related to recognition of revenue by the company is provided in note 4.26 to the annexed financial statements.</p> <p>In view of significant value of transactions and presumed risk of material misstatement involved, we have considered this as a key audit matter.</p>	<p>date.</p> <ul style="list-style-type: none"> Performing analytical procedures on entries in the daily ledger related to revenue made by the Company. These procedures were carried out by paying special attention to accounting entries recorded close to the yearend or subsequently, as well as those deemed unusual, among other reasons, due to their nature, amount and date of occurrence. Reviewing disclosures included in the notes to the annexed financial statements.
4	Taxation:	
	<p>As described in Summary of Significant Accounting Policies in note - 4.3, significant judgment is required in determining the provision for income tax, both current and deferred, as well assessment of provision for uncertain tax positions including estimates of penalties / default surcharge, where appropriate.</p> <p>The statement of financial position includes tax refund due from Government net of provision of Rs. 62,348 million together with net deferred tax liability of Rs. 120,334 million. The tax credit recognized in the statement of profit or loss is Rs. 19,642 million. Detail of deferred taxation and taxation expense / credit is disclosed in notes - 10 and 31 to the annexed financial statements respectively.</p> <p>Due to their significance to the financial statements as a whole, combined with the judgement and estimation required to determine their values, the evaluation of current and deferred tax balances is considered to be a key audit matter.</p>	<p>We evaluated the design and implementation of controls in respect of provisions for current tax and the recognition of deferred tax.</p> <p>We discussed with management the adequate implementation of company policies and controls regarding current and deferred tax as well as the reporting of uncertain tax positions.</p> <p>We examined the procedures in place for the current and deferred tax calculations for completeness and valuation and audited the related tax computations and estimates in the light of our knowledge of the circumstances. Our work was conducted with our firm's tax department.</p> <p>We considered management assessment of the validity and adequacy of provision for uncertain tax provision, evaluating the basis of assessment and reviewing relevant correspondence and legal advice where available including any information regarding similar cases with the relevant tax authorities.</p> <p>In respect of deferred tax assets and liabilities, we assessed the appropriateness of management assumptions and estimates.</p> <p>We Reviewed disclosures included in the notes 10 and 31 to the annexed financial statements.</p>

S.No.	Key Audit Matter(s)	How the Matter was addressed in audit
5	Contingencies:	
	<p>The Company is subject to a number of legal, regulatory, tax and competition matters, many of which are beyond its control. Consequently, the management make judgements about the incidence and quantum of such liabilities arising from litigation, tax and regulatory or competition claims which are subject to the future outcome of legal or regulatory processes.</p> <p>There are a number of legal and regulatory matters for which no provision has been established, as discussed in note - 15 to the annexed financial statements.</p> <p>There is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis, therefore, considered to be a key audit matter. Importantly, the decision to recognize a provision and the basis of measurement are judgmental.</p>	<p>We assessed and tested the design and operating effectiveness of the controls over the identification, evaluation, provisioning and reporting of legal, tax, regulatory and competition matters. It is determined that we could rely on these controls for the purposes of our audit.</p> <p>In view of the significant judgements required, we evaluated the Company's assessment of the nature and status of litigation, claims and provisional assessments, if any, and discussed with management to understand the legal position and the basis of material risk positions. We received legal letters from the Company's external counsels setting out their views in major cases.</p> <p>Specifically, we discussed with management the timing of recognition for cases where there was potential exposure as it was not that a provision determinable was required e.g. where obtaining reliable estimates were not considered possible.</p> <p>As set out in the financial statements, the outcome of litigation and regulatory claims are dependent on the future outcome of continuing legal and regulatory processes and consequently the calculations of the provisions are subject to inherent uncertainty.</p>
6	Borrowings	
	<p>During the year, an associated company i.e. Styles & Trends (Pvt.) Limited merged with and into the Company pursuant to a scheme of amalgamation / arrangement approved by Honourable Lahore High Court, Lahore.</p> <p>In the absence of specific guidance i.e. recognition, measurement and disclosure regarding such type of common control transactions in the International Financial Reporting Standard (IFRS) 3 'Business</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Updated our understanding of the Company's plan by reading and inspecting the minutes of the meeting of the Board of Directors and members. Obtained and reviewed the order of the Court. Verified that the accounting of amalgamation by using pooling of interest method is according to requirements of applicable accounting and reporting framework.

S.No.	Key Audit Matter(s)	How the Matter was addressed in audit
	<p>Combinations', the Company selected an appropriate accounting policy using the 'hierarchy' described in paragraphs 10-12 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.</p> <p>Therefore, this amalgamation / arrangement was accounted for using pooling of interest method retrospectively.</p> <p>The accounting policy in this regard and related disclosures are disclosed in note 1.2, 4.27 and 41 to the annexed financial statements.</p> <p>Given the significance of the accounting and disclosures of amalgamation in the overall context of the annexed financial statements, the area remained our focus area throughout the audit, hence a key audit matter.</p>	<ul style="list-style-type: none"> Verified that the related disclosures are in accordance with the requirements of the applicable accounting and reporting framework.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon.

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

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

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the 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. The Board of directors is responsible for overseeing the company's financial reporting process.

Auditors' 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 to 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.

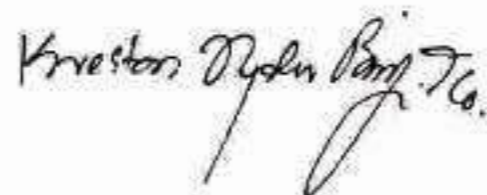
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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/branches as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows (together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Shabir Ahmad, FCA.



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

LAHORE: January 22, 2020



FINANCIAL STATEMENTS



HUSEIN SUGAR MILLS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	Note	2019 Rupees	Restated 2018 Rupees	Restated October 01, 2017 Rupees
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Issued, subscribed and paid-up ordinary share capital 36 million (30 September 2018: 25 million) ordinary shares of Rupees 10 each	5	360,000,000	250,000,000	250,000,000
Capital reserves				
Reserve for shares to be issued pursuant to scheme of arrangement		-	9,671,000	9,671,000
Reserve arising as a consequences of scheme of arrangement		70,694,859	70,694,859	70,694,859
Share premium account	6	141,093,550	141,093,550	141,093,550
Surplus on revaluation of property, plant and equipment	7	1,725,506,614	1,777,492,862	1,822,091,754
		1,938,295,023	1,998,952,271	2,043,551,163
Revenue reserves				
General reserves		-	169,450,000	169,450,000
Accumulated profit / (loss)		102,944,970	(415,938,796)	(511,119,452)
		102,944,970	(246,488,796)	(341,669,452)
Directors' loans - related parties	8	446,380,983	530,351,753	531,851,753
		2,847,620,976	2,532,815,228	2,483,733,464
NON-CURRENT LIABILITIES				
Long term finance	9	277,662,559	-	-
Deferred tax liability - net	10	120,333,836	165,126,216	196,995,432
		397,996,395	165,126,216	196,995,432
CURRENT LIABILITIES				
Trade and other payables	11	386,445,064	593,173,293	368,016,596
Contract liabilities	12	489,959,343	199,326,857	155,198,021
Short term borrowings	13	411,382,178	1,580,874,527	511,502,177
Accrued mark-up on secured borrowings	14	31,474,678	64,934,674	10,391,674
Current portion of long term finance	9	74,910,714	-	5,874,760
Unclaimed dividend		1,208,089	1,208,089	1,208,089
		1,395,380,066	2,439,517,440	1,052,191,317
CONTINGENCIES AND COMMITMENTS				
	15			
TOTAL EQUITY AND LIABILITIES		4,640,997,437	5,137,458,884	3,732,920,213

The annexed notes from 1 to 45 form an integral part of these financial statements.

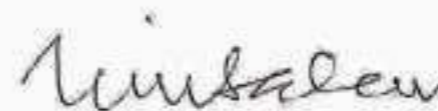
LAHORE

CHIEF EXECUTIVE OFFICER

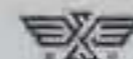
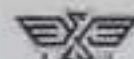


	Note	2019 Rupees	Restated 2018 Rupees	Restated October 01, 2017 Rupees
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	16	3,318,051,479	3,231,125,353	3,096,793,425
Intangible assets	17	-	-	-
Long term deposits	18	22,073,148	11,885,573	9,246,940
		3,340,124,627	3,243,010,926	3,106,040,365
CURRENT ASSETS				
Inventory	19	335,903,774	1,094,561,253	381,377,434
Trade and other receivables	20	659,067,826	682,485,510	49,290,097
Advances, deposits and prepayments	21	150,017,601	32,628,380	80,547,045
Short term investments	22	22,606,830	-	-
Tax refund due from Government - income tax		62,347,548	66,514,090	54,835,079
Cash and bank balances	23	70,929,231	18,258,725	60,830,193
		1,300,872,810	1,894,447,958	626,879,848
TOTAL ASSETS		4,640,997,437	5,137,458,884	3,732,920,213

CHIEF FINANCIAL OFFICER



DIRECTOR

HUSEIN SUGAR MILLS LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 Rupees	2018 Rupees
REVENUE FROM CONTRACT WITH CUSTOMERS - NET	24	3,715,572,674	2,755,736,878
COST OF REVENUE	25	(3,475,490,206)	(2,496,641,826)
GROSS PROFIT		240,082,468	259,095,052
OPERATING EXPENSES			
Administrative and general expenses	26	(141,129,901)	(163,035,520)
Selling and distribution cost	27	(18,030,206)	(16,069,889)
Other operating expenses	28	(6,408,173)	(8,066,199)
		(165,568,280)	(187,171,608)
PROFIT FROM OPERATIONS		74,514,188	71,923,444
OTHER INCOME	29	460,021,435	102,769,742
FINANCE COST	30	(221,350,835)	(141,900,489)
PROFIT BEFORE TAXATION		313,184,788	32,792,697
TAXATION	31	(19,642,159)	2,376,121
PROFIT AFTER TAXATION		293,542,629	35,168,818
EARNINGS PER SHARE OF RUPEES 10 EACH - BASIC AND DILUTED	32	9.05	1.28

The annexed notes from 1 to 45 form an integral part of these financial statements.

LAHORE CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

HUSEIN SUGAR MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 Rupees	Restated 2018 Rupees
PROFIT AFTER TAXATION	293,542,629	35,168,818
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	293,542,629	35,168,818

The annexed notes from 1 to 45 form an integral part of these financial statements.

LAHORE CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

HUSEIN SUGAR MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 SEPTEMBER 2019

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Husein Sugar Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is principally engaged in the business of production and sale of sugar and its by-products. Its registered office is situated at 180 Abu Bakar Block, New Garden Town, Canal Road, Lahore, whereas its mill / plant is situated at Lahore Road, Jaranwala, district Faisalabad.

These financial statements are of the individual entity i.e. Husein Sugar Mills Limited.

1.2 Amalgamation of Husein Sugar Mills Limited and Styles & Trends (Pvt.) Limited - an associated company

During the current year the Honourable Lahore High Court, Lahore through its order vide CO. NO. 189820 of 2018 dated December 17, 2018 has approved the scheme of amalgamation (the Scheme) and granted sanction order for the amalgamation of Styles & Trends (Pvt.) Limited with and into Husein Sugar Mills Limited. The proposal for the amalgamation and a scheme of amalgamation was approved by the Board of Directors and shareholders of the Company and Styles & Trends (Pvt.) Limited. Pursuant to the aforementioned approvals and the sanction of the scheme of amalgamation by the Honourable Lahore High Court, Lahore, the entire undertakings of Styles & Trends (Pvt.) Limited including properties, assets, liabilities and the rights and obligations of Styles & Trends (Pvt.) Limited with effect from date of allotment of shares by the Company to shareholders of Styles & Trends (Pvt.) Limited, have been amalgamated into and vest in the Company. Property, plant and equipment of Styles & Trends (Pvt.) Limited were revalued by independent valuers as at September 26, 2017. The fair values of property, plant and equipment, all other assets and liabilities approximate their carrying amounts as at the date of amalgamation. In consideration of amalgamation, 967,100 fully paid ordinary shares of Rs. 10 each were issued to the registered shareholders of Styles & Trends (Pvt.) Limited in the swap ratio of 3.8 against each one share of Styles & Trends (Pvt.) Limited.

This amalgamation was accounted for in the books using "Pooling of interest" method as it was a business combination of entities under common control and not covered under the scope of IFRS - 3 "Business Combinations". The difference in the net assets of Styles & Trends (Pvt.) Limited, the merging entity, and the above shares issued to the shareholders of Styles & Trends (Pvt.) Limited has been carried in the equity under "Reserve arising on amalgamation".

Further, since "Pooling of interest" method assumes that Styles & Trends (Pvt.) Limited was merged with and into the Company from the beginning of the earliest period presented, therefore, the issue of share capital and adjustments arising from amalgamation have been shown as at October 01, 2017. The statement of profit or loss, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year ended September 30, 2018 represent the results of operations of the company being a merged entity.

Further, the corresponding figures reported in the balance sheet represent the balances of the Company being merged entity as at September 30, 2018.

2. 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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

3. BASIS OF MEASUREMENT

a) Accounting convention

These financial statements have been prepared following accrual basis of accounting except for cash flow statement.

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the following material items in the statement of financial position:

- Inventories which are valued at lower of weighted / moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;
- Freehold land, buildings on freehold land and plant and machinery which stands at revalued amount in accordance with IAS 16; and
- Certain financial instruments which are carried at their fair value in accordance with IFRS 9.

b) Functional and presentation currency

The financial statements are presented in Pakistani Rupee (Rs.) which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees which has been rounded to nearest rupee, unless otherwise indicated.

c) Critical accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

Description	Note
• Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses)	4.3
• Estimation of provisions	4.7
• Estimation of contingent liabilities	4.8
• Useful lives and residual values of property, plant and equipment	4.9
• Useful lives, residual values and amortization method of intangible assets	4.10
• Fair value of property, plant and equipment	16
• Inventories (stock in trade and consumable stores and spares)	4.12
• Impairment of financial assets	4.13
• Impairment loss of non-financial assets other than inventories	4.16
• Classifications	

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

d) Standards, interpretations and amendments applicable to the financial statements for the year ended 30 September 2019

During the year certain amendments and interpretations to approved accounting and reporting standards been made which are mandatory for the company's annual accounting period begin on October 01, 2018. However, these do not have significant impact on company's financial reporting and therefore, not detailed in these financial statements.

In addition to the above the following new standards have become applicable.

IFRS - 9 'Financial Instruments'

This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets as hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model. On October 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 October 2018:

Financial Instruments	Original Classification under IAS 39	New Classification under IFRS 9	Original Carrying amount	New Carrying amount
(Rupees)				
Long term security deposits	Loans and receivables	Amortized Cost	774,440	774,440
Trade and other receivables	Loans and receivables	Amortized Cost	613,768,760	613,768,760
Advances, deposits and prepayments	Loans and receivables	Amortized Cost	1,759,734	1,759,734
Cash and bank balance	Loans and receivables	Amortized Cost	18,258,725	18,258,725
			634,561,659	634,561,659

Adoption of IFRS 9 did not have any impact on the profit or loss and OCI for the year ended September 30, 2019.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss. Previously, the Company's approach was to include the impairment of trade receivables in other operating expenses.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see note 4.18.

IFRS - 15 'Revenue from contracts with customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time requires judgment. The Company is manufacturing and sale of sugar include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company except for the reclassification of advances from customers to contract liabilities. However, related changes to the accounting policies have been made in these financial statements.

Impact on financial statements

As at 01 October 2018, contract liabilities were increased by Rs. 199.327 million and advance from customers decreased by the same amount.

Amendments not yet effective

IFRS 16

This standard will be effective for the company's annual accounting period beginning from October 01, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. At present the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company.

Additionally there are other new standards, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after October 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Certain comparative amounts in the statement of financial position and statement of profit or loss have been restated, reclassified or re-presented, as a result of either a change in accounting policy or a change in the classification of certain expenses and other income during the current year (see note 46).

4.1 Share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

4.2 Dividend and other appropriations

Dividend and other appropriations to reserves are recognized in the financial statements in the period in which these are approved.

4.3 Taxation

Income tax comprises of current tax and deferred tax. Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), and in which case the tax amounts are recognized directly in in other comprehensive income or equity.

Current

Provision for current taxation is calculated as payable tax after taking into account tax credits, rebates and exemptions available, if any, plus tax deducted to be treated as full and final discharge. Payable tax is higher of normal tax at corporate tax rate applied to taxable income; or minimum taxation at the rate of 1.50% of the turnover in case there is gross profit; or alternative corporate tax at the rate of 17% of accounting profit adjustable as per income tax laws. The Company also falls under the final tax regime under section 154 and 169 of the Income Tax Ordinance, 2001 to the extent of export sales.

Deferred

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Impact of future income subject to final taxation is also considered in accordance with the requirements of Accounting Technical Release - 27 of the

Institute of Chartered Accountants of Pakistan, if considered material. The Company recognizes deferred tax liability on surplus on revaluation of property, plant and equipment which is adjusted against the related surplus.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of property, plant and equipment) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Sales tax and Federal Excise Duty

Revenues, expenses and assets are recognized net off amount of sales tax / federal excise duty (FED) except:

- Where sales tax / FED incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables or payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, a valuation allowance is recognized against deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realized on the basis of current or future taxable profit.

Off-setting

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

4.4 Borrowings / loans and borrowing costs

Interest bearing borrowings / Loans

Interest bearing borrowings / loans are recorded at the proceeds received. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method. Finance costs are accounted for on accrual basis and are reported under accrued mark up to the extent of the amount remaining unpaid.

