



SUGAR MILLS LIMITED



EXPLORING NEW HORIZONS

ANNUAL
REPORT
2019

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. ISMAIL H. ZAKARIA

Chairman

MR. ZIA ZAKARIA

Managing Director & CEO

MR. ABDUL AZIZ AYOOB

MR. NOOR MOHAMMAD ZAKARIA

MRS. SANOBAR HAMID ZAKARIA

MR. NAEEM AHMED SHAFI

Independent Director

MR. KHURRAM AFTAB

Independent Director

BOARD AUDIT COMMITTEE

MR. NAEEM AHMED SHAFI

Chairman

MR. NOOR MOHAMMAD ZAKARIA

Member

MRS. SANOBAR HAMID ZAKARIA

Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. KHURRAM AFTAB

Chairman

MR. NOOR MOHAMMAD ZAKARIA

Member

MR. ZIA ZAKARIA

Member

CHIEF FINANCIAL OFFICER

MR. ZAID ZAKARIA

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL

FCMA

AUDITORS

M/s. KRESTON HYDER BHIMJI & CO.

Chartered Accountants

LEGAL ADVISOR

MR. IRFAN

Advocate

REGISTERED OFFICE

96-A, SINDHI MUSLIM HOUSING SOCIETY,

KARACHI-74400

Tel: 34550161-63 Fax: 34556675

FACTORY

JHOK SHARIF,

TALUKA MIRPUR BATHORO,

DISTRICT SUJAWAL (SINDH)

REGISTRAR & SHARES REGISTRATION OFFICE

M/S C & K MANAGEMENT ASSOCIATES (PVT) LTD.

404-TRADE TOWER, ABDULLAH HAROON ROAD,

NEAR METROPOLE HOTEL,

KARACHI - 75530

WEBSITE

www.shahmuradsugar.co



Mission Statement

To gain strength through industry leadership in the manufacturing and marketing of sugar and allied products and to have a strong presence in these products markets while retaining the options to diversify in other profitable ventures.

To operate, ethically while maximizing profits and satisfying customers' needs and stakeholders' interests.

To assist in the socio economic development of Pakistan especially in the rural areas through industrial expansion and development.

Vision Statement

To be a model company producing sugar and allied products of international quality by maintaining high level of ethical and professional standards.

CODE OF CONDUCT

Shahmurad Sugar Mills Limited is guided by the following principles in its pursuit of excellence in all activities for the attainment of the Company's Objectives.

THE COMPANY

- Fulfills all statutory requirements of the Regulatory Authority and follows all applicable laws of the Country together with compliance of accepted accounting principles, rules and procedures required.
- Deals with all stakeholders in an objective and transparent manner so as to meet the expectations of those who rely on the Company.
- Meet the expectations of the spectrum of the society and the Regulatory Authority by implementing an effective and fair system of financial reporting and internal controls.
- Uses all means to protect the environment and ensures health and safety of the employees.
- Activities and involvement of directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are motivated by the interest of the Company rather than their own.
- Ensures efficient and effective utilization of its resources.

AS DIRECTORS

- Promote and develop attractive environment through responsive policies and guidelines to facilitate viable and timely decisions.
- Maintain organizational effectiveness for the achievement of the Company's goals.
- Support and adherence to compliance of legal and industry requirements.
- Safeguard the interest and assets of the Company to meet and honor all obligations of the Company.
- Promote a culture that supports enterprise and innovation with appropriate short-term and long term performance related rewards that are fair and achievable in motivating management and employees effectively and productively.

AS EXECUTIVE AND MANAGERS

- Ensure cost effectiveness and profitability of operations.
- Provide directions and leadership for the organization and take viable and timely decisions.
- Develop and cultivate work ethics and harmony among colleagues and associates.
- Encourage initiatives and self-realization in employees through meaningful empowerment.
- Promote and develop culture of excellence, conservation and continuous improvement.
- Provide pleasant work atmosphere and ensure equitable way of working and rewarding system.
- Institute commitment to environmental, health and safety performance

AS EMPLOYEES AND WORKERS

- Observe company's policies, regulations and Codes of Best Business Practices.
- Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- Make concerted struggle for excellence and quality.
- Devote productive time and continued efforts to strength the Company.
- Protect and safeguard the interest of the Company and avoid the conflict of interest. Ensure the primary interest in all respects is that of the Company.
- Maintain financial integrity and must avoid making personal gain at the Company's cost by participating in or assisting activities which compete with the Company.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 41st Annual General Meeting of SHAHMURAD SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Tuesday, 28th January, 2020 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on 28th March, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2019 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of Cash Dividend @ 170 % i.e. Rs.17.00 per ordinary share of Rs.10/= each for the year ended 30th September 2019 as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2020. The present Auditors M/s Kreston Hyder Bhimji & Co., Chartered Accountants, retire and offer themselves for re-appointment.

SPECIAL BUSINESS

5. To consider and if through fit, approve enhancement in the scale of remuneration to be paid to the Non Executive Directors for attending the Board and its Committee(s) meeting by passing the following resolution, as Special Resolutions with our without modification, addition or deletion in General Meeting as per Articles No.75 of the Articles of Association of the company.

"RESOLVED THAT the scale of the remuneration to be paid to the Non-Executive Directors for attending the Board and its Committee(s) meetings be enhanced from PKR 5,000/= to PKR 10,000/=.

"Further Resolved That the Chief Executive Officer and the Company Secretary are hereby authorized to do all acts, deeds and things, that all steps and action necessary, ancillary and incidental for altering the Articles of Association of the company, including filing of all requisite documents / statutory forms, as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements, so as to effectuate the alteration in the Articles Association and implementing the aforesaid resolution."

OTHER BUSINESS

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

(Attached to this notice is a statement of Material Facts covering the above mentioned Special Business, as required under section 134(3) of the Companies Act, 2017)

By Order of the Board



M. YASIN MUGHAL
COMPANY SECRETARY

Karachi: December 23, 2019

NOTE:

1. The Register of the Members of the Company will remain closed from 21st January, 2020 to 30th January, 2020 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of shares / entitlement of cash dividend.
2. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote on his/her behalf . PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. In pursuance of Circular No.1 of SECP dated January 26, 2000 the CDC Account holders/subaccount holders are requested to bring with them their original CNICs or Passports alongwith Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced at the time of meeting. The nominee shall produce has original CNIC at the time of attending the meeting for identification.

4. Submission of copies of CNIC

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend, under the provisions of Section 243 of the Companies Act 2017.

5. Deduction of Withholding Tax from Dividend U/S 150 of the Income Tax Ordinance, 2001:

(i) Pursuant to the provisions of the Finance Act, 2019 effective from July 1, 2019, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of tax deduction for the filer(s) of income tax return 15%.
2. Rate of tax deduction for the non-filer(s) of income tax return 30%.

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Tax-payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold such shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follow:

Company Name	Folio/CDS Account #	Total Shares	Principal shareholder		Joint Shareholders		Signature
			Name and CNIC #	Proportion (No. of shares)	Name and CNIC #	Proportion (No. of shares)	

6. Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax:

As per FBR Circulars No. 1(29) WHT/2006 dated June 30, 2010 and No. 1(43) DG (WHT) 2008-Vol-II-66417-R dated May 12, 2015 the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholder who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide Valid Tax Exemption Certificate to our Share Registrar.

In case of those shareholders who are non-residents are requested to please provide their respective detail including residence status /country of residence with copy of their NICOP to our Share Registrars before book closure. In case of non availability of status in their respective portfolio, the respective tax on dividends would be applicable.

7. Payment of Cash Dividend Electronically:

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash 'shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. A notice of the foregoing seeking information from shareholders for payment of dividend through electronic mode was sent earlier. The shareholders are now once again requested to provide their folio number, name and details of bank account including bank name, branch name, branch code and address, Account number, Title of Account and IBAN/swift code in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same at the earliest possible.

In case shares are held in CDC then the form must be submitted directly to shareholder's broker/participant CDC Investor account services.

8. Unclaimed Dividend / Shares :

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividends and shares, shall be delivered to the SECP.

9. Video Conference Facility :

As per Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the Annual General Meeting (AGM) through video conference at least seven days prior to the date of AGM, the Company will arrange a video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding the video conference facility venue at least 5 days before the date of the AGM along with the complete information needed to access the facility. If you would like to avail video conferencing facility, as per above, please fill the following and submit to registered office of the Company at least seven days before AGM.

I / We, _____ of being a member of Shahmurad Sugar Mills Limited, holder of Ordinary _____ Share(s) as per Register Folio No / CDC Account No. _____ hereby opt for video conference facility at _____.

MEMBER SIGNATURE

10. Circulation of Annual Audited Accounts through Email/CD/DVD/ USB :

Pursuant to the directions issued by the SECP vide SRO 787(1) 2014 dated 8 September 2014 and SRO 470(1)/2016 dated 31 May 2016 whereby Securities and Exchange Commission of Pakistan (SECP) has directed and Shareholders of the company in the 38th Annual General Meeting held on January 31, 2017 approved to circulate Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and loss Accounts, Statement of Comprehensive income, Cash Flow Statement, Notes to the Financial Statements, Auditors' and Directors' Report) along with notice of Annual General Meeting to its members through e-mail /CD/DVD/USB/ at their registered Addresses.

Shareholders who wish to receive the printed / hard copy of Financial Statements shall have to fill the standard request form available on the Company's website www.shahmuradsugar.co

11. Deposit of Physical Shares into CDC Accounts.

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from commencement of the companies Act,

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Stock Exchange.

12. Financial Statements and relevant reports have been placed on the website of the company which can be seen on www.shahmuradsugar.co

13. Change of Address and Non-Deduction of Zakat Declaration Form:

Shareholders are requested to inform the Company's Share Registrar , M/s. C & K Management Associates (Pvt.) Limited, 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi of any change in their addresses and provide their non-deduction of zakat declaration Form immediately.

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

This statement sets out the material facts concerning the special resolution contained in the notice pertaining to the Special Business to be transacted at the Annual General Meeting of Shahmurad Sugar Mills Limited to be held on January 28, 2020.

The Board of Directors in their meeting held on 23rd December 2019 has recommended for shareholders' approval proposed to enhance Directors, Remuneration for attending Board and its committee(s) meetings from Rs.5000/= to Rs.10,000/= for each meeting.

The directors of the Company have no vested interest, direct or indirect in the above mentioned Special Business except to the extent of payment of fee to non executive directors.

CHAIRMAN'S REVIEW

It gives me immense pleasure to present to the shareholders of Shahmurad Sugar Mills Limited, review of the financial performance of the Company and overall performance of the Board and the effectiveness of its role to attain its goals and objectives.

The composition of the Board of Directors reflects a varied mix of necessary skills and competencies. The rich backgrounds and experience of the Board in the fields of business; regulations; finance and banking is able to steer the corporate strategy into progress.

The Board carried out the annual review of its effectiveness and performance on a self-assessment basis. I believe that the processes adopted in developing and reviewing the overall corporate strategy and achievement of organizational goals are commendable which are truly reflected in the financial results and performance of the Company.

Despite immense challenges in the foregoing year, Alhamdulillah the Company was able to achieve commendable results mainly due to its diversified portfolio, export sales and austerity measures taken to control costs.

The company continued to fulfill its corporate social responsibilities and contribute positively to the environment. On behalf of the Board of Directors, I would like to acknowledge the contribution of all our employees to the success of the Company.



ISAMIL H. ZAKARIA
CHAIRMAN

Karachi
December 23, 2019

DIRECTORS' REPORT

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members Asslamu Alaikum

I take the opportunity with great pleasure to present to you on behalf of the Board of Directors the audited financial statements and Auditors' report of your company for the year ended September 30, 2019.

FINANCIAL PERFORMANCE:

	<u>2018-19</u>	<u>2017-18</u>
	(Rupees in thousands)	
Profit before taxation	1,354,532	548,249
Provision for taxation	(148,986)	53,009
Net profit after taxation	1,205,546	601,258
Earnings per share	Rs.57.08	Rs.28.47

Your company has earned a profit after tax amounting to Rs.1,205.546 million as against a profit of Rs.601.258 million earned during the previous year. The principal activity of the company is to manufacture sugar and ethanol.

Salient comparative production and financial data are provided as under:

OPERATIONAL RESULTS

	<u>2018-19</u>	<u>2017-18</u>
Sugarcane crushed (metric tons)	500,270	744,578
Sugar produced (metric tons)	55,425	82,366
Sugar recovery rate (percentage)	11.08	11.06
Molasses produced (metric tons)	23,100	35,310
Ethanol produced (metric tons)	57,270	47,204

FINANCIAL DATA

	(Rupees in thousands)	
Sales	9,497,552	7,220,127
Cost of sales	(7,487,357)	(6,982,335)
Gross profit	2,010,195	237,792
Distribution cost	(84,727)	(71,942)
Administrative cost	(254,637)	(229,170)
Other operating expenses	(99,801)	(53,695)
Financial cost	(350,347)	(234,939)
Other income	133,849	900,203
Profit before tax	1,354,532	548,249

PERFORMANCE REVIEW

SUGAR DIVISION:

Alhamdulillah, the performance of the company was satisfactory. During the period under review your company achieved one of the highest recovery rate of 11.08 percent over previous years. The sugar produced was 55,425 metric tons which was 33 percent lower than the previous year. This was due to non-availability of raw material. Due to the excess carry over stock in the country your company exported 6,650 tons of sugar and earned valuable foreign exchange for the national exchequer.

ETHANOL DIVISION:

During the period under review ethanol plant operated satisfactorily and produced 57,271 metric tons of ethanol as against 47,204 metric tons produced last year. The production is higher by 21.33 percent when compared with the production of last year. The increase in production of ethanol is due to optimum capacity utilization of the plant. Your company exported 60,645 metric tons of ethanol as against 44,312 metric tons exported last year and the company earned valuable foreign exchange for the country. The management has worked extensively to develop a portfolio of various products mixes which has enhanced the performance of ethanol division.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE:

1. The Financial Statements prepared by the management of the Company present fairly its states of affairs, the results of operations, cash flow and changes in equity.
2. The Company has maintained proper books of accounts as required under the law.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as going concern.
7. There has been no material departure from the best practices of the Code of Corporate Governance as detailed in the Listing Regulations of Pakistan Stock Exchange Limited.
8. There have been no outstanding statutory payments; except those under normal course of business and some disputed cases which are appearing in the relevant notes to the financial statements.
9. The pattern of shareholding in the Company as on September 30, 2019 is also included in the Annual Report.
10. The Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses or minor children carried out no trade in the shares of the Company except as otherwise indicated.
11. The value of investment and balance in deposit accounts of Provident Fund based on un-audited accounts as at June 30, 2019 amounted to Rs. 64.528 million out of total assets of Rs. 69.230 million.

The key operating and financial data of the last ten years and pattern of shareholding have been included in the Annual Report. There has been no significant change in the holding of directors or their spouses except otherwise indicated.

COMPOSITION OF BOARD OF DIRECTORS:

The tenure of the Board of directors was completed on March 28th 2019 and the following persons were elected by the members in their Extraordinary General Meeting held on the said date.

<u>NAME OF DIRECTORS</u>		
1.	Mr. Ismail H Zakaria	Director
2.	Mr. Zia Zakaria	Director
3.	Mr. A Aziz Ayooob	Director
4.	Mr. Noor Muhammad Zakaria	Director
5.	Mrs. Sanober Hamid Zakaria	Director
6.	Mr. Khurram Aftab	Independent Director
7.	Mr. Naeem Ahmad Shafi	Independent Director

During the period under consideration six meetings of the Board were held and presence of each director was as under.

	<u>NAME OF DIRECTORS</u>	<u>ATTENDED</u>	<u>STATUS</u>
01.	Mr. Ismail H Zakaria	5	Non-Executive
02.	Mr. Yusuf Ayooob	3	Executive
03.	Mr. Suleman Ayooob	2	Non-Executive
04.	Mr. A. Aziz Ayooob	6	Executive
05.	Mr. Noor Muhammad Zakaria	4	Non-Executive
06.	Mr. Zia Zakaria	6	Executive
07.	Mr. Zohair Zakaria	1	Non-Executive
08.	Mrs. Sanober Hamid Zakaria	3	Non-Executive
09.	Mr. Naeem Ahmad Shafi	6	Independent Director
10.	Mr. Khurram Aftab	6	Independent Director

Mr. Yusuf Ayooob, Mr. Suleman Ayooob and Mr. Zohair Zakaria were members of the Board prior to election.

The details of remuneration of executive and non-executive directors have also been provided in the relevant note to the financial statements as required under the Listing Regulations of Pakistan Stock Exchange Limited. No remuneration is paid to non-executive directors except meeting fee.

AUDIT COMMITTEE:

The Board has also constituted an Audit Committee comprising of the following directors. During the period under consideration, four meetings of the Audit Committee were held and attendance of each director was as under:

	<u>NAME OF DIRECTORS</u>	<u>ATTENDED</u>	<u>STATUS</u>
1.	Mr. Naeem Ahmad Shafi (Chairman)	4	Independent Director
2.	Mr. Noor Muhammad Zakaria	2	Non-executive
3.	Mrs. Sanober Hamid Zakaria	2	Non-executive
4.	Mr. Suleman Ayooob	2	Non-Executive
5.	Mr. Zohair Zakaria	1	Non-Executive

Terms of Reference of the Audit Committee have also been determined by the Board in accordance with the guidelines provided in the Listing Regulations of the Pakistan Stock Exchange Limited.

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Board has also constituted Human Resource and Remuneration Committee in accordance with the guide lines provided in the Listing Regulations of Pakistan Stock Exchange Limited consisting of the following Directors.

1.	Mr. Khurram Aftab	Chairman	Independent Director
2.	Mr. Noor Muhammad Zakaria	Member	Non-Executive Director
3.	Mr. Zia Zakaria	Member	Executive Director

During the period, one meeting of the previously constituted Committee was held and attendance of each director was as under.

