



AL-NOOR SUGAR MILLS LIMITED



ANNUAL REPORT 2018

ADVANCE AHEAD

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. YUSUF AYOOB
MR. ISMAIL H. ZAKARIA
MR. SULEMAN AYOOB
MR. A. AZIZ AYOOB
MR. NOOR MOHAMMAD ZAKARIA
MR. ZIA ZAKARIA
MR. SALIM AYOOB
MR. ZOHAIR ZAKARIA
MR. SHAMIM AHMAD
MR. MUHAMMAD ASIF

Chairman
Chief Executive Officer
Resident Director

Independent Director
(N.I.T. Nominee)

BOARD AUDIT COMMITTEE

MR. A. AZIZ AYOOB
MR. ZIA ZAKARIA
MR. SHAMIM AHMAD
MR. MUHAMMAD ASIF

Chairman
Member
Independent Director
Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. NOOR MOHAMMAD ZAKARIA
MR. ISMAIL H. ZAKARIA
MR. ZIA ZAKARIA

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

MR. MUHAMMAD HANIF CHAMDIA

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

KRESTON HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR

REGISTERED OFFICE

96-A, SINDHI MUSLIM SOCIETY,
KARACHI-74400
Tel: 34550161-63 Fax: 34556675

FACTORY

SHAHPUR JAHANIA, P.O. NOOR JAHANIA, TALUKA MORO,
DISTRICT SHAHEED BENAZIR BHUTTO ABAD (NAWABSHAH)

REGISTRAR & SHARE REGISTRATION OFFICE

C & K MANAGEMENT ASSOCIATES (PVT) LTD.
404-TRADE TOWER,
ABDULLAH HAROON ROAD,
NEAR METROPOLE HOTEL,
KARACHI - 75530

WEBSITE

www.alnoorsugar.co



Mission Statement

To gain strength through industry leadership in the manufacturing and marketing of sugar and Lasani Wood 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 a high level of ethical and professional standards.

CODE OF CONDUCT

Al-Noor 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 an 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 MEETING

Notice is hereby given that 49th Annual General Meeting of AL-NOOR SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Monday, 28th January, 2019 at 03.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 48th Annual General Meeting held on 25th January, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2018 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of Cash Dividend @ 15% i.e. Rs. 1.50 per ordinary share of Rs.10/= each for the year ended 30th September 2018 as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2019. The present Auditors M/s Kreston Hyder Bhimji & Co., Chartered Accountants, retire and offer themselves for re-appointment.

SPECIAL BUSINESS

5. To consider and pass the following Special Resolutions in respect of related party transactions as required u/s 208 of Companies Act 2017.
 - a) "RESOLVED that the transactions carried out in normal course of business with related parties as disclosed in Note No. 36 of the audited financial statements for the year ended September 30,2018 be and are hereby ratified and approved."
 - b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with related parties during the ensuing years and in this connection the Chief Executive Officer/Company Secretary be and are hereby authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

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 28, 2018

NOTE:

1. The Register of the Members of the Company will remain closed from 21st January, 2019 to 30th January, 2019 (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 his 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, 2017 effective from July 1, 2017, 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 20%.

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, 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 @ 20% 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 shareholders 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 consisting of 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 Al-Noor 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 47th Annual General Meeting held on January 31, 2017 approved to circulate Annual Audited Financial Statements (i.e. Annual Statement of Financial Position and Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Cash Flows, 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.alnoorsugar.co

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

12 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 under Section 134(3) of the Companies Act, 2017 Regarding Special Business

This statement sets out the material facts concerning the Special Business, given in agenda item No. 5 to the Notice will be considered to be passed by the members.

1. Agenda Item No. 5(a) of the Notice - Transactions carried out with related parties during the year ended September 30, 2018 to be passed as a Special Resolution.

The transactions carried out in normal course of business with related parties were approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Section 208 of the Companies Act 2017 and Section 15 of listed Companies Code of Corporate Governance, Regulation 2017.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the related parties, the quorum of directors could not be formed for approval of some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions carried out during the financial year ended September 30, 2018 with related parties shown in note No. 36 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

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

2. Agenda Item No. 5(b) of the Notice - Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with related parties during the ensuing years to be passed as a Special Resolution.

The Company is expected to be conducting transactions with related parties in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the related parties. Therefore, such transactions with related parties have to be approved by the shareholders.

In order to comply with the provisions of Section 208 of Companies Act 2017 and Section 15 of listed Companies Code of Corporate Governance Regulation 2017, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with related parties during the ensuing years.

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

CHAIRMAN'S REVIEW

ACHIEVEMENTS:

I feel my great pleasure to welcome you on behalf of the Board of Directors to the 49th Annual General meeting of the Company and present audited financial statements for the year ended September 30th 2018. The production volume of sugar has declined from 127,798 metric tons to 110,810 metric tons during the period under review. This was mainly due to reduction in the crushing volume of sugarcane as the crop of the same was not as good as the same was last year. This is due to the fact that natural rain-fall and water through irrigation system was not available for growth of the crop. Sale volume and value of sugar and MDF products increased by 32 percent over previous year's achievement but cost of sales has increased by 57 percent which effected the gross profit negatively.

CONSTRAINTS:

It is pertinent to mention that Pakistan is the fifth largest country in the world in term of area under cultivation, 15th by production of sugar and 53rd in yield. At present there are 89 functional sugar mills in the country out of which 45 in Punjab, 37 in Sindh and 7 in Khyber Pakhtunkhwa. The sugar industry is a source of income for growers, Government, contractors, and suppliers. Beside this sugar industry provides direct and indirect employment specifically in the rural areas of the country. Pakistan Sugar Mills Association (PASMA) has suggested to Government of Pakistan to eliminate the role of middlemen in supply of the sugarcane to mills in order to protect the interest of the growers from economic exploitation so that the growers can get better financial and economic returns.

Another negative point which the sugar mills of the country are facing is the collection of sales tax on an arbitrarily fixed price by Federal Board of Revenue. Sale tax is collected on fixed price of Rs.60/= per kg irrespective of the fact that the price of the sugar in the market is substantially low. During the past three years the price of sugar in domestic and international markets is very low due to excess production of the same and Federal Board of Revenue is collecting tax at an arbitrarily fixed price of Rs.60/= per kg. This indicates that the sugar mills are paying tax from their own revenue. We suggest that the Government should collect tax on actual sale price whether low or high than the current price fixed by the Board.

The Government notifies the price of sugarcane under the influence of a segment of the society without considering the price of the sugar in domestic and international markets. It has repeatedly been requested that the sugarcane price may be fixed keeping in view the price of the sugar in the market which has never been considered. The result is apparent as the sugar mills suffered loss in spite of allowing export subsidy of Rs.20/= per kg to the exporters. Recently the Government has allowed export of one million tons of sugar without subsidy. It is apprehended that this quota would remain unutilized as the price of sugar in the international market is also depressed. The Government controls the price of the raw material but left open the price of sugar to market forces. It is suggested that the price of sugar be fixed separately for industrial, commercial and domestic consumers as bulk of sugar is consumed by industrial consumers followed by commercial consumers but the suggestion has not yet been considered by the Government.

MDF BOARD DIVISION:

Due to uncertainty in the price of sugar in domestic and international markets, management has decided to explore other avenues to supplement the earnings to improve the bottom-line. Management installed MDF Board division during 1989-90. At that time only hard board known as Lassani Board was manufactured but subsequently further investment was made to manufacture other products in various thicknesses and added laminations of local and imported board in order to supplement the earnings. During the period under review the M D F Board division contributed Rs. 218.028 million before taxation.

CODE OF CORPORATE GOVERNANCE:

The Company keeps close co-ordination with Pakistan Stock Exchange, Securities and Exchange Commission of Pakistan and other regulatory bodies to comply with the legal requirements of Code of Corporate Governance in later and sprit.

Karachi: Dated 28th December 2018


YUSUF AYOOB
CHAIRMAN

DIRECTORS' REPORT TO THE MEMBERS

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

With great pleasure I avail the opportunity on behalf of the Board of Directors to place before you the audited financial statements of your company for the year ended September 30, 2018. During the year your company has suffered a loss of Rs. 120.834 million as against a loss of Rs.30.319 million after tax.

The principal activity of your company is to manufacture sugar and MDF Board in various sizes. Significant production and financial data is provided as under.

PRODUCTION DATA	2017-18	2016-17
Crushing of sugarcane commence on	28-11-2017	15-11-2016
Crushing completed on	15-04-2018	23-03-2017
Duration of crushing- number of days	139	129
Sugarcane crushed (M Tons)	1,108,106	1,315,682
Sugar produced (M Tons)	110,810	127,798
Sugar recovery percentage	10.00	9.70
Molasses produced (M Tons)	57,140	56.460
MDF Production (Cubic Meters)	70,561	56,879
Operation of MDF Plant (numbers of days)	327	310

FINANCIAL DATA

(Rupees in thousand)

Sales	9,080,899	6,895,714
Cost of sales	(9,733,468)	(6,190,599)
Gross (Loss)/ profit	(652,569)	705,115
Distribution cost	(198,084)	(66,083)
Administration cost	(509,257)	(449,015)
Other operating cost	(18,513)	(10,050)
Other income including profit from trading activities	1,351,253	20,186
Share of profit in associates	93,705	824
Financial cost	(309,881)	(327,810)
(Loss) before tax	(243,346)	(126,833)
Taxation	122,512	96,514
(Loss) after taxation	(120,834)	(30,319)
(Loss) per share - Basic and diluted	Rs.(5.90)	Rs. (1.48)

PERFORMANCE REVIEW

SUGAR DIVISION

The mill commenced crushing of sugarcane on November 18th 2017 which continued up to April 15th 2018. During the crushing season the mill crushed 1,108,106 metric tons of cane as against 1,315,682 metric tons crushed in the previous crushing season. Crushing volume is low by 207,576 metric tons or 15.78 percent. This was due to non-availability of raw material as the sugarcane crop was not good in the province of Sindh due to scarcity of canal water and natural rainfall. In the province of Punjab there was bumper sugarcane crop and some of the cane was also procured from Punjab. The production of sugar also declined from 127,798 metric tons to 110,810 metric tons due to lower crushing volume. However, sugar recovery percentage slightly improved from 9.70 percent to 10.00 percent.

Price of sugarcane is fixed by the Government of Sindh which was Rs.182/= per forty kg of cane. It may also be mentioned that the price of sugarcane was the same which was announced for the crushing season 2016-17. The price fixed by the government was high keeping in view the price of sugar in the domestic and international markets. High price of raw material was not acceptable to the sugar industry and a review petition was filed with Honorable High Court of Sindh. Honorable High court gave an interim decision that the sugar mills would purchase the cane at the rate of Rs.160/= per forty kg and the rate of the balance of Rs.22/= would be decided by the Honorable Supreme Court of Pakistan. This decision provided an interim relief to the sugar mills in the form of saving of cash out flows as the cost of sugarcane had to be booked at the notified price.

Due to huge bumper cane crop specifically in the upper part of the country the production of sugar was substantially higher than the requirement of the country plus carry over stock available with the sugar mills out of the previous period's production. Pakistan Sugar Mills Association requested the Government to allow export of sugar up to 2.5 million tons with export subsidy of Rs.20/= per kg. Government allowed export of sugar to the tune of 1.5 million tons of the same with an export subsidy of Rs.10.70 per kg. But subsequent to this, the Government of Sindh also announced export subsidy at the rate of Rs.9.30 per kg on export of sugar for 20,000 metric tons only. During the year your company exported 113,150 metric tons of sugar and earned valuable foreign exchange for the country. During the period under consideration the production of sugar was in excess of the requirement of the country and Pakistan Sugar Mills Association has requested the Federal Government to allow further export of one million tons of sugar with subsidy. Economic Coordination Committee has approved the proposal to export one million metric tons of sugar but without any freight or financial support to the sugar mills. The Committee further directed that only those sugar mills will be allowed to export sugar that have paid arrears to the growers for the crop 2017-18. It is well known fact that the price of sugar in the international markets is depressed and there will be very insignificant response from the sugar mills for export of surplus sugar.

The selling price of the sugarcane is determined by the Provincial government. For the crushing season 2017-18 the price was notified at Rs.182/= per forty kg of cane. The concern of the sugar mills was that the end price of the product was very low in the domestic and international markets due to higher production of the same and suggested to the Government to fix the price of sugarcane keeping in view the price of sugar in the country. The government intends to protect the interest of the growers which is highly appreciated but the sugar mills are suffering due to losses sustained by the mills. Pakistan Sugar Mills Association stressed upon the government to protect the interest of the sugar mills also as is being done in case of growers. It was further repeatedly suggested that the selling price of sugar for industrial, commercial and domestic consumers be notified separately as the major consumption of sugar is of industrial users followed by commercial consumers. The mills approached the honorable High Court of Sindh to look in to the matter and arrange to fix the price of sugarcane keeping in view the price of sugar in the market. Honorable High Court provided an interim decision and allowed the sugar mills to pay Rs.160/= per forty kg of cane and the balance of Rs.22/= would be decided by the Honorable Supreme Court of Pakistan. This decision provided some relief in cash out flow but did not approve the bottom line as cost of the sugarcane had to be accounted for as notified by the Government of Sindh. In order to run the mill on economical scale the raw material has to procure from far flung areas and extra cost is paid for transportation of the same which raise the cost further. In case the recovery rate is reduced, which usually happen, the cost of production is further enhanced declining the possibility of financial improvement. We therefore requested the Government through Pakistan Sugar Mills Association to determine the cost of sugarcane before commencement of crushing season keeping in view the price of sugar in the domestic and international markets which has never been considered.

MEDIUM DENSITY FIBRE (MDF) BOARD DIVISION:

During the period under review MDF board division performed well and produced 70,561 cubic meters of various products in varying thicknesses as against 56,879 cubic meters produced during the previous year. The production is higher by about 24 percent. The sales volume enhanced to 95,653 cubic meters as against 80,435 cubic meters sold last year. The sales value increased to 3,412.003 million as against Rs.2,587.457 million achieved in the same period last year indicating an increase of 32 percent. The final products included higher component of value added laminated product which contributed to sales value increase. Export to neighboring country declined as some new units have become operational in Khyber Pakhtunkhwa which enjoys an edge of reduced material, labor, and transportation cost to Afghanistan.