Interest free loans payable on discretion of the company

Interest free loans given by directors and sponsors of the company and repayable at the discretion of the Company are initially measured and subsequently recognized in line with Technical Release - 32 (TR 32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are shown as part of equity.

Overdrafts

Overdrafts, if any, are repayable in full on demand and are initially measured at amortized cost.

Interest / borrowing costs

Interest expense / borrowing costs are accounted for on the basis of the effective interest method and are included in finance costs which are charged to income in the period in which these are incurred, except borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Borrowings are reported under accrued finance costs to the extent of the amount remaining unpaid and are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

4.5 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

4.6 Employees benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company operates a funded provident fund scheme covering all permanent employees. Obligation for contribution to defined contribution plan is expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 10 percent of basic pay plus cost of living allowance.

4.7 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and 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. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

4.8 Contingencies and commitments

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Capital commitments, unless those are actual liabilities, are not incorporated in the books of accounts.

4.9 Property, plant and equipment

Operating fixed assets - tangible

Owned

Property, plant and equipment except freehold land, buildings on freehold land and plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is stated at revalued amount less accumulated impairment losses (if any). Buildings on freehold land and plant and machinery are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any). The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of these assets; and thereafter the carrying amount of these assets are adjusted to the revalued amount. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

Depreciation

Depreciation on all operating fixed assets is charged to statement of profit or loss by applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 16.1. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant. Depreciation on additions is charged from the date on which the assets are available for use and on deletions upto the date on which the assets are deleted.

Capital work in progress

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing cost. Transfers are made to relevant operating fixed assets category as and when the assets are available for use.

Revaluation

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

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

4.10 Intangibles

Measurement

Intangible assets, other than goodwill, are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method.

Research and development expenditure is charged to 'administrative and general expenses' in the statement of profit or loss, as and when incurred.

Judgment and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis. All intangible assets are estimated to have definite useful lives.

4.11 Long term deposits

Deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in non-current assets for having maturities greater than 12 months after the reporting date.

4.12 Inventories

Measurement

Inventories comprises of refined sugar, press mud and molasses, sugar in process and consumables stores and spares.

Inventories are stated at the lower of cost or net realizable value. Cost is calculated on the following basis:

- Finished goods and work-in-process of sugar

These are valued at the average annual production cost, which comprise cost of direct material, labour and appropriate manufacturing overheads.

- Molasses, bagasse and press mud

These are valued at their net realizable value.

- Consumable stores and spares

Consumables stores and spares are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value represents the estimated selling price in the ordinary course of the business less all estimated costs of completion and estimated costs necessary to be incurred in order to make the sale.

Impairment

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the cost of sales in the statement of profit or loss.

Judgments and estimates

- The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in

the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

- The Company reviews the consumable stores and spares for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of consumable stores and spares with a corresponding effect on the provision.

4.13 Trade debts, deposits and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.14 Investments

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuation in prices are classified as 'financial assets at fair value through profit or loss' category. These investments are initially recognized at fair value, relevant transaction costs are taken directly to profit or loss account and subsequently measured at fair value. Net gains and losses arising on changes in fair value of these financial assets are taken to the statement of profit or loss in the period in which they arise.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash net of temporary bank or books overdrafts / overdrawn.

4.16 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognized in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. The Company recognizes the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

4.17 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease. Considering the S.R.O 431 (I) 2007 dated May 22, 2007 issued by Securities and Exchange Commission of Pakistan, vehicles obtained under the Ijarah arrangements are treated as operating lease. Rents payable under Ijarah arrangements are recognized as an expense in the statement of profit or loss on a straight-line basis over the Ijarah term.

4.18 Financial instruments

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

Financial liabilities comprise contractual trade and other payables, long and short term financing, unclaimed dividend and accrued markup.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balance for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets. The gross carrying amount of a

financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

4.19 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

4.20 Foreign currencies

Transactions in foreign currency during the year are initially recorded in the functional currency at the rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency rates of exchange prevailing at the reporting date. All differences are taken to the statement of profit or loss.

4.21 Earnings per share (EPS)

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 calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.22 Related party transaction

All transactions arising in the normal course of business and are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

4.23 Business combination - common control

Business combination under common control are accounted for in the books using "Pooling of interest" method as a business combination of entities under common control is not covered under the scope of IFRS - 3 "Business Combinations". The consideration transferred includes the face value of shares issued. Acquisition-related costs are expensed as incurred. Assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their carrying values at the acquisition date. The excess of the consideration transferred over the carrying value of the net assets acquired

is recorded as goodwill. If this is less than the carrying of the net assets acquired, the difference is recognized directly in the statement of changes in equity as capital reserves.

4.24 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Company's other components. Operating segments are reported in a manner consistent with the internal reporting structure based on the operating (business) segments of the Company. An operating segment's operating results are regularly reviewed by the management and the chief executive officer for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of property, plant and equipment, intangibles, consumable stores and spares, stock in trade and other debts. Segment liabilities comprise of operating liabilities and exclude items that are common to all operating segments. However, sugar segment being the only one segment, all assets and liabilities are allocated to it.

Accounting policies of the reportable segments are the same as the Company's accounting policies described in this note. Inter-segment transactions are recorded at fair value. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

The Company has only one reportable segment (manufacturing and sale of refined sugar) on the basis of product characteristics and the criteria defined by the IFRS 8, "Segment Reporting".

4.25 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments that are not recognized in profit or loss as required or permitted by approved accounting standards.

4.26 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are delivered to the customers.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of taxes, returns, rebates, discounts and other allowances.

Government incentive

Government incentive relating to export sales are recognized when the right to receive such incentives has been established and the underlying conditions are met.

Return on bank deposits

Return on bank deposits is accounted for on a time proportionate basis using the applicable rate of return / interest.

Unrealized gain / (losses)

Unrealized gain / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in statement of profit or loss in the period in which they arise.

Other income

Other income, if any, is recognized on accrual basis.

4.27 Amalgamation of Husein Sugar Mills Limited and Styles & Trends (Pvt.) Limited - an associated company

As described in note 1.2, Styles & Trends (Pvt.) Limited merged with and into the Company from the beginning of the earliest period presented i.e. retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', therefore, comparative figures have been restated.

Statement of financial position as on September 30, 2018

	As at October 01, 2017		As at September 30, 2018		As restated on October 01, 2018
	As previously reported on September 30, 2017	Adjustments (Increase) / (decrease)	As previously reported on September 30, 2018	Adjustments (Increase) / (decrease)	
	(Rupees)		(Rupees)		
Reserve for share to be issued pursuant to scheme of arrangement	-	(9,671,000)	-	9,671,000	(9,671,000)
Reserve arising as a consequence of scheme of arrangement	-	(70,894,855)	-	70,894,855	(70,894,855)
Dividends/ shares - receivable	(531,851,755)	(800,000)	(529,551,755)	(800,000)	(530,351,755)
Accumulated profit	-	-	418,335,982	(2,396,298)	415,939,684
Deferred taxation	(181,734,794)	(5,280,636)	(186,995,430)	(4,321,942)	(191,317,372)
Short term borrowings	(450,400,183)	(21,104,365)	(471,504,548)	(17,601,955)	(489,106,503)
Trade and other payables	(237,517,554)	(499,042)	(238,016,596)	(499,042)	(238,515,638)
Property, plant and equipment					
Cost					
Freehold land	555,859,250	55,769,000	611,628,250	55,769,000	667,397,250
Buildings on freehold land	434,830,551	18,296,421	453,126,972	18,296,421	471,423,393
Plant and machinery	1,323,942,190	6,487,375	1,330,429,565	1,046,712,660	2,377,142,225
Stand by equipments	2,605,683	-	2,605,683	3,825,683	6,431,366
Factory equipments	3,895,145	-	3,895,145	(5,021,145)	(1,125,999)
Gas and electric installations	28,184,188	3,113,030	31,297,218	30,121,656	61,418,874
Railway sidings	482,072	-	482,072	482,072	964,144
Furniture and fixtures	1,346,257	289,778	1,636,035	4,348,257	5,984,292
Office equipments	7,591,049	660,580	8,251,629	7,795,342	16,046,971
Computer equipments	5,034,457	-	5,034,457	5,190,547	10,225,004
Vehicles	62,341,893	-	62,341,893	660,000	62,999,893
Accumulated depreciation					
Buildings on freehold land	(12,713,150)	-	(12,713,150)	26,130,616	13,417,466
Plant and machinery	(18,718,574)	-	(18,718,574)	(26,473,396)	(45,191,970)
Stand by equipments	(1,078,470)	-	(1,078,470)	(1,296,000)	(2,374,470)
Factory equipments	(8,256,694)	-	(8,256,694)	(8,588,985)	(16,845,679)
Gas and electric installations	(1,141,116)	(1,317,969)	(2,459,085)	(12,571,864)	(14,030,949)
Railway sidings	482,072	-	482,072	482,072	964,144
Furniture and fixtures	(3,588,108)	(237,748)	(3,825,856)	(3,832,353)	(7,658,209)
Office equipments	(5,102,557)	(807,542)	(5,910,099)	(8,428,152)	(14,338,251)
Computer equipments	(4,991,557)	-	(4,991,557)	(5,318,047)	(10,309,604)
Vehicles	(48,751,157)	-	(48,751,157)	(4,838)	(53,589,395)
Tax and duty from Government - income tax	25,052,020	(218,850)	24,833,170	67,155,386	92,011,556
Cash and bank balances	60,365,130	732,232	61,097,362	(6,144,882)	54,952,480

Statement of statement of profit or loss for the year ended September 30, 2018

	As previously reported	Profit (Increase) / Decrease	(Restated)
	(Rupees)		
Other income - rental	(208,436)	(8,559,000)	(8,767,436)
Directors' remuneration	14,881,958	720,000	15,601,958
Rent, rate and taxes	4,104,653	24,350	4,129,003
Repairs and maintenance	2,756,843	246,100	3,002,943
Depreciation	7,159,356	1,421,455	8,580,811
Taxation			
Current	12,890,624	1,189,525	14,080,149
Deferred	(16,017,534)	(438,738)	(16,456,272)
Profit for the year	(32,772,552)	(2,396,298)	(35,168,850)

The impact of the above restatement on the earnings per share

	As previously reported	Effect of restatement due to merger	Effect of restatement due to right issuance	Restated
Earnings per share of Rs. 10 each - basic and diluted	1.55	0.09	(0.36)	1.28

	Note	2018 Rupees	Restated 2018 Rupees
Deductible temporary differences			
Provision against doubtful debts / advances		3,388,790	3,740,683
Available tax losses		100,209,134	120,671,334
Tax credits available for carry forward		141,037,621	98,374,797
		244,635,545	223,786,824
Net deferred tax liability		(120,333,835)	(155,126,216)
10.1 Reconciliation of deferred tax credit for the year			
Opening deferred tax liability		(165,126,216)	(196,995,432)
Closing deferred tax liability		120,333,835	155,126,216
Deferred tax attributed to revaluation surplus due to change in tax rate		4,904,889	15,412,946
Deferred tax attributed to statement of profit or loss due to change in tax rate	31	6,177,357	12,554
Net deferred tax credit recognized in statement of profit or loss		(33,710,136)	(16,443,716)

11. TRADE AND OTHER PAYABLES

Trade creditors	11.1	208,390,547	333,489,819
Security deposits - interest free		58,224,757	55,805,463
Accrued liabilities		27,423,957	29,130,780
Income tax deducted at source payable		2,277,216	5,779,339
Taxes and duties payable		50,380,595	118,195,380
Payable to HSML Employees' Provident Fund Trust - related party	11.2	4,967,501	24,665,637
Worker's Profit Participation Fund payable	11.3	23,106,531	20,745,673
Worker's Welfare Fund payable		6,391,526	-
Lease rentals payable		282,501	276,225
Temporary bank overdraft - un-presented cheques		381,127	1,408
Diminishing Musharakah rental payable		344,852	307,888
Retention money payable		665,792	695,451
Others		3,598,282	4,075,453
		386,445,054	593,173,293

11.1 Security deposits - interest free

It includes:

Dealers security deposits	48,083,400	48,083,000
Employee vehicle deposits	10,141,357	7,722,463
	58,224,757	55,805,463

11.1.1 These security deposits have not been kept in a separate bank account as required by section 217 of the Companies Act, 2017. These security deposits are utilizable for company business.

11.2 It includes mark-up payable to HSML Employees' Provident Fund Trust - related party amounting to Rs. 2,004,830 (2018: Rs. 6,504,620) accrued at the rate of 14.78% per annum (2018: 9.31% per annum).

11.3 Due to workers' profit participation fund (WPPF)

Opening balance	20,745,673	17,657,962
Interest on funds utilized by the Company	2,360,858	1,527,414
Allocation for the year	-	1,560,297
Closing balance	23,106,531	20,745,673

This carries interest at the rate prescribed under Companies Profit (Workers Participation) Act, 1968 and effective rate of interest applied during the year was 11.58% (2018: 9.65%)

12. CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration received from customers for sale of goods, for which revenue is recognised at point in time when goods are transferred. The amount of Rs. 199,527 million (2018: Rs. 155,198) million recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended September 30, 2019 (2018).

13. SHORT TERM BORROWINGS

	Note	2019 Rupees	Restated 2018 Rupees
From financial institutions	13.1	397,180,183	1,561,752,772
From related parties	13.2	14,201,995	19,121,755
		411,382,178	1,580,874,527
13.1 From financial institutions			
Secured and interest bearing National Bank of Pakistan			
Cash finance (hypothecation)	13.1.1	99,995,182	99,995,182

Cash finance (pledge)	13.1.2	47,485,000	499,903,125
Bank Islami Pakistan Limited			
istisna finance	13.1.3	249,700,001	239,810,000
Meezan Bank Limited			
istisna / Ijara	13.1.4	-	354,539,465
Dubai Islamic Bank Pakistan Limited			
Salam cum wakala	13.1.5	-	250,000,000
Salam cum Wakala	13.1.6	-	17,405,000
Askari Bank Limited - Islamic banking	13.1.7	-	100,000,000
Salam OTT (Pledge)			
		397,180,183	1,561,752,772

13.1.1 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 100 million (2018: Rs. 100 million), to meet working capital requirements of the company. It carries mark-up at the rate of 3 months KIBOR + 3% (2018: 3 months KIBOR + 3%) per annum, payable quarterly. It is secured by way of first pari passu charge over all present and future current assets of the company to the extent of Rs. 154 million (2018: Rs. 154 million), first pari passu charge over fixed assets (land, building and machinery) of the company to the extent of Rs. 134 million measuring 77 acres - 14 marlas including land, building & machinery having market value of Rs. 2,108.06 million situated at Lahore Road, Jaranwala evaluated by Harvester Services (Pvt) Limited as on 22.06.2017 and personal guarantees along with Personal Net Worth Statement (PNWS) of the two directors of the Company.

13.1.2 This cash finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 500 million (2018: Rs. 500 million) to procure raw material i.e. sugarcane for manufacturing of refined sugar/stock-in-trade financing. It carries mark-up at the rate of 1 month KIBOR + 2.5% (2018: 1 month KIBOR + 2.5%) per annum, payable quarterly. It is secured by way of exclusive charge of Rs. 667.67 million with 25% margin against pledge facility of the company registered with SECP, pledge of refined sugar in standard bags of 50 kgs each in shared godowns, ranking charge of Rs. 400 million (2018: Rs. 400 million) registered with SECP over fixed assets of the company as additional security and personal guarantees along with Personal Net Worth Statement (PNWS) of two directors of the Company.

13.1.3 This istisna finance facility has been obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. 250 million (2018: Rs. 250 million) for production of sugar. It carries profit at the rate of respective KIBOR + 3% (2018: respective KIBOR + 2%) per annum, payable quarterly. It is secured by way of ownership of istisna goods, first pari passu charge over all future and present current assets of the Company to the extent of Rs. 234 million (2018: Rs. 234 million), first pari passu charge over all future and present fixed assets of the company to the extent of Rs. 334 million (2018: Rs. 334 million) and personal guarantees of all the directors of the Company.

13.1.4 This istisna finance facility was obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. nil (2018: Rs. 500 million) for purchase of raw materials / stores and spares / and to meet the working capital requirements of the company. It carries profit at the rate of respective KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future assets (both current and fixed) of the company to the extent of Rs. 667 million, duly insured, ranking charge over all present and future fixed assets of the Company, pledge of white refined crystalline sugar to the extent of Rs. 715 million, personal guarantees of three directors of the company along with PNWS.

13.1.5 This salam cum wakala facility was obtained from Dubai Islamic Bank Limited, out of total sanctioned limit of Rs. nil (2018: Rs. 250 million) to meet the working capital requirements of the company by purchasing sugarcane from farmers / various suppliers in the local market and subsequent sale. It carries profit at the rate of relevant KIBOR + 2.0% per annum, payable quarterly. It is secured by way of pledge of white refined sugar stock with 25% margin, charge of Rs. 334 million over pledged stocks (inclusive of 25% margin), ranking charge of Rs. 334 million over all present and future assets of the company with 25% margin, first pari passu charge of Rs. 334 million over all present and future fixed assets of the company, inclusive of 25% margin and personal guarantees along with PNWS of the two directors of the company.