<u>NAME OF DIRECTORS</u>	<u>ATTENDED</u>	<u>STATUS</u>
1. Mr. Suleman Ayoob Chairman	1.	Non-executive
2. Mr. Yusuf Ayoob Member	1.	Executive
3. Mr. Noor Muhammad Zakaria Member	1.	Non-executive

Directors' Remuneration Policy and Remunerations

Through the articles of the Company, the Board of Directors is authorized to fix remuneration of Non-Executive and Independent Directors from time to time and approval of members in general meeting is required in accordance with the articles of the Company and requirements of applicable laws. The Board of Directors has developed a Directors' Remuneration Policy which describes in detail the policy's objectives and a transparent procedure for determination of the remuneration packages of individual directors for attending meetings of the Board and its Committees.

Salient features, amongst others, of the Directors' Remuneration Policy include that the level of remuneration shall be competitive and sufficient to attract and retain qualified and skilled individuals on the Board, there shall be no gender discrimination and the remuneration shall not be at a level that could be perceived to compromise the independence of the directors.

Details of aggregate amount of remuneration of executive and non-executive directors are disclosed in note 39 to the financial statements.

FUTURE OUTLOOK:

SUGAR DIVISION

Sugar cane is the third major cash crop of Pakistan and its selling price to sugar mills is determined by the Provincial government. It usually happens that after an interval of two / three years there is bumper cane crop in the country. As a result the production of sugar is increased considerably whereas the consumption pattern remains unchanged. Crushing season 2019-20 has commenced and it is expected that the production of sugar would be lower than last year. The Government of Sindh has notified the price of sugarcane at Rs.192/= per forty kgs. The concern of the sugar mills is, that the end price of the product is left open to the market forces but the cost of the raw material is controlled. In order to run the mill on economical scale the raw material has to be procured from far areas and extra cost is paid for transportation which raises the cost of production.

ETHANOL DIVISION:

The price of molasses has increased considerably due to reduction of sugar cane crop. It is apprehended that the profit margin may decline during the next year in light of higher prices of raw material. The company is taking strong measures to improve the contribution of ethanol division.

CREDIT RATING OF THE COMPANY:

JCR.VIS Credit Rating Company Limited has assigned initial medium to long term entity rating of 'A-/A-2' (Single A minus/ A-two) to the Company an outlook on medium to long term rating as "stable".

CORPORATE AND SOCIAL RESPONSIBILITY:

The Company being a corporate citizen undertook numbers of welfare activities in its franchise area i.e. established a school up to secondary level, holding of medical camps on interval basis, financial assistance to deserving villagers, provide fertilizer to growers, supply of free ration and medical assistance to needy persons.

ENVIRONMENTS AND COMPANY'S BUSINESS:

The management is well aware of its responsibilities towards maintaining the environment so that its negative impacts can be eliminated and it is committed to sustainable development of the society. Your company is determined to minimize environmental impact by reducing waste and emissions and conduct its business with the highest concern for health and safety of its employees, customers, suppliers, neighbors and the general public. The management from time to time initiate tree plantation drives to support the environment within the community.

RELATED PARTIES TRANSACTIONS:

All related parties transactions were placed before the Board's Audit Committee and the Board for final approval as required under the Listing Regulation of Pakistan Stock Exchange. Related parties transactions carried out during the year 2017-18 were also placed before the members as required under Section 208 of the Companies Act 2017 which were also approved by the members. Members also accorded approval of the related parties transactions to be carried out in future by the management under arm's length price.

CONTRIBUTION TO NATIONAL EXCHEQUER:

The company is also enhancing the resources of the country in the form of taxes, duties and earning foreign exchange through export of sugar and ethanol. During the period under review your company has exported 60,645 metric tons of ethanol and earned valuable foreign exchange for the country.

RISK MANAGEMENT AND OPPORTUNITIES

The Company operates in a challenging environment and the management has set up an effective mechanism for identification, evaluation and mitigation of risk which enables smooth operation and ensures that focus remains on business growth.

Credit risk

The company usually sells the products against advance payments but in case of credit sale proper due diligence of customers is exercised to whom credit is extended.

Market risk

The company is exposed to risk of changes in the price of its raw materials and finished products. This is managed by planning of stock levels and continuous monitoring of markets for purchases and sales through various sources at time and intervals found appropriate.

Liquidity risk

The Company managed working capital requirements from various banks to cater to the mismatch between sales receipts and payment for purchases in order to meet its business obligations. The Board periodically reviews major risk faced by the business and take necessary actions in order to mitigate the risk. Audit Committee also reviews the financial and compliance risks. The Human Resource and Remuneration Committee reviews the compensation and reward policies to ensure that these are competitive and effective for retention and attraction of talented and experienced staff.

MECHANISM FOR EVALUATION OF THE BOARD:

The Board and Board's committees' members are highly experienced personnel and continuously striving to improve their effectiveness and undertake annual review to assess the Board's performance. The Board also reviews the developments taking place in the corporate sector and governance to ensure that the company remains aligned with the best practices.

DIVIDEND:

The Directors have recommended a final cash dividend at the rate of 170 percent .i.e. Rs.17/= per share of Rs.10/= each. (2018: 70 percent .i.e. Rs. 7.00 per share of Rs. 10/= each)

APPOINTMENT OF AUDITORS:

The present Auditors, M/s Kreston Hyder Bhimji and Company, Chartered Accountants, will stand retired with the conclusion of Annual General Meeting and being eligible, have offered themselves for re-appointment for the year 2019-20. Audit Committee also recommended their re-appointment for the year 2019-20 and the Board of your company also endorsed the recommendation of the Audit Committee for re-appointment of M/s Kreston Hyder Bhimji and Company, Chartered Accountants, till the conclusion of next Annual General Meeting.

STAFF RELATIONS:

Finally the directors place on record their appreciation for devotion of duty and hard work of the executives, staff members and workers for the smooth running of the company's affairs, meeting the objectives and targets in the current demanding environments and are confident that they will continue to demonstrate the same zeal and vigor in future under the blessing of our Creator.

By order of the Board



ZIA ZAKARIA
Managing Director & CEO



A. AZIZ AYOOB
Director

Karachi: Dated 23rd December, 2019

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2019 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

The total number of directors are seven as per following:

- | | | |
|----|--------|-----|
| a) | Male | Six |
| b) | Female | One |

2. The composition of Board is as follow:

(a)	Independent directors	i) Mr. Naeem Ahmad Shafi ii) Mr. Khurram Aftab
(b)	Non-Executive directors	i) Mr. Ismail H. Zakaria ii) Mr. Noor Mohammad Zakaria
(c)	Executive directors	i) Mr. Zia Zakaria ii) Mr. A. Aziz Ayoob
(d)	Female director	i) Mrs. Sanobar Hamid Zakaria
3. The directors have confirmed that none of them is serving as 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. The board has ensured that complete record of particulars of significant policies along with their dates of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 the Act and Regulations with respect to frequency, recording and circulating minutes of meetings of the 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. Since Chairman and all the directors (except one) have prescribed education and experience required for exemption under clause 19(2) of the CCG Regulations accordingly they are exempt from attending directors' training program pursuant to clause 19(2) of the CCG Regulations. One newly appointed director will attend directors training program within due course of time.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remunerations and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:
- a) **Audit Committee:**
- | | |
|----------------------------|----------|
| Mr. Naeem Ahmad Shafi | Chairman |
| Mr. Noor Muhammad Zakaria | Member |
| Mrs. Sanobar Hamid Zakaria | Member |
- b) **HR and Remuneration committee:**
- | | |
|---------------------------|----------|
| Mr. Khurram Aftab | Chairman |
| Mr. Noor Muhammad Zakaria | Member |
| Mr. Zia Zakaria | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following.
- a) Audit Committee Four quarterly meetings
- b) HR and remuneration Committee One annual meeting
15. The Board has set up an effective internal audit function comprising suitably qualified and experienced personnel for the purpose and are conversants 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 programme of the Institute of Chartered Accountants of Pakistan (ICAP) 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 firm involved in the audit are not a close relative (spouses, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or 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 Auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirmed that all other requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with as were applicable to the Company.



ISMAIL H ZAKARIA
Chairman



ZIA ZAKARIA
Managing Director & CEO

Karachi: December, 23rd, 2019

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FINANCIAL POSITION:										
Share capital	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187
Revenue reserves	2,690,419	1,750,761	920,125	937,213	858,025	736,114	521,769	442,188	296,930	208,586
Surplus on revaluation of fixed assets	1,476,197	1,582,959	546,707	568,724	587,964	611,888	416,220	431,487	451,986	473,701
Long-term financing	1,340,813	1,659,686	1,542,234	756,942	774,675	761,669	726,251	817,157	914,113	741,021
Deferred taxation	(25,726)	(68,700)	(81,034)	53,862	56,458	28,842	24,831	70,877	128,364	173,525
Current liabilities	4,672,241	4,925,666	3,456,917	1,428,785	2,642,076	2,318,096	1,901,805	2,336,772	2,878,103	1,502,702
Operating assets	5,498,699	5,315,321	3,052,313	2,541,075	2,424,275	2,425,608	2,141,973	2,149,828	2,044,741	1,957,988
Long-term deposits	2,429	2,429	2,429	2,428	2,395	2,390	2,390	2,532	2,708	2,570
Long-term investment	1,351	1,815	2,673	3,097	3,759	5,101	4,346	4,130	2,909	4,601
Current assets	4,860,438	4,529,303	3,537,186	1,407,923	2,696,867	2,229,376	1,646,273	2,150,986	2,828,149	1,344,912

FINANCIAL PERFORMANCE

Turnover	9,497,552	7,220,127	5,055,682	5,909,743	5,199,162	5,353,972	5,642,437	5,362,004	4,392,083	4,440,856
Gross profit	2,010,195	810,408	583,894	670,379	805,191	884,146	606,322	695,891	754,349	582,289
Operating profit	1,705,403	783,430	128,636	343,522	541,563	616,908	395,721	462,591	550,887	409,360
Profit/(Loss) before tax	1,354,532	548,249	(74,397)	170,136	262,783	243,411	84,281	111,079	88,526	67,308
Profit after tax	1,205,546	601,258	7,268	125,148	184,723	226,741	91,611	145,344	89,717	32,248
Earning per share	57.08	28.47	0.34	5.93	8.75	10.74	4.34	6.88	4.25	1.53
Cash dividend	170%	70%	5%	24%	35%	43%	15%	15%	10%	10%
Bonus shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

SUGAR PRODUCTION

Cane Crushed (M.Tons)	500,270	744,578	672,747	496,109	596,006	666,887	561,083	566,077	654,892	521,062
Sugar Produced (M.Tons)	55,425	82,366	72,755	52,578	65,791	71,473	59,343	57,077	60,775	49,565
Recovery (%)	11.08%	11.06%	10.82%	10.60%	11.02%	10.72%	10.58%	10.09%	9.27%	9.51%

Independent Auditor's Review Report to the Members of Shahmurad 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 Shahmurad 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.



Chartered Accountants

Karachi, 23rd December 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHAHMURAD SUGAR MILLS LIMITED Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 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, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

S.No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Borrowings</p> <p>The Company has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 4,812.203 million, being 80% of total liabilities, as at reporting date.</p> <p>Given the significant level of borrowings, finance costs, significant gearing, the disclosure given by the management in financial statements and compliance with various loan covenants, this is considered to be a key audit matter.</p> <p>(Refer Notes 3.11, 21 and 24 to the financial statements).</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level. • Verification of disbursement of loans and utilization on sample basis. Review of charge registration documents. • Verification of repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made. • Understating and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis.

S.No.	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Obtaining confirmation from Banks and other lenders of the Company to confirm balances, terms and conditions stated in the terms sheets and compliance thereof. • Performing analytical procedures, recalculations and other related procedures for verification of finance costs. • Ensuring that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the financial statements.
2.	Recognition of Revenue	
	<p>The company is engaged in the production and sale of sugar and ethanol.</p> <p>The Company recognized revenue from the sales of sugar and ethanol of Rs 9,497.552 million for the year ended 30 September 2019.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets and that during the year IFRS 15 "Revenue from contracts with customers" became applicable to the Company which states that "revenue from sale of goods is recognised when the Company satisfies its performance obligation by transferring the promised goods to customer under the contract with customer."</p> <p>(Refer to note 3.15 and 27 to the financial statements).</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recognition of revenue and assessing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards including management's assessment of impact of IFRS 15. • Obtaining an understanding of the nature of the revenue contracts entered into by the Company, testing a sample of sales contracts to confirm our understanding and assessing whether or not management's application of IFRS 15 requirements was in accordance with the standard. • Performing analytical procedures and test of details by selecting sample of transactions for comparing with sales orders, sales invoices, delivery orders and other underlying records. • Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery orders and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • Reviewing the adequacy of disclosure as required under applicable financial 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 of the Company, but does not include the financial statements and our auditors' report thereon.

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 Shaikh Mohammad Tanvir.



Chartered Accountants

Place: Karachi

Date: 23rd December 2019

**STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

	Note	2019 (Rupees in thousand)	2018
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	5,498,699	5,315,321
Intangible asset	5	-	-
Long term investment	6	1,351	1,815
Long term loans	7	2,214	1,504
Long term deposits	8	2,429	2,429
Deferred taxation	9	25,726	68,700
		5,530,419	5,389,769
CURRENT ASSETS			
Stores, spare parts and loose tools	10	243,590	213,993
Stock-in-trade	11	1,967,859	2,568,492
Trade debts	12	459,571	387,967
Loans and advances	13	1,586,334	662,935
Trade deposits and short term prepayments	14	1,095	716
Other receivables	15	235,130	524,422
Short term Investment	16	200,714	-
Income tax refundable-Net		103,896	125,326
Cash and bank balances	17	62,249	45,452
		4,860,438	4,529,303
		10,390,857	9,919,072
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 25,000,000 ordinary shares of Rs. 10 each		250,000	250,000
Issued, subscribed and paid-up capital	18	211,187	211,187
Revenue reserve			
General reserve	19	80,000	80,000
Share of associate's unrealised loss on remeasurement of its investment at fair value through other comprehensive income		(2,441)	(2,501)
Unappropriated profit		2,612,860	1,462,075
Capital reserve			
Revaluation surplus on property, plant and equipment	20	1,476,197	1,582,959
		4,377,803	3,333,720
NON CURRENT LIABILITIES			
Long term financing	21	1,340,813	1,659,686
CURRENT LIABILITIES			
Trade and other payables	22	1,106,764	1,012,970
Accrued finance cost	23	39,816	54,977
Short term borrowings	24	3,112,830	3,452,943
Loan from related parties	25	48,135	167,336
Unclaimed dividend		6,136	3,968
Current portion of long term financing	21	358,560	233,472
		4,672,241	4,925,666
CONTINGENCIES AND COMMITMENTS			
	26	-	-
		10,390,857	9,919,072

The annexed notes 01 to 48 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOOB
Director


ZAID ZAKARIA
Chief Financial Officer

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

	Note	2019 (Rupees in thousand)	2018
Sales	27	9,497,552	7,220,127
Cost of sales	28	(7,487,357)	(6,982,335)
Gross profit		2,010,195	237,792
Profit from trading activities	29	1,472	368
Less:		2,011,667	238,160
Distribution cost	30	(84,727)	(71,942)
Administrative cost	31	(254,637)	(229,170)
Other operating cost	32	(99,801)	(53,695)
		(439,165)	(354,807)
Other income	33	132,901	900,077
Operating profit		1,705,403	783,430
Finance cost	34	(350,347)	(234,939)
		1,355,056	548,491
Share of loss in associate	6	(524)	(242)
Profit before taxation		1,354,532	548,249
Provision for taxation	35	(148,986)	53,009
Profit after taxation		1,205,546	601,258
Earning per share - Basic and diluted	36	57.08	28.47

The annexed notes 01 to 48 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOOB
Director


ZAID ZAKARIA
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019	2018
(Rupees in thousand)			
Profit after taxation		1,205,546	601,258
Other comprehensive income			
Items that may be reclassified subsequently to statement of profit or loss			
Surplus on revaluation of property, plant and equipment during the year		-	1,130,961
Related deferred tax		-	(77,893)
		-	1,053,068
Items that shall not be reclassified subsequently to profit or loss			
Share of associate's unrealised gain / (loss) on remeasurement of its investment at fair value through other comprehensive income	6.2	60	(616)
Total comprehensive income for the year		1,205,606	1,653,710

The annexed notes 01 to 48 form an integral part of these financial statements.