POWER GENERATION DIVISION:

As stated in the last year Annual Report, Sukkur Electric Supply Company exercise load shedding in order to manage the demand supply gap due to which the production of MDF division was affected adversely. During the crushing season this situation was controlled by availing the excess energy generation by sugar division. Your company sold Rs.90.183 million of electricity to Sukkur Electric Supply Company as against Rs.106.085 million sold during the year 2016-17.

CAPITAL EXPENDITURE:

The duration of operation of sugar mills is three to four months depending on the availability of cane crop. In order to keep the plant and machinery up to date before commencement of the crushing season sufficient amount of capital expenditure on BMR and normal maintenance is a continuous process. Your company incurred an amount of Rs. 326.943 million in order to maintain the efficiency of plant and machinery in sugar and MDF Board divisions.

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 during the period.
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.
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, 2018 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, 2018 amounted to Rs.151.352 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:

There has no change in the composition of Board of Directors during the period under review. During the period under consideration, four meetings of the Board were held and attendance of each director was as follow:

	NAME OF DIRECTORS	ATTENDED	STATUS
01.	Mr. Yusuf Ayoob (Chairman)	4	Non-Executive
02.	Mr. Ismail H Zakaria	4	Executive
03.	Mr. Suleman Ayoob	3	Executive
04.	Mr. A. Aziz Ayoob	3	Non-Executive
05.	Mr. Noor Muhammad Zakaria	3	Non-Executive
06.	Mr. Zia Zakaria	4	Non-Executive
07.	Mr. Salim Ayoob	2	Non-Executive
08.	Mr. Zohair Zakaria	3	Non-Executive
09.	Mr. Shamim Ahmad	3	Independent Director
10.	Mr. Muhammad Asif	4	N.I.T Nominee

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.

Mr. Zohair Zakaria resigned from the position of Chief Financial Officer of the Company with effect from September 28, 2018 and in his place the Board appointed Mr. Muhammad Hanif Chamdia as Chief Financial Officer. No remuneration is paid to the non-executive directors except the meeting fee.

AUDIT COMMITTEE:

As required under the Code of Corporate Governance which has been made part of Listing Regulations of Pakistan Stock Exchange, the Board has constituted an Audit Committee comprising the following directors. During the period under consideration four meetings of Audit committee were held and attendance of each member was as under.

	NAMES OF DIRECTORS	DESIGNATION	ATTENDED	STATUS
1	Mr. A. Aziz Ayoob	Chairman	4	Non-executive
2	Mr. Zia Zakaria	Member	4	Non-executive
3	Mr. Shamim Ahmad	Member.	3	Independent Director
4	Mr. Muhammad Asif	Member	4	NIT Nominee

Terms of reference of Audit Committee has been determined by the Board as laid down in the Listing Regulations of Pakistan Stock Exchange.

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Board also constituted Human Resource and Remuneration committee as required under the Code of Corporate Governance comprising of the following Directors. During the year one meeting of the Committee was held and attended by all the members.

	NAMES OF THE DIRECTORS	POSITION	STATUS
1	Mr. Noor Muhammad Zakaria	Chairman	Non-executive
2	Mr. Ismail H Zakaria	Member	Executive
3	Mr. Zia Zakaria	Member	Non-executive

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 remained unchanged. This situation affects the price of sugar in the markets. Crushing season 2018-19 has since been commenced and it is expected that the production of sugar would be in excess of the requirement of the country but the Government of Sindh has notified the price of sugarcane at Rs.182/= per forty kg. The concern of the sugar mills is that the end price of the product is very low in the domestic and international markets due to higher production of the same but the Government kept the price of cane substantially high.

During the crushing season in progress it is expected that the production of sugar will be more than the requirement of the country and carry forward stock available with the sugar mills will enhance the volume of the product available for sale. We therefore request the Government through Pakistan Sugar Mills Association to determine the cost of sugarcane before commencement of crushing season keeping in view the price of sugar in the domestic and international markets.

MDF BOARD DIVISION:

With the installation new plant and machinery and acquiring new technology associated with the plant has enhanced the value addition of the MDF products. The new laminated products have established considerable presence in the market. The process has increased the demand of laminated product in the local and international markets. It is anticipated that the demand of new products will further increase which would result in significant contribution in the improvement on bottom line. During the first quarter of the current year i.e. up to December 20th, 2018 the plant has produced 11,172 cubic meters of various laminated sheets in various thicknesses. It is expected that the production would further increase during the remaining period of the year.

CREDIT RATING OF THE COMPANY:

JCR-VIS Credit Rating Company has assigned initial medium to long term entity rating of "A-/A-2" (Single "A" Minus A-Two) to the Company. Outlook on the outstanding rating is "Stable".

MACHANISM FOR EVALUATION OF BOARD:

Members of the Board and committees thereof are highly experienced personnel and continuously striving to improve their effectiveness and undertake annual review to assess the Board and committees performance. The Board also reviews the developments in the corporate sector and Governance to ensure that the company remained aligned with the best practices and development taking place in the corporate sector. In order to ensure on-going effectiveness a high performing Board, the Board Performance Evaluation process has been initiated through introducing a questionnaire covering Board's scope, objectives, functions, company's performance and monitoring. The Board also reviews performance of the CEO against predetermined operational, tactical and strategic goals.

HEALTH, SAFTY AND SOCIAL RESPONSIBILITIES AND ENVIRONMENT:

Your Company is committed towards health and safety of its employees and preservation of environment at works and practically reducing potential hazards, preventing pollution, conserving resources and abiding rules and regulation on this subject. As stated in our previous year's report Shahpur Jahania where the sugar mill is situated was totally forest area when the sugar mill was established during 1969-70. The Company being a corporate citizen undertook number of welfare activities and established a school up to secondary level and induced the children from surrounding areas to get education. At that time the numbers of children were very low. Company also arranged medical camps on interval basis and medical facilities were provided to the villagers free of cost. On commencement of crushing casual labors are hired and provided an incentive to the population to establish a village near the mill on National Highway. Thus Shahpur Jahania was established which by now is a city availing all facilities.

The Company provide medical facilities to its employees and availed medical coverage from PAK Qatar Family Takaful Ltd. Medical cards have been provided to executives and employees in order to facilitate them to avail medical facilities as and when required from the authorized hospitals.

In order to improve the financial status of the population the Company has decided to hire labors from the surrounding areas of the mill which enabled them to upgrade their living standards. The company makes excellent arrangements for civic, health and accommodation facilities for employees in order to ensure their participation in the development of the area and production of related products. Company undertook plantation campaign and planted many trees in the mill area and around thereof in order to maintain clean environment. The company also provides necessary facility to the growers by providing quality seed and fertilizer in order to enable them to improve the quality of sugarcane. These efforts enable them to get better returns which results in improvement of their living standards.

The management of the Company is well aware of its responsibilities and processes relating to environment issues connected with the manufacturing processes and facilities. Our company is committed to minimize environmental impacts by minimizing waste and omissions. Business is conducted by your company with the highest concern for health and safety of its employees, customers, suppliers and general public. Policies are regularly reviewed to ensure that standard set by the management meet the requirement of the industry.

RELATED PARTIES TRANSACTIONS:

Previously all related parties transactions were placed before the Audit Committee and the Board for approval but with the induction of the Companies Act 2017 the directors holding interest in the sisters concerned by virtue of holding shares will not participate while approving the related parties' transactions. Under the circumstances the related parties' transactions will be placed before the members in the Annual General Meeting as a special item for approval after by Audit Committee and Board approval.

CONTRIBUTION TO NATIONAL EXCHEQUER:

The company is also enhancing resources of the country in the form of taxes, duties and earning foreign exchange through export of sugar and MDF products.

DIVIDEND:

Cash dividend @ 15 percent i.e. Rs. 1.50 per share of Rs. 10/= each (2017 NIL percent cash dividend i.e. Rs. NIL per share of Rs.10/= each) has been recommended by the Board for the current year although the company suffered loss.

APPOINTMENT OF AUDITORS:

With conclusion of the Annual General Meeting the present Auditors, M/s Kreston Hyder Bhimji & Co., Chartered Accountants, retired and being eligible offer themselves for re-appointment for the financial year 2018-19. Audit Committee also recommended their appointment and the Board of your company endorsed the recommendations of the Audit Committee for their re-appointment for the year 2018-19 subject to the approval by the members in the forth coming 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 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


ISMAIL H. ZAKARIA
CHIEF EXECUTIVE OFFICER


SULEMAN AYOOB
DIRECTOR

Karachi: December 28, 2018

متعلقہ پارٹیز کی ٹرانزیکشنز

پہلے متعلقہ پارٹیز کے ساتھ کی گئی تمام معاملات کو بورڈ کی آڈٹ کمیٹی کے روبرو پیش کیا جاتا تھا اور بورڈ اس کی حتمی منظوری دیتا تھا تاہم کمپنی ایکٹ 2017 کے لاگو ہونے کے بعد ڈائریکٹرز نے شیئرز کے حصول کے ذریعے اداروں کے مفادات سنبھال لئے ہیں جو متعلقہ پارٹیز کے ساتھ ٹرانزیکشنز کی منظوری کے لئے شامل نہیں ہوتے۔ متعلقہ پارٹیز کی ٹرانزیکشنز کی صورتحال کے تحت معاملات سالانہ اجلاس عام میں ممبران کے روبرو بطور ایک خصوصی آئٹم رکھے جائیں گے جن کی پہلے آڈٹ کمیٹی اور بورڈ سے منظوری لی جائے گی۔

قومی خزانے میں شراکت

کمپنی ٹیکسز، ڈیویڈنڈ اور ایف ڈی ایف پروڈکٹس کی برآمد کے ذریعے غیر ملکی زرمبادلہ کی صورت میں ملک کے وسائل میں بھی اضافہ کر رہی ہے۔

منافع منقسمہ


بورڈ کمپنی کو ہونے والے خسارے کے پیش نظر سال رواں کے لئے 15 فیصد کی شرح سے یعنی -10/ روپیہ کے ہر ایک شیئر پر 1.50 روپے کے نقد منافع منقسمہ کی ادائیگی کی سفارشات کی ہیں (0 فیصد نقد منافع منقسمہ: 2017 یعنی 0.00 روپیہ ہر ایک -10/ روپے مالیت پر)

آڈیٹرز کا تقرر

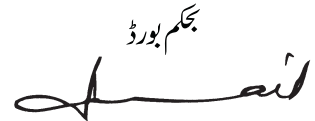
موجودہ آڈیٹرز M/S Krestorn Hyder Bhimji & Co. چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام کے اختتام کے ساتھ ہی ریٹائر ہو جائیں گے اور انہوں نے اہل ہونے کے ناطے مالی سال 2018-19 کے لئے خدمات کے لئے اپنے دوبارہ تقرر کی پیشکش کی ہے۔ آڈٹ کمیٹی نے بھی ان کے تقرر کی بھی سفارش 2018-19 کے لئے کی ہے اور آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے بھی ممبرز کی آئندہ سالانہ عمومی اجلاس عام کے اختتام تک آڈٹ کمیٹی کی جانب سے، M/S Krestorn Hyder Bhimji & Co. چارٹرڈ اکاؤنٹنٹس کے دوبارہ تقرر کی سفارشات کی توسیع کی ہے۔

عملے کے ساتھ تعلقات کار

آخر میں ڈائریکٹرز کمپنی کے ایگزیکٹوز، ممبران اور عملے کو ان کی فرائض کی انجام دہی اور انتھک محنت پر خراج تحسین پیش کرتے ہیں جن کی کاوشوں کی بدولت کمپنی کے امور سہل اور ہموار طریقے سے چلائے جاسکے جبکہ موجودہ کٹھن صورتحال میں اغراض و مقاصد اور اہداف کا حصول ممکن ہوا اور پراعتماد ہے کہ اسٹاف اسی طرح مستقبل میں اسی جذبے اور لگن کا مظاہرہ کرتا رہے گا۔



سلیمان ایوب
ڈائریکٹر



اسما ایوب
چیف ایگزیکٹو آفیسر

بمقام کراچی: بتاریخ 28 دسمبر 2018

ایم ڈی ایف بورڈ ڈویژن

پلانٹ سے منسلک نئی ٹیکنالوجی اور نئے پلانٹ و مشینری کی تنصیب کے ذریعے ایم ڈی ایف پروڈکٹس کی ویلیو ایڈیشن بڑھ رہی ہے۔ نئے لمبی نیشن کے طریقے کے ذریعے MDF مصنوعات کو بڑھانے کی کوشش جاری ہیں۔ عام کھپت کی روش ملکی اور غیر ملکی طور پر ابھر رہی ہے۔ جس کے ذریعے ختم شدہ لمینیٹڈ مصنوعات کو زیادہ مانگ ہے۔ رواں سال کے پہلی سہ ماہی کے دوران 20 دسمبر 2018 تک پلانٹ نے مختلف درجات کے 11,172 کیوبک میٹرز بورڈ کی پیداوار کی گئی ہے جس میں لمینیٹڈ ٹیبلٹس بھی شامل ہیں اور توقع ہے کہ ڈویژن کی پیداوار میں سال کی باقی ماندہ مدت کے دوران اضافہ ہوگا۔

کمپنی کی کریڈٹ ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کمپنی کو ابتدائی درمیانی سے طویل مدتی انٹیٹی ریٹنگ بائاً "A-/A-2" (Single "A" Minus A-Two) آؤٹ اسٹیڈنگ ریٹنگ پر آؤٹ لک کو مستحکم قرار دیا گیا ہے۔

بورڈ کی تشخیص کے لئے طریقے کار

بورڈ اور بورڈ کی کمیٹیاں اپنی افادیت کو بہتر بنانے کے لئے مسلسل کوشاں ہیں اور بورڈ کی کارکردگی کو جانچنے کے لئے سالانہ طور پر جائزے لئے جاتے ہیں۔ بورڈ زیریں اصولوں سے ہم آہنگ رہنے کے لئے کارپوریٹ گورننس کے ضمن میں ہونے والی بہتریوں کا بھی جائزہ لیتا رہتا ہے۔ بورڈ کی بطور ایک اعلیٰ کارکردگی کا حامل بورڈ افادیت برقرار رکھنے کے لئے ایک سوال نامہ متعارف کرانے کے ذریعے بورڈ کی کارکردگی کا جائزہ لینے کا عمل شروع کیا گیا ہے جس میں بورڈ کے دائرہ کار، مقاصد، امور کمپنی کی کارکردگی اور اس کی مانیٹرنگ کا احاطہ کیا گیا ہے۔ بورڈ پہلے سے طے شدہ آپریشنل، تدبیری اور حکمت عملی پر مبنی اہداف کے سلسلے میں CEO کی کارکردگی کا جائزہ بھی لیتا ہے۔