13.1.6 This Salam cum Wakala facility was obtained from Dubai Islamic Bank Limited, out of the total sanctioned limit of nil (2018: Rs. 150 million) to meet working capital requirements of the Company by purchasing sugar cane from farmers / various supplier in the local market and subsequent sales under agency. It carries profit at the rate of relevant KIBOR + 3.25% per annum, payable quarterly. It is secured by way of ranking charge over all present and future fixed assets (including sales tax). Charge of Rs. 300 million (inclusive of 25% margin) over the pledged stocks shall be registered with SECP, ranking charge of Rs. 300 million over all present and future current assets of the company, inclusive of 25% margin. Ranking charge of Rs. 334 million over all present and future fixed assets (land, building and plant & machinery) of the company and personal guarantees along with PNWS of the two directors of the company.

13.1.7 This Salam - OTT facility was obtained from Askari Bank Limited, out of total sanctioned limit of nil (2018: Rs. 300 million) for production of white refined sugar from sugarcane. It carries profit at the rate of matching KIBOR + 3% per annum, payable quarterly. It is secured by way of ranking charge over all present and future fixed assets of the company to the extent of Rs. 400 million through constructive MOTD and plant & machinery (through letters of hypothecation), ranking charge over all present and future current assets of the company to the extent of Rs. 300 million, pledged of white refined sugar of 2018-2019 season with 25% margin (inclusive of applicable sales tax) stored at the company's premises at shared godown duly stacked and segregated in countable position and insured under the supervision of the banks approved muccadam and personal guarantees of two directors of the company.

13.1.8 The Company has total credit facilities from all the banks as mentioned in notes 13.1.1 to 13.1.7 above, amounting to Rs. 452,515 million (2018: Rs. 300,102 million) that remained unutilized at the terminal date. The overall charge on the current and fixed assets of the Company is in the sum of Rs. 10,274 billion (2018: Rs. 8,178 billion) at the terminal date.

	Note	2018 Rupees	Restated 2018 Rupees
13.2. From related parties			
Unsecured and interest free			
Mr. Mustafa Ali Tariq	13.2.1	-	1,619,780
Ms. Nusrat Shamim	13.2.2	14,201,995	17,501,995
		<u>14,201,995</u>	<u>19,121,755</u>

13.2.1 This represents loan obtained from the sponsoring director / Chief Executive, Mr. Mustafa Ali Tariq, of the Company to bridge / assist its working capital requirements. It is payable on demand.

13.2.2 This represents loan obtained from the sponsoring director, Ms. Nusrat Shamim, of the Company to bridge / assist its working capital requirements. It is payable on demand.

14. ACCRUED MARK-UP ON SECURED BORROWINGS

From banking companies

31,474,678 64,934,674

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 The tax department raised demand of Rs. 44,038 million in show cause notice issued to the Company on 10 November, 2014, alleging that the Company charged federal excise duty (FED) at the rate of 0.5% instead of 8% on local supplies made during the period from January 2014 to June 2014 against quantity of white crystalline sugar exported to Afghanistan which was not in accordance with clause (d) of SRO 77(1)/2013 dated 07 February, 2013. Consequently, the Company filed a writ petition on November 24, 2014 against this notice in the Honourable Lahore High Court, Lahore on the basis that the FED at the rate of 0.5% has been charged as allowed by the order dated 08 November, 2013 passed in W.P.No-4927/2013, which declared that clause (d) of SRO No. 77/2013 was unlawful. The writ petition filed by the Company is in the process of hearing. The Company has also filed appeal dated February 18, 2015 against this order before the CIR (Appeals) Lahore, pending adjudication at the terminal date.

15.1.2 As a result of withholding tax audit for the tax year 2010, the Deputy Commissioner Inland Revenue raised a demand of Rs. 7,264 million under sections 161 / 205 of the Income Tax Ordinance, 2001. The CIR (Appeals) Lahore has rejected Company's appeal. Currently, the Company is in appeal dated August 07, 2014 before Appellate Tribunal Inland Revenue against this order pending adjudication at the terminal date.

15.1.3 For the tax year 2011, the Income Tax Department has created tax demand of Rs. 15,914 million under section 161 / 205. The Company filed appeal before the learned CIR (Appeals) Lahore, who has deleted tax demand to the extent of Rs. 7,991 million. The CIR LTU has filed appeal before the Appellate Tribunal Inland Revenue, Lahore against the decision of CIR appeal-I regarding the deleted demand to the extent of Rs. 7,991 million. In the circumstances, considering the documents/details furnished by the appellant the demand on the score is deleted. So far as the default surcharge is considered, the same should be recalculated in the light of relief allowed to the appellant, as indicated above, pending adjudication at the terminal date.

15.1.4 The Department has filed reference before the Honourable Lahore High Court Lahore, against the order of the Appellate Tribunal Inland Revenue, Lahore, deleting the income tax demand of Rs. 17.3 million for the assessment years 2001-2002 and 2002-2003. All the references were lastly heard on 10 October, 2018. These references are pending adjudication at the terminal date.

15.1.5 The Company has filed appeal before the Commissioner of Inland Revenue (Appeals) Lahore against the Order in-original no. 14/2015 passed by DCIR Enforcement - 18 zone- III, LTU, Lahore for the tax period January 2015 for illegal adjustment of input sale tax in the sum of Rs. 22,031,342 on the bills of Lahore Electric Supply Company against its liability of federal excise duty in monthly sale tax return in rate tax mode along with additional tax and penalty. In this view of matter, the DCIR is directed to adjust the FED liability of the appellant against the available income tax refunds of appellant but no default surcharge should be levied in the case of the appellant. The CIR LTU has filed appeal in Appellate Tribunal Inland Revenue, Lahore against the deletion of default surcharge earlier deleted by the CIR appeal-I.

15.1.6 A writ petition has been filed by the Company against the assumptions of jurisdiction by the Competition Commission of Pakistan whereby a show cause notice dated December 21, 2009 had been issued to the Company under section 30 of the Competition Ordinance, 2009. The Company has sought declaration that such show cause is without lawful authority and of no legal effect as the Competition Ordinance, 2009 itself is ultra vires the Constitution of the Islamic Republic of Pakistan, 1973 as well as the law laid down by the Supreme Court of Pakistan.

15.1.7 The Company has also filed a writ petition before Sindh High Court against the assumption of jurisdiction by Pakistan Standards and Quality Control Authority (PSQCA) for issuing notification demanding marking fee at the rate of 0.1% of ex-factory price of all sales as the fee payable for placing the PSQCA standard mark on the notified item. The learned High Court struck down the notification and declared to be void. The Appellant being aggrieved assailed the judgement before the Supreme Court of Pakistan which is still pending adjudication.

The legal advisor of the Company is of the view that due to complex nature of the legal and constitutional laws it is not possible to assess the outcome of these legal proceedings and the financial impact thereof.

15.1.8 The Sindh High Court in its order has disallowed tax credit u/s 113 of the Income Tax Ordinance, 2001 to companies which has Nil normal tax due to tax losses. The order has been challenged in the Supreme Court of Pakistan which is pending for adjudication at the reporting date. The same point of law has also been brought before the Lahore High Court who has ordered the petitioner to first refer the matter before the forums below where remedy can be sought. Further no adverse orders have been passed by the tax department against those petitioners. The Company has accounted for tax credit u/s 113 amounting to Rs. 141,038 million (2018: Rs. Rs. 99,375 million) in these financial statements. The management of Company is confident that these tax credits will be allowed to the Company in accordance with the provision of section 113 and its past history; and of the firm opinion that the interpretation of this provision shall be decided in favour of the Company by the apex court.

15.1.9 The Finance Act, 2017 introduced a tax levy under section 5A of the Income Tax Ordinance, 2001 on every public Company other than a scheduled bank or Modarba, that derives profits for tax year but does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus shares. For the tax year 2017 relevant to the income year ended September 30, 2016, bonus share or cash dividends may be distributed before the due date mentioned in sub-section 2 of section 118, for filling of income tax return relevant to the income year ended September 30, 2016. The company declared profit after tax in the sum of Rs. 15,665 million, therefore, 40% of tax should have been distributed among the shareholder through dividend or bonus shares. However, the company has not distributed dividend in the tax year 2017. In the tax year 2018 relevant to the income year ended September 30, 2017, the company declared a profit after tax in the sum of Rs. 201,590 million, which as per the revised provision of section 5A of the Ordinance requires the company to distribute 20% of its profit after tax. However, no distribution was also made in this year as well. Against this levy, the Company file writ petition before the Honourable Lahore High Court Lahore for the tax year 2017, pending adjudication at the reporting date. The management of the Company considered this levy against the Constitution of Pakistan and tantamount to double taxation, therefore a favourable outcome is expected in this case. Accordingly, no provision for tax in the sum of Rs. 11,443 million for the financial year ended September 30, 2018 relevant to tax year 2019 (2017: Rs. 4,913 million being 7.5% of accounting profit before tax) being 5% of the accounting profit before tax on non-distribution dividend in cash or kind has been made in these financial statements.

15.1.10 A demand of social security arrears of Rs. 251,678 (2018: Rs. 251,678) raised by the Punjab Employees Social Security Institution Lahore against the company. Against this arrears the company filed a complaint before the Punjab Labour Court -II, Lahore. The Honourable court remanded the case back Vice Commissioner/Commissioner PESSI, Lahore to decide company's claim afresh after following proper procedures laid down in law and after proper perusal of record through speaking order, dealing with all concerns of the company. Management is hopeful for a favourable outcome.

The management of the Company and its legal / tax advisers expects a favourable outcome of the above mentioned cases / suits, hence no provision has been made against contingencies disclosed in the Note 15.1.1 to 15.1.10 to these financial statements.

15.1.11 Provision for Workers' Profit Participation Fund amounting to Rs. 15,975 million (2018: nil) has not been made in these financial statements on the capital gain on disposal of operating fixed assets of the merging entity, as it does not represents ordinary activity of the Company.

15.1.12 The Company is contingently liable for the outstanding principal and markup on the Agri Murabahah facility obtained by the Company's Sugarcane Growers from Bank Islami Pakistan Limited. The Company has given corporate guarantee amounting to Rs. 820 million (2018: Rs. 820 million) and ranking charge over current assets of the Company with 25% margin as security against Agri Murabahah facility to the sugarcane growers obtained from Bank Islami Pakistan Limited.

15.1.13 The Company is contingently liable for the outstanding principal and markup on the Value Chain Financing (VCF) facility to the Company's Sugarcane Growers from Apna Bank Limited. The Company has also given corporate guarantee amounting to Rs. 95,500 million (2018: Rs. 350 million) against this facility to Company's Sugarcane Growers from Apna Microfinance Bank Limited. Subsequent to the reporting date, this VCF facility has been full and final settled, accordingly, the corporate guarantee stands ineffective.

	Note	2019 Rupees	Restated 2018 Rupees
15.2 Commitments			
15.2.1 Company is committed to pay the following:			
<i>jarah rentals</i>			
Due within one year		7,381,200	3,050,676
Due after one year but not later than five years		31,057,482	8,403,038
<i>Diminishing Musharakah rentals</i>			
Due within one year		4,138,224	3,533,240
Due after one year but not later than five years		6,164,133	10,390,970
		<u>38,741,039</u>	<u>25,883,905</u>
15.2.2 Commitment against CAPEX		294,845,939	222,801,761

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	Restated 2018 Rupees
Operating fixed assets	16.1	2,766,230,718	2,934,343,856
Capital work-in-progress	16.2	551,820,761	296,781,497
		<u>3,318,051,479</u>	<u>3,231,125,353</u>

16.1.5 The cost of operating fixed assets includes fully depreciated operating fixed assets which are still in use of the Company. The breakup of cost of such assets is as follows:

	2019 Rupees	2018 Rupees
Plant and machinery	319,164,000	319,164,000
Vehicles	15,462,221	15,462,221
	<u>334,626,221</u>	<u>334,626,221</u>

16.1.6 Forced sale value and assessed value of these fixed assets as at the date of revaluation (i.e. June 22, 2017) was as under:

	Assessed sale value Rupees	Forced sale value Rupees
Freehold land	928,856,250	789,527,815
Building on freehold land	434,835,861	360,610,312
Plant and machinery	1,316,345,000	1,118,803,250
	<u>2,680,036,911</u>	<u>2,278,941,377</u>

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

Location	Use of immovable property	Area
Lahore Road Jaranwali, District Faisalabad	Manufacturing factory	825 Kanals and 13 Marlas

16.2 Capital work-in-progress

Opening Balance	Additions	Transfer to operating fixed assets / adjustments	Closing Balance

	Note	Rupees			
Civil work and buildings		11,580,501	613,083	-	12,193,584
Plant and machinery	16.2.1	29,663,943	154,838,211	-	184,502,154
Advances for capital expenditure - plant and machinery	16.2.2	255,537,053	288,459,580	188,871,610	355,125,023
	2019	296,781,497	443,910,874	188,871,610	551,820,761
	2018	282,154,466	199,180,667	184,563,636	296,781,497

16.2.1 Borrowing cost amounting to Rs. 15,025 million (2018: nil) capitalized during the year at a rate disclosed in note 9.1 and 9.2.

16.2.2 Provision for balances doubtful of adjustment against advances for capital expenditure amounting to Rs. 1,358 million (2018: nil) is written off during the year.

17. INTANGIBLE ASSETS

The Company has fully amortized intangible assets i.e. computer software having a cost of Rs. 1 million (2018: Rs. 1 million) which are still in use of the Company.

18. LONG TERM DEPOSITS

	18.1		
Security deposits - againstjarah and diminishing musharakah facilities		21,788,708	11,711,153
- utilities		774,440	774,440
		<u>22,563,148</u>	<u>12,485,593</u>

18.1 This consists of unsecured, non-interest bearing long term deposits paid to banks and utility companies. These balances have not been discounted as the impact of time value of money is considered to be immaterial.

19. INVENTORY

	19.1	19.2		
Consumable stores and spares			155,897,484	205,818,645
Stock in trade			180,206,290	888,742,508
			<u>335,903,774</u>	<u>1,094,561,253</u>
19.1. Consumable stores and spares				
Stores			133,759,072	181,260,095
Spare parts			21,938,412	24,558,552
			<u>155,697,484</u>	<u>205,818,645</u>
19.2. Stock in trade				
Work-in-progress			7,157,809	7,428,720
Finished goods			173,048,481	881,313,888
			<u>180,206,290</u>	<u>888,742,508</u>

19.3 Stock-in-trade includes stock of press mud, molasses and bagasse amounting to Rs. 92,134 million (2018: Rs. 91,513 million), Rs. 15,743 (2018: nil) and Rs. 33,256 million (2018: nil) respectively, carried at net realizable value.

20. TRADE AND OTHER RECEIVABLES

Unsecured and Considered good

	Note	2019 Rupees	2018 Rupees
Trade receivables - local		284,708,971	597,450,943
Other receivables - unsecured			
Accrued mark-up on PLS bank accounts		-	44
Freight subsidy receivable from Government		36,509,750	68,716,750
Other receivables			
From related parties	20.1	-	3,600,000
Others	20.2	337,849,105	12,717,773
		<u>374,358,855</u>	<u>85,034,557</u>
		<u>659,067,826</u>	<u>682,485,510</u>
20.1 Receivables from related parties - unsecured and interest free			
Mr. Ahmed Ali Tariq		-	5,500,000
Mr. Mustafa Ali Tariq		-	300,000
		-	<u>3,500,000</u>
These receivables were within the age bracket of 0-60 days. The highest aggregate balance during any month was same as on the reporting date.			
20.2 Others			
Considered good		337,849,105	12,717,773
Considered doubtful		1,865,466	1,865,466
Less: Provision for doubtful receivables		(1,865,466)	(1,865,466)
		-	-
		<u>337,849,105</u>	<u>12,717,773</u>

21. ADVANCES, DEPOSITS AND PREPAYMENTS

	Note	2019 Rupees	2018 Rupees
Considered good			
Advances to:			
Employees against salaries - secured and interest free		3,232,465	1,759,734
Employees against expenses - unsecured		657,677	5,218
Suppliers - unsecured	21.1	47,129,258	26,693,956
Contractors - unsecured		1,657,271	-
Sugarcane growers - unsecured	21.2	1,815,983	1,952,439
Advances against letters of credit		92,258,827	-
Prepayments		3,268,320	2,217,033
		<u>150,017,601</u>	<u>32,628,380</u>
21.1 Advances to suppliers - unsecured			
Considered good		47,129,258	26,693,956
Considered doubtful		9,541,085	9,541,085
Less: Provision for doubtful advances	21.1.1	(9,541,085)	(9,541,085)
		-	-
		<u>47,129,258</u>	<u>26,693,956</u>
21.1.1 During the year provision against doubtful advances amounting to Rs. nil (2018: Rs. 2,749,382) was made.			
21.2 Advances to sugarcane growers - unsecured			
Considered good		1,815,983	1,952,439
Considered doubtful		2,037,006	2,037,006
Less: Provision for doubtful advances		(2,037,006)	(2,037,006)
		-	-
		<u>1,815,983</u>	<u>1,952,439</u>

22. SHORT TERM INVESTMENTS

At fair value through profit or loss

Investees	Shares Number	Rate Rupees	Fair value Rupees
Amreli Steels Limited	10,000	22	218,100
Bank Islami Pakistan Limited	5,000	11	54,850
The Bank of Punjab	100,000	9	872,000
Cherax Dement Company Limited	210,000	28	5,917,600
Engro Fertilizers Limited	56,000	58	3,220,880
Fauji Cement Company Limited	30,000	13	402,000
Gadoon Textile Mills Limited	8,000	130	1,040,000
Ghandhara Nissan Limited	15,000	49	740,850
International Industries Limited	65,000	69	3,116,850
Kohat Cement Company Limited	20,000	46	920,400
Meezan Bank Limited	55,000	72	3,962,200
Noon Sugar Mills Limited	30,000	51	1,537,800
	2019		<u>22,606,830</u>
	2018		<u>-</u>