ZIA ZAKARIA
 Managing Director & CEO


AZIZ AYOOB
 Director


ZOID ZAKARIA
 Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Note	Issued, Subscribed & paid up capital	Revenue Reserve			Capital Reserve	Total
		General reserves	Share of associate's unrealized (loss)/ Gain on remeasurement of investment	Un-appropriated profit	Revaluation surplus on property, plant and equipment	
..... Rupees in thousand						
Balance as at October 01, 2017	211,187	80,000	(1,885)	842,010	546,707	1,678,019
During the year ended September 30, 2018						
Transaction with owners						
Final Dividend for 30-September-2017 @ 0.50 per Share	-	-	-	(10,559)	-	(10,559)
Total comprehensive income / (loss) for the year	-	-	(616)	601,258	1,053,068	1,653,710
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax	-	-	-	28,904	(28,904)	-
Transfer from revaluation surplus on account of disposal of property, plant and equipment net of deferred tax	-	-	-	462	(462)	-
Deferred tax adjustment due to change in tax rate directly credited to revaluation surplus	-	-	-	-	12,550	12,550
Balance as at September 30, 2018	211,187	80,000	(2,501)	1,462,075	1,582,959	3,333,720
During the year ended September 30, 2019						
Transaction with owners						
Final dividend for 30-September-2018 @ Rs. 7 per Share	-	-	-	(147,831)	-	(147,831)
Total comprehensive income for the year	-	-	60	1,205,546	-	1,205,606
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax	-	-	-	93,070	(93,070)	-
Deferred tax adjustment due to change in tax rate directly debited to revaluation surplus	-	-	-	-	(13,692)	(13,692)
Balance as at September 30, 2019	211,187	80,000	(2,441)	2,612,860	1,476,197	4,377,803

The annexed notes 01 to 48 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOUB
Director


ZAID ZAKARIA
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Note	2019	2018
(Rupees in thousand)			
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,354,532	548,249
Adjustment for:			
Depreciation	4.1.1	357,711	181,747
Gain on disposal of property, plant and equipment	33	(1,483)	(3,091)
Provision for obsolescence and slow moving items	10.1	14,353	10,300
Finance cost	34	350,347	234,939
Share of loss in associate	6	524	242
		721,452	424,137
Cash generated before working capital changes		2,075,984	972,386
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(43,950)	(57,792)
Stock in trade		600,633	(208,942)
Trade debts		(71,604)	66,606
Loans and advances		(923,399)	(179,782)
Trade deposits and short term prepayments		(379)	5,187
Other receivables		289,292	(524,422)
		(149,407)	(899,145)
Increase / (decrease) in current liabilities			
Trade and other payables		93,794	687,753
Short term borrowings		(340,113)	730,123
		(246,319)	1,417,876
		1,680,258	1,491,117
(Payments) / receipts for			
Income tax		(98,274)	(96,312)
Finance cost		(365,508)	(217,918)
Long term loans - net		(710)	31
		(464,492)	(314,199)
Net cash inflows from operating activities		1,215,766	1,176,918
B. CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(542,271)	(1,317,982)
Sale proceeds from disposal of property, plant and equipment	4.1.2	2,665	7,279
Net cash outflow from investing activities		(539,606)	(1,310,703)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term financing		39,687	350,924
Repayment of long term financing		(233,472)	(172,222)
Repayment of loans from related parties		(119,201)	(27,500)
Dividend paid		(145,663)	(10,457)
Net cash (outflow) / inflows from financing activities		(458,649)	140,745
Net increase in cash and cash equivalents (A+B+C)		217,511	6,960
Cash and cash equivalents at the beginning of the year		45,452	38,492
Cash and cash equivalents at the end of year		262,963	45,452
Cash and cash equivalents			
Cash and cash equivalents			
- Short term investment	16	200,714	-
- Cash and bank balance	17	62,249	45,452
		262,963	45,452

The annexed notes 01 to 48 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOOB
Director


ZAID ZAKARIA
Chief Financial Officer

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

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company on April 9, 1979. Its shares are quoted at the Pakistan Stock Exchange Limited. The registered office of the Company is located at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi, Sindh.

The Company owns and operates Sugar and Ethanol manufacturing units which are located at Jhok, District Sujawal in the Province of Sindh. The total area of industry land which includes the main factory is spread over 333.32 Acres.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the 'historical cost convention' except certain items of property, plant and equipment, stated at revalued amount, long term investment in associates accounted for under equity method and stock in trade when valued at net realizable value. The Company uses accrual basis of accounting except for cash flow statement.

2.2 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 as applicable in Pakistan comprise of:

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

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements have been prepared in Pak Rupees, which is the Company's functional currency.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods as appropriate. In the process of applying the accounting policies, management makes following estimates and judgments which are significant to the financial statements:

a) Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment. In making these estimates, the Company uses technical resources available with the Company. The company also uses judgements and estimates in determining fair values of items carried at revalued amounts. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation and impairment.

b) Stock-in-trade

The Company reviews the net realizable value of stock in trade to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

c) Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and decision by appellate authorities on certain issues in past. Due weightage is given to past history while determining the ratio of future export sales for the purposes of calculating deferred taxation.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

d) Impairment - non-financial assets

The Company reviews carrying amount of assets periodically to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the statement of profit or loss.

e) Stores, spare parts and loose tools with respect to provision for obsolescence and slow moving items

The estimates of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameters i.e. age analysis, physical condition, obsolescence, etc. as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is accounted for as and when it takes place.

f) Impairment of financial assets

The Company reviews the recoverability of its financial assets i.e. trade debts, loans, deposits, short term investments, and other receivables to assess amount of doubtful debts and allowance required there against on annual basis. While determining impairment allowance, the Company considers financial health, market and economic information, aging of receivables, credit worthiness, credit rating, past records and business relationship.

g) Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

2.5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS

2.5.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year

The following Standards, interpretations and amendments to published approved accounting standards became effective during the year.

IAS-28 Investments in Associates and Joint Ventures: Amendments resulting from Annual Improvements 2014-2016 Cycle clarifying certain fair value measurements

IAS-40 Investment Property: Transfers of Investment Property (Amendments)

IFRS-2	Classification and Measurement of Share based Payments Transactions (Amendments)
IFRS-3	Business Combinations and IFRS 11 Joint Arrangements (Amendments)
IFRS-4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts – (Amendments)
IFRS-9	Financial Instruments
IFRS-12	Disclosure of Interests in Other Entities amendments resulting from Annual Improvements 2014-2016 Cycle clarifying certain fair value measurements
IFRS-15	Revenue from Contract with customers
IFRIC-22	Foreign Currency Transactions (Amendments)

There were other amendments to existing standards and interpretations that become effective that are either irrelevant or do not have material impact so not detailed. The above stated Standards, interpretations and amendments also do not have significant impact on Company's financial statements except for the following standards:

a) IFRS 9 'Financial instruments' (Effective for annual periods beginning on or after July 1, 2018)

IFRS 9, 'Financial instruments', has replaced the guidance in IAS 39. This includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting for financial assets and financial liabilities. The impact of application this new standard is disclosed below."

IFRS 9 replaces IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The changes are summarized below:

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The Company's management while making assessment related to classification of the financial instruments has considered business model within which a financial asset is held, management's intentions with respect to collection of cash flows and trading of the financial instruments and accordingly the management has classified its financial instruments into the appropriate IFRS 9 categories."

Retrospective application of changes in classification of financial assets due to adoption of IFRS 9 resulted in no change in original carrying amounts of financial assets of the Company as there is no impact due to change in measurement and classification categories. The only impact is change in title of classification of financial assets and their presentation. Thus the adoption of IFRS 9 did not have any financial effect on the Company's accounting policies related to financial liabilities.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company has applied simplified approach for estimating lifetime expected credit losses with respect to trade receivables and has determined that the application of IFRS 9's impairment requirement at July 1, 2018 results in no additional allowance for trade receivables.

(b) IFRS 15 'Revenue from contract with customers' (Effective for annual periods beginning on or after January 1, 2018)

The IASB has issued a new standard for the recognition of revenue. This new standard has replaced IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts. IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services.

Further, IFRS 15 explains transaction price as the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

The Company has assessed that the Company's accounting policies with respect to revenue recognition and disclosures are already line with IFRS 15 and there is no retrospective impact on the Company's financial statements except that direct export freight, packing and related charges of Rs.572.62 million previously classified in distribution cost are now classified as part of cost of sales (note 28).

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

The following standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each of them.

		Effective for the period
IAS - 1	'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 1, 2020
IAS-12	Income Taxes – (Amendments)	January 1, 2019
IAS-19	Employee Benefits - (Amendments)	January 1, 2019
IAS-23	Borrowing Costs - (Amendments)	January 1, 2019
IAS-28	Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 1, 2019
IFRS - 3	Investments in Associates and Joint Ventures amendments resulting from annual improvement 2014 - 2016 cycle clarifying certain fair value measurements.	January 1, 2020
IFRS - 9	'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 1, 2019
IFRS - 16	Leases	January 1, 2019
IFRIC-23	The Accounting for uncertainties in Income Taxes (Amendments)	January 1, 2019
-	Amendments to Conceptual Framework	January 1, 2019

These standards either are not relevant or do not have significant impact on the Company's financial statements except for IFRS 16 "Leases" whose complete impact is yet to be assessed.

2.5.3 Standards, interpretations and amendments to published approved accounting standards that are not yet notified by the Securities and Exchange Commission of Pakistan.

		IASB Effective Date "Effective for the period beginning on or after
IFRS – 1	First Time Adoption of IFRS	January 1, 2004
IFRS -14	Regulatory Deferral Accounts	January 1, 2016
IFRS – 17	Insurance Contracts	January 1, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below:

3.1 Property Plant & Equipment

a) Operating assets

Recognition/measurement

Operating fixed assets except furniture, fixture & fittings, office equipment and vehicles are stated at revalued amounts less accumulated depreciation and impairment, if any. Furniture, fixture & fittings and vehicles are stated at cost less accumulated depreciation and impairment, if any.

Depreciation

Depreciation is charged to income applying the reducing balance method over the expected useful lives of the assets at the rates specified in assets note no. 4.1. Depreciation on additions is charged from the quarter in which the assets are put to use while no depreciation is charged in the quarter in which the assets are disposed off.

Subsequent cost

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company. The costs of day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Revaluation surplus

Revaluation of freehold land, building on freehold land and plant and machinery is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of freehold land, factory and non-factory buildings on freehold land and plant and machinery is recognized, net of tax, 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 / deficit for the same asset previously recognized in statement of profit or loss, in which case the increase is first recognized in statement of profit or loss to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to statement of profit or loss. The revaluation reserve is not available for distribution to the Company's shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation reserve to retained earnings.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in statement of profit or loss when the item is derecognized.

b) Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the reporting date less impairment if any and represents costs / expenditures incurred on property, plant and equipment during the course of construction, installation and implementation, etc. These are transferred to specific assets as and when assets are available for intended use.

3.2 Intangible Asset

Intangible assets acquired by the company are stated at cost less accumulated amortization and impairment if any. Amortization is charged to income on straight line basis over the period specified in note 5.

3.3 Investment in Associates

The Investment in associates, where the company has significant influence, is accounted for under equity method. Under this method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the statement of profit or loss. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held.

Investment is de-recognized when the Company has transferred substantially all risks and rewards of ownership and rights to receive cash flows from the investment has expired or has been transferred.

3.4 Stores, Spare parts and Loose Tools

Stores, spare parts and loose tools are valued at cost, using weighted average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon up to the reporting date. Adequate provision is made for obsolescence and slow moving items as and when required based on parameters set out by management and as stated in note 2.4 (e).

3.5 Stock-in-Trade

These are stated at lower of weighted average cost and net realizable value.

Cost in relation to finished goods and semi finished goods represents cost of raw material and an appropriate portion of manufacturing overheads. Cost in respect of semi finished goods is adjusted to an appropriate stage of completion of process.

3.6 Trade Debts

Trade debts are carried at original invoice amount that is fair value of the goods sold less impairment allowance, if any. When a trade debt is uncollectable, it is written off.

3.7 Employees post employment benefits

Defined Contribution Plan

The Company operates an approved provident fund scheme for all its employees eligible to the benefit and equal monthly contributions thereto are made both by the Company and the employees in accordance with the terms of the scheme @ 10% of the basic salary plus applicable cost of living allowances.

3.8 Compensated unavailed leaves

The Company accounts for its liability towards unavailed leaves accumulated by employees on accrual basis.

3.9 Taxation

a) Current Income Tax

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax or alternate corporate tax under section 113 of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. 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.

b) Deferred taxation

Deferred tax is recognized using liability method, on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan (ICAP), if considered material.

c) Sales tax and Federal Excise Duty

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

- i) 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
- ii) Receivables or payables that are stated with the amount of sales tax included.
- iii) 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.

3.10 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.11 Borrowings and their costs

Borrowings are recorded at the amount of proceeds received which is usually their fair value and subsequently carried at amortized cost.

Borrowing costs incurred on finances obtained for the construction / installation of qualifying assets are capitalized up to date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the statement of profit or loss.

3.12 Provisions and contingencies

Provisions are recognized when the Company has present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.13 Financial Instruments

3.13.1 Recognition

Financial assets and liabilities are recognised when the company become party to the contractual provision of the instrument.

3.13.2 Initial measurement

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

3.13.3 Classification of financial assets

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. A financial asset is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition.

The Company classifies its financial instruments in the following categories:

- at amortised cost.
- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or

Financial assets that meet the following conditions are classified as financial assets at amortised cost:

- the financial asset is 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.

Financial assets that meet the following conditions are classified as financial assets at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are classified as financial assets at FVTPL.

3.13.4 Classification of financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (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.

3.13.5 Subsequent measurement

Financial assets and liabilities at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. In case of financial assets the amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial assets at fair value through other comprehensive income (FVTOCI)

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition of a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement profit or loss, but is transferred to statement of changes in equity.

Financial assets and liabilities at fair value through profit or loss (FVTPL)

These are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL and any interest / markup or dividend income are included in the statement profit or loss.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss).

3.13.6 Derecognition of Financial Instruments

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Any gain or loss on derecognition of financial asset or liability is also included to the statement profit or loss .

3.13.7 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the company or the counter parties.

3.13.8 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognised in the statement of profit or loss.

3.14 Impairment**a) Financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables, if any.

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-month 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.

Loss allowances for financial assets measured at amortised 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 of 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 expects 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 Company considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognized as expense in statement of profit or loss . An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

b) Non-Financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of such assets is estimated.

An impairment loss is recognised if the carrying amount of a specific asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets of the unit on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's 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.

3.15 Revenue Recognition

Revenue is recognized when or as performance obligation are satisfied. Revenue is measured at the fair value of the consideration received or receivable and is recognized on following basis:

- Revenue from sale of goods is recognized when the control of the goods have transferred to the buyer, usually on dispatch of the goods to customers.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding at the rate applicable.
- Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of mark-up on loans considered doubtful is deferred.
- Dividend income is recognized when the Company's right to receive the payment is established.

3.16 Foreign currency transactions and translation:

Transactions in foreign currencies are recorded into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in the statement of profit or loss.

3.17 Cash and Cash Equivalents

For the purpose of statement of cash flow cash and cash equivalents comprises of short term investments, cash and cheques in hand, balances with banks on current, savings and deposit accounts.

3.18 Segment Reporting

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, 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.

The 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 following reportable segments on the basis of product characteristics and the criteria defined by the "IFRS 8 Segment Reporting".

Sugar Division - Manufacturing and sale of Refined Sugar

Ethanol Division - Manufacturing and sale of Ethyl Ethanol.

3.19 Dividends and other appropriations

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

	Note	2019 (Rupees in thousand)	2018
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	5,342,921	5,073,393
Capital work in progress (CWIP)	4.2	155,778	241,928
		5,498,699	5,315,321

4.1 OPERATING FIXED ASSETS

PARTICULARS	2019											DEPRECIATION RATE PER ANNUM	
	NET CARRYING VALUE						GROSS CARRYING VALUE			AS ON SEPTEMBER 30, 2019	NET CARRYING VALUE AT SEP 30, 2019		DEPRECIATION RATE PER ANNUM
	AS ON OCTOBER 1, 2018	DIRECT ADDITIONS	TRANSFER FROM CWIP	DISPOSAL	REVALUATION SURPLUS	DEPRECIATION	COST	ACCUMULATED DEPRECIATION	NET CARRYING VALUE AT SEP 30, 2019				
Rupees in thousand													
FREEHOLD LAND													
Cost	31,575	-	-	-	-	-	-	31,575	-	31,575	-	31,575	-
Revaluation	181,756	-	-	-	-	-	-	181,756	-	181,756	-	181,756	-
FACTORY BUILDING													
Cost	50,710	-	4,274	-	-	5,285	-	49,699	99,647	49,699	99,647	49,699	10%
Revaluation	71,354	-	-	-	-	7,135	-	64,219	7,135	64,219	7,135	64,219	10%
NON FACTORY BUILDING													
Cost	75,194	-	3,993	-	-	3,860	-	75,327	61,408	75,327	61,408	75,327	5%
Revaluation	159,343	-	-	-	-	7,967	-	151,376	7,967	151,376	7,967	151,376	5%
RES QTR FOR LABOUR													
Cost	4,005	-	-	-	-	401	-	3,604	26,704	3,604	26,704	3,604	10%
Revaluation	10,333	-	-	-	-	1,033	-	9,300	3,395	9,300	3,395	9,300	10%
PLANT & MACHINERY													
Cost	3,085,488	-	588,665	-	-	232,154	-	3,441,999	1,585,202	3,441,999	1,585,202	3,441,999	5% & 7.5%
Revaluation	1,345,009	-	-	-	-	87,227	-	1,257,782	87,227	1,257,782	87,227	1,257,782	5% & 7.5%
FURNITURE, FIXTURE AND FITTINGS													
Cost	3,493	90	-	-	-	358	-	3,225	7,339	3,225	7,339	3,225	10%
OFFICE EQUIPMENT													
Cost	24,325	2,539	-	-	-	2,615	-	24,249	31,076	24,249	31,076	24,249	10%
VEHICLES													
Cost	30,808	28,860	-	1,182	-	9,676	-	48,810	46,257	48,810	46,257	48,810	20%
TOTAL													
Cost	3,305,598	31,489	596,932	1,182	-	254,349	-	3,678,488	1,857,633	3,678,488	1,857,633	3,678,488	
Revaluation	1,767,795	-	-	-	-	103,362	-	1,664,433	103,362	1,664,433	103,362	1,664,433	
	5,073,393	31,489	596,932	1,182	-	357,711	-	5,342,921	1,963,357	5,342,921	1,963,357	5,342,921	