ہیلتھ، سیفٹی اور سماجی ذمے داری اور ماحول پر اثرات

آپ کی کمپنی اپنے ملازمین کی ہیلتھ اور سیفٹی اور ماحولیات کے تحفظ اور آلودگی سے بچاؤ، وسائل کے تحفظ اور اس موضوع پر لاگو قواعد و ضوابط پر مکمل عمل پیرا ہے، جیسا کہ ہماری گزشتہ سال کی رپورٹ میں بتایا گیا ہے کہ شاہ پور جہانیاں جہاں ہماری شوگر مل ہے، مکمل جنگلاتی علاقے میں ہے جو 1969-70 میں قائم کی گئی تھی۔ کمپنی نے اپنی سماجی ذمے داری پوری کرتے ہوئے یہاں بہبود کے کام انجام دیئے جن میں سیکنڈری سطح تک اسکول کا قیام، وقفے وقفے سے میڈیکل کیمپوں کا انعقاد، مستحق دیہاتیوں کو مالی معاونت کی فراہمی، مفت راشن کی تقسیم اور ضرورت مند افراد کو طبی امداد کی فراہمی شامل ہیں۔ مل کے اطراف میں مقیم تمام بچوں اور ملازمین کے بچوں کو اسکول جانے کے لئے تمام سہولتیں فراہم کی گئیں۔

کمپنی نے اپنے ملازمین کے لئے طبی سہولتیں بھی فراہم کیں اور پاک قطر فیملی ہکافل لمیٹڈ سے میڈیکل کوریج اسکیم حاصل کی گئی۔ تمام ایگزیکٹوز اور ملازمین کو میڈیکل کارڈز فراہم کئے گئے جن کے ذریعے وہ اپنی ضرورت کے مطابق مقررہ اسپتالوں سے طبی سہولتیں حاصل کر سکتے ہیں۔ اس کے علاوہ کمپنی نے مل کے قریبی علاقوں میں مقیم لوگوں کو روزگار دینے کی بھی حوصلہ افزائی کی تاکہ ان کا معیار زندگی بہتر ہو سکے۔ کمپنی اپنے ملازمین بہترین سوک، ہیلتھ اور رہائش کی سہولتیں فراہم کر رہی ہے تاکہ وہ علاقے کی بہتری اور دیگر متعلقہ مصنوعات کی تیاری کے سلسلے میں موثر کردار ادا کر سکیں۔ سرسبز و شاداب علاقے، فیکٹری کے اطراف شفاف ماحول کے لئے بھی اقدامات کئے جاتے ہیں۔ کمپنی بہترین و معیاری بیچوں اور کھادوں کی باقاعدہ فراہمی کے ذریعے گنے کے معیار کی بہتری کے لئے آبادگاروں کو بھی معاونت فراہم کرتی ہے۔ ان کوششوں کے ذریعے آبادگاروں کو بہترین منافع حاصل ہوتا اور وہ اپنے معیار زندگی کو مزید بہتر بنانے کی کوششوں میں کامیابی حاصل کر پاتے ہیں۔

انتظامیہ ماحولیاتی ذمہ داریوں اور معاشرے کی ترقی میں درکار کردار سے بخوبی آگاہ ہے۔ ہماری ماحولیاتی پالیسی اور اس حوالے سے ہمارا انتظام اور انصرام انتہائی جامع ہے۔ جس میں اس بات کو مد نظر رکھا گیا ہے کہ ہماری پیداوار کے طریقے سے ماحول پر کیا اثرات مرتب ہوتے ہیں۔ کمپنی اپنی پیداوار کرتے وقت اس عمل کو مد نظر رکھتی ہے کہ ملازمین، گاہک، سپلائرز، پڑوسیوں اور عام آدمی کو محفوظ اور صاف ستھرا ماحول فراہم کیا جائے۔

اس حوالے سے کمپنی پالیسیز اور انتظامات اور متعلقہ قواعد و ضوابط پر باقاعدہ طور پر نظر ثانی کی جاتی ہے۔ تاکہ اس عمل کو یقینی بنایا جاسکے کہ کمپنی صنعت و حرفت میں موجود اصولوں پر خوش اسلوبی سے گامزن رہے۔ اور اس عمل کو یقینی بنایا جائے کہ انتظامیہ نے جو اصول مرتب کئے ہیں وہ کاروباری اصول کے مطابق ہیں۔

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے تحت درج ذیل ڈائریکٹرز پر مشتمل بورڈ آڈٹ کمیٹی بھی بنائی ہے۔ دوران سال زیر غور 4 آڈٹ کمیٹی کی میٹنگ ہوئی اور ہر ایک ممبر کی حاضری کی طرف اشارہ کیا گیا ہے۔

درجہ	حاضری	عہدہ	ڈائریکٹرز کے نام	
نان-ایگزیکٹو	4	چیئرمین	جناب اے عزیز ایوب	1
نان-ایگزیکٹو	4	ممبر	جناب ضیا ذکریا	2
انڈیپنڈنٹ ڈائریکٹر	3	ممبر	جناب شمیم احمد	3
NIT نامزد کردہ	4	ممبر	جناب محمد آصف	4

آڈٹ کمیٹی کے ریفرنس کی مدت کا تعین بورڈ کی طرف سے کیا گیا ہے، برطابق ہدایات کے جو کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ کے ضابطہ میں دیئے ہوئے ہیں۔

ہیومن ریسورس اور ری میونریشن کمیٹی

مندرجہ ذیل ڈائریکٹرز پر مشتمل بورڈ نے کارپوریٹ گورننس کوڈ کے تحت ہیومن ریسورس اور ری میونریشن کمیٹی تشکیل دی ہے۔ سال کے دوران کمیٹی کی ایک میٹنگ ہوئی اور اس کی حاضری مندرجہ ذیل ہے۔

درجہ	عہدہ	ڈائریکٹرز کے نام	
نان-ایگزیکٹو	چیئرمین	جناب نور محمد ذکریا	1
ایگزیکٹو	ممبر	جناب اسماعیل ایچ ذکریا	2
نان-ایگزیکٹو	ممبر	جناب ضیا ذکریا	3

مستقبل کا جائزہ

شوگر ڈویژن:

گنا پاکستان کی تیسری اہم فصل ہے اور شوگر ملز کو اس کی قیمت فروخت کا تعین صوبائی حکومت کرتی ہے۔ یہ دو تین سال کے وقفے کے بعد ہوا کہ ملک میں گنے کی بھر فصل ہوئی جس کے نتیجے میں چینی کی پیداوار بھی بڑھ گئی تاہم طلب میں اضافہ نہیں ہوا۔ جس سے مارکیٹوں میں چینی کے نرخ متاثر ہوئے۔ کرشننگ سیزن 2018-19 کا آغاز ہو چکا ہے اور توقع ہے کہ چینی کی پیداوار ملکی طلب سے زائد رہے گی تاہم حکومت سندھ نے گنے کے نرخ = 182/ روپے فی چالیس کلو مقرر کئے ہیں۔ شوگر ملز کو تشویش ہے کہ بلند تر پیداوار کے باعث مقامی اور بین الاقوامی مارکیٹوں میں انتہائی کم رہیں گے تاہم حکومت نے اس کو مد نظر رکھ کر نرخ مقرر نہیں کئے۔

کرشننگ سیزن جاری ہے اور گنے کی پیداوار ملک بھر میں ایک مرتبہ پھر بڑھتی ہوئی نظر آ رہی ہے۔ اس برآمدگی کے تناظر میں چینی کی پیداوار زائد ہوگی اور شوگر ملز کو فروخت کے لئے زائد حجم دستیاب ہوگا۔ اس سلسلے میں ہم پاکستان شوگر ملز ایسوسی ایشن کے ذریعے حکومت سے درخواست کرتے ہیں کہ گنے کے نرخ کا تعین کرشننگ سیزن کے آغاز سے قبل مقامی اور بین الاقوامی مارکیٹوں میں چینی کی قیمتوں کو مد نظر رکھ کر کیا جائے۔

- 6- کمپنی کی صلاحیت کو جاری رکھنے کے لئے کوئی قابل ذکر شہادت نہیں ہیں۔
- 7- کارپوریٹ گورننس کے کوڈ کے بہترین طریقوں سے کوئی بھی مواد روانگی میں ہوئی ہے جیسے کہ اسٹاک ایکسچینج کی قوانین کی فہرست میں مفصل ہے۔
- 8- کوئی بھی قانونی ادائیگی کی بقایا جات نہیں ہے۔ سوائے ان کے جو عام کاروباری نصاب کے تحت ہیں اور متنازعہ مقدمات جو کہ مالی تفصیلات کے متعلقہ نوٹس میں نظر آتے ہیں۔
- 9- 30 ستمبر 2018 تک کمپنی میں شیئر ہولڈنگ کا طرز جو کہ سالانہ رپورٹ میں شامل ہے۔
- 10- ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کے میاں بیوی یا چھوٹے بچے جنہوں نے کمپنی کے شیئرز میں کاروبار نہیں کیا ہے۔ جیسے کہ دوسری صورت میں اشارہ کیا گیا۔
- 11- پراویڈنٹ فنڈ کے ڈپازٹ اکاؤنٹس میں غیر آڈٹ شدہ سرمایہ کاری اور توازن کی شرح، 30 جون 2018 تک 151.352 ملین رقم ہے۔

گزشتہ دس سالوں کی آپریٹنگ اور مالی اعداد و شمار اور شیئر ہولڈنگ کا طرز جو کہ سالانہ رپورٹ میں دیا گیا ہے۔ کوئی خاص تبدیلی نہیں ہے ڈائریکٹرز یا ان کی بیگمات کے انعقاد کی تبدیلی میں جیسے کہ دوسری صورتوں میں اشارہ کیا گیا ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل میں تبدیلیاں

بورڈ آف ڈائریکٹرز کی تشکیل میں کوئی نمایاں تبدیلی نہیں کی گئی۔ اس سال کے دوران بورڈ کی 4 میٹنگز منعقد ہوئیں اور ہر ایک ڈائریکٹر کی حاضری درج ذیل تھی۔

درجہ	حاضری	ڈائریکٹرز کے نام	
نان-ایگزیکٹو	4	جناب یوسف ایوب (چیئرمین)	1
ایگزیکٹو	4	جناب اسماعیل ایچ ڈکریا	2
ایگزیکٹو	3	جناب سلیمان ایوب	3
نان-ایگزیکٹو	3	جناب اے عزیز ایوب	4
نان-ایگزیکٹو	3	جناب نور محمد ڈکریا	5
نان-ایگزیکٹو	2	جناب ضیاء ڈکریا	6
نان-ایگزیکٹو	3	جناب سلیم ایوب	7
نان-ایگزیکٹو	3	جناب زوہیر ڈکریا	8
نان-ایگزیکٹو	3	جناب شمیم احمد	9
انڈیپنڈنٹ ڈائریکٹر	4	جناب محمد آصف	10
NIT نامزد کردہ			

تفصیلات برائے ایگزیکٹو، نان-ایگزیکٹو ڈائریکٹرز کے معاوضے کا جو کہ مالی تفصیلات کے متعلقہ نوٹ میں مہیا کئے گئے ہیں۔ جیسے کہ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشن کے مطابق ہے۔

جناب زوہیر ڈکریا نے 28 ستمبر 2018 کو کمپنی کے چیف فنانشل آفیسر کے عہدے سے استعفیٰ دے دیا اور ان کی جگہ بورڈ نے جناب محمد حنیف چاڈیا کا بطور چیف فنانشل آفیسر تقرر کیا۔ نان ایگزیکٹو ڈائریکٹر کو میٹنگ فیس کے علاوہ کوئی معاوضہ نہیں دیا گیا۔

تھی۔ مل کو باکفایت پیمانے پر چلانے کے ضمن میں خام مال کو در دراز مقامات سے حاصل کیا گیا اور اضافی ٹرانسپورٹیشن اخراجات سے پیداواری لاگت مزید بڑھ گئی۔ وصولیابی کے نرخ کم ہونے کی صورت میں، جو عموماً ہو جاتا ہے، پیداواری لاگت مزید بڑھتی ہے اور مالیاتی بہتری کے امکانات کم کر دیتی ہے۔ لہذا ہم نے حکومت پاکستان سے پاکستان شوگر ملز ایسوسی ایشن کے ذریعے درخواست کی کہ کرشنگ سیزن کے آغاز سے قبل گنے کی قیمت کا تعین مقامی اور بین الاقوامی مارکیٹ میں چینی کی قیمت کو مد نظر رکھ کر طے کی جائے جس پر کبھی غور نہیں کیا گیا۔

میڈیم ڈینسٹی فائبر (MDF) بورڈ ڈویژن

زیر جائزہ مدت میں ایم ڈی ایف بورڈ ڈویژن نے اچھی کارکردگی کا مظاہرہ کیا اور گزشتہ سال کے دوران پیدا کردہ 56,879 کیوبک میٹر کے مقابلے میں زیر غور سال کے دوران پلانٹ نے مختلف سائزوں میں 70,561 کیوبک میٹر پیداوار رہی جو تقریباً 24% تک زائد ہے۔ فروخت کا حجم گزشتہ سال کے 80,435 کیوبک میٹر کے مقابلے میں 95,653 کیوبک میٹر زراہا۔ سائز کا حجم بڑھ کر 3,412.003 ملین روپے ہو گیا جبکہ گزشتہ سال 2,587.457 ملین روپے حاصل کئے گئے تھے جس سے 32 فیصد کا اضافہ ظاہر ہوتا ہے۔ حتمی پروڈکٹس میں ویلیو ایڈڈ لیمینٹڈ پروڈکٹ کے اجزاء بھی شامل ہیں جن کی وجہ سے سائز کی ویلیو میں اضافہ ہوا۔ پڑوسی ملک کو برآمد میں کمی آئی کیونکہ خیبر پختونخوا میں چند نئے یونٹس آپریشنل ہوئے جن کی وجہ سے مٹیریل، لیبر اور افغانستان کے لئے ٹرانسپورٹیشن کے اخراجات میں کمی آئی۔