	Note	2019 Rupees	Restated 2018 Rupees
23. CASH AND BANK BALANCES			
Cash in hand		265,241	1,812,143
Cash at bank in local currency:			
Current accounts		70,590,738	16,553,609
Saving accounts	23.1	73,252	92,973
		70,663,990	16,546,582
		70,929,231	18,258,725
23.1	Rate of profit on saving accounts ranges from 7.50% to 10.50% (2018: 2.50% to 7.50%) per annum.		
24. REVENUE FROM CONTRACT WITH CUSTOMERS - NET			
Local	24.1	2,745,451,053	2,605,063,395
Export - sugar		881,541,960	118,039,483
Sugar export subsidy		88,379,601	32,635,000
		3,715,372,614	2,755,738,878
24.1	Local		
Sugar		2,852,973,821	2,546,643,514
By products:			
Molasses		182,061,974	208,258,496
Bagasse		15,781,353	-
Press mud		3,058,999	7,785,627
		199,882,326	217,054,123
		3,052,856,147	2,863,699,637
Less:			
Sales tax on molasses, bagasse and press mud		3,388,346	3,587,693
Sales tax on local sale of sugar		204,018,748	255,068,349
		307,405,094	258,656,242
		2,745,451,053	2,605,063,395
25. COST OF REVENUE			
Raw material consumed:			
Sugarcane purchased		2,347,930,204	2,707,654,959
Sugarcane development cess		16,426,877	22,531,034
Market committee fee		4,921,526	6,038,771
		2,371,278,607	2,736,224,764
Salaries, wages and other benefits	25.1	145,587,097	150,417,736
Workers' welfare expense		7,144,299	10,021,346
Stores, spare parts and loose tools consumed		5,009,785	13,750,777
Chemicals consumed		24,879,789	29,848,818
Packing material consumed		26,497,760	23,385,368
Fuel and power		22,135,107	28,881,880
Repair and maintenance		31,821,046	38,701,503
Vehicle running expenses		9,002,383	7,967,726
Insurance		6,104,657	5,975,536
Other factory overheads		1,870,644	2,643,192
Depreciation	16.1.3	11,622,731	10,178,015
		2,766,955,888	3,152,558,789
Work-in-process:			
Opening stock		7,428,720	7,264,038
Closing stock		(7,157,809)	(7,428,720)
		270,911	(164,682)
Cost of goods manufactured		2,767,224,799	3,152,192,107
Finished goods:			
Opening stock		881,313,888	225,763,607
Closing stock		(173,048,481)	(881,313,888)
		708,265,407	(655,550,281)
		3,475,490,206	2,496,641,826
25.1	Salaries, wages and other benefits include Rs. 2,953,557 (2018: Rs. 3,022,617) in respect contribution to HSM Employees' Provident Fund Trust - related party by the Company.		

	Note	2019 Rupees	Restated 2018 Rupees
26. ADMINISTRATIVE AND GENERAL EXPENSES			
Directors' remuneration	26.1	13,278,972	14,881,958
Salaries and other benefits	26.1	74,091,571	90,217,165
Travelling and conveyance		1,528,382	4,588,421
Communication		2,420,551	2,859,292
Utilities		51,385	134,545
Rent, rates and taxes		4,695,557	4,129,003
Printing and stationery		1,787,458	2,745,494
Repair and maintenance		805,732	3,001,943
Vehicle running and maintenance		5,728,840	5,203,270
Fee and subscription		4,750,430	6,397,080
Legal and professional		3,583,500	2,835,750
Auditors' remuneration	26.2	2,602,598	1,893,000
Entertainment		4,565,406	5,202,510
Insurance		807,017	1,064,969
Computerization expenses		1,088,408	-
Lease rentals		5,919,612	3,301,229
Diminishing musharakah rental		4,008,064	3,647,937
News papers and periodicals		76,652	84,412
Fines and penalties		953,857	7,112
Depreciation	16.1.3	3,234,975	8,580,851
Miscellaneous		3,231,314	2,640,549
		141,129,901	163,035,520
26.1	Salaries and other benefits include Rs. 3,800,293 (2018: Rs. 3,888,261) in respect contribution to HSM Employees' Provident Fund Trust - related party by the Company.		
26.2	Auditors' remuneration		
Audit services			
Annual audit fee		750,000	750,000
Half yearly review fee		200,000	200,000
Out of pocket expenses		118,000	118,000
		1,068,000	1,068,000
Non audit services			
Tax advisory fee		942,500	510,000
Certification fee		597,098	115,000
		1,534,598	625,000
		2,602,598	1,893,000
27. SELLING AND DISTRIBUTION COST			
Salaries and other benefits	27.1	4,133,925	5,733,533
Handling and distribution		4,819,427	2,121,545
Repair and maintenance		175,395	204,457
Printing and stationery		1,345,123	201,582
Advertisement		332,168	275,780
Depreciation	16.1.3	7,224,568	7,530,992
		18,030,206	16,069,889
27.1	Salaries, wages and other benefits include Rs. 139,729 (2018: Rs. 127,227) in respect contribution to HSM Employees' Provident Fund Trust - related party by the Company.		
28. OTHER OPERATING EXPENSES			
Donations	28.1	-	2,398,590
Zakat		16,647	-
Workers' Profit Participation Fund	11.3	-	1,560,297
Workers' Welfare Fund	11	6,391,526	-
Provision for doubtful advances to suppliers		-	2,748,382
Provision for doubtful advances against CWIP		-	1,357,830
		8,408,173	8,066,199
28.1	There is no interest in the donors fund, of any director or their spouses.		
29. OTHER INCOME			
Income from financial assets:			
Profit on bank deposits		74,611	146,519
Fair value gain on short term investments		366,016	-
at fair value through profit or loss		838,627	146,519
Income from non-financial assets:			
Gain on disposal of operating fixed assets	29.1	345,990,252	270,536
Gain on sale of fertilizers		84,274,216	91,808,958
Advances against sale of sugar forfeited		22,017,600	-
Rental income		5,405,684	5,767,436
Miscellaneous		1,695,058	4,778,293
		459,382,808	102,623,223
		460,021,435	102,769,742

29.1. This represents gain on the disposal of land and building transferred to the Company pursuant to scheme of arrangement i.e. merger of an associated company.

30. FINANCE COST

Mark up on secured borrowings		200,649,159	132,749,186
Interest on balance payable to provident fund trust - related party		2,187,544	1,197,913
Interest on Workers' Profit Participation Fund		2,360,858	1,527,414
Bank charges and commission		16,153,274	6,425,976
		<u>221,350,835</u>	<u>141,900,489</u>

31. TAXATION

Current income tax:			
Normal / presumptive tax		48,619,278	14,115,488
Prior year	31.1	9,910,372	(135,340)
		59,529,650	14,080,149
Deferred income tax:			
Tax rate adjustment		(6,177,397)	(12,554)
For the year	10.1	(33,710,134)	(16,443,716)
		(39,887,491)	(16,456,270)
	31.2	<u>19,642,159</u>	<u>(2,376,121)</u>

31.1 Through Finance Act, 2019, the government has reduced tax credit under section 65B of ITO, 2001 from 10% to 5% retrospectively for the tax year 2019 and abolished the same for subsequent years. During the year, the Company has recorded tax credit under section 65B of ITO, 2001 @ 5% on commissioning and installation of plant and machinery for Balancing, Modernization and Replacement (BMR). However, the management is hopeful that retrospective change may not be maintainable in the eyes of law and is in the process of challenging this amendment. As a matter of prudence, the Company has reduced tax credit from 10% to 5% in these financial statements and reversed the excess tax credit recorded during the year ended September 30, 2018 relevant to tax year 2019.

31.2 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. The Company has carry forward tax losses of Rs. 345.349 million (2018: Rs. 433.236 million).

31.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. During the year, Finance Act, 2019 enacted turnover tax rate of 1.50% (2018: 1.25%) and normal tax rate of 28% (2018: 29%), therefore, provision for current tax is made @ 1.50% (2018: 1.25%) of the local turnover and 1% of export sales, net of tax credit u/s 65B of the Income tax Ordinance 2001. The deferred tax is computed at the rate of 28% (2018: 28%) adjusted by export rebate.

32. EARNINGS PER SHARE

		2019	Restated 2018
<i>Basic earnings per share</i>			
Profit attributable to ordinary shareholders	Rs/Share	<u>295,542,829</u>	<u>35,168,810</u>
Weighted average number of ordinary shares outstanding during the year	Numbers	<u>32,444,879</u>	<u>27,385,000</u>
Earnings per share - basic	Rs/Share	<u>9.05</u>	<u>1.28</u>
32.1 Weighted-average number of ordinary shares (basic)			
Issued ordinary shares at October 01, 2018		25,000,000	25,000,000
Effect of bonus factor on opening shares due to right shares issued		7,015,646	2,385,000
Effect of shares issued related to a business combination		429,233	-
Weighted-average number of ordinary shares as on September 30, 2019		<u>32,444,879</u>	<u>27,385,000</u>

Diluted earnings per share

Diluted earnings per share is same as basic earnings per share because the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these financial statements for remuneration including all benefits to the chief executive, directors and executives of the Company is as follows:

	2019		
	Chief Executive	Executive director	Executives
	----- Rupees -----		
Managerial remuneration	5,793,108	1,548,354	5,581,080
House rent	2,506,904	686,758	1,947,264
Contribution to provident fund	579,312	154,836	558,096
Utilities / medical allowance	-	-	558,096
Others	579,300	154,836	558,096
	<u>9,558,624</u>	<u>2,554,824</u>	<u>9,202,632</u>
Number of persons	1	1	3
	----- Rupees -----		
Managerial remuneration	7,800,578	1,548,354	6,626,544
House rent	2,606,898	686,758	2,042,724
Contribution to provident fund	579,300	154,836	662,640
Utilities / medical allowance	-	154,836	662,640
Others	579,300	781,062	662,645
	<u>11,566,072</u>	<u>3,315,886</u>	<u>10,657,193</u>
Number of persons	1	1	3

33.1 In addition to above, the chief executive, directors and one executive is provided with the free use of the Company's maintained cars. 2 (2018: 2) executives are also provided with furnished accommodation including utilities.

33.2 No meeting fee was paid to directors during the year (2018: Rs. Nil).

33.3 No remuneration was paid to non-executive directors of the Company (2018: Rs. Nil).

34. TRANSACTIONS WITH RELATED PARTIES

34.1 Related parties comprise associated companies / undertakings, companies where directors also hold directorship, retirement benefits fund and key management personnel. Related parties of the company are as follow:

Names of related parties	Relationship	Basis of relationship (Common directorship / percentage shareholding)
Mr. Ahmed Ali Tariq	- Chairman of the Board / Non - Executive Director	28.917%
Mr. Mustafa Ali Tariq	- Director / Chief Executive Officer	28.336%
Mrs. Sadia Ali Tariq	Close relative of Chief Executive Officer / Chairman	-
Mrs. Nusrat Shamim	Non - Executive Director	1.463%
Mr. Taufiq Ahmad Khan	Independent Director	0.014%
Mrs. Maryam Habib	Executive Director	1.075%
Mr. Muhammad Illikhar	Non - Executive Director	0.003%
Mr. Muhammad Imran Khan	Non - Executive Director	0.002%
Husein Power Company (Pvt.) Limited	Associated company	Common directorship
Tariq Capital (Pvt.) Limited	Associated company	Common directorship
Mr. Wasim Saleem	Chief Financial / Operating Officer	Key management personnel
HSML Employees' Provident Fund Trust	Trust	Post-employment benefit plan

34.2 Balances with related parties are disclosed in respective notes to these financial statements, whereas significant transactions with these related parties during the year are as under:

		2019 Rupees	2018 Rupees
Transactions with key management personnel			
Chief Financial / Operating Officer	Short-term employee benefits	4,739,988	5,818,279
	Post-employment benefits	287,268	290,500
Transactions with post-employment benefit plan			
HSMI, Employees' Provident Fund Trust	contribution for the year	7,023,579	7,139,395
Transactions with other related parties			
Mr. Ahmad Ali Tariq	Repayment of loan	56,423,870	12,500,000
	Loan received	8,335,500	11,100,000
Mr. Mustafa Ali Tariq	Repayment of loan	35,882,400	4,255,000

Short-term employee benefits include salaries, house rent allowance and medical allowance as well as non-monetary benefits such as medical, car, etc.

In addition to above, chief executive and a director of the Company has given personal guarantees to financial institutions on behalf of the Company as disclosed in note 9 and 13.

35. RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTIONS

The Company in the normal course of business deals with sole Islamic financial institutions as well as the financial institutions who operate both the conventional side and Islamic window. During the year, the Company carried out transactions with both the conventional side as well as Islamic window of financial institutions. The details of segregation between Shariah compliant and conventional assets/liabilities and income/expenditure are given below:

	2019			2018 (restated)		
	Islamic Banks	Conventional Banks	Total	Islamic Banks	Conventional Banks	Total
	Rupees			Rupees		
Account balances:						
Accrued mark-up on secured borrowings	24,818,089	6,656,589	31,474,678	49,633,407	15,310,109	64,943,516
Long term finance	74,989,000	277,584,273	352,573,273	-	-	-
Short term borrowings	249,700,001	147,480,182	397,180,183	599,898,307	961,854,465	1,561,752,772
Bank balances	3,085,984	67,578,006	70,663,990	1,896,441	14,750,141	16,646,582
Ijarah rentals	292,381	-	292,381	276,225	-	276,225
Diminishing Musharakah rentals	344,852	-	344,852	307,669	-	307,669
Class of transactions:						
Ijarah and diminishing musharakah rentals	9,927,676	-	9,927,676	6,949,166	-	6,949,166
Finance cost	115,333,861	85,315,298	200,649,159	81,447,744	51,301,442	132,749,186
Income from PLS bank accounts	-	74,611	74,611	333	146,188	146,519
Disclosures:						
Commitments						
Ijarah rentals	28,438,682	-	28,438,682	11,453,715	-	11,453,715
Diminishing Musharakah rentals	10,302,357	-	10,302,357	14,230,190	-	14,230,190

36. PLANT CAPACITY AND ACTUAL PRODUCTION

Installed crushing capacity 5,500 metric ton (2018: 6,500 metric ton) per day for 98 (2018: 152) working days		2019	2018
	Metric tons	637,000	658,000
Actual crushing	Metric tons	491,276	600,773
Actual production	Metric tons	48,251	55,331
Sugar recovery	Percentage	9.81	9.21

36.1 Shortfall in actual production from installed capacity was due to the scarcity / shortage of raw material (sugarcane) supply.

37. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund as on 30 June 2019 and 30 June 2018:

		2019	2018
Size of the fund	Rupees	107,666,569	109,857,556
Cost of investments	Rupees	109,476,385	112,282,840
Percentage of investments made	Percentage	96.07%	99.99%
Fair value of investments	Rupees	103,437,132	109,850,763

37.1 Break-up of cost of investments is as follows:

	2019 Percentage	2018 Percentage	2019 Rupees	2018 Rupees
Term deposit receipts	17%	32%	19,000,000	35,800,000
National saving scheme	5%	5%	6,000,000	6,000,000
Bank balances	6%	1%	7,039,657	699,750
Mutual funds	28%	18%	30,362,900	20,580,322
Advances to members	27%	21%	28,676,412	23,529,008
Receivable from Company	9%	22%	9,684,234	24,666,638
Others	8%	1%	8,713,182	1,007,122
	100%	100%	109,476,385	112,282,840

37.2 All investments out of provident fund has been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

38. NUMBER OF EMPLOYEES

The number of employees as at September 30 and average during the year is as follows:

	2019	2018
Number of employees as at September 30,	576	629
Average number of employees during the year	771	849

39. FINANCIAL INSTRUMENTS BY CATEGORY

	Notes	2019 Rupees	Restated 2018 Rupees
FINANCIAL ASSETS			
<i>At fair value through profit or loss</i>			
Short term investments (equity instruments)	22	22,606,830	-
FINANCIAL ASSETS			
<i>At amortised cost</i>			
Long term security deposits	18	774,440	774,440
Trade and other receivables	20	622,558,076	613,768,760
Advances, deposits and prepayments	21	3,232,465	1,759,734
Cash and bank balances	23	70,829,231	18,258,725
		<u>897,484,212</u>	<u>834,581,659</u>
FINANCIAL LIABILITIES			
<i>At amortised cost</i>			
Long term finance (including current portion)	9	352,573,273	-
Trade and other payables	11	304,289,186	448,452,805
Short term borrowings	13	411,582,178	1,580,874,527
Accrued mark-up on secured borrowings	14	31,474,678	84,924,674
Unclaimed dividend		1,208,089	1,208,089
		<u>1,100,927,414</u>	<u>2,095,470,195</u>

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The accounts department of the Company assist the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk management policies of the Company 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, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company does not engage in the trading of financial assets for speculative purposes nor does it write options.

The Company's Board Audit Committee 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 Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk and liquidity risk.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

(i) Currency risk

At the reporting date, the Company is not exposed to foreign exchange risk.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), 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.

Other price risk arises from the Company's investment in equity instruments.