PARTICULARS	2018										DEPRECIATION RATE PER ANNUM	
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	AS ON OCTOBER 1, 2017	DIRECT ADDITIONS	TRANSFER FROM CWIP	DISPOSAL	REVALUATION SURPLUS	DEPRECIATION	AS ON SEPTEMBER 30, 2018	COST	ACCUMULATED DEPRECIATION	NET CARRYING VALUE AT SEP 30, 2018		
Rupees in thousand												
FREEHOLD LAND												
Cost	31,575	-	-	-	-	-	31,575	31,575	-	31,575	-	-
Revaluation	81,024	-	-	100,732	-	-	181,756	181,756	-	181,756	-	-
FACTORY BUILDING												
Cost	56,344	-	-	-	5,634	-	50,710	145,072	94,362	50,710	10%	10%
Revaluation	27,102	-	-	46,962	2,710	-	71,354	71,354	-	71,354	10%	10%
NON FACTORY BUILDING												
Cost	71,480	-	7,414	-	-	3,700	75,194	132,742	57,548	75,194	5%	5%
Revaluation	72,747	-	-	90,233	3,637	-	159,343	159,343	-	159,343	5%	5%
RES QTR FOR LABOUR												
Cost	4,450	-	-	-	-	445	4,005	30,308	26,303	4,005	10%	10%
Revaluation	5,352	-	-	5,516	535	-	10,333	12,695	2,362	10,333	10%	10%
PLANT & MACHINERY												
Cost	1,583,625	-	1,630,853	404	-	128,586	3,085,488	4,438,536	1,353,048	3,085,488	5%	5%
Revaluation	484,904	-	-	633	888,492	27,754	1,345,009	1,345,009	-	1,345,009	5%	5%
FURNITURE, FIXTURE AND FITTINGS												
Cost	3,584	282	-	-	-	373	3,493	10,474	6,981	3,493	10%	10%
OFFICE EQUIPMENT												
Cost	23,319	3,517	-	-	-	2,511	24,325	52,786	28,461	24,325	10%	10%
Revaluation	1,082	-	-	-	(974)	108	-	3,812	3,812	-	10%	10%
VEHICLES												
Cost	20,988	18,725	-	3,151	-	5,754	30,808	70,152	39,344	30,808	20%	20%
TOTAL												
Cost	1,795,365	22,524	1,638,267	3,555	-	147,003	3,305,598	4,911,645	1,606,047	3,305,598		
Revaluation	672,211	-	-	633	1,130,961	34,744	1,767,795	1,773,969	6,174	1,767,795		
	2,467,576	22,524	1,638,267	4,188	1,130,961	181,747	5,073,393	6,685,614	1,612,221	5,073,393		

4.1.1 Allocation of Depreciation

Depreciation has been allocated as follows:

	2019			2018		
	SUGAR	ETHANOL	TOTAL	SUGAR	ETHANOL	TOTAL
	----- (Rupees in thousand) -----					
Manufacturing	73,604	258,198	331,802	62,280	102,404	164,684
Administration	15,496	10,413	25,909	11,899	5,164	17,063
	89,100	268,611	357,711	74,179	107,568	181,747

4.1.2 DISPOSAL OF FIXED ASSETS

Description	Sold to	Original Cost	Accumulated Depreciation	Net Carrying Value	Sale proceeds	Gain on Disposal	Mode of Disposal
----- (Rupees in thousand) -----							
Vehicles							
Vehicles having carrying value less than Rs. 500,000	Various	3,945	2,763	1,182	2,665	1,483	Negotiations
2019		3,945	2,763	1,182	2,665	1,483	
2018		8,018	3,830	4,188	7,279	3,091	

4.2 CAPITAL WORK-IN-PROGRESS

	Note	Balance as at beginning of the year	During the year			Balance as at close of the year
			Adjustment	Capital expenditure incurred	Transferred to operating fixed assets	
(Rupees in thousand)						
2019						
Civil Works		-	-	8,520	(8,267)	253
Plant & Machinery	4.2.1	241,928	-	502,262	(588,665)	155,525
		241,928	-	510,782	(596,932)	155,778
2018						
Civil Works		158,093	(152,009)	1,330	(7,414)	-
Plant & Machinery		426,644	152,009	1,294,128	(1,630,853)	241,928
		584,737	-	1,295,458	(1,638,267)	241,928

4.2.1 Additions to plant and machinery under installation includes borrowing cost of Rs. Nil (2018: Rs. 30.86 millions) capitalized at the effective rate of Nil (2018: 6M KIBOR / SBP rate + 0.5 / 0.75 % p.a.).

	Note	2019 (Rupees in thousand)	2018
5 INTANGIBLE ASSET			
Software - SAP Application			
Cost		5,917	5,917
Accumulated Amortization		(5,917)	(5,917)
		<u>-</u>	<u>-</u>

The cost of software has been fully amortized over the period of three years in accordance with the accounting policy of the Company. However, the software is still in use by the Company.

6 LONG TERM INVESTMENT

Under Equity Method

Investment in associate - Al-Noor Modaraba Management (Pvt.) Ltd.

Opening balance		1,815	2,673
Share of (loss) for the year	6.1.2	(524)	(242)
Share of associate's unrealized gain / (loss) on remeasurement of associate's investment at fair value through other comprehensive income (previously titled as available for sale investment)	6.2	60	(616)
		(464)	(858)
		<u>1,351</u>	<u>1,815</u>

- 6.1 The Company holds 500,000 (14.29%) fully paid ordinary shares of Al-Noor Modaraba Management (Pvt.) Ltd (ANMM) originally acquired at cost of Rs. 5.0 million. ANMM is a group company of Al-Noor Group and it is an associate by virtue of common directorship. The principal activity of ANMM is to float and manage MODARABA and its principal place of business is 96-A, S.M.C.H.S. Karachi. Chief Executive of ANMM is Mr. Jalaluddin Ahmed. Break-up value per share is Rs. 2.70 (2018 : Rs. 3.63) and aggregate breakup value of the Company's investment is Rs. 1,351 thousands (2018: Rs. 1,815 thousands).

This strategic investment is measured using equity method. In view of regulatory framework applicable in Pakistan the financial year end of ANMM is June 30 and since there are no significant changes in the associate's financial affairs up to September 30, therefore, the financial results of ANMM as of June 30, 2019 have been used for the purpose of application of equity method. The summarized financial information of ANMM based on its audited financial statements for the year ended June 30, 2019 is as under:

6.1.1 Assets and Liabilities of ANMM

Assets			
Tangible & intangible fixed assets		565	706
Long term investments		13,020	12,600
Other non current assets		13	13
Current assets		1,198	2,005
		<u>14,796</u>	<u>15,324</u>
Liabilities			
Non - current liabilities		(3,700)	(1,550)
Current liabilities		(1,653)	(1,080)
		<u>(5,353)</u>	<u>(2,630)</u>
Net Assets		<u>9,443</u>	<u>12,694</u>
Share of Shahmurad Sugar Mills Limited		<u>1,351</u>	<u>1,815</u>

	Note	2019 (Rupees in thousand)	2018
6.1.2 Profit and loss of ANMM.			
Income		5	505
Expenses		(3,567)	(3,568)
		(3,562)	(3,063)
Unrealised profit on remeasurement & impairment loss on investment at fair value through profit or loss.		(116)	(1,865)
Other income		7	3,310
Loss for the year before taxation		(3,671)	(1,618)
Taxation		-	(77)
Loss for the year after taxation		(3,671)	(1,695)
Share of Shahmurad Sugar Mills Limited		(524)	(242)
6.2 Share of Associate's unrealized loss on re-measurement of associate's investment at fair value through OCI			
Opening balance		2,501	1,885
Unrealized (gain) / loss on re-measurement of investment at fair value through other comprehensive income		(60)	616
Closing balance		2,441	2,501
7 LONG TERM LOANS			
- Unsecured & Interest free			
Considered Good			
- Due from executives	7.2 & 7.3	2,021	1,633
- Due from non- executive employees		5,241	4,799
		7,262	6,432
Less: Current Portion of:			
- Due from executives		(1,771)	(1,500)
- Due from non- executive employees		(3,277)	(3,428)
		(5,048)	(4,928)
		2,214	1,504
7.1 Loans and advances have been given in accordance with the terms of employment and are recoverable, in monthly instalments, within three years following the reporting date. These interest free loans are carried at cost since the effect of amortization is immaterial.			
7.2 Movement of loans to executives			
Balance at the beginning of the year		1,633	2,261
Transfer from executive to non-executive due to change in definition		-	(1,628)
Disbursed during the year		2,450	1,950
Recovered during the year		(2,062)	(950)
Balance at the end of the year		2,021	1,633
7.3 The maximum aggregate amount due from executives at any month end during the year was Rs. 2.050 million (2018: 1.767 million).			

	Note	2019 (Rupees in thousand)	2018
8 LONG TERM DEPOSITS			
<i>Unsecured & Interest free</i>			
Utilities		1,039	1,039
Others		1,390	1,390
		<u>2,429</u>	<u>2,429</u>
9 DEFERRED TAXATION			
Opening balance		68,700	81,034
(Debited) / credited to statement of profit or loss		(29,282)	53,009
Credited to other comprehensive income / equity		-	(77,893)
Deferred tax related to change in tax rate (debited) / credited to revaluation surplus		(13,692)	12,550
Closing balance		<u>25,726</u>	<u>68,700</u>
Deferred tax arises due to:			
Taxable temporary differences in respect of			
Accelerated tax depreciation		(176,460)	(131,674)
Revaluation surplus on property, plant and equipment		(188,236)	(184,836)
		<u>(364,696)</u>	<u>(316,510)</u>
Deductible temporary differences in respect of			
Provisions / impairment allowances / others		25,924	17,178
Unabsorbed business loss/ tax depreciation		364,498	313,164
Tax credit under section 65-B carried forward		-	54,868
		<u>390,422</u>	<u>385,210</u>
		<u>25,726</u>	<u>68,700</u>
10 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		132,060	97,022
Spare parts and loose tools		169,948	160,953
Stores in transit		826	909
		<u>302,834</u>	<u>258,884</u>
Less: Provision for obsolescence and slow moving items	10.1	(59,244)	(44,891)
		<u>243,590</u>	<u>213,993</u>
10.1 Provision for obsolescence and slow moving items			
Opening Balance		44,891	34,591
Provision for the year		14,353	10,300
Closing balance		<u>59,244</u>	<u>44,891</u>
11 STOCK-IN-TRADE			
Raw Material - Molasses	11.1	571,241	1,020,559
Sugar in process	11.2	5,831	4,977
Trading stock of fertilizers		3,757	3,340
Finished goods			
Sugar	11.1 & 11.2	1,202,189	1,227,074
Ethanol		184,841	312,542
		<u>1,387,030</u>	<u>1,539,616</u>
		<u>1,967,859</u>	<u>2,568,492</u>

- 11.1** Stock of finished goods pledged against short term finances under mark-up arrangement as referred in note No. 24 amounted to Rs. 509 million (2018: Rs. 1,435 million).
- 11.2** Stock of finished goods and sugar in process costing Rs. Nil (2018: Rs. 1,355 million) has been written down by Rs. Nil (2018: Rs. 123 million) to its net realizable value of Rs. Nil (2018: Rs. 1,232 million).

	Note	2019 (Rupees in thousand)	2018
12 TRADE DEBTS			
Export sales - against irrevocable letters of credit and contracts		394,122	281,332
Local sales - Unsecured, considered good		65,449	106,635
		<u>459,571</u>	<u>387,967</u>
13 LOANS AND ADVANCES			
Unsecured - Considered Good			
Current portion of long term loans	7	5,048	4,928
Advances against purchases and services	13.1	1,576,730	653,311
Advances against expenses		4,556	4,696
		<u>1,586,334</u>	662,935
Considered doubtful			
Loans to growers	13.2	25,018	25,018
Less impairment allowance		(25,018)	(25,018)
		<u>-</u>	<u>-</u>
		<u>1,586,334</u>	<u>662,935</u>
13.1 This includes Rs. 105.0 Million (2018: Rs. 37.5 million) advance to Al- Noor Sugar Mills Limited, an associate company, for purchase of molasses.			
13.2 These loans were given to farmers/growers for sugar cane cultivation and development carrying interest @ 10% which is accounted for in line with the recovery of the respective loan. These loans are adjustable against purchase of sugarcane from respective growers. However, an impairment allowance has been made in respect of loans against which future adjustment through purchase of sugarcane is considered doubtful and hence as a matter of prudence no interest is accrued thereon as well.			
14 TRADE DEPOSITS & SHORT TERM PREPAYMENTS			
Short term deposits		12	12
Short term prepayments		1,083	704
		<u>1,095</u>	<u>716</u>
15 OTHER RECEIVABLES			
- Unsecured Considered Good			
Associated undertaking - Reliance Insurance Company Limited	15.1	-	9,485
Fair value of forward contracts		84	-
State Bank of Pakistan - Export subsidy		233,756	454,673
Government of Sindh - Export subsidy		1,023	60,264
Others		267	-
		<u>235,130</u>	524,422
- Considered Doubtful			
Export freight subsidy	15.2	47,005	47,005
Less: Impairment allowance against export freight subsidy		(47,005)	(47,005)
		<u>-</u>	<u>-</u>
		<u>235,130</u>	<u>524,422</u>

- 15.1** This represented receivable against an insurance claim for damage to sugar stock and which has been recovered during the year.
- 15.2** This represents freight subsidy on sugar exports receivable from Trade Development Authority of Pakistan. However, due to uncertainties regarding its recoverability, impairment allowance has been made as a matter of prudence.

	Note	2019 (Rupees in thousand)	2018
16 SHORT TERM INVESTMENT			
Meezan Bank - Special Sharikah Certificates	16.1	200,000	-
Accrued Profit		714	-
		200,714	-
16.1 These special sharikah certificates carry profit at 12.25% p.a. The investment has maturity of upto one month.			
17 CASH AND BANK BALANCES			
Cash in hand		1,050	3,005
Cash at banks			
In current accounts			
Local currency		60,912	42,124
Foreign currency		40	32
		60,952	42,156
In saving accounts	17.1	247	291
		62,249	45,452

- 17.1** This carry profit at the rate ranging between 7% to 9.5% (2018: 3.75% to 3.85%) p.a.
- 17.2** Bank balances include Rs. 9.624 million (2018: Rs. 0.478 million) with shariah compliant financial institutions.

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018	No. of Shares	2019	2018
11,730,368	11,730,368	Ordinary shares of Rs.10 each allotted for consideration paid in cash	117,304	117,304
9,388,295	9,388,295	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	93,883	93,883
21,118,663	21,118,663		211,187	211,187

- 18.1** Associated companies hold 4,959,500 (23.48%) shares of the Company (2018: 4,900,900 i.e. 23.20%).

19 GENERAL RESERVE

This represents amount appropriated out of profit in past years and retained in order to meet future exigencies.

	2019	2018
	(Rupees in thousand)	
20 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT		
Opening balance - Gross	1,767,795	672,211
Transfer to equity on account of incremental depreciation		
Incremental depreciation - net of deferred tax	(93,070)	(28,904)
Deferred tax on incremental depreciation	(10,292)	(5,840)
	(103,362)	(34,744)
Transfer to equity on account of disposal		
Revaluation surplus related to item disposed of net of deferred tax	-	(462)
Related deferred tax	-	(171)
	-	(633)
Revaluation surplus arising on fresh revaluation	-	1,130,961
Closing balance - Gross	1,664,433	1,767,795
Related deferred tax liability	(188,236)	(184,836)
Revaluation surplus net of deferred tax	<u>1,476,197</u>	<u>1,582,959</u>

- 20.1** The Company carries its land, building and plant & machinery on revaluation model in accordance with IAS -16 "Property, Plant and Equipment". Revaluation is carried out by independent valuer and last revaluation was carried out during the year ended September 30, 2018 through report dated September 28, 2018. Forced sale value has been determined by the valuer using discount factor, i.e., Disposition Value (DV) Factor for Land and Building and Orderly Liquidation Value (OLV) factor for plant and machinery as follows;

	Discount Factor %		Revalued Amount based on last revaluation as of 30-09-18	Forced Sale Value
	Disposition Value (DV)	Orderly Liquidation Value (OLV)		
Freehold Land	20%	-	213,331	170,665
Building including factory/ non-factor and other building	20%	-	370,939	296,749
Plant & Machinery	-	25% / 30%	4,430,497	3,340,206

- 20.2** The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to shareholders of the Company in accordance with the section 240 of the Companies Act 2017.

21 LONG TERM FINANCING

Financial institutions	143,112	132,536
Banks	1,197,701	1,527,150
	<u>1,340,813</u>	<u>1,659,686</u>

21.1

21.1

	FINANCIAL INSTITUTION					BANKS					TOTAL	
	Pak Oman Investment Co. Ltd.	PAK Brunei Investment Co. Ltd.	Pak Oman Investment Co. Ltd.	TOTAL	Standard Chartered Bank (Pakistan) Ltd.	Faysal Bank Ltd. (Islamic)	Bank Alilalah Ltd.	Meezan Bank Ltd.	TOTAL	2019	2018	
Opening balance	56,250	44,445	110,313	211,008	406,250	300,000	475,900	500,000	1,682,150	1,893,158	1,714,456	
Addition	-	-	39,687	39,687	-	-	-	-	-	39,687	350,924	
Repayment	(56,250)	(22,222)	(125,000)	(78,472)	(125,000)	(30,000)	-	-	(155,000)	(233,472)	(172,222)	
Closing balance	-	22,223	150,000	172,223	281,250	270,000	475,900	500,000	1,527,150	1,699,373	1,893,158	
Current Maturity	-	(22,223)	(6,888)	(29,111)	(125,000)	(60,000)	(44,449)	(100,000)	(329,449)	(358,560)	(233,472)	
Shown under current liabilities	-	-	143,112	143,112	156,250	210,000	431,451	400,000	1,197,701	1,340,813	1,659,686	

Rupees in thousand

Description	Long Term Finance	Long Term Finance	Diminishing Musharaka	Diminishing Musharaka	Long Term Finance	Diminishing Musharaka	Long Term Finance	Diminishing Musharaka
Sanctioned/Sale Price/ Disbursed Amount (Rs in million)	225	100	150	500	300	500	500	500
Effective rate of mark-up (per annum)	6 MKIBOR + 0.75%	6 MKIBOR + 0.75%	SBP Rate + 0.75%	3 MKIBOR + 0.60%	3 MKIBOR + 0.50%	SBP Rate + 0.75%	6 MKIBOR + 0.50%	
Facility/tenor	5 years	5 years	10 years	5 years	7 years	10 years	7 years	7 years
Number of instalments	16	9	32	16	20	32	10	
Principal amount of each instalment (Rs in million)	14,0625	11,111	Various	31,250	15,000	Various	50,000	
Instalments Payable	Quarterly	Half yearly	Quarterly	Quarterly	Quarterly	Quarterly	Half yearly	
Date of Disbursement	18-09-14	26-06-15	06-02-18	14-12-16	21-02-17	12-07-17	11-07-17	
Grace Period	1 Year	6 Months	2 years	1 Year	2 Years	2 Years	2 Years	
Date of payment of 1st instalment	18-12-15	26-06-16	06-05-20	14-03-18	21-05-19	12-01-20	11-01-20	
Date of payment of final instalment	18-09-19	26-06-20	30-10-28	14-12-21	21-02-24	26-03-28	11-07-24	

SECURITIES

Pak Oman Investment Co. Ltd. - Rs. 225 M	First pari passu equitable mortgage & Hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company.
Pak Brunei Investment Co. Ltd. - Rs. 100 M	First pari passu equitable mortgage & Hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company.
Pak Oman Investment Co. Ltd. - Rs. 150 M	First pari passu equitable mortgage & Hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company.
Standard Chartered Bank (Pakistan) Ltd. - Rs. 500 M	First pari passu E/M & hypothecation charge over Land, Building, Plant & Machinery of the Company.
Faysal Bank Ltd Rs 300 M.	First pari passu E/M & hypothecation charge over Land, Building, Plant & Machinery of the Company.
Bank Alilalah Ltd Rs 500 M.	First pari passu E/M & hypothecation charge over Land, Building, Plant & Machinery of the Company.
Meezan Bank Ltd Rs 500 M.	First pari passu E/M & hypothecation charge over Land, Building, Plant & Machinery of the Company.