بجلی پیداوار ڈویژن

جیسا کہ گزشتہ سالانہ رپورٹ میں بیان کیا گیا کہ سکھریلیکٹرک سپلائی کمپنی نے طلب میں خلا کو پُر کرنے کے لئے لوڈ شیڈنگ کی جس کی وجہ سے ایم ڈی ایف ڈویژن کی پیداوار بری طرح متاثر ہوئی۔ کرشنگ سیزن کے دوران اس صورتحال پر شوگر ڈویژن کے ذریعے اضافی بجلی کی پیداوار حاصل کر کے کنٹرول کیا گیا۔ آپ کی کمپنی نے سکھریلیکٹرک سپلائی کمپنی کو 90.183 ملین روپے کی بجلی فروخت کی جبکہ سال 2016-17 کے دوران 106.085 ملین روپے کی بجلی فروخت کی گئی تھی۔

سرمایہ خرچ

شوگر ملوں کے آپریشن کی مدت گنے کی فصل کی دستیابی کی بنیاد پر تین تا چار ماہ ہوتی ہے۔ کرشنگ سیزن کے آغاز سے قبل مشینری اور پلانٹ کی اپگرڈنگ کے لئے کمپنی نے پلانٹ کی کارکردگی کو برقرار رکھنے کے لئے اضافے اور BMR پر کافی اخراجات صرف کئے۔ آپ کی کمپنی نے پلانٹ اور مشینری کی کارکردگی برقرار رکھنے کے لئے شوگر اور ایم ڈی ایف بورڈ ڈویژن میں 326.943 ملین روپے صرف کئے۔

کارپوریٹ گورننس کے بہترین طریقوں کے ساتھ تعمیل کا بیان

- 1- حالت کے معاملات کو مناسب طور پر پیش کرنے کے لئے کمپنی کی انتظامیہ نے مالی تفصیلات بنائے ہیں۔ ایکویٹی کارروائیوں کا نتیجہ نقد رقم میں بہاؤ اور ایکویٹی میں تبدیلیاں۔
- 2- کمپنی نے قانون کے مطابق مناسب اکاؤنٹ کی کتابیں بنائی ہیں۔
- 3- مالی تفصیلات اور اکاؤنٹنگ اندازوں کی تیاری میں مناسب اکاؤنٹنگ کی تیاری کی گئی ہے جو کہ دانشمندانہ اور مناسب فیصلوں پر مبنی ہے۔
- 4- بین الاقوامی مالی رپورٹنگ اسٹینڈرڈ جیسے کہ پاکستان میں قابل عمل ہیں، جن کو مالی بیانات کی تیاری میں پیروی کی گئی ہے اور کسی بھی رواں گئی کو مناسب طریقے سے انکشاف اور وضاحت کی گئی ہے۔
- 5- اندرونی کنٹرول کے نظام کی ڈیزائن صحیح ہے اور موثر طریقے سے عمل درآمد اور نگرانی کر دی گئی ہے۔

کارکردگی کا جائزہ شوگر ڈویژن

ملز نے کرشنگ آپریشن کا آغاز 18 نومبر 2017 کو کیا جو 15 اپریل 2018 تک جاری رہا۔ اس مدت کے دوران مل نے گزشتہ کرشنگ سیزن کے دوران کرش کردہ 1,315,682 میٹرک ٹن کے مقابلے میں 1,108,106 میٹرک ٹن گنا کرش کیا۔ کرشنگ حجم میں 15.78 فیصد کمی آئی اور 207,576 میٹرک ٹن کم رہا جس کی وجہ خام مال میں پانی کی عدم دستیابی کے باعث فصل اچھی نہیں رہی تھی۔ گنے کو پنجاب سے بھی حاصل کیا گیا جہاں پر شاندار فصل دستیاب تھی۔ چینی کی پیداوار بھی 127,798 میٹرک ٹن سے کم ہو کر 110,810 میٹرک ٹن ہو گئی جس کی وجہ کرشنگ کے حجم میں کمی تھی۔ تاہم چینی کی ریکوری قدرے بہتر ہو کر 9.70 فیصد سے 10.00 فیصد ہو گئی۔

اس کرشنگ مدت کے لئے حکومت سندھ نے گنے کی امدادی قیمت -/182 روپے فی 40 کلوگرام مقرر کی تھی جو گزشتہ کرشنگ سیزن میں 2016-17 مقرر کی گئی تھی اور اس سیزن میں بھی برقرار رہی۔ حکومت کی جانب سے مقامی اور بین الاقوامی مارکیٹوں میں چینی کی قیمت کو مدنظر رکھتے ہوئے زائد نرخ مقرر کئے گئے تھے۔ چینی کی صنعت کے لئے خام مال کے بلند نرخ قابل قبول نہ تھے اور اس کے لئے معزز عدالت عالیہ سندھ میں ایک درخواست دائر کی گئی تھی جس نے یہ عبوری فیصلہ دیا کہ شوگر ملز کے لئے گنے کی قیمت خرید -/160 روپے فی چالیس کلوگرام رکھی جائے اور 22 روپے کے باقی ماندہ کے لئے سپریم کورٹ فیصلہ کرے گی۔ اس فیصلے سے شوگر ملوں کو کیش آؤٹ فلو کے ضمن میں ریلیف ملا کیونکہ گنے کی قیمت طے کردہ نرخوں پر بک کر لی گئی تھی۔

گنے کی بھرپور فصل بالخصوص ملک کے بالائی حصے میں شاندار پیداوار کے باعث چینی کی پیداوار ملک کی طلب سے زائد رہی جبکہ گزشتہ مدت کی پیداوار کا اضافی حصہ بھی شوگر ملوں کے پاس دستیاب تھا۔ پاکستان شوگر ملز ایسوسی ایشن نے حکومت سے درخواست کی کہ -/20 روپے فی کلوگرام کی ایکسپورٹ سبسڈی کے ساتھ 2.5 ملین ٹن چینی برآمد کرنے کی اجازت دی جائے۔ حکومت نے 10.70 روپے فی کلو ایکسپورٹ سبسڈی کے ساتھ 1.5 ملین ٹن چینی برآمد کرنے کی اجازت دی تاہم اس کے بعد سندھ حکومت نے برآمدی سبسڈی 9.30 روپے فی کلوگرام کے حساب سے 20,000 میٹرک ٹن چینی برآمد کرنے کی اجازت دی تھی۔ سال کے دوران آپ کی کمپنی نے 113,150 میٹرک ٹن چینی برآمد کر کے ملک کے غیر ملکی زر مبادلہ ذخائر میں اضافہ کیا۔ زیر جائزہ مدت کے دوران چینی کی پیداوار ملک کی ضروریات سے زائد رہی اور پاکستان شوگر ملز ایسوسی ایشن نے وفاقی حکومت سے درخواست کی کہ مزید ایک ملین ٹن چینی برآمد کرنے کی اجازت سبسڈی کے ساتھ دی جائے۔ اقتصادی رابطہ کمیٹی نے ایک ملین میٹرک ٹن چینی برآمد کرنے کی تجویز منظور کر لی تاہم شوگر ملز کو کسی فریٹ یا مالی سپورٹ کے بغیر اجازت دی گئی۔ کمیٹی نے مزید فیصلہ کیا کہ صرف ان شوگر ملوں کو اجازت دی جائے گی جنہوں نے آبادگاروں کو 2017-18 کی فصل کے لئے واجبات ادا کر دیئے ہوں۔ اس حقیقت سے بخوبی واقف ہیں کہ بین الاقوامی مارکیٹوں میں چینی کے نرخ کم ہوئے ہیں اور اضافی چینی کی برآمد کے لئے شوگر ملوں سے انتہائی سست رد عمل موصول ہوگا۔

گنے کی قیمت فروخت کا تعین صوبائی حکومت کی جانب سے کیا جاتا ہے۔ 2017-18 کے کرشنگ سیزن کے لئے گنے کے نرخ -/182 روپے فی 40 کلوگرام مقرر کئے گئے تھے۔ شوگر ملز کو اس پر تشویش یہ تھی کہ پروڈکٹ کی قیمت مقامی اور بین الاقوامی مارکیٹوں میں بہت کم تھا کیونکہ اس کی پیداوار طلب سے زائد تھی اس لئے حکومت کو تجویز دی گئی کہ ملک میں چینی کے نرخ کو مدنظر رکھتے ہوئے گنے کے نرخ مقرر کئے جائیں۔ حکومت آبادگاروں کے مفادات کا تحفظ کرنا چاہتی ہے جس کو ہم خراج تحسین پیش کرتے ہیں لیکن خسارے کے باعث شوگر ملز مسلسل مشکلات کا شکار ہیں۔ پاکستان شوگر ملز ایسوسی ایشن نے حکومت پر شوگر ملز کے مفادات کا بھی تحفظ کرنے پر زور دیا اور اس کے لئے صنعتی، تجارتی اور مقامی صارفین کے لئے الگ الگ نرخ مقرر کرنے کی تجویز دی گئی۔ اس سلسلے میں سندھ ہائی کورٹ سے بھی رجوع کیا گیا جس کے بعد عدالت عالیہ نے شوگر ملز کو -/160 روپے کی چالیس کلوگرام ادا کرنے کی اجازت دی اور باقی ماندہ -/22 روپے فی کلوگرام کا معاملہ سپریم کورٹ پر چھوڑ دیا۔ اس فیصلے سے شوگر ملز کو کچھ ریلیف تو ملا لیکن نچلی سطح پر نہیں کیونکہ حکومت سندھ کی جانب سے گنے کی قیمت مقرر کی جانی

ڈائریکٹرز رپورٹ برائے ممبران

معزز ممبران
السلام علیکم!

میں بورڈ آف ڈائریکٹرز کی جانب سے آپ کو سال کے اختتام 30 ستمبر 2018 پر خوش آمدید کہتا ہوں اور آپ کی کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس بمسرت آپ کے سامنے پیش کر رہا ہوں۔ آپ کی کمپنی کو دوران گزشتہ سال 30.319 بلین کے مقابلے میں بعد از ٹیکس 120.834 بلین خسارہ ہوا ہے۔ کمپنی کی بنیادی سرگرمی چینی اور ایم ڈی ایف بورڈ کی پیداوار ہیں مخصوص تقابلی پیداوار اور فائنیشنل ڈیٹا درج ذیل ہیں۔

2016-17	2017-18	پیداواری معلومات
15-11-2016	28-11-2017	کرشنگ سیزن شروع ہوئی
23-03-2017	15-04-2018	کرشنگ ختم ہوئی
129	139	کرشنگ کا دورانیہ (دنوں میں)
1,315,682	1,108,106	گنا کرش کردہ (میٹرک ٹن)
127,798	110,810	پیدا شدہ چینی (میٹرک ٹن)
9.70	10.00	چینی ریکوری کی شرح (فیصد)
56,460	57,140	پیدا شدہ مولاسز (میٹرک ٹن)
56,879	70,561	MDF پروڈکشن (کیوبک میٹرز)
310	327	MDF پلانٹ آپریٹ کا دورانیہ (دنوں میں)
		مالیاتی معلومات
(روپے ہزاروں میں)	(روپے ہزاروں میں)	فروختگی
6,895,714	9,080,899	لاگت برائے فروختگی
(6,190,599)	(9,733,468)	خام منافع نقصان/منافع
705,115	(652,569)	ڈسٹری بیوٹن کے اخراجات
(66,083)	(198,084)	انتظامی اخراجات
(449,015)	(509,257)	دیگر آپریٹنگ لاگت
(10,050)	(18,513)	دیگر آمدن
20,186	1,351,253	آمدن ایسوسی ایٹس
824	93,705	لاگت برائے تمویل
(327,810)	(309,881)	نقصان قبل از ادائیگی ٹیکس
(126,833)	(243,346)	پروویژن برائے ٹیکس
96,514	122,512	نقصان بعد از ادائیگی ٹیکس
(30,319)	(120,834)	نقصان فی حصص - بنیادی و تھیلی
Rs. (1.48)	Rs.(5.90)	

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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(Restated) (Restated)

(Restated) (Restated)

FINANCIAL POSITION:

Share Capital	204,737	204,737	204,737	204,737	204,737	194,988	185,703	185,703	185,703	185,703
Revenue Reserves	1,268,994	1,336,842	1,395,588	1,232,727	1,028,809	956,392	926,504	980,792	928,612	691,371
Surplus on revaluation										
of fixed assets	1,527,935	1,058,349	1,111,915	1,184,605	1,230,740	1,243,465	621,224	656,126	708,767	765,432
Long Term Financing	2,101,737	2,198,959	1,607,704	1,120,111	1,174,073	1,052,803	715,979	457,783	408,534	358,463
Deferred Liabilities	356,862	543,755	642,921	648,983	690,169	731,339	374,560	453,761	561,830	518,674
Current Liabilities	3,981,330	4,177,513	2,044,518	2,758,206	2,236,586	1,930,760	3,147,017	3,142,284	1,431,018	1,283,079
Property, plant and equipment	4,841,661	4,417,460	4,110,945	3,639,629	3,706,951	3,479,922	2,674,032	230,921	2,681,942	2,327,921
Long Term Deposits	3,094	5,510	3,560	3,552	46,954	37,889	42,835	42,375	4,688	4,290
Long Term Loans	3,893	3,227	3,935	6,022	3,516	2,196	4,230	5,032	4,476	4,144
Long Term Investments	522,710	264,864	272,070	260,215	246,884	260,215	172,566	151,852	143,933	143,772
Current Assets	4,067,654	4,829,094	2,616,873	3,239,951	2,560,809	2,406,599	3,074,050	2,850,409	1,389,425	1,322,595

FINANCIAL PERFORMANCE:

Turnover	9,080,899	6,895,714	8,103,145	6,966,274	7,699,097	7,594,313	6,129,081	5,983,046	6,313,220	4,249,981
Gross Profit	(652,569)	705,115	963,780	1,027,737	848,907	8,377,847	678,924	737,206	1,001,803	682,952
Operating (Loss)/ Profit	(652,513)	705,925	963,737	1,028,381	851,525	840,823	682,242	739,831	1,006,841	690,503
(Loss)/ Profit before Tax	(243,346)	(126,833)	226,150	221,089	76,223	126,267	(85,513)	59,875	391,453	210,749
(Loss)/ Profit after Tax	(120,834)	(30,319)	170,080	166,319	31,333	24,074	(43,099)	104,465	254,398	119,738
Earning per share	(5.90)	(1.48)	8.31	8.12	1.53	1.18	(2.21)	5.63	13.70	6.45
Cash dividend	15%	-	40%	33%	10%	5%	5%	30%	50%	40%
Bonus shares	-	-	-	-	-	5%	5%	NIL	NIL	NIL

SUGAR PRODUCTION:

a) From Cane	110,810	127,798	92,501	104,283	126,719	99,740	88,058	71,655	73,175	66,495
b) From Raw Sugar	-	-	-	-	-	-	-	-	-	-
Sugar Produced (M.Tons)	110,810	127,798	92,501	104,283	126,719	99,740	88,058	71,655	73,175	66,495
Cane crushed (M.Tons)	1,108,106	1,315,682	1,315,682	1,013,118	1,293,261	959,302	885,101	888,736	774,230	736,420
Recovery (%)	10.00%	9.70%	10.20%	10.30%	9.80%	10.40%	9.95%	8.05%	9.47%	9.03%

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2017 FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

1. The total number of directors are TEN as per following:
 - a) Male ten
 - b) Female Nil

2. The composition of Board is as follow:
 - (a) Independent director i) Mr. Shamim Ahmad
 - (b) Non-Executive directors i) Mr. Yusuf Ayoob
ii) Mr. A Aziz Ayoob
iii) Mr. Noor Mohammad Zakaria
IV) Mr. Zia Zakaria
v) Mr. Salim Ayoob
vi) Mr. Zohair Zakaria
vii) Mr. Muhammad Asif
 - (c) Executive directors i) Mr. Ismail H Zakaria
ii) Mr. Suleman Ayoob

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

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

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

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (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 meeting of Board.