Sensitivity analysis - equity price risk

Impact of a 2% increase or decrease in the prices at the reporting date on profit or loss would have been as follow:

	2019 Rupees	2018 Rupees
Increase	452,137	-
Decrease	(452,137)	-

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments were as follows:

	Note	2019 Rupees	Restated 2018 Rupees
Fixed rate instruments			
<i>Financial assets</i>			
Bank balances - saving accounts	23	73,252	92,973
<i>Financial liabilities</i>			
Long term finance		352,573,273	-
Short term borrowings	13	597,180,183	1,561,752,772
		<u>749,753,456</u>	<u>1,561,752,772</u>

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, pre-tax profit for the year would have been (decreased) / increased by Rs. 7,497 million (2018: Rs. 15,817 million), mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments i.e. borrowings net of saving bank accounts outstanding at reporting dates were outstanding for the whole year.

Fair value sensitivity analysis for fixed rate instruments

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

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks, financial institutions and utility companies, as well as credit exposures to customers, including outstanding trade receivables.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period is as follows:

	Note	2019 Rupees	Restated 2018 Rupees
Long term deposits	18	774,440	774,440
Trade and other receivables	20	622,558,076	613,768,760
Advances and deposits	21	3,232,465	1,759,734
Bank balances	23	70,863,990	18,846,582
		<u>697,228,971</u>	<u>632,949,316</u>

Trade receivables

Customer is counterparty to local trade receivables against sale of refined sugar. To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales to customers are required to be settled in cash or cash in advance, thus mitigating credit risk. Exports sales are secured partially by way of advance payments. Majority of the local sales are made through dealers. Outstanding customer receivables, if any, are regularly monitored.

	2019 Rupees	2018 Rupees
The maximum exposure to credit risk for trade receivables at the reporting date by the type of customers is receivables from sugar dealers only:	284,708,071	597,450,943

As at September 30, 2019, trade receivables amounting to Rs. 2,250 million (2018: nil) were past due but not impaired. These related to a number of independent customers having no recent history of default. The ageing analysis of these trade receivables is as follows:

	2019 Rupees	2018 Rupees
Not over due (current)	279,959,070	597,450,943
Overdue		
91 to 180 days	2,249,901	-
	<u>282,208,971</u>	<u>597,450,943</u>

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

The Company has not disclosed the fair values of the financial assets and financial liabilities as disclosed in note 39 because their carrying amounts are reasonable approximation of fair values, except fair value of equity instruments.

Financial assets measured at fair value	Carrying amount	Recurring fair value		
		Level 1	Level 2	Level 3
Listed equity securities (FYTPL)	Rupees 22,806,830	22,806,830	-	-

Valuation techniques used to determine fair values

Specific valuation techniques used to value equity instruments include the use of quoted market prices or dealer quotes for similar instruments.

41. BUSINESS COMBINATION

As detailed in Note 1.2, following are the carrying amounts of assets and liabilities transferred from Styles & Trends (Pvt.) Limited pursuant to the scheme of arrangement. The difference between the net assets acquired and share capital issued against those net assets as at September 30, 2017 has been recorded as 'Reserve arising as a consequence of scheme of arrangement'.

	Rupees
Shares to be issued pursuant to scheme of arrangement	9,671,000
Carrying value of net assets acquired	
Property, plant and equipment	107,514,321
Cash and bank balances	732,053
Deposit for purchase of shares	(800,000)
Loan from related parties	(23,101,995)
Deferred taxation	(5,250,638)
Trade and other payables	(499,042)
Provision for taxation	(218,850)
	80,365,859
Reserve arising as a consequence of scheme of arrangement	(70,694,859)

41.1 The fair value of shares issued is based on shares value used in determining swap ratio approved by Honourable Lahore High Court, Lahore in its order dated December 17, 2018.

42. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Description	Share capital	Directors' loans	Long term finance	Short term borrowings
Balance at October 01, 2018	250,000,000	530,351,753	-	1,580,874,527
Proceeds during the year	-	8,335,500	374,795,495	-
Repayments during the year	-	(92,306,270)	(22,222,222)	-
Movement in short term borrowings - net	-	-	-	(1,169,492,349)
Charges arising from business combination	9,671,000	-	-	-
Charges arising from right share issuance	100,329,000	-	-	-
Balance at September 30, 2019	360,000,000	448,380,983	352,573,273	411,382,178

43. SEGMENT INFORMATION

43.1 Sales of sugar represents 92% (2018: 92%) of the total sales of the Company.

43.2 The sales percentage by geographic region is as follows:

	2019	2018
Pakistan	74.30%	95.30%
Afghanistan	25.64%	4.52%
Canada	0.06%	0.18%
	100%	100%

Sales are attributed to countries on the basis of the customers' location.

43.3 All non-current assets of the Company as at 30 September 2019 and 2018 were located in Pakistan.

43.4 34.53% (2018: 57.34%) of the total sales of sugar of the Company are made to a single customer in Pakistan.

44. EVENTS AFTER REPORTING DATE

The Board of Directors in their meeting held on January 22, 2020 have proposed bonus shares @ 7% i.e. 2,520 million shares (2018: nil) and cash dividend of Rs. 0.20 per share (2018: nil) of Rs.10 each i.e. 3% of the paid-up ordinary share capital in respect of year ended September 30, 2019. The financial statements for the year ended September 30, 2019 do not include the effect of these appropriations which will be accounted for in the period in which it is approved by shareholders.

45. DATE OF AUTHORIZATION

These financial statements have been approved and authorized by the Board of Directors of the Company for issue on 22 January 2020.

46. CORRESPONDING FIGURES

During 2019, the Company modified the classification of expenses and other income to reflect more appropriately the analysis of expenses and performance of the Company. Comparative amounts in the statement of profit or loss were reclassified for consistency, better presentation and to facilitate appropriate comparison. Major reclassification made in the corresponding figures are as under:

Description	Reclassification		2018 Rupees	2017 Rupees
	From	To		
Vehicle costing expenses (cost of sales)	Other factory overheads	Vehicle running and maintenance	7,310,702	7,593,123
Vehicle maintenance (cost of sales)	Repair and maintenance	Vehicle running and maintenance	88,004	-
Trolley income	Other factory overheads	Other income (miscellaneous)	4,673,016	365,216
Other income	Miscellaneous	Rental income	5,767,456	182,000
Advertisement expenses	Administrative and general expenses	Selling and distribution cost	275,710	443,600
Selling and distribution cost	Handling and distribution	Selling and other benefits	1,772,707	-
Administrative and general expenses	Miscellaneous	Fees and penalties	7,112	-
Administrative and general expenses	Miscellaneous	News Papers and periodicals	84,412	70,879
Administrative and general expenses	Miscellaneous	Utilities	134,545	103,655

The Company also change the presentation of consideration received from customers before transfer of goods i.e. advances from customers (from note to the financial statements) to contract liabilities (on the face of statement of financial position) pursuant to adoption of IFRS 15.

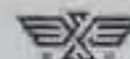
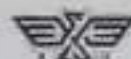
Description	Reclassification		2018 Rupees	2017 Rupees
	From	To		
Trade and other payables	Advances from customers (from note)	Contract liabilities (on the face of statement of financial position)	199,325,657	195,106,321

LAHORE

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



بورڈ آف ڈائریکٹرز کے اجلاس

کمیٹی کے بورڈ کے دریاں سال کے دوران پاکستان میں چار اجلاس ہوئے اور ڈائریکٹرز کی حاضری حسب ذیل ہے:

نام ڈائریکٹرز	حیثیت	تعداد حاضری
جناب احمد علی طارق	چیئر مین	4
جناب مصطفیٰ علی طارق	چیف ایگزیکٹو آفیسر	4
محترمہ حضرت عثم	نان ایگزیکٹو ڈائریکٹر	3
محترمہ مہریم حبیب	ایگزیکٹو ڈائریکٹر	4
جناب توفیق احمد خان	آزاد ڈائریکٹر	4
جناب محمد افتخار	نان ایگزیکٹو ڈائریکٹر	4
جناب محمد عمران خان	نان ایگزیکٹو ڈائریکٹر	4

جو ڈائریکٹرز بورڈ کے اجلاسوں میں شرکت نہیں کر سکتے تھے کو عدم شرکت کی چھٹی دی گئی۔

چیئر مین اور چیف ایگزیکٹو آفیسر کا کردار

چیئر مین اور چیف ایگزیکٹو آفیسر کے الگ الگ اور مختلف کردار ہیں۔ چیئر مین کا رپورٹ گورننس کے تحت مندرجہ تمام اختیارات رکھتے ہیں اور بورڈ کے اجلاسوں کی صدارت کرتے ہیں۔ چیئر مین کا اصل کردار کمیٹی کے بورڈ آف ڈائریکٹرز کو قیادت فراہم اور انتظام کرنا ہے۔ چیئر مین بورڈ کو جواب دہ ہے اور چیف ایگزیکٹو آفیسر کے ذریعہ بورڈ اور انتظامیہ کے درمیان براہ راست رابطے کے طور پر کام کرتا ہے۔ چیئر مین انتظامیہ سے آزاد ہے اور کسی بھی دلچسپی اور کسی بھی کاروباری یا دیگر تعلق سے آزاد ہے جو چیئر مین کے آزاد فیصلے سے متصادم ہو سکتے ہیں۔ چیف ایگزیکٹو آفیسر قانون اور بورڈ کی طرف سے مقرر کردہ اختیارات کے تحت اپنے فرائض انجام دیتا ہے اور کاروباری منصوبوں کی منظوری اور ان کو کرنا ہے اور کمیٹی کے مجموعی کنٹرول اور آپریشن کا ذمہ دار ہے۔

ڈائریکٹرز ٹریڈنگ پروگرام (DTP)

بورڈ نے اپنے ڈائریکٹرز کے ٹریڈنگ پروگرام (DTP) کے سلسلے میں پروجیکٹ کی مکمل تکمیل کی ہے۔ سات ڈائریکٹرز میں سے چار (04) ڈائریکٹرز نے گزشتہ سالوں میں ڈائریکٹرز ٹریڈنگ پروگرام مکمل کیا ہے اور باقی ڈائریکٹرز مقررہ گورننس مدت میں DTP کے تحت سند حاصل کر لیں گے۔

ڈائریکٹرز کی معاوضہ پالیسی کی نمایاں خصوصیات

بورڈ آف ڈائریکٹرز نے اپنی ذمہ داریوں پر مبنی ایگزیکٹو ڈائریکٹرز کے معاوضے کیلئے باضابطہ پالیسی کی منظوری دی ہے۔ معاوضہ انکی ذمہ داری کی سطح اور کمیٹی کو کامیابی سے چلانے کیلئے درکار مہارت کے مطابق ہے۔ ایگزیکٹو ڈائریکٹرز کے معاوضے کی منظوری ہیومن ریسورس اینڈ ریٹرنیشن کمیٹی کی تجویز پر بورڈ کی طرف سے دی گئی ہے۔

متعلقہ پارٹیوں سے لین دین

تمام متعلقہ پارٹیوں کیساتھ لین دین قابل رسائی قیاموں پر کیا جاتا ہے اور کوڈ آف کارپوریٹ گورننس، 2017 اور کمپنیز ایکٹ، 2017 کی تعمیل میں کمیٹی کے بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی کی طرف سے جائزہ اور منظوری دی جاتی ہے۔ متعلقہ پارٹیوں کیساتھ لین دین کی تفصیلات مالی حسابات میں مہیا کی گئی ہیں۔

انضمام کی اسکیم کی منظوری

زیر جائزہ سال کے دوران، محترمہ عدالت عالیہ لاہور نے STPL کے کمیٹی میں اور ساتھ انضمام ادارہ کی اسکیم کی منظوری دی ہے۔ اس سے مطابق معزز عدالت کے منظور کردہ تبادلہ تناسب (STP کے 01 شیئرز کے عوض HSM کے 3.80 شیئرز) کی تعمیل میں STPL کے حصص داران کو 967,100 عام حصص

الات کے حصے ہیں۔ اللہ تعالیٰ کے فضل سے، تمام پوسٹ مرچنٹ ریلیٹیز مکمل ہو گئی ہیں۔

مواصلات

کمیٹی حصص داران کے ساتھ مواصلات کی اہمیت پر بہت توجہ دیتی ہے۔ سالانہ، ششماہی اور سہ ماہی رپورٹس کمپنیز ایکٹ، 2017 کے مطابق مقررہ وقت کے اندر انہیں ترسیل کی جاتی ہیں۔ کمیٹی کی ویب سائٹ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی تمام ضروریات کو پورا کرتی ہے اور کمیٹی سے متعلق تمام معلومات ویب سائٹ پر دستیاب ہیں۔ حصص داران اور عوام الناس کے ارکان اپنی مطلوبہ معلومات حاصل کرنے کیلئے کمیٹی کی ویب سائٹ www.husein.pk ملاحظہ کر سکتے ہیں۔

ریکارڈز کی حفاظت

کمیٹی اپنے مالی ریکارڈز کی اسٹوریج اور حفاظت پر بہت زور دیتی ہے۔ برقی دستاویزات تک رسائی ایک جامع پاسورڈ محفوظ نظام کے اطلاق کے ذریعے محفوظ بنائی ہے۔

کافی داخلی مالیاتی کنٹرول

بورڈ آف ڈائریکٹرز نے داخلی مالیاتی کنٹرول کا ایک مؤثر نظام تیار کیا ہے۔ دو قسمی کے بیان میں مندرجہ، قابل اطلاق قوانین و ضوابط کے علاوہ مندرجہ کمپنیوں کے کوڈ آف کارپوریٹ گورننس کے مطابق مندرجہ آمد کی توثیق کرتے ہیں اور مؤثر طریقہ سے ان کو اور گمرانی کی جارہی ہے۔ ہماری کمیٹی کا داخلی آڈٹ فنکشن باقاعدگی سے مالیاتی کنٹرول کی تشخیص کرتا ہے اور آڈٹ کمیٹی سہ ماہی بنیاد پر داخلی کنٹرول اور مالیاتی حسابات کا جائزہ لیتی ہے۔

بورڈ کی تشخیص

کوڈ آف کارپوریٹ گورننس کی تعمیل میں، بورڈ نے بورڈ کے اسکوپ، مقاصد، عوامل، ذمہ داریوں، کمیٹی کی کارکردگی اور گمرانی پر مرکوز توجہ پر بحث اور سوالات کے ذریعے بورڈ، اس کے ڈائریکٹرز اور کمپنیوں کی تشخیص کے لئے خود تشخیصی میکانزم کی منظوری دی ہے۔ بورڈ نے بورڈ کے اجلاس میں کمیٹی ڈائریکٹرز کی انہٹ پٹنی تمام عناصر کی تشخیص کی ہے۔

بیرونی آڈیٹرز

کمیٹی کے بیرونی آڈیٹرز، میسرز کریمین حیدر بھیم جی اینڈ کمیٹی، چارٹرڈ اکاؤنٹنٹس سالانہ عام اجلاس کے اختتام پر رٹائر ہو جائیں گے اور اہل ہونے کی بناء پر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ کوڈ آف کارپوریٹ گورننس کی شرائط میں آڈٹ کمیٹی کے تجویز کے مطابق، بورڈ آف ڈائریکٹرز نے 30 ستمبر 2020 کو ختم ہونے والے سال کے لئے کمیٹی کے آڈیٹرز کے طور پر ان کی تقرری کی منظوری دی ہے۔

اظہار تشکر

طویل مدتی شیئرداری قدر کی جزییشن ہماری کمیٹی کی بڑی توفیق ہے۔ ہمارے حصص داروں کا مسلسل اعتماد اور یقین ہمارے لئے انتہائی اہمیت کا حامل ہے۔ حسین میں ہم نے ہمیشہ اپنے حصص یافتگان کی ایکویٹی کو زیادہ سے زیادہ کرنے کی کوشش کی ہے اور ہم اپنے عزم پر قائم ہیں۔ یہ ہمارے تمام اسٹیک ہولڈرز کی مسلسل حمایت کے بغیر ممکن نہیں ہے۔ بورڈ حصص یافتگان، مفکرین، کئے کے کاشتکاروں اور گورنر تمام اسٹیک ہولڈرز کی جانب سے مسلسل حمایت اور تعاون کا شکریہ ادا کرتے ہیں۔ بورڈ کمیٹی کے ملازمین کی کوشش اور محنت کو سراہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

محمد علی طارق

چیئر مین

محمد علی طارق

چیف ایگزیکٹو آفیسر

لاہور: 22 جنوری 2020ء

کارپوریٹ گورننس

کارپوریٹ گورننس کے بہترین طریقے

ڈائریکٹرز بہتر کارپوریٹ گورننس کے لئے پرعزم ہیں اور پاکستان اسٹاک ایکسچینج لیجنڈ کی رول بک اور لیڈنگ کمیٹی (کارپوریٹ گورننس کے ضابطہ اخلاق) ریگولیشنز 2017 کی ضروریات پر عمل کرتے ہیں۔ سی سی جی ریگولیشنز 2019 کی تعمیل کا بیان منسلک ہے:

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات اس کے امور آپریٹنگ کے نتائج، نقدی کا بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

2- کمپنی کے کھاتے جات کیٹیز ایکٹ 2017 کے تحت درکار بالکل صحیح طور سے بنائے گئے ہیں۔

3- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاکھیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور آئیندہ فہموں پر مبنی ہیں۔

4- مالی حسابات کی تیاری میں پاکستان میں لاکھین الاقوامی مالیاتی رپورٹنگ کے معیارات کی ضروریات کی پیروی کی گئی ہے۔