Shariah Compliant

Long term financing under shariah compliant arrangements amounted to Rs. 1,051.25 million (2018: Rs. 1,206.25 million)

	Note	2019 (Rupees in thousand)	2018
22 TRADE AND OTHER PAYABLES			
Creditors	26.10 & 26.11	960,178	917,904
Accrued expenses		23,972	22,529
Advance against sales from customers		13,632	15,775
Retention money payables		10,281	13,936
Gratuity payable		1,930	1,930
Worker's profit participation fund	22.1	79,561	29,458
Worker's Welfare Fund		17,060	11,194
Payable to staff provident fund		150	244
		1,106,764	1,012,970
22.1 Worker's profit participation fund			
Opening balance		29,458	-
Interest on funds utilized		9,916	-
Allocation for the year		71,628	29,458
		111,002	29,458
Payments made during the year		(31,441)	-
Closing balance		79,561	29,458
23 ACCRUED FINANCE COST			
On long term financing		26,784	18,627
On short term borrowings		13,032	36,350
		39,816	54,977
23.1	Accrued finance cost includes Rs. 28.359 million (2018: Rs. 20.385 million) in respect of borrowings under shariah compliant arrangements.		
24 SHORT TERM BORROWINGS			
From banking companies - Secured			
Cash / Running finance	24.1	57,830	1,479,943
Export refinance	24.2	2,305,000	1,420,000
Musawama / IERF / Murabaha	24.3	750,000	553,000
		3,112,830	3,452,943
24.1	The facilities are available up to Rs. 1,975 million (2018: Rs. 2,360 million) and are secured against pledge of sugar / molasses/ ethanol and first pari passu charge on property, plant and equipment. The effective rate of mark-up ranges from 1M / 3M Kibor + 0.10 % to 0.25 % (2018: 1M / 3M Kibor + 0.05 % to 0.25 %). Unutilized facilities as on year end amounted to Rs. 1,917 million (2018: Rs. 880 million).		
24.2	The facilities are available under SBP export finance scheme up to limit of Rs. 2,605 million (2018: Rs. 2,220 Million) and are secured by first pari passu equitable mortgage charge and hypothecation over current and future fixed assets of the company and pledge of sugar / molasses / ethanol. The effective rate of mark-up is 0.25% / 0.50% / 1.00% over SBP ERF rate which was 2.25%,2.50% and 3.0% (2018: 2.25%, 2.5%). Unutilized facilities as on year end amounted to Rs. 300 million (2018: Rs. 800 million).		

- 24.3** Musawama / IERF / Murabaha has been obtained from shariah compliant banks. The aggregate limit of Musawama / IERF / Murabaha arrangements is up to Rs. 1,450 million (2018: Rs 1,200 million). These are secured by Pledge of sugar, molasses and ethanol ranking charge over stocks and book debts and pari passu hypothecation charge on Property Plant & Equipment & Pledge of Sugar (refer note 13.1). The effective rates of profit are ranging between respective Kibor + 0.25 % and SBP rate + 0.75 % and 3M Kibor + 0.25%(2018: Kibor + 0.15 % to Kibor and SBP rate + 0.5%). The unavailed facility at the year end amounted to Rs. 700 million (2018: Rs. 647 million).
- 24.4** Short-term borrowings include Rs. 750 Million (2018: Rs. 553 Million) under shariah compliant arrangements.

	Note	2019 (Rupees in thousand)	2018
25 LOANS FROM RELATED PARTIES			
Loans from related parties	25.1	48,135	167,336

- 25.1** These represent loans from related parties which are repayable on demand and currently these do not carry markup.

26 CONTINGENCIES AND COMMITMENTS

a) CONTINGENCIES

- 26.1** The Company filed petition before Honourable High Court of Sindh challenging the levy of further tax against taxable supplies made to unregistered person under section 3(1A) of the Sales Tax Act, 1990. The entire liability till November 30, 2000 was paid by the Company, in the month of December 2000. As per judgment awarded against the department by the Honourable High Court of Sindh, the Company has claimed refund of such further tax amounting to Rs. 45.190 million out of which an amount of Rs.7.144 million was refunded by the department.

The Department of Sales Tax has thereafter filed an Appeal before the Honourable Supreme Court against the Order of the Honourable High Court of Sindh. The Honourable Supreme Court has allowed the Appeal with direction to the department to act in accordance with law; however Ratio Decidendi ordered by the High Court of Sindh has not been reversed, over ruled or amended. Sales Tax department has however raised demands of further tax involving amount of Rs. 54 million, which had been contested by the company in the light of Sindh High Court Judgment on which the Sales Tax Tribunal had issued orders in favour of the company. Against the order of the tribunal the sales tax department filed appeal before the Honourable High Court which is pending. Considering the decision of the Court and facts of the case the legal counsel of the company is of the view that the final outcome of the matter will be in favour of the Company.

- 26.2** The Company has filed a petition before the Honourable High Court of Sindh on 11 June 2011 against the imposition of special excise duty and recovery by the Inland Revenue Department (the Department) of 70% of the total amount of Rs 7.073 million against excise duty involved. The case was decided in favour of the company declaring Special Excise Duty as void ab-initio and of no legal effect. Thereafter the Department has filed an appeal before Honourable Supreme Court of Pakistan against the decision of Honourable High Court which is pending. The Company as a matter of abundant prudence has provided for the amount of said duty in the financial statements. During the year 2013, the Company received show-cause notice no C.No.01(01)RP/Zone-II/2013/ dated 10 December 2013 from the Department against refund claim of Special Excise Duty amounting to Rs. 48.457 million filed by the Company in compliance with the order of Honourable High Court of Sindh. The Company filed appeal in the Honourable High court of Sindh on 30 December 2013 against that show cause notice issued by the Department and the Honourable High Court issued stay order against the proceedings on show cause notice. No provision is made in the financial statement as the outcome of case is expected to be in favour of the company as per legal counsel.
- 26.3** The Company's appeal in the Honourable Supreme Court dated 19 February 2004 against the Order of the Sindh High Court for levy of Quality Premium was accepted by the Honourable Supreme Court by assailing the Order of Sindh High Court. Furthermore Federal Government steering committee through its decision on 16-07-2007 held that the quality premium shall remain suspended till decision of Honourable Supreme Court or consensus on uniform formula to be developed by MINFAL.

During the year 2017-2018, the Honourable Supreme Court of Pakistan through its order dated 5 March 2018 has decided the matter against the Sugar Manufacturing Companies and the Legal Counsel of the Company is of the view that the Honourable Supreme Court has now simply prescribed the criteria for future, which if followed properly, would make quality premium applicable in the future, and in relation to the past (other than crushing season 1998 – 1999) it appears that no liability arose as no legally binding notification under section 16(v) can be said to be in the field in the light of the decision of the Honourable Supreme Court. Accordingly, no liability arises for the past except for the year 1998 – 99 for which quality premium amounted to Rs. 93.7 million against which no provision is made as the Company has already paid price higher than the minimum notified price for the said year.

- 26.4** There are certain litigations pending in the Honourable Sindh High Court, Hyderabad pertaining to ex-employees. The sixth Sindh labour court awarded decision in favour of the company and the ex-employees filed an appeal in Labour Appellate Tribunal at Hyderabad the outcome of which has also been decided in favour of the Company. The ex-employees have now filed suit before the Honourable Sindh High Court, Hyderabad. The financial liability may arise only if these cases are finally decided against the Company. The amount of liability is not ascertainable and hence, no provision has been made in this regard as in the management view the same is not likely to crystallize.
- 26.5** Cases regarding possession of land of the Company are pending in the Honourable High Court of Sindh which were filed on 01 January 2010 and 22 July 2010 and the financial impact of the same is not presently determinable with any accuracy. The Company is confident that the same is not likely to be decided against the Company.
- 26.6** The Company has filed a petition in the Honourable Supreme Court of Pakistan, dated 14 January 2010 against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the jurisdiction of the Competition Commission. The Honourable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honourable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honourable High Courts. There are no financial implications related to this at the moment.
- 26.7** Pakistan Standards and Quality Control Authority (the Authority) has demanded a marking fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs. 1.45 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are violation of the constitution. The Company has filed a petition before the Honourable High Court of Sindh dated 01 September 2010 challenging the levy of marking fee under PSQCA Act-VI of 1996 and the Honourable court accepted the petition and termed that the impugned notification has been issued without lawful authority and suspended the operation of the impugned notifications. In the meantime the legal counsel of the company filed caveat in respect of an appeal to be filed by the PSQCA against the Judgment in Honourable Supreme Court of Pakistan. The Pakistan Standards and Quality Control Authority have filed an appeal before the Honourable Supreme Court of Pakistan against the decision of Honourable High Court of Sindh. No provision has been made in this respect.
- 26.8** A show cause notice was issued by the Department of Inland Revenue LTU Karachi, regarding the reduced rate of Federal Excise Duty availed by the Company amounting to Rs. 99.801 million under SRO 77 (1) / 2013 dated February 7, 2013. The Company has filed suit in the Honourable High Court of Sindh Karachi dated 30 December 2013 against the show cause notice and the matter is pending before the Honourable High Court of Sindh. Pending the outcome of the case no provision has been made as the outcome of the case is expected to be in favour of the company as per legal counsel.
- 26.9** Excise, taxation and Narcotics department, Government of Sindh had notified fee on storage of rectified spirit in a private bonded warehouse at Rs. 0.5 per litre. The Company has filed appeal before the Honourable High Court of Sindh against the notification dated 08 July 2014. The Honourable High Court has issued stay order against the recovery of the storage charges on rectified spirit. Amount of the storage fee up-to September 30, 2015 works out to Rs. 70.044 million and no provision is made in the financial statements as the outcome of case is expected to be in the favour of Company as per legal counsel.

- 26.10** Against the sugarcane purchase price of Rs. 172 per 40 Kgs as fixed for the season 2013-2014, the company had filed a Constitutional Petition, dated 21 January 2014, before the Honourable High Court of Sindh for linkage with prevailing market sugar price which was dismissed and the matter was taken up with the Honourable Supreme Court of Pakistan on 05 January 2015. In the due course of time, the Government of Sindh fixed the price of sugarcane at Rs. 182 per 40 kgs for the season 2014-15 in pursuance of which the Sindh Chamber of Agriculture filed a petition in the Honourable High Court of Sindh. The Honourable High Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kgs for crushing season 2014-15 whereas Rs. 12 per 40 kgs will be paid by the Government of Sindh. The Honourable High Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015, dated 20 January 2015, which is pending before the Honourable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent on upon the decision of Honourable Supreme Court of Pakistan. The Company however as a matter of prudence has accounted for the said difference of Rs. 10 per 40 kgs in the accounts aggregating to Rs. 149 millions.
- 26.11** During the year 2017-2018, the Government of Sindh issued a notification no. 8(142)/ S.O(EXT)2017, according to which, the minimum price of sugarcane has been fixed at the rate of Rs. 182 per 40 kg for the crushing season 2017-2018. The Company along with other Sugar mills has filed a petition in the High Court of Sindh dated 19 December 2017 against the said notification. Thereafter, the Honourable Court after deliberations with all stakeholders announced the judgement fixing the purchase price at the Rs. 160 to be paid to growers and the balance of Rs. 22 per 40 kg to be decided by the Supreme Court of Pakistan which is pending. However, the Company, as a matter of prudence accounted for the said difference of Rs. 22 per 40 kgs these financial statements aggregating to Rs.409.518 million.
- 26.12** During the year 2016-17, Deputy Commissioner has raised a demand of Rs. 4.01 million in respect of claim of inadmissible input through order dated 21 August 2017 in light of proceedings of showcause notice no C.No. DCIR/SSML/Inadmissible/E&C-3&4/Zone-II/LTU/2017 dated 02 May 2017. The Company filed an appeal with Commissioner Inland Revenue (Appeals), dated 15 September 2017 and the case was decided in favour of the Company. Being aggrieved by the said order, the Department has filed appeal in the Appellate Tribunal Inland Revenue which is yet to be decided. The management and advisor of the Company are of the view that the Company has reasonable grounds and favourable outcome is expected so no provision is made.

	2019	2018
	(Rupees in thousand)	
b) COMMITMENTS		
The Company's commitment as on September 30, are as follows:		
Commitments for capital expenditure	185,838	127,083
Commitments for stores and spares	3,846	6,212
	189,684	133,295
Bank Guarantees		
In favour of Excise and Taxation Department	500	500

SHAHMURAD SUGAR MILLS LTD.

	SUGAR		ETHANOL		TOTAL	
	2019	2018	2019	2018	2019	2018
Note	----- (Rupees in thousand) -----					
27 SALES						
Local	2,970,267	1,249,836	-	-	2,970,267	1,249,836
Export	432,223	2,370,204	6,468,326	3,749,734	6,900,549	6,119,938
	3,402,490	3,620,040	6,468,326	3,749,734	9,870,816	7,369,774
Less:						
Sales Tax	(371,139)	(146,669)	-	-	(371,139)	(146,669)
Commission	(481)	(241)	(1,644)	(2,737)	(2,125)	(2,978)
	(371,620)	(146,910)	(1,644)	(2,737)	(373,264)	(149,647)
Net sales	3,030,870	3,473,130	6,466,682	3,746,997	9,497,552	7,220,127
28 COST OF SALES						
Manufacturing cost:						
Raw material consumed	2,657,296	3,593,019	3,147,194	2,019,653	5,804,490	5,612,672
Salaries, wages and benefits 28.1	117,371	121,279	48,053	36,893	165,424	158,172
Stores and spares consumed	84,632	123,985	49,928	36,120	134,560	160,105
Packing materials	29,374	43,866	-	-	29,374	43,866
Fuel and oil	10,590	30,850	113,861	71,078	124,451	101,928
Power and water	5,216	19,158	689	3,408	5,905	22,566
Chemicals and process materials	29,046	37,285	53,578	33,042	82,624	70,327
Repair and maintenance	35,283	41,242	32,950	25,279	68,233	66,521
Insurance	6,965	8,286	9,095	4,497	16,060	12,783
Other manufacturing expenses	13,046	23,922	6,060	1,878	19,106	25,800
Depreciation	73,604	62,280	258,198	102,404	331,802	164,684
	3,062,423	4,105,172	3,719,606	2,334,252	6,782,029	6,439,424
Opening stock of work in process	4,977	6,180	-	-	4,977	6,180
Less: Closing stock of work in process	(5,831)	(4,977)	-	-	(5,831)	(4,977)
	(854)	1,203	-	-	(854)	1,203
	3,061,569	4,106,375	3,719,606	2,334,252	6,781,175	6,440,627
Less:						
Molasses transfer to Ethanol Division	(272,175)	(261,307)	-	-	(272,175)	(261,307)
Sale of bagasse/fusil oil	-	(16,066)	(2,125)	-	(2,125)	(16,066)
Inventory adjustment of bagasse	-	23,147	-	-	-	23,147
	(272,175)	(254,226)	(2,125)	-	(274,300)	(254,226)
	2,789,394	3,852,149	3,717,481	2,334,252	6,506,875	6,186,401
Opening stock of finished goods	1,227,074	1,582,542	312,542	180,392	1,539,616	1,762,934
Less: Closing stock of finished goods	(1,202,189)	(1,227,074)	(184,841)	(312,542)	(1,387,030)	(1,539,616)
	24,885	355,468	127,701	(132,150)	152,586	223,318
Export freight, packing and related charges	22,815	107,670	805,081	464,946	827,896	572,616
	2,837,094	4,315,287	4,650,263	2,667,048	7,487,357	6,982,335
28.1	Includes Rs. 3.806 million (2018 : Rs. 3.264 million) in respect of contribution towards staff provident fund.					
29 PROFIT FROM TRADING ACTIVITIES						
Sales	17,667	6,777	-	-	17,667	6,777
Sales tax	(346)	(480)	-	-	(346)	(480)
	17,321	6,297	-	-	17,321	6,297
Less: Cost of sales						
Opening stock	3,340	2,168	-	-	3,340	2,168
Purchases	16,266	7,101	-	-	16,266	7,101
Closing stock	(3,757)	(3,340)	-	-	(3,757)	(3,340)
	15,849	5,929	-	-	15,849	5,929
	1,472	368	-	-	1,472	368

SHAHMURAD SUGAR MILLS LTD.