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

9. Since Chairman and all the directors have prescribed education and experience required for exemption under clause 20(2) of the CCG Regulations accordingly they are exempted from attending directors training program pursuant to clause 20(2) of the CCG Regulations. However one of the directors has acquired the certification from the Pakistan Institute of Corporate Governance.

10. During the year the Board has approved the appointment of Chief Financial Officer (CFO) including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulation. The remuneration, terms and condition of the employment CFO, Company Secretary and Head of Internal Audit and any changes thereto have been approved by the Board.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below
- a) **Audit Committee:**
- | | |
|-------------------|----------|
| Mr. A Aziz Ayoob | Chairman |
| Mr. Zia Zakaria | Member |
| Mr. Shamim Ahmad | Member |
| Mr. Muhammad Asif | Member |
- b) **HR and Remuneration committee:**
- | | |
|---------------------------|----------|
| Mr. Noor Muhammad Zakaria | Chairman |
| Mr. Ismail H 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 in the Company managed by qualified and experience professional, who are conversant with the policies and procedures of the Company and the industry's best practices. They are involved in the internal audit functions on full time basis. The head of internal audit department functionally reports to the Board's Audit Committee.
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 or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
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 the Regulations as applicable for the year ended September 30, 2018 have been complied with.



YUSUF AYOOB
CHAIRMAN



ISMAIL H ZAKARIA
CHIEF EXECUTIVE OFFICER

Karachi: December, 28th 2018

To the members of AL-NOOR SUGAR MILLS LIMITED
Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Al-Noor Sugar Mills Limited** (the Company) for the year ended September 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the 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, 2018.



CHARTERED ACCOUNTANTS

Place: Karachi

Date: 28th December 2018

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

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2018 and of the loss, 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>Contingencies</p> <p>The Company is under litigations in respect of various matters including industry wide matters as well as pending tax matters and other miscellaneous claims in respect of the assets/ payables of the Company as disclosed in note 25 of the annexed financial statements. These contingencies require management's judgments and estimates in relation to the interpretation of relevant laws, notifications and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgments and estimates in relation</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessing management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee. Review of the relevant information including case proceedings, related industry information and correspondences in respect of the ongoing litigations. Obtaining confirmation from the legal counsel of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsel thereon.

S.No.	Key audit matter	How the matter was addressed in our audit
	to such contingencies may be complex and can significantly impact the annexed financial statements. Accordingly these are considered as key audit matter.	<ul style="list-style-type: none"> Examining legal and professional expenses to confirm that all pending legal matters are identified and disclosed. Re-computing the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters. Assessing the appropriateness of the related disclosures made in the accompanying financial statements in light of IAS-37 "Provisions and Contingencies".
2.	<p>Companies Act, 2017</p> <p>The Companies Act, 2017 (the Act) has become effective for the preparation of the Company's annual financial statements for the year ended 30 September 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and its fourth schedule amongst others, prescribes the nature and content of disclosures in relation to various items of the financial statements.</p> <p>In view of first time application, the extensive impacts in the financial statements and also because failure to comply with the requirements of the Act, could have financial and reputational impacts leading to regulatory actions, therefore same is considered as a key audit matter.</p>	<p>Our audit procedures in this respect included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the provisions of the Act and its fourth schedule applicable to the Company. Discussing the applicable changes with the Company's management, evaluating their view point with respect to applicable provisions of the Act. Testing on sample basis the supporting documents and underlying information used for the disclosures required by the Act and ensuring their appropriateness. Ensuring that all material disclosures as required by the Act have been made in the financial statements and evaluating the internal consistency of such disclosures with other elements of the financial statements.

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

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



CHARTERED ACCOUNTANTS

Place: Karachi

Date: 28th December 2018

STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	Note	2018	2017	2016
			Restated	
ASSETS				
NON - CURRENT ASSETS				
Property, plant and equipment	6	4,841,661	4,417,460	4,110,945
Intangible asset	7	2,583	-	-
Long term investments	8	522,710	264,864	272,070
Long term loans	9	3,893	3,227	3,935
Long term deposits	10	3,094	5,510	3,560
		5,373,941	4,691,061	4,390,510
CURRENT ASSETS				
Stores, spare parts and loose tools	11	322,038	321,159	306,976
Stock in trade	12	2,219,497	3,928,170	1,968,261
Trade debts	13	374,374	205,323	62,521
Loans and advances	14	69,270	60,281	71,133
Trade deposits and short term prepayments	15	19,430	16,033	5,367
Other receivables	16	791,556	40,864	40,712
Income tax refund due from Government		128,055	25,011	15,453
Income tax refundable - net of provision		50,926	103,044	9,558
Cash and bank balances	17	92,508	129,209	136,892
		4,067,654	4,829,094	2,616,873
		9,441,595	9,520,155	7,007,383
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised Capital 50,000,000 ordinary shares of Rs.10 each		500,000	500,000	500,000
Issued, subscribed and paid-up capital	18	204,737	204,737	204,737
Revenue Reserve				
General reserve		1,000,000	1,000,000	1,000,000
Unappropriated profit		271,708	338,952	397,626
Share of associate's unrealised loss on remeasurement of associate's investments		(2,714)	(2,110)	(2,038)
Capital Reserve				
Surplus on revaluation of property, plant and equipment	19	1,527,935	1,058,349	1,111,915
		3,001,666	2,599,928	2,712,240
NON-CURRENT LIABILITIES				
Long term financing	20	2,101,737	2,198,959	1,607,704
Deferred liabilities	21	356,862	543,755	642,921
		2,458,599	2,742,714	2,250,625
CURRENT LIABILITIES				
Trade and other payables	22	1,388,378	630,920	861,248
Accrued finance cost	23	59,226	73,198	47,536
Short term borrowings	24	1,931,335	3,189,720	691,100
Unclaimed dividend		5,169	5,203	4,228
Current portion of long term financing	20	597,222	278,472	440,406
		3,981,330	4,177,513	2,044,518
CONTINGENCIES AND COMMITMENTS				
	25	-	-	-
		9,441,595	9,520,155	7,007,383

The annexed notes from 1 to 48 form an integral part of these financial statements.



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director



MUHAMMAD HANIF CHAMDIA
Chief Finance Officer

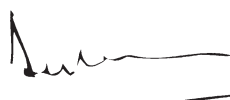
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018 Rupees in thousand	2017
Sales	26	9,080,899	6,895,714
Cost of sales	27	(9,733,468)	(6,190,599)
Gross (loss)/profit		(652,569)	705,115
Profit from trading activities	28	56	810
		(652,513)	705,925
Less:			
Distribution cost	29	(198,084)	(66,083)
Administrative cost	30	(509,257)	(449,015)
Other operating cost	31	(18,513)	(10,050)
		(725,854)	(525,148)
		(1,378,367)	180,777
Other income	32	1,351,197	19,376
		(27,170)	200,153
Finance cost	33	(309,881)	(327,810)
		(337,051)	(127,657)
Share of profit in associates	8	93,705	824
(Loss) before taxation		(243,346)	(126,833)
Taxation	34	122,512	96,514
(Loss) after taxation		(120,834)	(30,319)
(Loss) per share - Basic and Diluted (Rupees)	35	(5.90)	(1.48)

The annexed notes from 1 to 48 form an integral part of these financial statements.



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director



MUHAMMAD HANIF CHAMDIA
Chief Finance Officer

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018 Rupees in thousand	2017
(Loss) after taxation		(120,834)	(30,319)
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-net of deferred tax		320,763	-
Share of surplus on revaluation of property, plant and equipment during the year from associates-net of deferred tax		164,542	-
Share of associate's unrealized (Loss) on remeasurement of its available for sale investment - net of deferred tax	8	(604)	(72)
		484,701	(72)
Total Comprehensive Income/(Loss) for the year		363,867	(30,391)

The annexed notes from 1 to 48 form an integral part of these financial statements.



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director



MUHAMMAD HANIF CHAMDIA
Chief Finance Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Issued, Subscribed & paid up capital	General reserves	Un-appropriated profit	Capital Reserve Revaluation surplus on property, plant and equipment	Share of associate's unrealized (loss)/ Gain on remeasurement of investment	Total
 Rupees in thousand.....					
Balance as at October 01, 2016-as previously reported	204,737	1,000,000	393,071	-	(2,038)	1,595,770
Impact of change in accounting policy and error (note 5)						
Revaluation surplus on property, plant and equipment included in equity - net of tax (note 5.1)	-	-	-	1,140,876	-	1,140,876
Rectification as stated in note 5.2	-	-	4,555	(28,961)	-	(24,406)
Balance as at 01 October 2016 - as restated	204,737	1,000,000	397,626	1,111,915	(2,038)	2,712,240
During the year ended September 30, 2017						
Transaction with owners						
Final dividend for the year ended September 30, 2016 @ Rs 4 per share	-	-	(81,895)	-	-	(81,895)
Total Comprehensive (Loss) for the year	-	-	(30,319)	-	(72)	(30,391)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	50,126	(50,126)	-	-
Share of associate's incremental depreciation of revaluation surplus	-	-	3,440	(3,440)	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax from share of Associate's shares.	-	-	(31)	-	-	(31)
Transfer from surplus on revaluation of property, plant and equipment on account of disposal of plant and machinery - net of deferred tax	-	-	-	-	-	-
Share of associate's Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	5	-	-	5
Deferred tax adjustment due to change in tax rate directly credited to revaluation surplus	-	-	-	11,343	-	11,343
Balance as at September 30, 2017 - restated	204,737	1,000,000	338,952	1,069,692	(2,110)	2,611,271
Balance as at September 30, 2017 - as previously reported	204,737	1,000,000	334,397	-	(2,110)	1,537,024
Revaluation surplus on property, plant and equipment included in equity - net of tax (note 5.1)	-	-	-	1,098,653	-	1,098,653
Rectification as stated in note 5.2	-	-	4,555	(40,304)	-	(35,749)
Balance as at October 01, 2017 - restated	204,737	1,000,000	338,952	1,058,349	(2,110)	2,599,928
During the year ended September 30, 2018						
Total Comprehensive (Loss) / Income for the year	-	-	(120,834)	485,305	(604)	363,867
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	49,002	(49,002)	-	-
Share of associate's adjustment in its revaluation surplus related to incremental depreciation / disposal and change in tax rate	-	-	4,588	(2,628)	-	1,960
Deferred tax adjustment due to change in tax rate directly credited of revaluation surplus	-	-	-	35,911	-	35,911
Balance as at September 30, 2018	204,737	1,000,000	271,708	1,527,935	(2,714)	3,001,666



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director



MUHAMMAD HANIF CHAMDIA
Chief Finance Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018	2017
		Rupees in thousand	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before taxation		(243,346)	(126,833)
Adjustments for:			
Depreciation of property, plant and equipment	6.1.2	273,599	242,469
Amortization of intangible assets	7	752	-
Gain on disposal of property, plant and equipment	32	(9,260)	(10,010)
Loss on disposal of property, plant and equipment	31	103	-
Provision for obsolescence and slow moving items	11.1	11,550	10,050
Finance cost	33	309,881	327,810
Share of profit in associates	8	(93,705)	(824)
		492,920	569,495
Cash generated before working capital changes		249,574	442,662
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(12,429)	(24,233)
Stock in trade		1,708,673	(1,959,909)
Trade debts		(169,051)	(142,802)
Loans and advances		(8,989)	10,852
Trade deposits and short term prepayments		(3,397)	(10,666)
Other receivables		(750,692)	(152)
		764,115	(2,126,910)
Increase / (decrease) in current liabilities			
Trade and other payables		757,458	(230,328)
Short term borrowings		(1,258,385)	2,498,620
		(500,927)	2,268,292
		512,762	585,019
(Payments to) / Receipts from			
Income tax paid - net		(138,758)	(105,683)
Finance cost paid		(323,853)	(302,148)
Increase in long term loans		(666)	708
Decrease in long term deposits		2,416	(1,950)
		(460,861)	(409,073)
Net cash inflow from operating activities		51,901	175,946
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(326,943)	(558,770)
Additions in intangible assets		(3,335)	-
Sale proceeds from disposal of property, plant and equipment		18,532	19,796
Dividend received from long term investment		1,650	7,919
Net cash used in investing activities		(310,096)	(531,055)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		500,000	2,050,000
Repayment of long term financing		(278,472)	(1,620,679)
Dividend paid		-	(81,895)
(Decrease) / Increase in unclaimed dividend		(34)	975
Net cash inflows from financing activities		221,494	348,401
Net (decrease) in cash and cash equivalents (A+B+C)		(36,701)	(7,683)
Cash and cash equivalents at the beginning of the year		129,209	136,892
Cash and cash equivalents at the end of the year		92,508	129,209

The annexed notes from 1 to 48 form an integral part of these financial statements.