5- اندرونی کنٹرول کا نظام جدید انتظامی اصولوں کے مطابق ڈیزائن ہے اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

6- کمپنی کے گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

7- پاکستان اسٹاک ایکسچینج جہاں کمپنی لسٹ ہے کے فہرستی قواعد و ضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عوامل سے کوئی مادی انحراف نہیں کیا گیا ہے۔

8- گزشتہ پندرہ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

9- پراویڈنٹ فنڈ کا قاعدہ ایک علیحدہ ٹرسٹ کے زیر انتظام ہے اور ٹرسٹ نے 30 جون 2019 کو 109,476 ملین روپے (2018

112,283 ملین روپے) کی سرمایہ کاری کی ہے۔

نمونہ حصص داری اور حصص کی تجارت

30 ستمبر 2019ء کے مطابق نمونہ حصص داری کا بیان، جو رپورٹنگ فریم ورک کے تحت منکشف کیا جانا ضروری ہے، اس رپورٹ سے منسلک ہے۔

ڈائریکٹرز، چیف ایگزیکٹو، کمپنی سیکریٹری، چیف فنانس آفیسر، ان کے زوج اور چھوٹے بچوں کی طرف سے کمپنی کے حصص میں لین دین کی تفصیلات حسب ذیل ہیں:

حصص میں تجارت	
جناب احمد علی طارق - چیئر مین	191,500
جناب مصطفیٰ علی طارق - چیف ایگزیکٹو	22,500
محترمہ مریم حبیب - ایگزیکٹو ڈائریکٹر	102,500

بورڈ کی تشکیل

کمپنی نے درج ذیل انداز میں قواعد کے تقاضوں کی تعمیل کی ہے:

ڈائریکٹرز کی کل تعداد سات (7) حسب ذیل کے مطابق ہے:

کمپنی	ڈائریکٹرز کی تعداد
مرد ڈائریکٹرز	5
خاتون ڈائریکٹرز	2

بورڈ کی ترتیب حسب ذیل کے مطابق ہے:

کمپنی	نام
آرا ڈائریکٹرز	جناب توفیق احمد خان
ایگزیکٹو ڈائریکٹرز	میاں مصطفیٰ علی طارق
نان ایگزیکٹو ڈائریکٹرز	میاں احمد علی طارق جناب محمد افتخار جناب محمد عمران خان
خاتون ڈائریکٹرز	محترمہ شہرت بیگم (نان ایگزیکٹو ڈائریکٹر) محترمہ مریم حبیب (ایگزیکٹو ڈائریکٹر)

بورڈ کمیٹیاں

آڈٹ کمیٹی

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں، بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے۔ چیئر مین کی سربراہی میں آڈٹ کمیٹی تین

ارکان پر مشتمل ہے۔ کمیٹی باقاعدگی سے چیف فنانس آفیسر اور داخلی آڈٹ کے سربراہ کے ساتھ جائزہ اور تفتیشی جاننے کے لئے ملاقات کرتی ہے کہ اکاؤنٹنگ کے اعلیٰ

معیار کو برقرار رکھا جا رہا ہے۔ آڈٹ کمیٹی درج ذیل ارکان پر مشتمل ہے:

نام ڈائریکٹرز	حیثیت	کمپنی
جناب توفیق احمد خان	آرا ڈائریکٹر	چیئر مین
میاں احمد علی طارق	نان ایگزیکٹو ڈائریکٹر	رکن
جناب محمد عمران خان	نان ایگزیکٹو ڈائریکٹر	رکن

آڈٹ کمیٹی سرمایہ، ششماہی اور سالانہ حسابات مع متعلقہ پارٹنرز، ڈائریکٹرز، جسٹس اور بورڈ کو جمع کرانے سے قبل جائزہ لیتی ہے۔ آڈٹ کمیٹی نے داخلی آڈٹرز

کی فائینڈنگ کا جائزہ لیا اور کارپوریٹ گورننس کے ضابطہ کے تحت درکار داخلی اور بیرونی آڈٹرز کے ساتھ الگ الگ اجلاس بھی کئے۔

انسانی وسائل اور ریسرچیشن (HR&R) کمیٹی

ہیومن ریسورس پلاننگ اور منجمنٹ اعلیٰ ترین منجمنٹ سطح پر بہت ہی اہم فوکس پوائنٹس میں سے ایک ہے۔ کمیٹی کی ایک ہیومن ریسورس اینڈ ریسرچیشن کمیٹی

ہے جو اہم انتظامی افراد کے انتخاب، مشاہرہ اور جانشین پلاننگ میں مشغول ہے۔ یہ کمیٹی کی ہیومن ریسورس پالیسیوں اور پروجیکٹرز کی اصلاحات میں توفیق اور ان کے

دورانہ کی تفتیش میں بھی ملوث ہے۔ انسانی وسائل اور ریسرچیشن (HR&R) کمیٹی درج ذیل ارکان پر مشتمل ہے۔

نام ڈائریکٹرز	حیثیت	کمپنی
جناب احمد علی طارق	نان ایگزیکٹو ڈائریکٹر	چیئر مین
جناب توفیق احمد خان	آرا ڈائریکٹر	رکن
میاں مصطفیٰ علی طارق	چیف ایگزیکٹو آفیسر	رکن

میں جاری طور پر دراندازی کے بعد، ہم فروخت بڑھانے کے لئے دوسرے شہروں کی تلاش میں ہیں۔

صحت اور حفاظت

حسین شوگر میں، ہم اپنے ملازمین کی صحت اور حفاظت پر کوئی سمجھوتہ نہیں کرتے ہیں۔ اس سال، ہم نے سب سے زیادہ حفاظت اور صحت کے معیار کو برقرار رکھنے کے لئے اپنے کارکنوں کے کام کرنے کے حالات کو بہتر بنانے اور بڑھانے کیلئے جدید ترین بین الاقوامی طریقوں کو لاگو کرنے کے اقدامات کیے ہیں۔ ہم اپنے ملازمین، اسٹیک ہولڈرز اور ملازمین کے لئے ایک حفاظت اور محفوظ ماحول فراہم کرنے کیلئے عزم ہیں۔ ہماری سب سے بڑی ترجیح ہمیشہ ہمیشہ کی حفاظت ہے اور اس سال ہم نے کوشش برسرِ ترقی کی تیسری جاری رکھی ہے۔ ہم مستقبل میں بھی حفاظت اور صحت کی یہی سطح یقینی بنانے کے لئے اقدامات اٹھانا جاری رکھیں گے۔

ماحول اور ماحولیاتی تبدیلی

ہماری ایک اور ترجیح ماحول ہے۔ پنجاب میں ہوا کے ناقص معیار کی ریکارڈ سطح کے ساتھ، پچھلے سالوں میں ریکارڈ کیے گئے کم ترین درجہ حرارت سے ہر سال موسمیاتی تبدیلیوں کے اثرات تیزی سے واضح ہوتے جا رہے ہیں۔ کارپوریٹ شہری ہونے کی حیثیت سے، ہم ماحولیاتی نظام کے تحفظ میں ایک اجتماعی ذمہ داری لیتے ہیں جو ہمارے کام برقی اور موسمی اجازت دیتی ہے۔ اس سلسلے میں مقامی انتظامیہ کے تعاون کے ساتھ، ہم نے مختلف ماحول دوست منصوبوں کا آغاز کیا ہے۔ ہم نے روشنی کی شوگر کاری ہم شروع کی ہے اور دیگر اقدامات میں ری سائیکلنگ میں تجدید سرمایہ کاری کے ذریعے اپنے کوڑے کو کم سے کم کرنے میں اہم پیشرفت کی ہے۔ ہم مقامی شراکت داروں اور دیگر اسٹیک ہولڈرز کے ساتھ مل کر کام کرنے کے منتظر ہیں تاکہ اس بات کو یقینی بنایا جائے کہ حسین کی تمام مصنوعات ایک ذمہ دارانہ اور ماحول دوست انداز میں بنائی جائیں۔ ہم اپنے عمل کو جدید اور بہتر بنانے کے لئے نئی ٹیکنالوجی کی بھی تلاش کر رہے ہیں۔

یہ سفارش کی جاتی ہے کہ حکومت کسانوں اور ملز کے ساتھ ہم آہنگی سے ماحول کے استحکام کے سلسلے میں ایک طویل مدتی پالیسی بنائے۔ دیگر فصلوں کے مقابلے میں، گنا افزا رویت کا حامل ہے کہ اس کی تقریباً تمام مصنوعات ویلیو ایڈیشن کے لئے استعمال کی جاسکتی ہیں۔ نہ صرف گنے کو چینی تیار کرنے کے لئے استعمال کیا جاتا ہے بلکہ بجلی، مٹی، لٹری اور گھاس پیدا کرنے میں بھی استعمال کیا جاسکتا ہے۔ ایک جامع فنی عوامی پالیسی کے ساتھ، اضافی قدر پیدا کرنے کے لئے گنے کی سلائی چین میں نئی راہیں استعمال کی جاسکتی ہیں۔

مستقبل کا نقطہ نظر

موجودہ کرشنگ سیزن کے لئے حکومت نے کرشنگ سیزن 2019-20 کے لئے گنے کی ادائیگی قیمت 190 روپے فی 40 کلوگرام کا اعلان کیا ہے۔ زبرد کاشت گنے کے قبضے گنے کی اوسط فی ایکڑ پیداوار اور کاشت گنے کی اقسام کی بنیاد پر پتہ چلتی ہے کہ آنے والے سال کے لئے گنے کی پیداوار گزشتہ سال سے بہت کم ہوگی۔ کپنی نے اپنا کرشنگ سیزن گزشتہ سال 9 ستمبر 2018 کے مقابلے میں اس سال 25 نومبر 2019 سے شروع کیا۔ مقامی، ریگٹ میں مولاس کی قیمتوں میں اضافہ، گزشتہ سال کے مقابلے میں کم فصل، اور چینی کی عالمی قیمت کی پیشین گوئی کی وجہ سے پورے پاکستان کی ملوں نے کرشنگ سیزن جلدی شروع کر دیا۔ دستیاب گنے کی زیادہ فیصد خریدنے اور آزماتے کے لئے، ملز نے گنے کی قیمتوں کو بے مثال سطح پر خریدنا شروع کر دیا، جو حکومت کی مطلع کردہ قیمت سے تقریباً 22 فیصد زیادہ ہے۔ اس کے فوراً بعد ہی، جب یہ احساس ہوا کہ پیداواری لاگت چینی کی تھوک قیمت سے نہیں زیادہ ہے، اور ملک بھر میں شدید درجہ حرارت کی وجہ سے گنے کی کم فراہمی میں ٹیکسٹائل ملز گنے کی قیمتوں میں کمی لانے کے لئے تقریباً دس دن تک پیداوار کو روک دیا۔

تاہم، کرشنگ میں بد قسمتی سے تاخیر کا مطلب پاکستان کے ذراعت کے شعبے کو مجموعی نقصان ہے۔ رواں سال موسمیاتی وجوہات کی بناء پر، پورے پاکستان میں کسانوں کی فی ایکڑ پیداوار گزشتہ سال کے مقابلے میں تقریباً 10 فیصد کم ہے۔ مزید برآں، پچھلے سال چینی کے شعبے کے فیبر موڈوں مارکیٹ حالات کی وجہ سے، بہت سے کسانوں نے اس سال مختلف فصلیں اگانے کا انتخاب کیا۔ اس طرح، پاکستان میں گنے کی متوقع کاشت اور چینی کی تیاری اس سال بہت کم رہنے کی پیش گوئی کی گئی ہے۔ اس لئے ضروری ہے کہ چینی کی مقامی قیمتوں پر اثر ہے۔ اس کے ساتھ ساتھ گنے کے زیادہ اخراجات، اعلیٰ شرح سود، اور عام طور پر افراتفری کی وجہ سے بیوفیکچرنگ کے باعث ہونے اخراجات بلاشبہ چینی کی قیمتوں میں اضافہ کریں گے۔

کپنی نے اپنی کارکردگی کو بہتر بنانے کے منصوبے (ای آئی پی) کے حوالے سے اہم پیشرفت کی ہے جس کا مقصد آپریشنل نقصانات کو کافی حد تک کم کرنا اور ایندھن کی کچھت میں بچت کا نئی گنا اضافہ کرنا ہے۔

گنے کی قیمتوں اور سود کی نئی ذمہ داری شرح کے ساتھ، یہ ریکارڈ میں سب سے مشکل سال رہا ہے۔ حسین میں ہم چینیوں سے نہیں گھبرائے ہیں۔ بلکہ، ہم نے مشکلات کا مقابلہ کیا اور محفوظ رہے ہیں۔ 2015 سے، حسین شوگر کی کہانی، بحالی، تجدید اور چھدا رہی ہے۔ جیسا کہ پچھلے دو سالوں میں ہوا، 2020 میں، آپ ٹیو کی کہانی کی توقع کر سکتے ہیں۔

کارپوریٹ سماجی ذمہ داری

کپنی رواداری، باہمی احترام، دوستانہ، اپنی مدد آپ اور باہمی اعتماد اور اعتماد کی ثقافت کو فروغ دینے کے علاوہ، اپنے تمام ملازمین کو ایک محفوظ، صحت مند، اور دوستانہ ماحول فراہم کرتی ہے۔

تازہ گر بجوریٹ اور پوسٹ گریجویٹوں کے لئے اپریٹس شپ کی پیشکش کے علاوہ، کپنی خالصتاً صحت کی بنیاد پر روزگار کی پالیسی کو مکمل طور پر برقرار رکھتی ہے۔ بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ نقطہ نظر کے ساتھ، کپنی یقینی طور پر ملازمت کے مساوی مواقع کو یقینی بناتی ہے کہ تمام ملز ملازمین کو فراہم کی جائے۔ اس کے علاوہ، کپنی امتیازی سلوک کے سلسلے میں صفر رواداری کی پالیسی پر سختی سے عمل کرتی ہے۔ کپنی جسمانی طور پر معذور اور خصوصاً معنی افراد کو بھی معاشرے کا مفید حصہ بنانے کے لئے روزگار فراہم کرتی ہے۔

ایک ذمہ دار کارپوریٹ ادارے کے طور پر، کپنی مقامی معاشرہ کی ترقی کو زیادہ سے زیادہ کرنے کے لئے سرکاری اداروں اور دیگر مقامی نمائندوں کے ساتھ کام جاری رکھتی ہے۔ اس مقصد کے لئے، کپنی نے بنیادی طور پر تعلیم اور صحت کے میدان میں، غریب اور ضرورت مندوں کی فلاح و بہبود کے لئے غیر منافع بخش ادارے قائم کیے ہیں۔ کپنی کی تاریخ کے کورس میں، مذکورہ بالا اداروں نے علاقہ میں لاکھوں افراد کو مفت طبی سہولیات اور معیاری تعلیم فراہم کی ہے۔

ڈیویڈینڈ
ڈائریکٹرز نے کپنی کے تمام شیئرز ہولڈرز کو 30 ستمبر 2019 تک 2019 سال کیلئے حتمی نقد منافع تقسیمہ بشرح 0.30 روپے فی شیئر (3%) ادا کرنے کی منظوری دی ہے۔

بونس شیئرز
ڈائریکٹرز نے شیئرز پر بیمہ اکاؤنٹ میں سے مجموعی 25,200,000 روپے کی سرمایہ کاری کے ذریعے ارکان کے ملکی ہر ایک سو (100) عام شیئرز کے لئے 07 عام شیئرز (یعنی 7%) کے تناسب میں بونس شیئرز جاری کرنے کی منظوری دی ہے۔

جنرل ڈھانڈے منتقلی
بورڈ آف ڈائریکٹرز نے سال کے دوران جنرل ڈھانڈے 169,450,000 روپے مجموعی منافع میں منتقل کرنے کی منظوری دی ہے۔

قرض کی ادائیگی
تمام مختصر مدت اور طویل مدت کے قرضے قرض دہندگان کے عمل اطمینان کے لئے ادا کیے جا رہے ہیں۔

جدت اور کارکردگی کی بہتری
حکمت عملی کی توسیع، تکنیکی ترقی، اور ایماحول کی حفاظت کے لئے مسلسل سرمایہ کاری اور اختیارات کی تلاش آپ کی کپنی کی پالیسی ہے۔ مجموعی صلاحیتوں کو بڑھانے اور بیرونی اور داخلی مجموعی لاگت میں کمی لانے کے لئے شوگر پلانٹ کے اہم شعبوں میں جدید ترین ٹیکنالوجی کو اپنایا جا رہا ہے۔

فی شیئر آمدنی
آپ کی کپنی کا بعد از ٹیکس 293.543 ملین روپے کا منافع جو 9.05 روپے فی شیئر منافع بنتا ہے جبکہ گزشتہ سال میں یہ 1.28 روپے فی شیئر منافع تھا۔



پاکستان کی شوگر انڈسٹری کی ایک اور غلطی یہ ہے کہ مقامی پیداوار سے درآمد چھٹی زیادہ سستی ہے۔ آج، بین الاقوامی مارکیٹ میں فی ٹن 400 امریکی ڈالر کی تجارت ہو رہی ہے اور نقل و حمل اور اس سے وابستہ اخراجات کو پورا کرنے کے ساتھ، بین الاقوامی منڈی سے درآمد کرنے کے مقابلے میں پاکستان میں پیدا شدہ چھٹی سب سے سستی ہے۔

4) امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی کے ساتھ مختلف خام مال کی اگت میں نمایاں اضافہ ہوا ہے۔ دراصل، روپے کی قدر میں کمی کی وجہ سے اسٹیل، آئل، پولی پروپیلین، ٹیکسٹائل اور لبریکیشن جیسے اہم اخراجات میں اضافہ ہوا ہے۔ اگرچہ روپے کی قدر میں کمی سے پاکستانی چھٹی درآمد کرنا زیادہ منافع بخش ہوتا ہے، لیکن حکومت کی طویل مدتی چھٹی درآمدی پالیسی مرتب کرنے پر آمادگی کی وجہ سے پاکستانی ملز کے لئے بیرون ملک مستقل تعلقات استوار کرنے میں سرمایہ کاری کرنا پاس وقت بہت ضروری غیر ملکی آمدنی کا فائدہ اٹھانا ناممکن ہو گیا ہے جب درآمد مقامی مارکیٹ سے زیادہ منافع بخش ہے۔

5) پاکستان میں اخراجات زرخیز مٹی پر مبنی مٹی، تیل، گیس، ڈیزل، کھاد اور دیگر بنیادی اجناس مثلاً گندم اور سبزیاں مہنگی ہو گئی ہیں۔ چونکہ بنیادی اجناس پورے پاکستان میں مہنگی ہو چکی ہیں، حکومت نے پاکستان میں صنعتوں میں کم سے کم اجرت بڑھانے کا درست فیصلہ کیا ہے۔ تاہم، کم سے کم اجرت میں اضافے کے ساتھ، مینوفیکچرنگ کی لاگت میں وابستہ اضافہ ہوا ہے۔ پچھلے سال کے مقابلے میں فروخت کردہ مسلمان یا انتظامی اخراجات کی قیمت میں یکساں طور پر اضافہ ہوا ہے۔

6) گذشتہ بجٹ میں حکومت نے شوگر پریکلرٹس کو 8 فیصد سے بڑھا کر 17 فیصد کر دیا تھا۔ قدرتی طور پر، پریکلرٹس میں اس اضافے سے شوگر کی قیمت میں مزید اضافہ ہوا ہے۔ عام طور پر یولس تو فی ٹن گرام میں 3.60 روپے یا اس سے زیادہ کا مزید اضافہ ہوا ہے۔ اگر حکومت کو لگتا ہے کہ چھٹی ایک ضروری اجناس ہے جس پر قیمتوں کے لحاظ سے قابو پایا جانا چاہئے، تو اسے چھٹی پر ٹیکس نظام میں ترمیم کر کے گھریلو صارفین کو کافی حد تک ریٹیف فرماہم کرنے کے لئے اس فیصلے پر نظر ثانی کرنے پر غور کرنا چاہئے۔ مزید یہ کہ حکومت نے مختلف درآمدی ان پٹ اور معمول کی مرمت، تو ازن اور جدید کاری کے لئے درکار ضروری مشینری کی ڈیولپرز میں اضافہ کر دیا ہے۔ پہلے سے ہی ایک مشکل معاشی ماحول میں، اس فیصلے نے پلانٹ کی پیداوار اور جدید کاری کے اخراجات میں اضافہ کر کے صنعت پر مزید بوجھ ڈالا ہے۔

مذکورہ بالا عوامل کے ساتھ، یہ واضح ہو جاتا ہے کہ 2019 کے آخر تک پورے پاکستان میں چھٹی کی قیمتیں کیوں بڑھ گئیں۔ چھٹی کی مارکیٹ قیمتیں نا اہل فرامی اور طلب پر منحصر ہیں۔ چونکہ مینوفیکچرنگ کی لاگت میں مسلسل اضافہ ہوتا جا رہا ہے، چھٹی کی قیمتوں میں قدرتی طور پر ایک وقت اضافہ ہوگا۔ کنگڈمشٹری اور سائٹ ڈریج مینوفیکچررز جیسی صنعتوں سے لے کر مٹی کی دوکانوں اور ٹیکسٹائل، تقریباً 65-75 فیصد پاکستان کی چھٹی کی پیداوار انڈسٹری ہی استعمال کرتی ہے۔ اگرچہ خوردہ فروشوں اور تقسیم کاروں کے ذریعہ فراہم کردہ معلومات استعمال کرتے ہوئے ڈیورہ اور ادوٹار کے بارے میں ابھی تک کوئی حاضیہ مطالعہ نہیں ہوا ہے، لیکن ہم پیش گوئی کر سکتے ہیں کہ چھٹی کی براہ راست گریو کپٹ کا تخمینہ کل مقامی پیداوار کا صرف 25-30 فیصد یا تقریباً 1.5 ملین ٹن ہے۔ یہ دیکھتے ہوئے کہ شوگر پاکستانی گھریلو استعمال کا ایک لازمی حصہ ہے، حکومت کے لئے یہ مناسب ہے کہ چھٹی کی قیمت کو کسی حد تک کنٹرول کریں۔ تاہم، مصنوعی ریٹیف دینے یا چھٹی کو بڑے پیمانے پر سمیڈی دینے سے چھٹی مینوفیکچررز کی لاگت پر مصنوعی شوگر خریداروں کو غیر منصفانہ فائدہ پہنچے گا۔

گذشتہ سال 2016 اور 2017 کی فصلوں کے موسموں کے برعکس، کاشت کے تحت گنا ڈرامائی طور پر کم تھا۔ رواں سال کی مختصر فصل اور آب و ہوا کے حالات کے پیش نظر، صنعت کو موجودہ کرشک سیزن میں 5-5.5 ملین ٹن سے زائد چھٹی کی پیداوار کا امکان نہیں ہے۔ چھٹی کی پیداوار میں نمایاں کمی اور ریکارڈ پر مینوفیکچرنگ کی سب سے زیادہ لاگت کے ساتھ، اس بات کا بہت زیادہ امکان ہے کہ 2020 میں چھٹی کی قیمتوں میں اضافہ ہوتا رہے گا۔ گذشتہ سال کے بیشتر حصے کے لئے، گنے کے کاشتکاروں کو اپنی فصل کے مقابلے میں ڈیفیٹ قیمت فلور سے زیادہ قیمتوں پر ادائیگیاں وصول ہوئیں۔ قیمت میں اس اضافے کے باوجود، گنے کی کاشت کے رقبے میں اضافہ نہیں ہوا اور اس بات کا اشارہ ہے کہ کاشتکاروں کو متبادل فصلوں میں بہتر منافع مل رہا ہے۔ یہ حوصلہ افزا ہے کہ گنے کے کسانوں کو اپنی فصل کے لئے پہلے سے کہیں زیادہ قیمت مل رہی ہے۔ اس سے پچھلے سیزن میں ہونے والے نقصانات کے سلسلے میں کاشتکاروں کی animosity کو دور کرنے میں مدد ملے گی اور آئندہ سالوں میں گنے کی کاشت کی حوصلہ افزائی ہوگی۔

اگرچہ گنے کے رقبے کے حوالے سے پاکستان دنیا کا پانچواں سب سے بڑا ملک ہے، لیکن چھٹی کے لحاظ سے یہ دنیا کا ساتواں سب سے بڑا پیداواری ملک ہے اور گنے کی فی ایکڑ پیداوار کے لحاظ سے اس کا 60 واں نمبر ہے۔ بین الاقوامی سطح پر مسابقت پذیر ہونے کے لئے، یہ ضروری ہے کہ حکومت چھٹی کی صنعت کے لئے ترقی پسندانہ پالیسیاں مرتب کرے۔ مثال کے طور پر، پاکستان کی پوری تاریخ میں گنے کی قیمت چھٹی کی اہمیت سے منسلک ہے۔ بین الاقوامی سطح پر مسابقت کے لئے، حکومت کی سطح پر پالیسی میں کچھ خاص تبدیلیاں لانا ضروری ہیں۔ چھٹی بڑا درآمد کرنے والے تقریباً تمام ممالک نے بین الاقوامی سطح پر گنے کی قیمت کو اس کے سکروں مواد کی مقدار سے جوڑ دیا ہے۔ پاکستان کو بھی اس کی پیروی کرنے کی ضرورت ہے۔ اسی طرح گنے یا شوگر کی صنعت میں بھی پاکستان میں تقریباً کوئی تحقیق اور ترقی نہیں ہے۔ حکومت کو کئی شعبے کے ساتھ ہم آہنگی سے زرعی اداروں کو اسی سکروں اقسام کی ترقی کے لئے خاطر خواہ فنڈز اور کاشتکاروں کو ایسی تکنیکوں پر عمل درآمد کرنے میں مدد فراہم کی ضرورت ہے جس سے زیر کاشت فی کلو پیداوار زیادہ ہو جاتی ہے۔ اگر کامیابی کے ساتھ کام کیا جائے تو، پاکستان گنے کی سالانہ اسٹاک اسی رقبے پر کاشت اور سرمایہ کاری کے ساتھ زیادہ پیداوار لے سکتا ہے۔ طویل مدتی حکمت عملی کے تحت اس اضافی پیداوار سے درآمد کے لئے چھٹی کی درآمد فرامی پیدا اور موجودہ کاشت خمارے میں تیزی سے کمی واقع ہو سکتی ہے۔

آپریٹنگ نتائج

حسین شوگر ملز کی انتظامیہ نے ہمیشہ مارکیٹ سے آگے رہتے پر زور دیا ہے۔ ہزاری مارکیٹ کی مہارت پر عملدرآمد اور سال کے اختتام تک بڑھ جانے والے چھٹی کے سرپلس کے پیش نظر، انتظامیہ نے ایک اجنبی جارحانہ فروخت کی حکمت عملی کی پیروی کی ہے۔ اس پالیسی پر عمل کیا گیا ہے اور آپ کی کمپنی نے منافع بخش قیمتوں پر منافع کو مد نظر رکھا ہے۔ اس مالی سال کے لئے، آپ کی کمپنی نے 3.71 ملین روپے پاکستانی فروخت کی جو کہ گزشتہ سال میں 2.75 ملین روپے تھی۔ یہ ذہن نشین کرنا ضروری ہے کہ زیادہ فروخت، جس نے ہماری فروخت کی حکمت عملی کی توثیق کی، حجم میں اضافے کے بجائے فروخت قیمت میں اضافے کا نتیجہ ہے۔ یہ دیکھتے ہوئے کہ ایشیا کی مارکیٹ قیمتیں سال کے اختتام میں نمایاں طور پر بڑھنے کی پابند تھیں، آپ کی کمپنی کی انتظامیہ نے اس سال چھٹی کی اہم مقدار برقرار رکھنے کا فیصلہ کیا۔ چھٹی کی قیمت میں اضافے سے حاصل ہونے والے فوائد کو عملی حیثیت دینے کے لئے، انویسٹری کا انعقاد ایک اہم مدت کے لئے کیا گیا تھا۔ گذشتہ سال کے اسی عرصے کے مقابلے میں مالی معاوضوں میں اسی غیر معمولی اضافہ نے 56 فیصد سے زیادہ کا اضافہ کیا جس سے منافع میں کمی واقع ہوئی ہے۔ چھٹی کی قیمتوں میں حالیہ اضافہ کے ساتھ، شوگر ملز کا جو انتظامیہ نے گزشتہ سال برقرار رکھے کا فیصلہ کیا تھا، نے کافی منافع دیا۔ رواں سال کے لئے، مجموعی منافع 240 ملین روپے اور ٹیکس کے بعد منافع 293.5 ملین روپے ورج کیا گیا۔

اس سال حسین شوگر نے گزشتہ سال 9.21 کی ریکوری پر 600,773 ٹن گنا کرش کرنے کے مقابلے میں 9.81 کی ریکوری پر 491,278 ٹن سے زیادہ گنا کرش کیا ہے۔ کرش گنے میں 18 فیصد کمی گھر گنے کی کم دستیابی کے باعث ہوئی ہے۔ جیسا کہ ہم اپنے پلانٹ کی کارکردگی کو بہتر بنانا چاہتی ہیں، اپنی مصنوعات اور عمل کے معیار اور پیداوار کو بڑھانے کے لئے جدید ترین مشینری خریدی جا رہی ہے۔

ایجادات اور نئی راہیں

نہ صرف ہم نے جدید مشینری میں سرمایہ کاری اپنے پلانٹ کی کارکردگی کو بڑھانے کے لئے کی ہے، بلکہ ہم نے پیداوار کو زیادہ سے زیادہ کرنے کے لئے جدید ترین سوفٹ ویئر اور داخلی کنٹرول سسٹم میں بھی سرمایہ کاری کی ہے۔ اس سال، ہم نے اپنے پالیسی سازوں کو بروقت درست حقیقی مہارت فراہم کرنے کے لئے اپنے پورٹنگ کلامات کو بہتر بنایا ہے۔ ہم اسٹیک ہولڈرز جیسے کہ گنے کے کاشتکاروں کے ساتھ مواصلات کو بہتر بنانے اور پوری کمپنی میں کارکردگی کو زیادہ سے زیادہ کرنے کے لئے جدید ترین سوفٹ ویئر کے نظام کو شامل کرنے کے لئے نئی ٹیکنالوجی کو بھی تلاش کر رہے ہیں۔

پچھلے سال سے ہماری برآمدات کے سلسلے میں، ہم نے کینیڈا اور افغانستان میں اپنے شرکاء داروں کے ساتھ کمپنی کی چھٹی بڑا درآمد کرنے کے معاہدوں کی تجدید کی ہے۔ نہ صرف ہم نے برآمدی صلاحیت سے فائدہ اٹھایا ہے، بلکہ ہم نے مقامی خوردہ مارکیٹ میں بھی راستہ بنا لیا ہے۔ اس سال، ہم نے پہلے سے کہیں زیادہ 1KG اور اپنے برانڈ کرٹل، کے پیکٹ ترسیل کئے ہیں۔ ہر سال، ہم اپنے خوردہ پیکٹنگ ڈویژن میں زیادہ سے زیادہ نمونہ کی پیش گوئی کرتے ہیں۔ لاہوری مارکیٹ

ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز 30 ستمبر 2019 کو ختم ہونے والے سال کے لیے حسین شوگر ملز لمیٹڈ کی 52 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ موجودہ اور گزشتہ سال کے لئے کمپنی کی کارکردگی حسب ذیل ہے:

آپریٹیشنز	30 ستمبر 2019	30 ستمبر 2018
گنے کی کرشنگ (میٹرک ٹن)	491,278	600,773
چینی کی پیداوار (میٹرک ٹن)	48,251	55,331
تیار شدہ (میٹرک ٹن)	24,070	32,941
چینی کا حصول (فیصد)	9.81	9.21
مالیات	روپے ہزاروں میں	
فروخت	3,715,573	2,755,737
مجموعی منافع	240,082	259,095
آپریٹنگ منافع	74,514	71,923
مالی لاگت	221,351	141,900
بعد از ٹیکس منافع	293,543	35,169
فی شیئر آمدنی (روپے)	9.05	1.28

چیئرمین کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز نے 30 ستمبر 2019 کو ختم ہونے والے سال کے لئے کمپنی کی کارکردگی پر چیئرمین کے جائزہ کو مکمل طور پر منظور کیا ہے۔

اقتصادیات

پاکستان کو اپنی تاریخ کے بدترین معاشی بحران کا سامنا ہے۔ دنیا میں بی ڈی پی کے سب سے کم تناسب سے ٹیکس کے ساتھ حکومت کے لئے یہ بہت مشکل ہے کہ 220 ملین سے زائد آبادی کے ملک میں سالانہ آبادی میں 3 فیصد سے زیادہ اضافہ ہو۔ ورلڈ بینک نے والی شدہ تباہ کن معیشت اور بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے کے ساتھ حکومت کو مزید آئی ایم ایف نل آؤٹ تلاش کرنے اور معیشت کو مستحکم کرنے کے لئے تنجید و اصلاحی اقدامات پر عمل کرنے کے لئے مجبور کر دیا۔ دیگر اقدامات میں حکومت نے معیشت کو دستاویزی شکل دینے کے لئے تنجید کو پیش کی ہے، پہلے غیر فعال افراد اور فرموں کی باضابطہ شرکت کی کوشش کی ہے، اور سیلابی زمین کے تمام اسٹیک ہولڈرز کو ٹیکس اٹھانے کے ہاں اندراج کروانے کی ترغیب دی ہے۔ یہ کوشش نہایت قابل ستائش ہے اور زیادہ سے زیادہ افراد کے لئے معیشت میں اکٹھا ہونا ضروری ہے۔ ہم اس اہم فیصلے کی حمایت کرتے ہیں اور حکومت کے ساتھ اس ضمن میں کام کرنے کے منتظر ہیں۔ آخر کار اس سے صنعت کو کافی حد تک راحت ملے گی۔