	Note	SUGAR		ETHANOL		TOTAL	
		2019	2018	2019	2018	2019	2018
(Rupees in thousand)							
30 DISTRIBUTION COST							
Sugar handling and other charges		19,029	16,208	-	-	19,029	16,208
Storage rent		-	-	22,759	21,582	22,759	21,582
Carriage out ward		-	-	42,939	34,152	42,939	34,152
		<u>19,029</u>	<u>16,208</u>	<u>65,698</u>	<u>55,734</u>	<u>84,727</u>	<u>71,942</u>
31 ADMINISTRATIVE EXPENSES							
Salaries, allowances and benefits	31.1	48,115	41,908	32,980	26,983	81,095	68,891
Chief Executives and Director's remuneration and perquisites	39	14,177	18,263	9,812	9,867	23,989	28,130
Staff welfare		8,030	7,683	15,850	9,116	23,880	16,799
Repair and maintenance		11,339	13,588	17,692	17,996	29,031	31,584
Legal and professional		1,370	7,995	86	450	1,456	8,445
Auditors' remuneration	31.2	930	776	493	412	1,423	1,188
Vehicle running		9,600	11,231	7,194	5,484	16,794	16,715
Insurance		275	677	-	-	275	677
Communication		1,302	2,091	3,452	1,031	4,754	3,122
Entertainment		2,465	2,413	3,745	3,392	6,210	5,805
Printing and stationery		933	1,269	690	842	1,623	2,111
Fees and subscription		3,526	2,272	3,154	2,903	6,680	5,175
Advertisement		329	355	-	-	329	355
Depreciation		15,496	11,899	10,413	5,164	25,909	17,063
Others		12,880	16,946	18,309	6,164	31,189	23,110
		<u>130,767</u>	<u>139,366</u>	<u>123,870</u>	<u>89,804</u>	<u>254,637</u>	<u>229,170</u>

31.1 Includes Rs. 2.041 million (2018 : Rs. 2.144 million) in respect of contribution towards staff provident fund.

31.2 Auditors' remuneration

Kreston Hyder Bhimji & Co							
Statutory audit		696	580	445	371	1,141	951
Half yearly review		68	56	43	36	111	92
Corporate Governance		9	7	5	5	14	12
Other certifications		157	133	-	-	157	133
		<u>930</u>	<u>776</u>	<u>493</u>	<u>412</u>	<u>1,423</u>	<u>1,188</u>

	Note	2019	2018
(Rupees in thousand)			
32 OTHER OPERATING COST			
Charity and donation	32.1	2,207	2,472
Sales tax penalty		-	82
Export non-performance penalty		5,551	-
Provision for obsolescence and slow moving store and spares		14,353	10,300
Directors meeting fee		198	130
Worker's profit participation fund		71,628	29,458
Worker's welfare fund		5,864	11,194
Balances written off - net		-	59
		<u>99,801</u>	<u>53,695</u>

32.1 None of the directors or their spouses had any interest in the above donees.

	Note	2019 (Rupees in thousand)	2018
33 OTHER INCOME			
Income from financial Assets and others			
Net exchange gain	33.1	102,293	53,303
Income on saving bank accounts		1,664	40
		103,957	53,343
Income from non financial Assets			
Gain on disposal of property, plant & equipment		1,483	3,091
Export subsidy		-	834,208
Export performance rebate		12,096	-
Insurance claim		-	9,435
Others		15,365	-
		28,944	846,734
		132,901	900,077
33.1	This includes Rs. 108.5 million (2018: Rs. 53.3 million) in respect of export sales and receivables.		
34 FINANCE COST			
Mark-up/Interest/Profit on:			
Long term financing		156,448	86,396
Short-term borrowings			
Cash/running finance		87,874	103,512
Export refinance/IERF		65,381	32,499
		153,255	136,011
Istisna / Murabaha		26,898	8,286
Worker's profit participation fund	22.1	9,916	-
Bank charges		1,592	1,608
Others		2,238	2,638
		350,347	234,939
34.1	Finance cost includes Rs. 153.095 million (2018: Rs. 79.077 million) in respect of shariah compliant arrangements.		
35 PROVISION FOR TAXATION			
Current		109,338	-
Prior year adjustment		10,366	-
Deferred		29,282	(53,009)
		148,986	(53,009)

	Note	2019 (Rupees in thousand)	2018
35.1 Reconciliation of tax expense:			
Accounting profit before tax		1,354,532	548,249
Applicable tax rate		29%	29%
Tax expense based on accounting profit		392,814	158,992
Add/(less)			
Effects of FTR		(357,267)	(196,803)
Effects of minimum tax		39,288	113,337
Effects of tax credit		-	(75,601)
Effects of temporary differences		29,282	(53,009)
Prior year adjustment		10,366	-
Others		34,503	75
		(243,828)	(212,001)
		148,986	(53,009)

35.2 The management believes that the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Accounting Year	As per Financial Statements	As per Return/ Assessment
Rupees in thousand		
2018	-	-
2017	47,524	43,040
2016	38,814	43,910

36 EARNING PER SHARE - BASIC AND DILUTED

Profit after taxation (Rupees in thousand)	1,205,546	601,258
Weighted average number of ordinary shares	21,118,663	21,118,663
Earning per share - Rupees	57.08	28.47

There is no dilutive effect on the basic earning per share.

37 TRANSACTIONS WITH RELATED PARTIES

37.1 The related parties comprise of associate companies, directors, executives being the key management personnel and post employment contribution plan. The company in the normal course of business carries out transactions with various related parties. Balances due from and to related parties are shown under respective notes, and remuneration of executives and directors and key management personnel, being executives, have been disclosed in note 39. Transactions with related parties are as follow:

Relationship	Nature of Transactions		
Associates (Common Directors)			
Al Noor Sugar Mills Limited	- Purchase of Goods	400,991	352,338
Al Noor Modaraba Management (Pvt.) Ltd.	- Share of loss	(524)	(242)
	- Share of other comprehensive loss and item taken to equity	60	(616)
Reliance Insurance Company Limited	- Insurance premium	21,052	17,794
	- Insurance claim	950	9,485
Others			
Staff Provident Fund	- Contribution of the Company	5,847	5,408
Other related parties	- Loan repaid during the year	119,201	27,500

37.2 During the year the Company entered transactions / arrangement with following related parties

Name of related parties	Relationship	Percentage of shareholding	
Reliance Insurance Company Limited	Common directorship	-	-
Al Noor Modaraba Management (Pvt.) Ltd.	Common directorship	14.29%	14.29%
Al-Noor Sugar Mills Limited	Common directorship	-	-

37.3 Outstanding balances with related parties have been separately disclosed at their respective notes to these financial statements.

Note	2019	2018
	(Rupees in thousand)	

38 CAPACITY AND PRODUCTION IN METRIC TONS

Sugar Division

Installed cane crushing capacity per day (M.Tons)	11,000	11,000
No of days Mill operated	91	126
Total crushing capacity on basis of no. of days mill operated (M.Tons)	1,001,000	1,386,000
Actual crushing (M.Tons)	500,270	744,578
Sugar Production (M.Tons)	55,425	82,366

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include recovery. Capacity is under utilized due to shortage of raw material.

Ethanol Division

Plant - I

Installed ethanol production capacity per day (M.Tons)	100	100
No of days Mill operated	252	344
Total ethanol production capacity on basis of no. of days mill operated (M.Tons)	25,200	34,400
Production in M.Tons	24,046	34,241

Plant - II

Installed ethanol production capacity per day (M.Tons)	100	100
No of days Mill operated	350	132
Total ethanol production capacity on basis of no. of days mill operated (M.Tons)	35,000	13,200
Production in M.Tons	33,224	12,963

The ethanol plant production capacity under-utilization is due to various technical factors and shortage of raw material.

39 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the financial statements in respect of remuneration including all benefits to Chief Executive, Director and Executives of the Company during the year were as follows:

	2019				2018			
	Chief Executive	Executive Directors	Executives	Total	Chief Executive	Executive Directors	Executives	Total
Rupees in thousand								
Managerial Remuneration	4,907	9,587	21,129	35,623	6,007	10,989	16,023	33,019
Provident fund	-	-	1,145	1,145	-	-	864	864
Perquisite (including house rent and bonus)	2,453	4,793	21,518	28,764	3,003	5,495	15,919	24,417
Reimbursable expenses including travelling expenses	1,174	1,075	-	2,249	774	1,862	-	2,636
	8,534	15,455	43,792	67,781	9,784	18,346	32,806	60,936
Number of persons	1	2	9	12	1	2	9	12

- i. The Chief Executive, Executive Directors and Executives are also provided with free use of company's maintained cars.
- ii. Meeting fee paid to non-executive directors aggregates to Rs. 198,000 (2018: Rs.130,000) respectively.
- iii. Executives are those employees whose annual basic salary is equal to or more than twelve hundred thousands.

40 SEGMENT INFORMATION

The operating results, assets and liabilities and other significant information of each segment is as follows:

	Sugar Division		Ethanol Division		Total	
	2019	2018	2019	2018	2019	2018
----- Rupees in thousand -----						
REVENUE						
External sales	3,030,870	3,473,130	6,466,682	3,746,997	9,497,552	7,220,127
Inter-segment transfers	272,175	261,307	-	-	272,175	261,307
	<u>3,303,045</u>	<u>3,734,437</u>	<u>6,466,682</u>	<u>3,746,997</u>	<u>9,769,727</u>	<u>7,481,434</u>
RESULTS						
Profit / (Loss) from operations	43,979	(997,731)	1,626,852	934,411	1,670,831	(63,320)
Profit from trading activity	1,472	368	-	-	1,472	368
Other Income	(4,140)	876,226	137,041	23,851	132,901	900,077
	<u>41,311</u>	<u>(121,137)</u>	<u>1,763,893</u>	<u>958,262</u>	<u>1,805,204</u>	<u>837,125</u>
Other operating cost					(99,801)	(53,695)
Finance cost					(350,347)	(234,939)
Share of loss from associate					(524)	(242)
Profit before tax					<u>1,354,532</u>	548,249
Taxation					(148,986)	53,009
Net profit for the year					<u>1,205,546</u>	<u>601,258</u>
STATEMENT OF FINANCIAL POSITION						
Assets						
Segment assets	3,649,910	3,954,065	6,192,247	5,382,530	9,842,157	9,336,595
Unallocated Assets					547,349	580,662
Long term investment					1,351	1,815
Total assets					<u>10,390,857</u>	<u>9,919,072</u>
Liabilities						
Segment liabilities	1,782,667	3,531,332	4,133,766	3,013,368	5,916,433	6,544,700
Unallocated liabilities					96,621	40,652
Total liabilities					<u>6,013,054</u>	<u>6,585,352</u>
OTHER INFORMATION						
Additions to property, plant and equipment	37,740	165,102	504,531	1,152,880	542,271	1,317,982
Depreciation	89,100	74,179	268,611	107,568	357,711	181,747

Revenue from major customers

During the year external sales to major customers amounted to Rs. 4,397 million (2018: 2,887 million).

	Note	2019 (Rupees in thousand)	2018
Geographical Information			
All non-current assets of the Company are located in Pakistan. Company's local external sales represent sales to various customers in Pakistan as well as outside Pakistan as follows:			
Pakistan		2,597,003	1,100,189
Italy		977,031	-
Ghana		938,304	673,097
Nigeria		552,645	-
Angola		545,099	-
China		393,284	-
Philippines		356,351	-
Singapore		336,063	-
Turkey		314,371	993,744
Sierra Leone		312,898	133,857
Tanzania		289,669	-
Ivory Cost		211,100	-
Cameroon		194,884	-
Netherlands		193,494	-
Thailand		187,185	-
Taiwan		129,245	486,149
Spain		105,038	-
Korea		94,696	95,877
Afghanistan		-	763,261
India		-	573,875
Myanmar		-	297,657
Vietnam		-	120,870
Yemen		-	90,253
Sri Lanka		-	81,296
Others		769,192	1,810,002
		9,497,552	7,220,127

41 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the company as at September 30 are as follows:

2019							Total
Mark-up / Interest Based			Non-Mark-up / Non-Interest Based				
Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total		

------(Rupees in thousand)-----

FINANCIAL ASSETS

At cost / amortised cost

Long term loans	-	-	-	5,048	2,214	7,262	7,262
Long and short term deposits	-	-	-	12	2,429	2,441	2,441
Trade debts	-	-	-	459,571	-	459,571	459,571
Other receivables	-	-	-	267	-	267	267
Short term Investment	200,714	-	-	200,714	-	200,714	200,714
Cash and Bank balances	247	-	247	62,002	-	62,002	62,249

At fair value

Other receivables	-	-	-	84	-	84	84
	200,961	-	247	727,698	4,643	732,341	732,588

FINANCIAL LIABILITIES

At cost / amortised cost

Long term financing	358,560	1,340,813	1,699,373	-	-	-	1,699,373
Trade and other payables	79,561	-	79,561	996,511	-	996,511	1,076,072
Accrued finance cost	-	-	-	39,816	-	39,816	39,816
Short term borrowings	3,112,830	-	3,112,830	-	-	-	3,112,830
Loan from related parties	-	-	-	48,135	-	48,135	48,135
Unclaimed dividend	-	-	-	6,136	-	6,136	6,136
	3,550,951	1,340,813	4,891,764	1,090,598	-	1,090,598	5,982,362

2018						
Mark-up / Interest Based			Non-Mark-up / Non-Interest Based			Total
Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total	

------(Rupees in thousand)-----

FINANCIAL ASSETS

At cost / amortised cost

Long term loans	-	-	-	4,928	1,504	6,432	6,432
Long and short term deposits	-	-	-	12	2,429	2,441	2,441
Trade debts	-	-	-	387,967	-	387,967	387,967
Other receivables	-	-	-	9,485	-	9,485	9,485
Cash and Bank balances	291	-	291	45,161	-	45,161	45,452
	291	-	291	447,553	3,933	451,486	451,777

FINANCIAL LIABILITIES

At cost / amortised cost

Long term financing	233,472	1,659,686	1,893,158	-	-	-	1,893,158
Trade and other payables	29,458	-	29,458	956,543	-	956,543	986,001
Accrued finance cost	-	-	-	54,977	-	54,977	54,977
Short term borrowings	3,452,943	-	3,452,943	-	-	-	3,452,943
Loan from related parties	-	-	-	167,336	-	167,336	167,336
Unclaimed dividend	-	-	-	3,968	-	3,968	3,968
	3,715,873	1,659,686	5,375,559	1,182,824	-	1,182,824	6,558,383

42 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

42.1 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks that include credit risk, liquidity risk and market risk (including interest/ mark-up rate risk, currency risk and other price risk). The Company's overall risk management programs focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

This note presents information about the Company's Exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's Board of Directors provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest/ mark-up rate risk , credit risk, financial instruments and investment of excess liquidity. The Board of Directors reviews and agrees policies for managing each of these risks.

The information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital, is as follows;

A Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's operating activities exposes it to credit risks arising mainly in respect of loans and advances, deposits, trade debts, other receivables and bank balances. The maximum exposure to credit risk at the reporting date is as follows:

	2019	2018
	(Rupees in thousand)	
Loans	7,262	6,432
Long and short term deposits	2,441	2,441
Trade debts	459,571	387,967
Other receivables	351	9,485
Bank balances	61,199	42,447
	530,824	448,772

Loans and advances

These represent loans to employees against which the Company pursues for the recovery through monthly deductions from salaries of these employees and also the Company retains right to adjust retirement balance in case of default hence there is no significant credit risk in this respect. Certain loans are receivable from growers; however, considering the uncertainty about their recovery an impairment allowance is made there against as disclosed in note 13.

Deposits

These represent security deposits against utilities and other services and contracts. These are not significant and further based on past experience and credit worthiness of the counterparties the Company does not expect that these counter parties will fail to meet their obligations hence the Company believes that it is not exposed any significant credit risk in respect of deposits.

Trade debts

Trade debts are due from local and foreign customers. The Company manages credit risk in respect of trade debts inter alia by obtaining advance against sales / or through letter of credits and by monitoring and follow up of customers. All the export debts are secured under irrevocable letter of credit, document acceptance contracts and other acceptable banking instruments. Further the Company actively pursue for the recovery and the significant amounts have been recovered subsequent to the year end date. Furthermore, these are neither past due nor impaired, hence no impairment allowance is necessary in respect of trade debts. Aging of trade debts is as follows:

	2019	2018
	(Rupees in thousand)	
1 to 6 months	<u>459,571</u>	<u>387,967</u>

Short term investment and Bank balances

The Company limits its exposure to credit risk by investing funds and maintaining bank accounts only with financial institution that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with credit ratings are tabulated below:

	Long Term Ratings	Short Term Ratings	2019	2018
			Rupees in thousand	
In Local Currency				
United Bank Limited	AAA	A1+	15,318	11,908
Allied Bank Limited	AAA	A1+	934	618
MCB Bank Limited	AAA	A1+	16,206	8,159
Standard Chartered Bank Limited	AAA	A1+	2,091	483
National Bank of Pakistan	AAA	A1+	2,869	3,745
Faysal Bank Limited	AA	A1+	1,791	1,854
Bank Islami Limited	A1	A+	195	195
JS Bank Limited	AA-	A1+	47	47
Al-Baraka Bank (Pakistan) Limited	AA+	A1+	4,952	2,925
Soneri Bank Limited	AA-	A1+	40	19
Sindh Bank Limited	A+	A1	-	54
Meezan Bank Limited	AA+	A1+	4,384	190
Habib Bank Limited	AAA	A1+	1,035	662
Habib Metropolitan Bank Limited	AA+	A1+	2,943	2,812
Dubai Islamic Bank	AA	A1+	93	93
Samba Bank Limited	AA	A1	478	478
Bank Al-Habib Limited	AA+	A1+	7,783	8,173
In Foreign Currency				
Habib Bank Limited	AAA	A1+	40	32
			<u>61,199</u>	<u>42,447</u>

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired is assessed by reference to past experience and external ratings or to historical information about counter party default rates.