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director



MUHAMMAD HANIF CHAMDIA
Chief Finance Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2018

1. THE COMPANY AND ITS OPERATIONS

"The Company was incorporated in Pakistan as a public limited company on August 08, 1969 and its shares are quoted at the Pakistan Stock Exchange Limited. The Company owns and operates sugar, medium density fiber (MDF) board and generation of power units which are located at Shahpur Jahania, District Shaheed Benazirabad in the Province of Sindh. The registered office of the Company is located at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi, Sindh.

The Company owns and operate Sugar and medium density fiber(MDF) board manufacturing units which are located at District Shaheed Benazirabad and Noushero Feroz in the Province of Sindh. The total area of industry land which includes the main factory is spread over 207.25 Acres and during the year the Company has also acquired a piece of land adjacent to the premises of factory measuring 13.33 acres."

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- 2.1 During the year the Company carried out fresh revaluation of its property, plant and equipment which has resulted in surplus of Rs. 380.232 million. Further due to changes in Companies Act, 2017 the presentation of revaluation surplus has been changed and is made part of equity as result the equity of the Company increased and its gearing ratio has improved.
- 2.2 During the year decline in sugar price locally and internationally due to surplus production has significantly affected the performance / profitability of sugar division. Furthermore the cost of sugar production increased as the Government of Sindh fixed minimum sugar cane price at Rs. 182 / 40 kg against which the Company along with other sugar mills filed petition as disclosed in note 25.10. However, the Government announced export subsidy during the year which has supported to some extent but its realization is awaited.
- 2.3 Due to first time application of financial reporting requirements under Companies Act , 2017 (the act) including disclosure and presentation requirements of fourth schedule of the Act, some of the amounts reported for the previous period have been reclassified as detailed in the note 45 to these financial statements.

3 BASIS OF PREPARATION

3.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the 'historical cost convention' except certain items of property, plant and equipments, stated at revalued amount and 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.

3.2 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.

3.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

3.4 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 has made the 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 to determine possible impairment on an annual basis. In making these estimates, the Company uses technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a 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 impairment 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 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

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

e) Stores and 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 given as and when it takes place.

f) Trade debts, Loan and Receivables

The Company reviews its doubtful trade debts, loans and receivables at each reporting date to assess whether an impairment allowance should be recorded in the statement profit or loss. In particular, judgment by management is required in the estimation of the recoverable amount and timing of future cash flow when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in making payments are considered as indicators that the dues are doubtful and the impairment allowance is recognized in the statement profit or loss.

g) Contingencies

The assessment of the 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).

h) Provisions

Estimates with respect to provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS**3.5.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year.**

IAS-7	Statement of Cash Flows (Amendments)
IAS-12	Income Taxes (Amendments)

These Standards, interpretations and amendments as also communicated in the preceding year, do not have significant impact on Company's financial statements except for some additional disclosures. In addition to above, certain new cycle of improvements are applicable in current year, are either considered not to be relevant or are not expected to have significant impact to the Company's financial statements and hence have not been specified.

Companies Act, 2017

During the year Companies Act, 2017 have become effective, which has brought certain additional disclosure requirements and changes in presentation of certain items. Few disclosure requirements of fourth schedule to the repealed Companies Ordinance 1984 have been deleted to remove duplications and to make the disclosure in line with the requirements of IFRS. Therefore the Company has made certain additional disclosures, changes and have also made certain reclassifications in order to comply with the requirements of the Companies Act, 2017. Further more the Companies Act, 2017 has not carried forward provisions related to accounting of revaluation surplus on property, plant and equipment accordingly the Company has now accounted for this revaluation surplus in accordance with the requirements of IAS -16 "Property, Plant and Equipment" as disclosed in note 4.1 (a) and note 5.

3.5.2 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 that are effective for accounting periods, beginning on or after the date mentioned against each of them.

		Effective dates as determined by relevant IFRS
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 resulting from Annual Improvements 2014-2016 Cycle clarifying certain fair value measurements	January 1, 2018
IAS-40	Investment Property: Transfers of Investment Property (Amendments)	January 1, 2018
IFRS-2	Classification and Measurement of Share based Payments Transactions (Amendments)	January 1, 2018
IFRS-3	Business Combinations and IFRS 11 Joint Arrangements (Amendments)	January 1, 2018

		Effective dates as determined by relevant IFRS
IFRS-4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts – (Amendments)	January 1, 2018
IFRS-9	Financial Instruments	July 1, 2018
IFRS-12	Disclosure of Interests in Other Entities amendments resulting from Annual Improvements 2014-2016 Cycle clarifying certain fair value measurements	January 1, 2018
IFRS-15	Revenue from Contract with customers	January 1, 2019
IFRS-16	Leases	January 1, 2019
IFRIC-22	Foreign Currency Transactions (Amendments)	January 1, 2018
IFRIC-23	The Accounting for uncertainties in Income Taxes (Amendments)	January 1, 2019

These standards, interpretations and the amendments are either not relevant to or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures, if applicable in certain circumstances.

In addition to above, certain new cycle of improvements will apply prospectively for period beginning on or after 01, October 2018, that are either considered not to be relevant or are not expected to have significant impact to the Company's financial statements and hence have not been specified.

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

		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

4 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below

4.1 Property Plant & Equipments

a) Operating assets

Recognition/measurement

Operating fixed assets except furniture, fixture & fittings 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 at the rates specified in assets note no. 6.1. Depreciation on additions including revaluations is charged from month of acquisition and up to the month preceding the month of disposal respectively.

Subsequent cost

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

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 it will flow to the Company and its cost can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Revaluation surplus

The revaluation of own freehold land, factory buildings and non-factory buildings thereon is carried out with sufficient regularity to ensure that the carrying amount of the assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of own freehold land, factory buildings and non-factory buildings, plant and machinery is recognised, net of tax, in other comprehensive income and presented as separate component of equity as "Revaluation surplus of property, plant and equipment" except to the extent that it reverses a revaluation decrease/deficit for the same asset previously recognised in the statement of profit or loss, in which case the increase is first recognised in the statement of profit or loss to the extent of the decreased previously charged. Any decrease that reverse previous increase of the same assets are first recognised first to other comprehensive income to the extent of remaining surplus attributable to that assets, all other decrease are charged to statement of profit or loss. The revaluation reserve is not available for distribution to the company shareholders. Each year, the difference between the depreciation based on the revalued carrying amount of the assets charged to statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus to retained earning.

During the year the Company changed its accounting policy in respect of accounting and presentation of revaluation of property, plant and equipment. Previously, the Company's accounting policy was in accordance of provision of repealed Company Ordinance 1980. Those provisions and resultant previous policy of the company were not in alignment with the accounting treatment and presentation of revaluation of property, plant and equipment. However, the Company's Act, 2017 has not specified any accounting treatment for revaluation of property, plant and equipment, according the Company has changed the accounting policy to bring it in conformity with the accounting treatment and presentation of revaluation of property, plant and equipment as specified in IAS 16 "Property, plant and equipment". The detailed information and impact of this change in accounting policy is provided in note 5 to these financial statements.

Derecognition

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

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 and implementation, including borrowing cost capitalized, if any. These are transferred to specific assets as and when assets are available for intended use.

4.2 Investment in Associates

The Investment in associates 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 incremental depreciation on revaluation of property, plant and equipment are recognized in retained earnings through statement of changes in equity.

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.

4.3 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 the parameters set out by the management as stated in note 3.4 (e).

4.4 Stock-in-Trade

Stock-in-trade except "by products" are valued at the lower of cost and net realizable value. By products are valued at net realizable value.

Cost of raw material and finished goods is determined using weighted average cost basis except for those in transit which are stated at invoice price plus other directly attributable costs paid thereon up to the reporting date.

Finished goods and work-in-process consist of cost of direct materials, labour and a proportion of manufacturing overheads based on normal capacity.

Cost of trading stock is determined using weighted average cost except for those in transit which are stated at invoice price plus other charges paid thereon up to the reporting date.

4.5 Trade Debts

Trade debts are carried at original invoice amount that is fair value of goods sold. An impairment allowance for doubtful debt is established when there is objective evidence that the Company will not be able to collect amount due according to the original terms of the debts. When a trade debt is uncollectable, it is written off.

4.6 Employees post employment benefits

Defined Contribution Plan

The Company operates an approved funded contributory provident fund scheme for all its employees eligible for benefit. Equal monthly contributions are made by the company and employees at the rate of 10% of basic salary plus cost of living allowance. The company's contribution to the fund is charged to statement of profit or loss for the year.

4.7 Compensated unavailed leaves

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

4.8 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 under section 113 or alternate corporate tax under section 113C 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 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 the reporting 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 is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. In this regard, the effect on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted.

c) Sales tax

Revenues, expenses and assets are recognized net off amount of sales tax except:

- i) Where sales tax 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.

4.9 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.

4.10 Borrowings and their costs

Borrowings are recorded at the proceeds received.

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 currently.

4.11 Provisions

Estimates and judgments are required with respect to provisions which are reviewed at each reporting date and adjusted to reflect current best estimate.

4.12 Financial Instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to statement of profit or loss.

4.13 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.

4.14 Impairment of assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of that asset.

The company considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognised as expense in the 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 recognised.

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 assets recoverable amount of such assets is estimated. Recoverable amount is higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognised as expense in the statement of profit or loss for the amount by which asset's carrying amount exceeds its recoverable amount.

4.15 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The following recognition criteria is adopted for recognizing revenue;

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.
- Return on bank deposits is recognized on a time proportion basis on accrual basis at applicable rate.
- 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 markup on loans considered doubtful is deferred.
- Share of the profit or loss of associates is taken to profit & loss account under equity method (note 4.2) and dividend is credited to investment in associate in the period when the Company's right to receive the payment is established.

4.16 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 and in case of forward contracts at the committed 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 statement of profit or loss.

4.17 Cash and Cash Equivalents

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

4.18 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 and for which discreet financial information is available.

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.

4.19 Dividends and other appropriations

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

5 CHANGE IN ACCOUNTING POLICY & CORRECTION OF ERROR

5.1 Effective from 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act. The said section of the repealed Ordinance specified the presentation and accounting treatment relating to the revaluation of property, plant and equipment which was not in accordance with the requirement of IAS 16 'Property, Plant and Equipment' as applicable in Pakistan. Consequently, the Company changed its accounting policy for the revaluation of property, plant and equipment in accordance with the requirement of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Previously, the Company's accounting policy for revaluation of property, plant and equipment was in accordance with the provision of Section 235 of the repealed Ordinance. Further, the revaluation surplus on property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Ordinance. The accounting policy and presentation requirement relating to revaluation of property, plant and equipment have now been changed to bring it in conformity with the requirement of IAS 16 "Property, Plant and Equipment" as explained in note 4.1 to these financial statements. Further, the revaluation surplus on property; plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital reserve i.e. part of equity.

In accordance with the requirements of IAS 8 'Accounting policies, estimates and errors', the above explained changes in accounting policy has been accounted for retrospectively, with the restatement of the comparative information. As a result, a third statement of financial position as at the beginning of the preceding period is presented (i.e. 1 October 2016).

Statement of Financial Position

Retrospective impact of change in accounting policy

	As previously reported on 30 Sep 2016	Adjustments increase/ (decrease)	As restated on 1 October 2016	As previously reported on 30 sep 2017	Adjustments increase/ (decrease)	As restated on 1 Oct 2017
Revaluation surplus on property, plant and equipment (within equity)	-	1,140,876	1,140,876	-	(40,304)	(40,304)
Revaluation surplus on property, plant and equipment (below equity)	1,140,876	(1,140,876)	-	(40,304)	40,304	-

There was no change in the reported amount of statement of profit or loss and other comprehensive income as there was no decrease in the carrying amount of asset as a result of revaluation except the retrospective effect stated above for the year ended 30 September 2018. There was no cash flow impact as a result of the retrospective application of change in accounting policy and no impact on basic and diluted earnings per share for the year ended 30 september 2017 and 30 september 2018.

- 5.2 During the year some difference pertaining to past year have been identified in respect of deferred tax on revaluation surplus and in net assets of associate and reported amounts of investment in associate under equity method mainly due to proportion and rounding off element. These have been rectified retrospectively as follow in accordance with the requirements of IAS 8.

	As previously reported on 30 Sep 2016	Adjustments increase/ (decrease)	As restated on 1 October 2016	As previously reported on 30 sep 2017	Adjustments increase/ (decrease)	As restated on 1 Oct 2017
Deferred tax related to revaluation surplus						
Deferred tax on revaluation surplus	351,627	28,961	380,588	318,802	40,304	359,106
Revaluation surplus on property, plant and equipment	1,140,876	(28,961)	1,111,915	1,098,653	(40,304)	1,058,349
Investment in associate						
Investment in associate - Shahrurad Sugar Mills Ltd	264,418	4,555	268,973	257,635	4,555	262,190
Unappropriated profit	393,071	4,555	397,626	334,397	4,555	338,952

There was no impact in the reported comparative amount of profit or loss, other comprehensive income and cash flows as a result of the retrospective rectification of error. There was no impact on basic or diluted earning per share of the Company. Impact of deferred tax related to last year is quite immaterial.