تاہم، مائینٹری پالیسی میں اس طرح کی سخت تبدیلیوں اور اس سلسلے میں نئی پالیسیوں کے جبری نفاذ کے ساتھ، معیشت میں تیزی سے مست روی آچکی ہے۔ مختلف صنعتوں میں پیداوار کو شدید چھٹکا لگا ہے، اور کاروبار کرنے کی لاگت میں کافی اضافہ ہوا ہے۔ پاکستان کی چینی کی صنعت اس معاشی تباہی سے بچ نہیں سکی۔ اس سال کی اعلیٰ سطح پر پالیسی شرح کے ساتھ، کیوٹل رسائی تک پہنچنے تک یہ تقریباً دو ٹن ہو گئی ہے۔ فی ٹن ایکشن ڈانس فورس (ایف اے لی ایف) کی طرف سے لگاتار دباؤ اور قرضوں کی واپس ادائیگیوں کے بوجھ نے معیشت کو معذور کر دیا ہے۔ صارفین کی طلب اور صنعتی مینوفیکچرنگ کم ہے۔ اگرچہ کرنٹ خسارے میں بہتری آرہی ہے اور روپیہ آخر کار مستحکم ہونا دکھائی دیتا ہے، بی ڈی پی نمو کم ہونے کی پیش گوئی کی جا رہی ہے، افراط زر بہت زیادہ ہے، اور بے روزگاری عروج پر ہے۔ تیل کی قیمتوں میں اضافہ توانائی کے نرخوں میں اضافہ، اور اندرون و بیرون ملک سیاسی غیر یقینی صورتحال نے بین الاقوامی سرمایہ کاروں کے اعتماد کو متزلزل کر دیا ہے اور براہ راست غیر ملکی سرمایہ کاری گزشتہ سال کی اسی مدت سے کم ہے۔ ان معاشی حالات نے نفع حاصل کرنا مشکل ترین بنا دیا ہے اور بڑے پیمانے پر کمپنی اور صنعت پر بوجھ ڈالا ہے۔

صنعت بڑے پیمانے پر

پاکستان میں چینی کی صنعت نے مجموعی طور پر سینکڑوں لاکھوں روپے کی سرمایہ کاری کی ہے۔ دوسرے لفظوں میں، آج پاکستان میں یہ انداز سڑی لگانا تقریباً سب سے مشکل ہو گیا۔ ہر سال، صنعت براہ راست اور بالواسطہ لاکھوں ہزاروں افراد کو روزگار فراہم کرتی ہے۔ ہر سال مختلف ٹیکسوں اور یونٹوں کی شکل میں اندازاً 10 فی صد خزانے میں سینکڑوں لاکھوں روپے کا حصہ لگتی ہے۔ ٹرانزیشن اور آگاہی کی کمی کی وجہ سے، پاکستان کی چینی کی صنعت بنیادی طور پر تنجید و اصلاح کا شکار ہے۔ پاکستان کی مقامی مارکیٹ میں چینی کے نرخوں پر اثر انداز ہونے والے بہت سے عوامل ہیں۔ دیگر فیکٹرز میں، (1) گنے کی قیمت (2) شرح سود (3) چینی کی بین الاقوامی قیمتیں (4) امریکی ڈالر کی قیمت (5) افراط زر (6) اور چینی پر سٹیم ٹیکس اور فیڈرل ایکسائز یونٹ کی کچھ ضروری عوامل ہیں جو چینی کی مقامی قیمت کا تعین کرتے ہیں۔

(1) چینی کی صنعت کے بارے میں سب سے بڑی غلط فہمی یہ ہے کہ ملز قیمتوں کا تعین کرنے کی صلاحیت رکھتے ہیں۔ درحقیقت، 2018 میں، پاکستان بھر میں چینی کی قیمتیں شدید پریشان رہیں جس کی وجہ سے پوری صنعت کو بھاری نقصان ہوا۔ آج، یہ کہنا محفوظ ہے کہ پاکستان کا شوگر سیکٹر ملک کی ایک انتہائی مسابقتی صنعت ہے۔ موجودہ کرشنگ سیزن (20-2019) کے لئے حکومت پنجاب نے گنے کی خریداری کے لئے ایک نوٹیفائیڈ قیمت 190 فی ٹن یا 40 کلوگرام جبکہ حکومت سندھ نے اس کی قیمت 192 روپے فی 40 کلوگرام مقرر کی ہے۔ اندازاً 10 فی صد تنجید و اصلاح سے ظاہر ہوتا ہے کہ موجودہ سیزن میں، کچھ ٹیکس 240 روپے فی 40 کلوگرام تک خریداری کر رہی ہیں۔ اگر ملز قیمت وصول کرنے کے قابل ہوتے جس پر وہ گنے کی خریداری کرتے ہیں تو، گنے کے کاشتکار اپنی پیداوار کے لئے فی 40 کلوگرام نوٹیفائیڈ قیمت سے زیادہ وصول نہیں کرتے۔ بلکہ یہ پاکستان کی شوگر انڈسٹری میں تقریباً مکمل مقابلہ ہے جس کی وجہ سے سیلابی اور طلب میں بنیادی فرق ہے جس نے گنے کے اخراجات کو اس سطح تک پہنچایا ہے جو پاکستان کی تاریخ میں پہلے کبھی نہیں دیکھا تھا۔ پچھلے سال کے مقابلے میں، جہاں پیشتر ملوں نے 180 روپے فی 40 کلوگرام خریداری کی، اس سال دیکھا گیا ہے، اوسطاً ملز نے گزشتہ سیزن کے مقابلے میں 25-30 فیصد زیادہ قیمت پر خریداری کی ہیں۔ درحقیقت، گزشتہ 20 کرشنگ سیزن کے دوران، 85 فیصد ملوں نے نوٹیفائیڈ قیمت سے زیادہ قیمت پر گنے کی خریداری کی ہے۔

(2) چینی پیدا کرنا فطری طور پر موسمی کاروبار ہے۔ فصل کی موسمی نوعیت کی وجہ سے، گنے صرف نومبر سے مارچ کے مہینوں کے درمیان ہی فصل کے لئے دستیاب ہے۔ دوسری طرف، چینی سارا سال فروخت ہوتی ہے۔ اگر نقد آمدنی کو بارہ مہینوں میں تقسیم کی جاتی ہے اور قابل ذکر لاگت (یعنی گنا، 75 فی صد) چار سے پانچ مہینوں میں لگے ہیں، نقد بہاؤ کے خسارے پر قابو پانے کے لئے مالی سہولیات سے فائدہ اٹھانے کی ایک ضروری ضرورت ہوگی۔ پچھلے سال کے مقابلے میں شرح سود دو گنا سے زیادہ ہونے کے ساتھ، قدرتی طور پر، چینی پیدا کرنے کی لاگت میں ڈرامائی اضافہ ہوا ہے۔ پچھلے سال کے مقابلے میں، اسی سطح کی پیداوار کے لئے فی ٹن لاگت دو گنا زیادہ ہونے کی امید ہے۔

(3) پاکستان کی مقامی چینی کی قیمتیں بین الاقوامی مارکیٹ میں قیمتوں کی پیروی کرتی ہیں۔ 2018 میں، مقامی طور پر، چینی کی قیمت 50s فی کلوگرام میں فروخت ہو رہی تھی۔ اسی طرح، بین الاقوامی مارکیٹ میں فی ٹن 300 امریکی ڈالر کی سطح پر تجارت ہوئی۔ آج، چونکہ بین الاقوامی مارکیٹ میں فی ٹن 400 امریکی ڈالر تک پہنچ گئی ہے، پاکستان میں مارکیٹ کی قیمتیں بھی متناسب طور پر بڑھ گئیں۔ پاکستان کی مقامی مارکیٹ کی قیمتوں کو بین الاقوامی مارکیٹ سے الگ کرنا غلط ہے۔

PATTERN OF SHAREHOLDING

As on September 30, 2019



No. of Shareholders	Shareholding		Total Shares held
	From	To	
341	1	100	6,114
166	101	500	59,918
160	501	1,000	137,961
227	1,001	5,000	592,046
73	5,001	10,000	541,639
26	10,001	15,000	337,275
15	15,001	20,000	266,809
8	20,001	25,000	184,822
12	25,001	30,000	332,386
2	30,001	35,000	63,500
6	35,001	40,000	239,236
10	40,001	45,000	427,612
3	45,001	50,000	146,500
3	50,001	55,000	157,517
2	55,001	60,000	116,000
2	60,001	65,000	121,975
1	65,001	70,000	68,828
2	70,001	75,000	145,741
1	75,001	80,000	75,147
4	95,001	100,000	390,039
1	105,001	110,000	105,988
1	110,001	115,000	113,494
1	115,001	120,000	120,000
1	120,001	125,000	125,000
1	125,001	130,000	125,500
1	150,001	155,000	151,342
1	155,001	160,000	155,398
3	160,001	165,000	486,961
1	165,001	170,000	167,636
1	190,001	195,000	192,033

No. of Shareholders	Shareholding		Total Shares held
	From	To	
3	195,001	200,000	594,303
1	205,001	210,000	206,074
2	215,001	220,000	438,985
1	270,001	275,000	273,500
1	315,001	320,000	319,068
1	330,001	335,000	330,888
1	350,001	355,000	352,429
1	385,001	390,000	387,009
1	500,001	505,000	502,867
1	515,001	520,000	518,000
1	520,001	525,000	521,172
1	525,001	530,000	526,539
1	650,001	655,000	650,729
1	820,001	825,000	824,280
1	995,001	1,000,000	1,000,000
1	1,785,001	1,790,000	1,788,905
1	10,200,001	10,205,000	10,200,578
1	10,410,001	10,415,000	10,410,257
1,097	Total		36,000,000

Categories of Shareholders	Shareholders	% age
Directors, CEO, Their Spouse and Minor Children:	21,531,263	59.81
General Public	13,883,326	38.56
Joint Stock Companies	582,191	1.62
Banks, DFIs, NBFCs	3,220	0.01
Total	36,000,000	100

ADDITIONAL INFORMATION

AS ON: SEPTEMBER 30, 2019

Sr. No	Categories of Shareholders	Shareholders	% age
A)	Associated Companies, Undertakings and related parties	-	-
B)	Mutual Funds	-	-
C)	Directors/Chief Executive Officer and their spouse and minor Children		
1	Mian Ahmed Ali Tariq	10,410,257	28.92
2	Mian Mustafa Ali Tariq	10,200,578	28.33
3	Mrs. Nusrat Shamim	526,539	1.46
4	Mrs. Maryam Habib	378,009	1.08
5	Mr. Taufiq Ahmed Khan	5,151	0.01
6	Mr. Muhammad Iftikhar	1,029	0.00
7	Mr. Muhammad Imran Khan	700	0.00
	Total	21,531,263	59.81
D)	Executive	1,029	0.00
E)	Public Sector Companies & Corporations	-	-
F)	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		
1	Habib Bank Limited	2,000	0.01
2	National Bank of Pakistan	1	0.00
3	Industrial Development Bank of Pakistan	1,219	0.00
	Total	3,220	0.01
G)	*Shareholders holding 5% or more voting interest		
1	Mian Ahmed Ali Tariq	10,410,257	28.92
2	Mian Mustafa Ali Tariq	10,200,578	28.33
	Total	20,610,835	57.25

H)	Joint Stock Companies		
1	RS CAPITAL (PRIVATE) LIMITED	100,000	0.28
2	SHAFFI SECURITIES (PVT) LIMITED	10,303	0.03
3	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	206,074	0.57
4	WESTBURY (PRIVATE) LTD	61,821	0.17
5	NADEEM INTERNATIONAL (PVT.) LTD.	1,470	0.00
6	NAEEM'S SECURITIES (PVT) LTD	37	0.00
7	KAIZEN CONSTRUCTION (PVT) LIMITED	80,000	0.22
8	HH MISBAH SECURITIES (PRIVATE) LIMITED	14,013	0.04
9	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	500	0.00
10	FABTEX CORPORATION	10,000	0.03
11	FAIRTRADE CAPITAL SECURITIES (PVT.) LTD.	352	0.00
12	SEVEN STAR SECURITIES (PVT.) LTD.	10,000	0.03
13	ASDA SECURITIES (PVT.) LTD.	30,000	0.08
14	FIKREES (PRIVATE) LIMITED	1,000	0.00
15	SHARE CENTRE (PRIVATE) LIMITED	52,500	0.15
16	ROYAL SECURITIES (PVT.) LIMITED - MF	4,000	0.01
	Total	582,070	1.62
I)	Investment Companies	-	-
J)	Others		
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	117	0.00
2	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES BENEVOLENT FUND TRUST	4	0.00
	Total	121	0.00
K)	General Public	13,882,297	38.56
	Grand Total	36,000,000	100.00

⁴ Shareholders having 5% or above shares exist in other categories therefore not included in total.

All trade in the Company's shares, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year are as under:

Sr. No	Name	Sold	Purchased
1	Mr. Ahmed Ali Tariq-Chairman	-	191,500
2	Mr. Mustafa Ali Tariq-CEO	-	22,500
3	Mrs. Maryam Habib- Executive Director	-	102,500



CORPORATE CALENDAR 2018-2019



MEETINGS	DATES
Audit Committee meeting to consider annual accounts of the Company for the year ended September 30, 2018	January 31, 2019
Board of Directors meeting to consider annual accounts of the Company for the year ended September 30, 2018	January 31, 2019
Annual General meeting of Shareholders to consider annual accounts of the Company for the year ended September 30, 2018	February 27, 2019
Audit Committee meeting to consider interim accounts of the Company for the first quarter ended December 31, 2018	February 28, 2019
Board of Directors meeting to consider interim accounts of the Company for the first quarter ended December 31, 2018	February 28, 2019
Audit Committee meeting to consider interim accounts of the Company for the second quarter ended March 31, 2019	May 29, 2019
Board of Directors meeting to consider interim accounts of the Company for the second quarter ended March 31, 2019 and right shares issuance	May 29, 2019
Audit Committee meeting to consider interim accounts of the Company for the third quarter ended June 30, 2019	July 29, 2019
Audit Committee meeting to consider interim accounts of the Company for the third quarter ended June 30, 2019	July 29, 2019



AFFIX
CORPORATE
POSTAGE

The Company Secretary
HUSEIN SUGAR MILLS LIMITED
180 Abu Bakar Block, New Garden Town,
Canal Road, Lahore, Pakistan.



PROXY FORM

I/We _____ of _____
_____ being the member of HUSEIN SUGAR MILLS LIMITED
hereby appoint Mr./Mrs./Miss. _____ who is a member
of the company vide Registered Folio/CDC participant ID. No. _____
or failing whom Mr./Mrs./Miss. _____
who is also a member of the company vide Registered Folio/CDC participant ID. No.
_____ as my proxy to attend and vote for me and on my
behalf at the Annual General Meeting of the Company to be held at its Registered Head
Office of the Company 180- Abu Bakar Block, New Garden Town, Canal Road, Lahore
on Tuesday, the 18th February, 2020 at 10:00 A.M. and at any adjournment there of.

Signed this _____ day of _____ 2020.

WITNESS

1. Signature _____
Name _____
Address _____
CNIC or Passport No. _____

(Signature on
Rupees Five
Revenue
Stamp)

2. Signature _____
Name _____
Address _____
CNIC or Passport No. _____

Signature should
agree with specimen
signature with
the company

Notes:

1. A member entitled to attend to attend and vote at the meeting may appoint any other member as his/her proxy to attend the meeting and vote.
2. If a member is unable to attend the meeting, they may complete and sign this form and send it to the company secretary, the Husein Sugar Mills Limited, Lahore so as to reach not less than 48 hours before the time appointed for holding the meeting.
3. For CDC Shareholders in addition to above the following requirements have to be met.
 - i) In case of individual, the account holder or sub account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy for m as per requirement notified by the Company.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The Proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - v) In case of corporate entity being a Member, the Board of Directors' resolution / power of attorney with specimen signature of the nominee / attorney shall have to be submitted (unless it has been provided earlier) along with the proxy form to the Company.

AFFIX
CORPORATE
POSTAGE

The Company Secretary
HUSEIN SUGAR MILLS LIMITED
180 Abu Bakar Block, New Garden Town,
Canal Road, Lahore, Pakistan.

مختار نامہ

میں اہم _____ کا/کے _____

بھیئت رکن حسین شوگر ملز لمیٹڈ بذریعہ بداحترام محترم _____ جو برطانوی رجسٹرڈ فوڈ ای سی، پارٹنرشپ آئی ڈی نمبر _____

کھیتی کارکن ہے یا جس کی ناکامی کی صورت میں محترم/محترمہ _____ جو برطانوی رجسٹرڈ فوڈ ای سی، پارٹنرشپ آئی ڈی نمبر _____

گواہنے/ہمارے ایما پر بروز منگل مورخہ 18 فروری 2020ء بمقام کھیتی کے رجسٹرڈ صدر دفتر 180/ایوب کمر بلاک نیٹو گارڈن ٹاؤن، لاہور میں صبح 10:00 بجے منعقد ہونے والے کھیتی کے سالانہ اجلاس عام میں میری طرف سے شرکت اور حق رائے دہی استعمال کرنے یا کسی بھی التوا کی صورت اپنا/ہمارا بطور مختار (پراسی) مقرر کرنا ہوں/کرتے ہیں۔

آج بروز _____ تاریخ _____ 2020ء کو دیکھا گئے گئے۔

گواہان

1- _____

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

2- _____

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

نوٹ:

1- ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو، اپنی جگہ کسی کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔

2- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دیکھنا کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل نیکر فوری حسین شوگر ملز لمیٹڈ لاہور کے سچے پراسال کر دے۔

3- سی ڈی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:

(i) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر پاس اکاؤنٹ اور ایڈوو جس کی بیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کھیتی کی جانب سے دی گئی ہدایات کی روشنی میں پراسی فارم جمع کرانا ہوگا۔

(ii) مختار نامے پر بطور گواہان دو افراد کے دیکھنا ہونے چاہئیں اور ان کے نام اپنے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہونے چاہئیں۔

(iii) تنظیمی امور (مستفید ہونے والے فرد) کو کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل بھی منسلک کرنی ہوگی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔

(iv) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

(v) کارپوریٹ ادارہ ہونے کی صورت میں بھیئت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد مع نامزد کردہ شخص انٹرنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراسی فارم (مختار نامے) کے ہمراہ کھیتی میں جمع کرانا ہوگا۔