As at the reporting date amounts of Rs. 25.018 million (2018: 25.018 million) receivable from growers were past due against which impairment allowance have been made. These past due loans to growers are outstanding for more than three years.

B Liquidity risk

Liquidity risk represents the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with contractual maturities (undiscounted) of the financial liabilities is as follows:

Year ended 30 September 2019	On demand maturity	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
..... (Rupees in thousand)						
Long term financing	-	57,362	301,198	1,156,126	184,687	1,699,373
Trade and other payables	-	312,491	754,562	-	-	1,067,053
Accrued finance cost	-	10,160	29,656	-	-	39,816
Short-term borrowings	-	57,830	3,055,000	-	-	3,112,830
Loan from related parties	48,135	-	-	-	-	48,135
Unclaimed dividend	6,136	-	-	-	-	6,136
	54,271	437,843	4,140,416	1,156,126	184,687	5,973,343

Year ended 30 September 2018	On demand maturity	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
..... (Rupees in thousand)						
Long term financing	-	56,424	177,048	1,214,600	445,086	1,893,158
Trade and other payables	-	427,103	558,898	-	-	986,001
Accrued finance cost	-	46,369	8,608	-	-	54,977
Short-term borrowings	-	1,479,943	1,973,000	-	-	3,452,943
Loan from related parties	167,336	-	-	-	-	167,336
Unclaimed dividend	3,968	-	-	-	-	3,968
	171,304	2,009,839	2,717,554	1,214,600	445,086	6,558,383

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2019 the Company has Rs. 2,917 million (2018: Rs. 2,327 million) available unutilized short term financing limit from financial institutions and also has Rs. 62.249 million (2018: Rs. 45.452 million) being cash and bank balances. The Company has also made investment in short term certificates of Rs. 200 million which can be realised as well.

C Market Risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Currency risk, interest rate risk and other price risk.

D Interest/ mark-up rate risk management

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Company's major interest / markup rate exposure arises from long term financings, short term borrowings and payables. The Company analyses its interest / markup rate exposure on a regular basis by monitoring mark-up/interest rate trends and taking appropriate actions. As at the year end the interest / markup rate profile of the Company's interest / markup bearing financial instruments is:

	Effective interest rates	Carrying Values	
		2019	2018
(Rupees in thousand)			
Financial Liabilities			
<u>Variable Rate Instruments</u>			
Long Term Financing	See Note 21	1,699,373	1,893,158
Trade and other payables	See Note 22	79,561	29,458
Short term Borrowings	See Note 24	3,112,830	3,452,943
		4,891,764	5,375,559
Financial Assets			
<u>Variable Rate Instruments</u>			
Short term investment	See Note 16	200,000	-
Bank balances (PLS savings)	See Note 17	(247)	(291)
		199,753	(291)
Net exposure		4,692,011	5,375,850

Fair value sensitivity analysis

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 / markup rate at the reporting date would not effect profit or loss of the Company.

Cash flow sensitivity analysis

An increase / decrease of 100 basis points in interest rates at the reporting date would have decreased /increased profit for the year before tax by the amount of Rs. 46.92 million (2018: Rs. 53.76 million) assuming that all other variables remains constant.

E Foreign exchange risk management

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economical transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivables / payable from / to the foreign entities and foreign currency bills payable. Management regularly analyses and monitors exchange rates and in appropriate cases, the Company takes out forward contracts to mitigate risk. The Company's exposure to foreign currency risk is as follows:

	2019	2018	2019	2018
			(Rupees in thousand)	
Statement of Financial Position Exposure				
Foreign debtors	\$ 2,523,993	\$ 2,266,979	394,122	281,332
Bank balances	\$ 258	\$ 258	40	32
			394,162	281,364
Off Statement of Financial Position Exposure				
Commitments				
US Dollars	\$ 410,082	\$ 658,909	64,239	81,902
EUROS	€ 22,542	€ 8,328	3,845	1,201
GBP	GBP -	GBP 8,533	-	1,382
			68,084	84,485
Forward - exchange contract	\$ 2,000,000	\$ -	313,300	-

			2019	2018
The following significant exchange rates have been applied:				
Rupee per USD				
Average rate			156.40	124.20
Reporting date rate - Selling			156.65	124.30
Reporting date rate - Buying			156.15	124.10
Rupee per Euro				
Average rate			170.30	144.12
Reporting date rate			170.59	144.23
Rupee per GBP				
Average rate			192.15	161.78
Reporting date rate			192.49	161.91
Rupee per JPY				
Average rate			1.4447	1.0910
Reporting date rate			1.4471	1.0919

Sensitivity analysis

A 10 percent strengthening / weakening of the PKR against USD at 30 Sept would have decreased / increased profit before tax by the amount of Rs. 39.416 million (2018: Rs. 28.136 million). The effect of commitments in foreign currency would have been Rs. 6.80 million (2018: Rs. 8.45 Million) .This analysis assumes that all other variables, in particular interest rates, remain constant.

F Capital risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During 2019 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2019 and 2018 were as follows:

	2019	2018
	(Rupees in thousand)	
Total borrowings	4,860,338	5,513,437
Less: Cash and bank	(62,249)	(45,452)
Net debt	4,798,089	5,467,985
Total equity	4,377,803	3,333,720
Total equity and debt	9,175,892	8,801,705
Gearing ratio (%)	52.29%	62.12%

43 FAIR VALUES / MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Management assessed that the fair values of cash & cash equivalent, short term investment and short term deposits, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposit asset and long term liabilities, management considers that their carrying values approximates fair value. Fair value of forward contracts is determined using level 2 input.

The fair value of land and buildings and plant and machinery is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land, Building and Plant and Machinery and equipment) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer.

Land and Building

The valuation is considered on the factors of location, need of the buyers, the overall prevailing market situation and other considerations linked with this.

Plant and Machinery and office equipment

Factors taken into consideration in order to assess the present value of the machinery and equipments include Make, Model, Quality, Operational Capacity, Existing Condition, Demand and Resale Prospects, Depreciation and Obsolescence etc.

2019 **2018**
(Rupees in thousand)
Un-audited **Audited**

44 PROVIDENT FUND RELATED DISCLOSURES

The following information based on latest financial statements of the fund:

Size of the fund - Total assets	69,230	59,968
Cost of investments made	64,528	56,248
Percentage of investments made	93.21%	93.80%
Fair value of investments	64,528	56,248

44.1 The break-up of fair value of investment is:

	2019		2018	
	Rs. 000s	... % ...	Rs. 000s	... % ...
	Un-audited		Audited	
Meezan Amdani Certificate	64,000	99.18%	54,100	96.18%
Saving accounts with banks	528	0.82%	2,148	3.82%
	64,528	100.00%	56,248	100.00%

44.2 The investment out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and rules formulated for this purpose.

45 NUMBER OF EMPLOYEES

No of persons employed as on year end were 391 (2018: 392) and average number of employee during the year were 431 (2018: 428).

46 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on December 23, 2019.

47 SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2019, the Board of Directors has proposed a final cash dividend of Rs. 359.017 million at 170% i.e. Rs. 17 per share of Rs. 10 each (2018: Rs. 147.831 million at 70% i.e. Rs. 7 per share of Rs. 10 each) in their meeting held on December 23, 2019 subject to the approval of the members at the Annual General Meeting scheduled to be held on January 28, 2020.

48 GENERAL

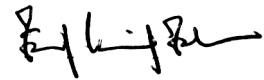
Amounts have been rounded off to the nearest thousand rupee unless otherwise stated.



ZIA ZAKARIA
Managing Director & CEO



AZIZ AYOOB
Director



ZAID ZAKARIA
Chief Financial Officer

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON SEPTEMBER 30, 2019

NO. OF SHAREHOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
1360	1	To	100	30,375
518	101	To	500	127,442
114	501	To	1000	92,901
145	1001	To	5000	334,881
34	5001	To	10000	252,760
11	10001	To	15000	138,649
9	15001	To	20000	160,181
5	20001	To	25000	113,914
3	25001	To	30000	85,600
2	30001	To	35000	63,470
2	35001	To	40000	73,100
1	40001	To	45000	43,613
3	45001	To	50000	143,949
1	55001	To	60000	58,600
1	60001	To	65000	64,816
1	65001	To	70000	70,000
1	100001	To	105000	101,400
2	115001	To	120000	235,809
2	130001	To	135000	266,706
2	145001	To	150000	294,175
3	155001	To	160000	471,941
1	175001	To	180000	180,000
3	180001	To	185000	551,003
1	185001	To	190000	185,514
1	200001	To	205000	204,553
1	205001	To	210000	205,095
1	215001	To	220000	218,086
2	220001	To	225000	445,991
1	225001	To	230000	226,624
1	265001	To	270000	267,838
1	280001	To	285000	282,301
1	285001	To	290000	288,924
1	305001	To	310000	308,500
1	310001	To	315000	313,040
1	360001	To	365000	360,263
2	375001	To	380000	755,669
1	395001	To	400000	400,000
1	410001	To	415000	410,210
1	420001	To	425000	422,428
1	515001	To	520000	520,000
1	570001	To	575000	571,845
3	585001	To	590000	1,763,305
1	640001	To	645000	644,346
1	665001	To	670000	666,566
1	910001	To	915000	910,999
1	960001	To	965000	964,787
1	1150001	To	1155000	1,154,500
1	1370001	To	1375000	1,372,210
1	3295001	To	3300000	3,299,784
2254			Total	21,118,663

CATEGORIES OF SHAREHOLDING AS ON SEPTEMBER 30, 2019

SR. NO.	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1	INSURANCE COMPANIES	1	23,551	0.11 %
2	JOINT STOCK COMPANIES	14	5,242,982	24.83 %
3	FINANCIAL INSTITUTIONS	4	1,156,058	5.47 %
4	MUTUAL FUND	1	1,372,210	6.50 %
5	MODARABAS	1	15	0.00 %
6	OTHERS	5	249,156	1.18 %
7	GENERAL PUBLIC	2228	13,074,691	61.91 %
	TOTAL:-	2254	21,118,663	100.00 %

**CATEGORIES OF SHAREHOLDING
AS AT SEPTEMBER 30, 2019**

Categories of Shareholders	No. of Share holders	Sheres Held	Percentage
ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES			
Al-Noor Sugar Mills Ltd.	1	3,299,784	15.62%
Reliance Insurance Co. Ltd.	1	23,551	0.11%
Noori Trading Corporation (Pvt.) Ltd.	1	666,566	3.16%
Zain Trading Corporation (Pvt.) Ltd.	2	969,599	4.59%
NBP, NIT & ICP			
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT	1	100	0.00%
NATIONAL BANK OF PAKISTAN	1	1,358	0.01%
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST.	1	7,757	0.04%
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	221,055	1.05%
MUTUAL FUND			
CDC TRUSTEE NATIONAL INVESTMENT (UNIT) FUND	1	1,372,210	6.50%
DIRECTORS , CEO & THEIR SPOUSES AND MINOR CHILDREN			
MR. ISMAIL H. ZAKARIA	1	47,949	0.23%
MR. ABDUL AZIZ AYOOB	1	204,553	0.97%
MR. NOOR MOHAMMAD ZAKARIA	1	587,769	2.78%
MR. ZIA ZAKARIA	1	422,428	2.00%
MRS. SANOBER HAMID ZAKARIA	1	10,641	0.05%
MR. NAEEM AHMED SHAFFI	1	1,000	0.00%
MRS. ZARINA BAI ISMAIL (W/O ISMAIL H. ZAKARIA)	1	158,075	0.75%
MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB)	1	43,613	0.21%
MRS. SHAHNAZ SATTAR ZAKARIA (W/O NOOR MOHAMMAD ZAKARIA)	1	587,769	2.78%
PUBLIC SECTOR COMPANIES AND CORP.	1	1,154,500	5.47%
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES, MODARABAS, LEASING, TAKAFUL AND PENSION FUND.	2	115	0.00%
JOINT STOCK COMPANIES	10	307,033	1.45%
OTHERS	3	20,344	0.10%
GENERAL PUBLIC	2219	11,010,894	52.14%
TOTAL:-	2254	21,118,663	100.00%

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

EMPLOYEES OLD AGE BENEFITS INSTITUTION	1,154,500
CDC TRUSTEE NATIONAL INVESTMENT (UNIT) FUND	1,372,210
AL-NOOR SUGAR MILLS LIMITED	3,299,784

Details of trading in the shares by the Directors, Excutives and their spouses and minor children:

Details of trading in the shares by the Directors, Excutives and their spouses and minor children:

None of the Directors, Executive and their spouses and minor Children has traded in the shares of the Company during the year except the following:

	BUY Gift Received No. of Shares	SELL Gift Given No. of Shares
Mr. Noor Mohammad Zakaria	225,717	-----
Mrs. Shahnaz Sattar Zakaria	225,716	-----

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





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


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آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ اس سالانہ جنرل میٹنگ (AGM) کے اختتام پر ریٹائر ہو رہے ہیں اور اہل ہونے کی بنا پر انہوں نے دوبارہ تقرری برائے 2019-20 کی پیشکش کی ہے۔ آڈٹ کمیٹی نے بھی ان کی 2019-20 تقریری کی سفارش کی ہے۔ آپ کی کمپنی کے بورڈ نے بھی آڈٹ کمیٹی کی سفارش کو Endorse کیا ہے کہ میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ کو اگلی سالانہ جنرل میٹنگ کے اختتام تک کیلئے کو تقرر کیا جائے۔

عملے کے تعلقات (Staff Relation):

آخر میں ڈائریکٹرز، ایگزیکٹو، اسٹاف ممبرز اور ورکرز کی تقریب کو ریکارڈ پر لانا چاہتے ہیں کہ انہوں نے پورے سال سخت محنت اور Devotion سے کام کیا اور کمپنی کے معاملات کو Smooth طریقے پر چلایا اور موجودہ مسابقتی رجحان کے دور میں کمپنی کے Objectives اور ہدف کو حاصل کیے۔ انہوں نے اعتماد کا اظہار کرتے ہوئے توقع ظاہر کی کہ وہ اللہ تعالیٰ کے فضل و کرم سے آئندہ بھی اسی جذبے اور لگن سے کام کریں گے۔

بحکم بورڈ



اے عزیز ایوب
ڈائریکٹر



ضیاء زکریا
منیجنگ ڈائریکٹر/چیف ایگزیکٹو آفیسر (CEO)

کراچی: دسمبر 2019، 23

مستقبل پر جائزہ:

شوگر ڈویژن:

گنا پاکستان کی تیسری کیش کی فصل ہے اور اسکی شوگر ملز کو فروخت کی قیمت صوبائی حکومت مقرر کرتی ہے۔ اکثر ایسا ہوتا ہے کہ ہر دو یا تین سال کے وقفے سے ملک میں گنے کی شاندار فصل ہوتی ہے نتیجتاً چینی کی پیداوار میں نمایاں اضافہ ہوتا ہے جبکہ چینی کے مصارف میں اضافہ نہیں ہوتا۔ 2019-20 کا کرشنگ سیزن شروع ہو چکا ہے اور ایک اندازے کے مطابق چینی کی پیداوار پچھلے سال کے مقابلے میں کم ہوگی۔ حکومت سندھ نے گنے کی قیمت 192 روپے فی 40 کلوگرام مقرر کی ہے۔ شوگر ملز کو تشویش یہ ہے کہ پراڈکٹ کی آخری قیمت مارکیٹ فورسز کیلئے کھلا ہے لیکن خام مال کی قیمت پر کنٹرول ہے چنانچہ مل اکانا مک اسکیل پر چلانے کیلئے خام مال کو دروازہ علاقوں سے حاصل کرنا پڑے گا جسکی وجہ سے نقل و حمل (Transportation) پر زیادہ خرچ کرنا پڑے گا اور لاگت پیداوار میں بھی اضافہ ہوگا۔

اتھنول ڈویژن (Ethanol Division):

گنے کی پیداوار میں کمی کی وجہ سے راب (Molasses) کی قیمت میں بہت زیادہ اضافہ ہو چکا ہے اور اس بات کا خدشہ ہے کہ اگلے سال خام مال کی زیادہ قیمت کی وجہ سے منافع کی شرح کم رہے گی۔ کمپنی اس سلسلے میں سخت اقدامات کر رہی ہے تاکہ اتھنول ڈویژن کا حصہ بہتر ہو۔

کمپنی کی کریڈٹ ریٹنگ:

جے سی آر۔ وی آئی ایس (JCR- VIS) کریڈٹ ریٹنگ کمپنی کی ابتدائی میڈیم سے لونگ ٹرم ریٹنگ کے مطابق ہماری کمپنی کو "A-/A-2" (Single A Minus/A-Two) کا درجہ دیا ہے یعنی میڈیم سے لانگ ٹرم ریٹنگ میں ہماری کمپنی کو Stable یعنی مستحکم قرار دیا ہے۔

کارپوریٹ اور سوشل ذمہ داری (CSR):

کمپنی نے کارپوریٹ ذمہ داری کو نبھاتے ہوئے اپنے فریضے ادا کرنا اور اپنی فلاحی سرگرمیاں شروع کیں۔ سکینڈری لیول تک ایک اسکول قائم کیا۔ میڈیکل کیمپ تھوڑے تھوڑے وقفے سے لگائے۔ مستحق لوگوں کی مالی امداد کی، کاشتکاروں کو کھاد فراہم کی ضرورت مند افراد کو مفت راشن، بیمار افراد، میڈیکل کی سہولیات فراہم کیں۔

ماحولیات اور کمپنی کا بزنس یا کاروبار:

بینجمنٹ ماحولیات کی بحالی اور اسے برقرار رکھنے کی ذمہ داری سے بخوبی آگاہ ہے تاکہ اس کے منفی اثرات کا ازالہ کیا جاسکے اور وہ معاشرے کی دیر پا خطوط پر ترقی کیلئے کوشاں ہے۔ آپ کی کمپنی نے یہ عہد کیا ہے کہ وہ فضلہ اور اخراج کو کم کر کے ماحول پر اس کے پڑنے والے منفی اثرات کو کم سے کم کیا جائے تاکہ گاہک، پڑوسی اور عوام کی صحت اور تحفا ظلت کو یقینی بنایا جاسکے۔ آپ کی بینجمنٹ نے ماحول کی بہتری کے لیے وقتاً فوقتاً درختوں کے لگانے کی اسکیم کرتی رہتی ہے۔

پارٹیوں سے متعلقہ لین دین:

تمام متعلقہ پارٹیوں کی لین دین بورڈ کی آڈٹ کمیٹی میں رکھی جاتی ہیں۔ پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشن کے تحت بورڈ سے فائنل اجازت لی جاتی ہے۔ متعلقہ پارٹیوں کا تمام لین دین جو کہ 2017-18 میں طے کیا گیا تھا وہ سب کمپنی ایکٹ 2008 کی شق 208 کے تحت ممبران کے سامنے پیش کیا گیا تھا اور ممبران نے انکی منظوری بھی دی۔ ممبران نے متعلقہ پارٹیوں سے بینجمنٹ کے مستقبل میں ہونے والے لین دین کی بھی منظوری دی جو کہ Arms Length Price (مارکیٹ کی قیمت) پر کیے جائیں گے۔

ڈائریکٹرز کے نام	عہدہ	شرکت	درجہ
(۱) جناب نعیم احمد شفیق	چیئرمین	4	انڈسٹریل اینڈ اینڈریٹس (آزاد) ڈائریکٹر
(۲) جناب نور محمد زکریا	ممبر	2	نان ایگزیکٹو
(۳) مسز صنوبر حامد زکریا	ممبر	2	نان ایگزیکٹو
(۴) جناب سلیمان ایوب	ممبر	2	نان ایگزیکٹو
(۵) جناب زوہیر زکریا	ممبر	1	نان ایگزیکٹو

پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشن کی گائیڈ لائن کی روشنی میں کمیٹی کے ٹرم آف ریفرنس (TOR) تیار کیے گئے ہیں۔

انسانی وسائل اور معاوضہ کمیٹی:

پاکستان اسٹاک ایکسچینج کیلئے لسٹنگ ریگولیشن میں دی گئی گائیڈ لائن کے مطابق ایک انسانی وسائل اور معاوضہ کمیٹی تشکیل دی گئی ہے جو کہ مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے۔

ڈائریکٹرز کے نام	عہدہ	درجہ
(۱) جناب خرم آفتاب	چیئرمین	آزاد ڈائریکٹر
(۲) جناب نور محمد زکریا	ممبر	نان ایگزیکٹو ڈائریکٹر
(۳) جناب ضیاء زکریا	ممبر	ایگزیکٹو ڈائریکٹر

زیر نظر عرصے کے دوران سابقہ قائم شدہ کمیٹی کی ایک میٹنگ ہوئی جس میں مندرجہ ذیل ڈائریکٹرز نے شرکت کی۔

ڈائریکٹرز کے نام	عہدہ	شرکت	درجہ
(۱) جناب سلیمان ایوب	چیئرمین	1	نان ایگزیکٹو
(۲) جناب یوسف ایوب	ممبر	1	ایگزیکٹو
(۳) جناب نور محمد زکریا	ممبر	1	نان ایگزیکٹو

ڈائریکٹرز کا مشاہرہ پالیسی اور مشاہرہ کی تفصیلات

کمپنی کے آرٹیکلز کے ذریعہ، بورڈ آف ڈائریکٹرز کو وقتاً فوقتاً نان ایگزیکٹو اور آزاد ڈائریکٹرز کا مشاہرہ طے کرنے کا اختیار ہے اور کمپنی کے آرٹیکلز اور قابل اطلاق قوانین کی تصدیق کے مطابق عام اجلاس میں ممبروں کی منظوری ضروری ہے۔ بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی مشاہرہ پالیسی تیار کی ہے جس میں پالیسی کے مقاصد کی تفصیل اور بورڈ اور اس کے عہدوں کے اجلاسوں میں شرکت کے لئے انفرادی ڈائریکٹرز کے مشاہرہ کے پیکیج کے تعین کے لئے شفاف طریقہ کار بیان کیا گیا ہے۔

ڈائریکٹرز کی مشاہرہ پالیسی کی دوسروں کے ساتھ نمایاں خصوصیات میں یہ بھی شامل ہے کہ مشاہرہ پالیسی کی سطح میں یہ بھی شامل ہے کہ مشاہرہ کے معیار کی سطح مسابقتی اور تقابلی ہوگی تاکہ بورڈ میں اہل اور ہنرمند افراد کو راغب کرنے اور برقرار رکھنے کے لئے کافی ہوگی۔ اس میں صنفی امتیاز نہیں ہوگا اور مشاہرہ کی سطح اس طرح نہیں ہوگی جس میں سمجھا جاسکتا ہے کہ وہ ڈائریکٹرز سے سمجھوتہ کر سکتے ہیں۔

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو مشاہرہ کی مجموعی تفصیلات نوٹ 39 میں مالی حسابات میں ظاہر کی گئی ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل (Composition)

بورڈ آف ڈائریکٹرز کی مدت 28 مارچ 2019 کو ختم ہو چکی تھی اور ان کی جگہ غیر معمولی جنرل میٹنگ (EOGM) جو کہ اوپر دی گئی تاریخ کو منعقد ہوئی تھی میں ممبران نے مندرجہ ذیل ڈائریکٹرز کا انتخاب کیا۔

ڈائریکٹرز کے نام	ڈائریکٹر
1 جناب اسماعیل ایچ زکریا	ڈائریکٹر
2 جناب ضیاء زکریا	ڈائریکٹر
3 جناب اے عزیز ایوب	ڈائریکٹر
4 جناب نور محمد زکریا	ڈائریکٹر
5 مسز صنوبر حامد زکریا	ڈائریکٹر
6 جناب خرم آفتاب	آزاد ڈائریکٹر
7 جناب نعیم احمد شفیع	آزاد ڈائریکٹر

زیر نظر مدت کے دوران بورڈ آف ڈائریکٹرز کی چھ میٹنگز کا انعقاد کیا گیا جن میں ڈائریکٹرز کی حاضری درج ذیل ہے۔

ڈائریکٹرز کے نام	شرکت	درجہ
1 جناب اسماعیل ایچ زکریا	5	نان ایگزیکٹو
2 جناب یوسف ایوب	3	ایگزیکٹو
3 جناب سلیمان ایوب	2	نان ایگزیکٹو
4 جناب اے عزیز ایوب	6	ایگزیکٹو
5 جناب نور محمد زکریا	4	نان ایگزیکٹو
6 جناب ضیاء زکریا	6	ایگزیکٹو
7 جناب زہیر زکریا	1	نان ایگزیکٹو
8 مسز صنوبر حامد زکریا	3	نان ایگزیکٹو
9 جناب نعیم احمد شفیع	6	آزاد ڈائریکٹر
10 جناب خرم آفتاب	6	آزاد ڈائریکٹر

جناب یوسف ایوب، جناب سلیمان ایوب اور جناب زہیر زکریا الیکشن سے پہلے بورڈ کے ممبر تھے۔
فنانشل اسٹیٹمنٹ کے متعلق نوٹس میں ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے مالی معاوضہ جات کی تفصیل جو کہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ ریگولیشن کے تحت درکار ہیں دی گئی ہیں۔ نان ایگزیکٹو ڈائریکٹرز کو میٹنگ فیس کے علاوہ کوئی معاوضہ نہیں دیا گیا۔

آڈٹ کمیٹی:

بورڈ نے ایک آڈٹ کمیٹی بھی تشکیل کی ہے جو کہ مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے جسکی زیر نظر عرصہ میں اب تک 4 میٹنگز ہو چکی ہیں جن میں ان ڈائریکٹرز کی حاضری نیچے دی گئی ہے۔

کارکردگی کا جائزہ

شوگر ڈویژن (Sugar Division)

الحمد للہ کمپنی کی کارکردگی تسلی بخش رہی۔ زیر نظر دورانیے کے دوران آپ کی کمپنی نے پچھلے سالوں کے مقابلے میں ریکوری کی بلند ترین شرح 11.08 فیصد حاصل کی۔ چینی کی پیداوار 55,425 میٹرک ٹن تھی جو کہ پچھلے سال کے مقابلے میں 33 فیصد کم تھی جسکی بنیادی وجہ خام مال کی عدم دستیابی تھی ملک میں زیادہ کیری اور (Carry Over) اسٹاک کی دستیابی کی وجہ سے آپ کی کمپنی نے 6,650 میٹرک ٹن برآمد کی اور ملک کے خزانے کیلئے قیمتی زر مبادلہ حاصل کیا۔

اتھنول ڈویژن (Ethanol Division)

زیر نظر سال کے دوران اتھنول پلانٹ کی کارکردگی تسلی بخش رہی اور پچھلے 47,204 میٹرک ٹن پیداوار کے مقابلے میں 57,271 میٹرک ٹن یعنی 21.33 فیصد زیادہ پیداوار حاصل کی جسکی وجہ یہ تھی کہ پلانٹ کو اسکی بلند ترین پیداواری صلاحیت پر چلایا گیا۔ آپ کی کمپنی نے پچھلے سال 44,413 میٹرک ٹن ایکسپورٹ کے مقابلے میں 60,645 میٹرک ٹن اتھنول برآمد کر کے خزانے کیلئے قیمتی زر مبادلہ کمایا۔ مینجمنٹ نے مختلف پراڈکٹس کے پورٹ فولیو (Portfolio) بنانے پر بہت کام کیا جسکی وجہ سے اتھنول ڈویژن کی کارکردگی میں اضافہ ہوا۔

کارپوریٹ گورننس کے بہترین طریقوں کے ساتھ تعمیل کا بیان :

- (1) مینجمنٹ نے جو فنانشل اسٹیٹمنٹ تیار کیا ہے اس میں کمپنی کے تمام امور بشمول آپریشن رزلٹ، کیش فلواو Equity میں تبدیلی شامل ہیں۔
 - (2) قانون کے مطابق بک آف اکاؤنٹس (Books of Account) کے ریکارڈ کی تیاری اور دیکھ بھال۔
 - (3) فنانشل اسٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ پالیسی کو مدنظر رکھنا۔ نیز اکاؤنٹنگ اسٹیٹمنٹ (Accounting Estimates) کی بھی مناسب پروڈنٹ جمینٹ کی روشنی میں تیاری۔
 - (4) فنانشل اسٹیٹمنٹ کی تیاری میں پاکستان میں مروج بین الاقوامی رپورٹنگ کو مدنظر رکھنا۔
 - (5) کمپنی کے اندرونی کنٹرول کا نظام بہت عمدہ طریقے پر ڈیزائن کیا گیا ہے جسکو نہایت موثر طریقے سے نافذ کیا گیا ہے اور اسکی بروقت دیکھ بھال کی جاتی ہے۔
 - (6) اس میں کوئی شک نہیں ہے کہ کمپنی روزمرہ کے مسائل اور خدشات پر قابو رکھنے کی بہتر صلاحیت رکھتی ہے۔
 - (7) کارپوریٹ گورننس کے بہترین طریقہ کار جسکی تفصیل لسٹنگ (Listing) ریگولیشن آف پاکستان اسٹاک ایکسچینج (Regulations of Pakistan Stock Exchange) میں درج ہے کے تحت تمام امور طے کیئے جاتے ہیں اور ان سے قضا اخلاف نہیں کیا جاتا۔
 - (8) کمپنی کے ذمے کوئی دیر پا قانونی ادائیگی نہیں ہے ماسوائے ان کے جسکی ادائیگی نارمل بزنس کے تحت کرنی ہوتی ہے۔ نیز ان متنازع کیسز کی تفصیل فنانشل اسٹیٹمنٹ (Financial Statements) کے متعلقہ نوٹس میں دی گئی ہے۔
 - (9) 30 ستمبر 2019 کو کمپنی میں شیئرز ہولڈنگ کا پیٹرن (Pattern) بھی سالانہ رپورٹ میں شامل کیا گیا ہے۔
 - (10) تمام ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی کے سیکریٹری اور انکی بیگمات یا چھوٹے نیچے جنہوں نے کمپنی شیئرز میں کوئی کاروبار نہیں کیا ماسوائے ان کے جن کے نام رپورٹ میں دیئے گئے ہیں۔
 - (11) 30 جون 2019 کے غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر اوڈیٹ فنڈ کی سرمایہ کاری اور ڈپازٹ اکاؤنٹس میں بیلنس کی رقم 69.230 ملین روپے ہے۔
- پچھلے 10 سالوں کے چیدہ چیدہ آپریٹنگ اور فنانشل اعداد شمار اور شیئرز ہولڈنگ کا پیٹرن بھی سالانہ رپورٹ میں شامل کیا گیا ہے۔ ڈائریکٹرز اور ان کی شریک حیات کے شیئرز ہولڈنگ میں کوئی نمایاں تبدیلی نہیں آئی ہے ماسوائے ان کے جنکا ذکر رپورٹ میں کیا گیا ہے۔

ڈائریکٹرز رپورٹ برائے نمبران

شروع اللہ تعالیٰ کے بابرکت نام سے جو نہایت مہربان اور رحم کرنے والا ہے۔

میرے لیے یہ نہایت خوشی کی بات ہے کہ میں آج بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2019 کو ختم ہونے والے سال کیلئے آپ کی کمپنی کی آڈٹ شدہ مالی حسابات (Financial Statements) اور آڈیٹرز کی رپورٹ پیش کرنے کی سعادت حاصل کر رہا ہوں۔

مالیاتی کارکردگی :

2017-18	2018-19		
		(روپے ہزاروں میں)	
548,249	1,354,532	☆	منافع قبل از ٹیکس
53,009	(148,986)	☆	ٹیکس کے لئے فراہمی
601,258	1,205,546	☆	☆
Rs.28.47	Rs.57.08	☆	☆

آپ کی کمپنی نے پچھلے سال بعد از ٹیکس 601.258 ملین روپے کے مقابلے میں اس سال 1,205.546 ملین روپے کا منافع کمایا ہے۔ کمپنی کی بنیادی سرگرمیاں چینی اور اتھنول (Ethanol) کی ہیں۔ کمپنی کی خاص تقابلی پیداوار اور مالی اعداد شمار نیچے دیئے گئے ہیں۔

2017-18	2018-19		
744,578	500,270	☆	☆
82,366	55,425	☆	☆
11.06	11.08	☆	☆
35,310	23,100	☆	☆
47,204	57,271	☆	☆
			(روپے ہزاروں میں)

2017-18	2018-19		
7,220,127	9,497,552	☆	☆
(6,982,335)	(7,487,357)	☆	☆
237,792	2,010,195	☆	☆
(71,942)	(84,727)	☆	☆
(229,170)	(254,637)	☆	☆
(53,695)	(99,801)	☆	☆
(234,939)	(350,347)	☆	☆
900,203	133,849	☆	☆
548,249	1,354,532	☆	☆

PROXY FORM

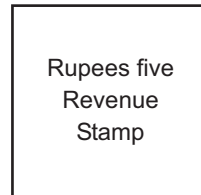
I/We
in the district of being a Member of **SHAHMURAD SUGAR MILLS LIMITED**
and holder of Ordinary Shares as per Share
(Number of Shares)

Register **Folio No.** and/or **CDC Participant I.D. No.** and **Sub Account No.**
hereby appoint of
or failing him
of..... also a member; as my/our Proxy in my/our absence to
attend and vote for me/us at the 41st Annual General Meeting of the Company to be held on the 28th day of January two
thousand Twenty at 11:30 a.m. at Company's Registered Office 96-A, Sindhi Muslim Housing Society, Karachi and at any
adjournment thereof :

Signed this day of 2020

WITNESSES:

1. Signature
Name:
Address
NIC or
Passport No.



2. Signature
Name:
Address
NIC or
Passport No.

Signature of Member(s)

NOTE:

1. This Proxy Form, duly completed and signed, must be received at the office of our Shares Registered office not later than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities
In addition to the above the following requirements have to be met.
 - (i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
 - (ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - (iii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

پراکسی فارم

میں / ہم _____ ساکن _____
 شاہ مراد شوگر ملز لمیٹڈ _____
 کے رکن و حامل _____ عام حصص بمطابق شیئرز رجسٹرڈ فولیو نمبر _____
 اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____
 بذریعہ ہذا _____ ساکن _____ یا بصورت دیگر _____
 ساکن _____ جو کہ خود بھی ایک ممبر ہے کو اپنی / ہماری غیر موجودگی میں کمپنی کے
 41 واں سالانہ اجلاس عام مورخہ 28 جنوری 2020 بوقت 11:30 بجے بمقام رجسٹرڈ آفس 96۔ اے سندھی مسلم ہاؤسنگ سوسائٹی کراچی میں منعقد یا ملتوی
 ہونے والے میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

دستخط شدہ بتاریخ _____ بروز _____ 2020

گواہان:

برائے کرم پانچ روپے
 مالیت کے ریونیو ٹکٹ
 چسپاں کریں۔

۱۔ دستخط _____
 نام _____
 پتہ _____

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر۔ _____

۲۔ دستخط _____
 نام _____
 پتہ _____

دستخط برائے ممبر / ممبران _____
 (دستخط کمپنی میں درج نمونہ کے دستخط کے مطابق ہونے چاہیے)

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر۔ _____

نوٹ:

- 1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹر کے دفتر میں موصول ہونا چاہیے۔
- 2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹس آف پراکسی کا عدم قرار دیئے جائیں گے۔
- 3۔ سی ڈی سی اکاؤنٹ رکھنے والے / کارپوریٹ ادارے مزید برآں درج شرائط کو پورا کریں گے۔
 (i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔
 (ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
 (iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کیا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔



SHAHMURAD SUGAR MILLS LTD

96-A, Sindhi Muslim Society
Karachi-74400

www.shahmuradsugar.co