	Note	2018 Rupees in thousand	2017
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	4,570,047	4,157,116
Capital work in progress	6.2	271,614	260,344
		4,841,661	4,417,460

6.1 OPERATING FIXED ASSETS

The following is a statement of operating fixed assets

PARTICULARS	2018										Depreciation Rate	
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	Opening Net Book Value At Oct 01, 2017	Direct Additions	Transfer From CWIP	Revaluation Surplus during the year	Disposal	Depreciation	Net Book Value At Sep 30, 2018	Cost	Accumulated Depreciation	Net Book Value At Sep 30, 2018		
----- Rupees in thousand -----												
OWNED												
FREE HOLD LAND												
Cost	20,187	-	48,125	-	-	-	68,312	68,312	-	68,312	68,312	
Revaluation	135,013	-	-	159,978	-	-	294,991	294,991	-	294,991	294,991	
FACTORY BUILDING												
Cost	92,928	-	26,499	-	-	10,709	108,718	201,555	92,837	108,718	108,718	10%
Revaluation	88,628	-	-	49,896	-	8,863	129,661	141,390	11,729	129,661	129,661	
NON FACTORY BUILDING												
Cost	89,935	-	-	-	-	5,048	84,887	177,232	92,345	84,887	84,887	5% - 10%
Revaluation	352,517	-	-	155,829	-	19,031	489,315	489,315	-	489,315	489,315	
POWER PLANT												
Cost	234,757	-	-	-	-	23,476	211,281	407,484	196,203	211,281	211,281	10%
Revaluation	15,574	-	-	199	-	1,557	14,216	22,621	8,405	14,216	14,216	
PLANT & MACHINERY												
Cost	2,302,558	36,922	160,973	-	-	142,104	2,358,349	4,167,542	1,809,193	2,358,349	2,358,349	5% - 20%
Revaluation	740,300	-	-	14,330	-	37,675	716,955	1,494,568	777,613	716,955	716,955	
FURNITURE, FIXTURE AND FITTINGS												
Cost	2,087	3,672	-	-	-	1,440	4,319	19,729	15,410	4,319	4,319	10%-33%
OFFICE EQUIPMENT												
Cost	16,766	7,308	-	-	-	6,910	17,164	86,622	69,458	17,164	17,164	33%
VEHICLES												
Cost	65,866	32,174	-	-	9,375	16,786	71,879	176,671	104,792	71,879	71,879	20%
TOTAL												
Cost	2,825,084	80,076	235,597	380,232	9,375	206,473	2,924,909	5,305,147	2,380,238	2,924,909	2,924,909	
Revaluation	1,332,032	-	-	380,232	-	67,126	1,645,138	2,442,885	797,747	1,645,138	1,645,138	
	4,157,116	80,076	235,597	380,232	9,375	273,599	4,570,047	7,748,032	3,177,985	4,570,047	4,570,047	

PARTICULARS	2017										Depreciation Rate	
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	Opening Net Book Value At Oct 01, 2016	Direct Additions	Transfer From CWIP	Revaluation Surplus during the year	Disposal	Depreciation	Net Book Value At Sep 30, 2017	Cost	Accumulated Depreciation	Net Book Value At Sep 30, 2017		
----- Rupees in thousand -----												
FREE HOLD LAND												
Cost	20,187	-	-	-	-	-	20,187	20,187	-	20,187	20,187	10%
Revaluation	135,013	-	-	-	-	-	135,013	135,013	-	135,013	135,013	
FACTORY BUILDING												
Cost	89,987	-	12,040	-	-	9,099	92,928	175,056	82,128	92,928	92,928	10%
Revaluation	98,476	-	-	-	-	9,848	88,628	141,390	52,762	88,628	88,628	
NON FACTORY BUILDING												
Cost	90,275	-	4,899	-	-	5,239	89,935	177,232	87,297	89,935	89,935	5% - 10%
Revaluation	372,715	-	-	-	-	20,198	352,517	476,762	124,245	352,517	352,517	
POWER PLANT												
Cost	166,327	-	85,777	-	-	17,347	294,757	407,484	172,727	294,757	294,757	10%
Revaluation	17,305	-	-	-	-	1,731	15,574	22,621	7,047	15,574	15,574	
PLANT & MACHINERY												
Cost	1,622,064	23,719	773,251	-	-	116,476	2,302,558	3,969,647	1,667,089	2,302,558	2,302,558	5% - 20%
Revaluation	780,131	-	-	-	-	39,831	740,300	1,494,568	754,268	740,300	740,300	
FURNITURE, FIXTURE AND FITTINGS												
Cost	4,183	-	-	-	-	2,096	2,087	16,057	13,970	2,087	2,087	10%-33%
OFFICE EQUIPMENT												
Cost	10,156	11,904	-	-	-	5,294	16,766	79,314	62,548	16,766	16,766	33%
VEHICLES												
Cost	60,778	30,184	-	-	9,786	15,310	65,866	167,941	102,075	65,866	65,866	20%
TOTAL												
Cost	2,063,957	65,807	875,967	-	9,786	170,861	2,825,084	5,012,918	2,187,834	2,825,084	2,825,084	
Revaluation	1,403,640	-	-	-	-	71,608	1,332,032	2,270,354	938,322	1,332,032	1,332,032	
	3,467,597	65,807	875,967		9,786	242,469	4,157,116	7,283,272	3,126,156	4,157,116	4,157,116	

6.1.1 Revaluation of land, buildings and plant and machinery was carried out on September 30, 2018 by MYK Associates Private Limited (an independent valuator who is located in Karachi) on the basis of their professional assessment of present market value made on the enquired made about the cost of land and building of similar nature, size and location including, consideration of current cost of acquisition or construction net of diminution owing to depreciation, keeping in view the current condition and replacement cost of plant and machinery. The revaluation resulted in a surplus amounting to Rs. 380.232 million which was incorporated in the books of the Company as at on September 30, 2018.

a) The carrying amount of the aforementioned assets as at 30 September 2018, if the said assets had been carried at historical cost, would have been as follows:

	Note	2018	2017
Rupees in thousand			
Freehold land		68,312	20,187
Factory Building		108,718	92,928
Non-factory Building		84,887	89,935
Power plant		211,281	234,757
Plant and machinery		2,358,349	2,302,558
		2,831,547	2,740,365

b) The Company carries its land, building and plant and machinery on revaluation model in accordance with IAS -16 "Property, Plant and Equipment". During the year an independent valuer carried out revaluation and issued report on 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	Forced Sale Value
	DV	OLV		
Rupees in thousand				
Freehold Land	20%	-	363,303	290,642
Building including factory/ non-factor and other building	20%	-	812,580	650,065
Plant & Machinery including power plant	-	20% / 30%	3,300,800	2,472,562

	Note	2018	2017
Rupees in thousand			

6.1.2 Depreciation for the year has been allocated as follows:

Cost of Sales	27.1	224,384	194,332
Administrative expenses	30	49,215	48,137
		273,599	242,469

**6.1.3 Detail of property, plant and equipment disposed off are as follow:
- by negotiation except otherwise stated**

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	(Loss)/Gain on disposa	Particulars of Buyer
..... Rupees in thousand						
VEHICLES						
Toyota Corrolla BCP-419	2,003	868	1,135	1,800	665	Asad Akber Behra, plot no.1239 block no.3 F.B.Area Karachi.
Toyota Corrolla AZS-857	1,673	1,065	608	1,400	792	Ahmed Hayat S/o Umer Hayat, House back side iqra book store new zari bank memon goth gadap town malir
Toyota Corrolla BFG-940	1,835	122	1,713	1,610	(103)	Insurance claim with Reliance Insurance Limited
Toyota Corrolla BE-111	2,378	931	1,447	1,950	503	A-55 site mangopir road Karachi
Suzuki Swift-BGX-167	1,292	305	987	1,240	253	Insurance claim with Reliance Insurance Limited
Honda Civic-BGJ-111	3,063	1,168	1,895	2,700	805	D-83 mohala naval housing society karachi
Aggregate of other Motor Vehicles and Motorcycles with Individual book values not exceeding Rs.500,000/-	11,200	9,610	1,590	7,832	6,242	Various
	23,444	14,069	9,375	18,532	9,157	
2018	23,444	14,069	9,375	18,532	9,157	
2017	27,332	17,546	9,786	19,796	10,010	

6.2 Capital work in progress

		2018			
		Opening Balance	During the year		Closing Balance
			Capital expenditure incurred	Transferred to operating fixed assets	
----- Rupees in thousand -----					
Civil works		25,089	33,676	(26,499)	32,266
Plant and machinery	6.2.1	208,780	191,541	(160,973)	239,348
Advance against Land	6.2.2	26,475	21,650	(48,125)	-
		260,344	246,867	(235,597)	271,614
		2017			
		Opening Balance	During the year		Closing Balance
			Capital expenditure incurred	Transferred to operating fixed assets	
----- Rupees in thousand -----					
Civil works		15,504	26,524	(16,939)	25,089
Plant and machinery	6.2.1	627,844	439,964	(859,028)	208,780
Advance against Land	6.2.2	-	26,475	-	26,475
		643,348	492,963	(875,967)	260,344

6.2.1 Additions to plant and machinery under installation includes borrowing cost of Rs.nil (2017: 20.757 million) capitalized at the effective rate of nil (2017: 6.78%-7.53%).

6.2.2 This represented advance paid against acquisition of land situated at Shahpur Jahania Taluka Moro District Shaheed Benazir Bhutto Abad Nawabshah, Total agreed price of Land of Rs.40.800 million. During the year further payment was made for remaining amount as well as for additional amount of Rs. 7.325 due to increase in area of land acquired and on account of documentation charges. The total area of this land is 13.33 acres and title of the same has been transferred in the name of the Company.

	Note	2018	2017
Rupees in thousand			
7 INTANGIBLE ASSET			
Softwares			
Net Carrying value basis			
Opening carrying value		-	-
Additions during the year - at cost		3,335	-
Amortization for the year		(752)	-
		2,583	-
Gross Carrying value basis			
Cost		10,208	6,873
Accumulated amortisation		(7,625)	(6,873)
		2,583	-

7.1 Cost of ERP Software has been amortized over the period of 3 years on straight line basis as per company policy; however the software is still in use of the company, The cost of fully amortized intangible assets amounted to Rs.6.873 million in respect of ERP software which is still in the use of company.

8 LONG TERM INVESTMENTS

Investment in associates: -

	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Total 2018	Total 2017
----- Rupees in thousand -----				
Opening balance - as originally stated	257,635	2,674	260,309	267,515
Effect of restatement (note 5.2)	4,555	-	4,555	4,555
	262,190	2,674	264,864	272,070
Share of profit /(Loss) of associates	93,947	(242)	93,705	824
Share of associate's unrealized (loss) on remeasurement of associate's available for sale investment	(95)	(616)	(711)	(82)
Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment.	-	-	-	(35)
Share of associate's share in its associates' incremental depreciation on account of revaluation of property plant and equipment.	-	-	-	6
Share of associate's surplus on fresh revaluation of property, plant and equipment -net of deferred tax	164,542	-	164,542	-
Share of associate's tax rate impact related to its surplus on revaluation of property, plant and equipment	1,960	-	1,960	-
Dividend received from associate	(1,650)	-	(1,650)	(7,919)
	258,704	(858)	257,846	(7,206)
Closing Balance	520,894	1,816	522,710	264,864

- 8.1** The Company holds 3,299,784 (15.625%) and 500,000 (14.285%) fully paid ordinary shares of Shahmurad Sugar Mills Limited (SSML) and Al-Noor Modaraba Management (Pvt.) Limited (ANMM) respectively. Original cost of investments in SSML and ANMM is Rs. 21.631 million and Rs. 5 million respectively. SSML and ANMM being group companies of Al-Noor Group and having common directors are associates of the Company and this strategic investment in associates is accounted for using equity method.

SSML was incorporated in Pakistan as a public limited company on April 9, 1979. Its shares are quoted at the Pakistan Stock Exchange Limited. SSML owns and operates Sugar and Ethanol manufacturing units which are located at Jhok, District Thatta in the Province of Sindh. The registered office of SSML is located at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi, Sindh. Chief Executive of SSML is Mr. Yusuf Ayoob. The market value of Shahmurad Sugar Mills Limited shares as at September 30, 2018 was Rs.415.773 million. (2017 : Rs.128.692 million).

ANMM was incorporated on July 21, 1991, its principal business is to float and manage MODARABA and its principal place of business is situated at 96-A, S.M.C.H.S. Karachi. Chief Executive of ANMM is Mr. Jalaluddin Ahmed Breakup value per Share Rs.3.63 (2017: Rs.5.34) and aggregate breakup value of the Company's investment is Rs.1,816 thousand (2017:Rs.2,673 thousands). In view of regulatory framework applicable in Pakistan the financial year end of ANMM is June 30, 2018 and since there are no significant change in the associate's financial affairs up to September 30, therefore, the financial results of ANMM as June 30, 2018 have been used for the purpose of application of equity method.

- 8.2** Summarized financial information of associates based on their latest available audited financial statements is as follows: -

2018		2017	
Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited
----- Rupees in thousand -----			

Assets, Liabilities and net assets

Assets

Tangible and intangible fixed assets	5,315,323	706	3,052,313	884
Long Term Investments	1,815	12,600	2,673	20,161
Other non current assets	72,631	13	84,998	13
Current assets	4,529,303	2,005	3,537,186	3,068
	9,919,072	15,324	6,677,170	24,126

Liabilities

Non - current liabilities	(1,659,686)	(1,550)	(1,542,234)	(4,398)
Current liabilities	(4,925,666)	(1,080)	(3,456,917)	(1,029)
	(6,585,352)	(2,630)	(4,999,151)	(5,427)

Net assets

	3,333,720	12,694	1,678,019	18,699
Share of net assets	520,894	1,816	262,190	2,672

Operating Results

Revenue / Income	8,120,572	3,815	5,080,704	4,145
Total expenses	(7,572,081)	(5,433)	(5,154,789)	(6,352)
Share of profit of associates	(242)	-	(312)	74
Taxation	53,009	(77)	81,665	(52)
Profit after taxation for the year	601,258	(1,695)	7,268	(2,185)
Share of Al-Noor Sugar Mills Limited	93,947	(242)	1,136	(312)

	Note	2018	2017
Rupees in thousand			
9 LONG TERM LOANS			
Secured & Interest free			
Considered good			
Due from - Executives	9.1	736	2,487
- Non Executive		12,269	9,924
		13,005	12,411
Less : Current portion of loans			
Due from - Executives		(1,000)	(1,862)
- Non Executive		(8,112)	(7,322)
		(9,112)	(9,184)
		3,893	3,227
9.1 Movement of outstanding amount of loans to Executives:			
Balance at the beginning of the year		2,487	3,022
Disbursed during the year		1,000	5,017
Recovered during the year		(2,751)	(5,552)
Balance at the end of the year		736	2,487

9.2 Loans and advances have been given in accordance with the terms of employment and are recoverable within a period of three years in monthly installments. These are usually granted against the retirement benefits. These interest free long term loan have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

9.3 The maximum aggregate amount due from executives at any month end during the year was Rs.2.259 million (2017: 6.096 million). During the year loan of a one million rupees was paid to an employee Mr. Amjad Abbasi

	Note	2018	2017
Rupees in thousand			
10 LONG TERM DEPOSITS			
Interest free-considered good			
Utilities		632	632
Others		2,462	4,878
		3,094	5,510
11 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		143,019	129,343
Spare parts		242,446	241,648
Loose tools		1,041	1,038
Stores in transit		3,172	5,220
		389,678	377,249
Less: Provision for obsolescence and slow moving items	11.1	(67,640)	(56,090)
		322,038	321,159

	Note	2018	2017
Rupees in thousand			
11.1 Provision for obsolescence and slow moving items			
Opening balance		56,090	46,040
Provision for the year	31	11,550	10,050
Closing balance		67,640	56,090
12 STOCK IN TRADE			
Raw material - in hand		270,724	274,242
- in transit		36,146	19,579
		306,870	293,821
Sugar in process		2,649	2,854
Finished goods/By Products			
Sugar	12.1	1,657,654	3,459,406
MDFB Sheets	12.2	206,845	137,044
		1,864,499	3,596,450
Trading stock of laminated flooring / Edge Banding		2,979	3,545
Baggasse		42,500	31,500
		2,219,497	3,928,170
12.1			
Stocks of refined sugar amounting to Rs.1,554 million (2017: Rs.2,664 million) is pledged against cash finance facilities and Murabaha / Istisna arrangements as referred in Note.24.1 and 24.2 respectively.			
12.2			
Stock in trade includes stocks costing Rs.2,131.42 million (2017: Rs. 3,892.47 million) written down to their net realizable value of Rs. 1,981.49 million (2017: Rs.3,715.88 million).			
13 TRADE DEBTS			
Against Export sales - secured, considered good		-	122,806
Against Local sales - Unsecured, considered good		374,374	82,517
		374,374	205,323
14 LOANS AND ADVANCES			
Secured & Interest free			
Current portion of long term loans	9	9,112	9,184
Un-secured & Interest free			
Considered good			
Advances against purchases and services		37,558	27,167
Advances to employees		7,457	6,400
Loans to growers		15,143	17,530
		60,158	51,097
Considered doubtful			
Loans to growers	14.1	36,801	36,801
For purchase and services		1,555	1,555
For transportation		2,740	2,740
		41,096	41,096
		110,366	101,377
Impairment allowance against loans and advances		(41,096)	(41,096)
		69,270	60,281

- 14.1** These overdue loans are given to farmer/growers to support them for sugarcane cultivation and development. These are adjusted against purchase of sugarcane from respective growers. Interest is charged on these loans @ 10%. However, impairment allowance has been made in respect of loans against which future adjustment through purchase of sugarcane is considered doubtful and hence no interest is accrued thereon.

	Note	2018	2017
Rupees in thousand			
15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		16,418	13,489
Short term prepayments		3,012	2,544
		19,430	16,033
16 OTHER RECIEVABLES			
Considered good			
Receivables from related parties	16.1	3,787	1,225
Sales tax receivable	23.8	31,173	31,173
Cane Development Cess		8,238	8,238
Export subsidy		747,558	-
Others		800	228
		791,556	40,864
Considered doubtful			
Export freight subsidy		49,779	49,779
Less: impairment allowance against export freight subsidy	16.2	(49,779)	(49,779)
		-	-
		791,556	40,864
16.1 These represent rent and insurance claims receivable from First Al-Noor Modaraba and Reliance Insurance Company Limited, respectively. The maximum aggregate amount due from related parties at the end of any month during the year was Rs.25.022 million (2017: 1.225 million).			
16.2 This represents freight subsidy on sugar exports receivable from Trade Development Authority of Pakistan. However, due to uncertainties regarding the recoverability of the subsidy, impairment allowance has been made as a matter of prudence.			
17 CASH AND BANK BALANCES			
Cash in hand		2,272	1,065
Cash at banks			
In Current accounts	17.1	78,125	61,417
In Saving accounts	17.2	12,111	66,727
		90,236	128,144
		92,508	129,209
17.1 This carry profit at the rate ranging between 2.29% and 4.68% (2017: 3.45% and 4.21%).			
17.2 This includes deposits of Rs. 18.938 million (2017: Rs. 48.260 million) with Shariah Compliant financial institutions.			

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017	Note	2018	2017
No. of Shares			Rupees in thousand	
3,617,635	3,617,635	Ordinary shares of Rs.10 each allotted for consideration paid in cash.	36,177	36,177
884,637	884,637	Ordinary shares of Rs. 10 each allotted as fully paid up otherwise than in cash (issued in terms of loan arrangement and debenture trust deeds).	8,846	8,846
15,971,430	15,971,430	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares.	159,714	159,714
20,473,702	20,473,702		204,737	204,737

18.1 As at 30 September 2018, the associated companies held 2,728,450 (2017: 1,986,450) ordinary shares respectively of Rs. 10 each.

	Note	2018	2017 Restated
		Rupees in thousand	
19 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus on revaluation of property, plant and equipment	19.2	1,280,598	972,926
Share of associates' surplus on revaluation of property, plant and equipment	19.3	247,337	85,423
		1,527,935	1,058,349

19.1 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 241 of the companies act 2017.

19.2 Surplus on revaluation of property, plant and equipment

Opening balance - gross	1,332,032	1,403,640
Incremental depreciation - net of deferred tax	(49,002)	(50,126)
Related deferred tax liability	(18,124)	(21,482)
	(67,126)	(71,608)
Surplus on fresh revaluation of property, plant and equipment	380,232	-
Closing balance - gross	1,645,138	1,332,032
Related deferred tax liability	(364,540)	(359,106)
Revaluation surplus net of deferred tax	1,280,598	972,926

19.3 Share of associates' surplus on revaluation of property, plant and equipment

Opening balance	85,423	88,863
Share of associates' surplus on revaluation of property, plant and equipment arising during the year	164,542	-
Transfer from surplus on revaluation of property, plant and equipment on account of Share of associate's incremental depreciation of revaluation surplus	(4,516)	(3,440)
Transfer from surplus on revaluation of property, plant and equipment on account of Share of associate's revaluation surplus related to disposal	(72)	-
Effect of change in tax rate	1,960	-
	247,337	85,423

20 LONG TERM FINANCING - Secured

Conventional

Banks
Financial institutions other than banks

Islamic

Diminishing Musharaka

Less-current maturity shown under current liabilities

	2018	2017
	Rupees in thousand	
20.1	140,625	203,125
20.1	102,084	224,306
	242,709	427,431
20.1	2,456,250	2,050,000
	2,698,959	2,477,431
	(597,222)	(278,472)
	<u>2,101,737</u>	<u>2,198,959</u>

20.1

	BANKS					FINANCIAL INSTITUTION					TOTAL			
	Mezzan Bank Ltd	Standard Chartered Bank (Pakistan) Ltd	Faysal Bank Ltd	Bank Al Falah Ltd	Mezzan Bank Ltd	Faysal Bank Ltd	Pak Oman Inv	Pak Oman Inv	Pak Oman Inv	Pak Brunei Inv	Pak Brunei Inv	Total	2018	2017
Opening balance	-	500,000	500,000	203,125	800,000	250,000	37,500	25,000	56,250	50,000	55,556	224,306	2,477,431	2,048,110
Add: Receipts	500,000	-	-	-	-	-	-	-	-	-	-	-	500,000	2,050,000
Less: Repayment	-	93,750	-	62,500	-	-	37,500	12,500	25,000	25,000	22,222	122,222	278,472	1,620,679
Closing balance	500,000	406,250	500,000	140,625	800,000	250,000	-	12,500	31,250	25,000	33,334	102,084	2,698,959	2,477,431
Less: Current Maturity Shown under current liabilities	250,000	125,000	75,000	62,500	-	-	-	12,500	25,000	25,000	22,222	84,722	597,222	278,472
	250,000	281,250	425,000	78,125	800,000	250,000	-	-	6,250	-	11,112	17,362	2,101,737	2,198,959

Description

Sanctioned/Rate Price/ Subsidial Amount (Rs in million)

Facility Tenor

Grace Period

Effective rate of markup (per annum)

Installments Payable

Number of installments

Date of disbursement

Date of maturity

SECURITIES

Mezzan Bank Ltd Rs.500-M.	First part passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division	27-09-2013	30-09-2014	05-12-2014	05-12-2019	16	16	Quarterly	6 M KIBOR + 0.75%	1 Year	5 Years	100	100	5 Years
Standard Chartered Bank (Pakistan) Ltd Rs.500-M	First part passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB- Division	27-09-2013	30-09-2014	01-06-2017	01-06-2024	10	10	Half Yearly	3 M KIBOR + 0.50%	2 Year	7 Years	250	250	7 Years
Faysal Bank Limited Rs.500-M	First part passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division	22-12-2016	22-12-2023	22-12-2015	22-12-2020	20	20	Quarterly	3 M KIBOR + 0.80%	2 Year	2 Year	2	2	2 Year
Bank Al-Falah Ltd-250-M.	First part passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division	29-11-2016	29-11-2021	29-12-2016	29-12-2020	16	16	Quarterly	3 M KIBOR + 0.75%	1 Year	5 Years	150	150	5 Years
Mezzan Bank Ltd Rs.800-M.	First part passu hypothecation charge over all fixed assets including Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division	05-06-2018	05-12-2019	29-12-2015	29-12-2020	6	6	Monthly	3 M KIBOR + 0.50%	1 Year	18 Months	6	6	1 Year
Faysal Bank Limited Rs.250-M	First part passu hypothecation charge over all fixed assets including Plant & Machinery of Al-Noor Sugar Mills Limited-Sugar Division	29-11-2016	29-11-2021	22-12-2016	22-12-2023	16	16	Quarterly	3 M KIBOR + 0.80%	2 Year	7 Years	20	20	7 Years
Pak Oman Investment Co. Ltd Rs100-M.	First part passu E/M & hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of Al-Noor Sugar Mills Ltd- Sugar Division.	05-06-2018	05-12-2019	01-06-2017	01-06-2024	10	10	Half Yearly	6 M KIBOR + 0.50%	2 Year	7 Years	10	10	7 Years
Pak Oman Investment Co. Ltd Rs150-M.	First part passu E/M & hypothecation charge over all fixed assets including land, building, Plant & Machinery of Al-Noor Sugar Mills Limited-MDFB Division	27-09-2013	30-09-2014	27-09-2013	30-09-2019	16	16	Quarterly	6 M KIBOR + 0.75%	1 Year	5 Years	16	16	5 Years
Pak Brunei Investment Co. Ltd Rs50-M.	First part passu E/M & hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of Al-Noor Sugar Mills Ltd- MDFB Division.	27-09-2013	30-09-2014	27-09-2013	30-09-2019	8	8	Quarterly	6 M KIBOR + 0.75%	1 Year	5 Years	8	8	5 Years
Pak Brunei Investment Co. Ltd Rs100-M.	First part passu E/M & hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of Al-Noor Sugar Mills Ltd- MDFB Division.	27-09-2013	30-09-2014	27-09-2013	30-09-2019	9	9	Half Yearly	6 M KIBOR + 0.75%	1 Year	5 Years	9	9	5 Years

	Note	2018	2017
		Rupees in thousand	
			Restated
21 DEFERRED LIABILITIES			
Deferred taxation	21.1	321,742	508,635
Excise duty	21.2	35,120	35,120
		356,862	543,755
21.1 Deferred taxation			
Opening Balance - as originally reported		468,331	578,840
Effect of restatement (note 5.2)		40,304	40,304
Opening balance as restated		508,635	619,144
Deferred tax arisen due to revaluation during the year		59,469	-
Effect of reduction in tax rate related to revaluation surplus		(35,911)	(11,343)
Effect of items taken to other comprehensive income & statement of changes in equity		(107)	(13)
Reversal for the year credited to statement of profit or loss		(210,344)	(99,153)
		321,742	508,635
Deferred tax liabilities / assets arising in respect of;			
Taxable temporary differences			
Accelerated depreciation rates		306,214	286,849
Investment in associates		74,412	29,210
Surplus on revaluation of property, plant and equipments		364,540	359,106
		745,166	675,165
Deductible temporary differences			
Provisions / impairment allowances		(22,961)	(25,583)
Minimum tax carried forward		(85,070)	(85,070)
Unabsorbed losses		(315,393)	(55,877)
		(423,424)	(166,530)
		321,742	508,635

21.2 This represents provision made in respect of denial excise duty exception by |Central Excise and |Land Custom Department vide notification of December 23, 1992. The company had filed a constitutional petition before the honourable High Court of Sindh, however, the same was rejected by by the Honourable Sindh High Court. The company thereafter filed an appeal before the Honourable Supreme Court of Pakistan against the order of Honourable Sindh High Court. The Honourable Supreme Court of Pakistan through decision dated 26th February 2018 has decided the matter in favour of the Company and has decreed that if any tax in this regard has been collected by the excise authorities the same shall be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such excise duty has not been passed on the general public. The Company as a matter abundant precaution has maintained the full amount of liability as provided earlier in the financial statements till the final adjustment or realization.

	Note	2018	2017
Rupees in thousand			
22 TRADE AND OTHER PAYABLES			
Creditors	22.1	1,061,535	350,634
Accrued expenses		75,356	70,118
Advances from customers		54,352	80,939
Advance from Shahmurad Sugar Mills Limited - related party		37,500	-
Workers' welfare fund		-	4,230
Sales tax payable		107,693	55,792
Payable to provident fund - related party		145	146
Trade deposits and retention money		51,797	69,061
		<u>1,388,378</u>	<u>630,920</u>
22.1	This includes Rs.14.823 million (2017: Rs. 0.702) payable to related party M/s.Reliance Insurance Company Limited.		
23 ACCRUED FINANCE COST			
On Long term financing		33,232	28,012
On Short term borrowings		25,994	45,186
		<u>59,226</u>	<u>73,198</u>
23.1	This includes Rs. 31.134 million (2017: Rs. 32.62 million) in respect of borrowings under Shariah Compliant arrangements.		
24 SHORT TERM BORROWINGS			
From banking companies - Secured			
Running finance/Cash finance/Export Refinance	24.1	1,931,335	2,690,155
Murabaha / Istisna payable	24.2	-	499,565
		<u>1,931,335</u>	<u>3,189,720</u>
24.1	These carry markup at rates ranging from 1/3 M Kibor+ 0.05% to 0.25% and in case of ERF SBP rate+0.50 (2017 : 1/3/6M Kibor+0.05% to 0.50%) per annum chargeable and payable quarterly. These are secured against pledge of refined sugar (collaterally secured by hypothecation of stock and receivable) and 1st pari passu equitable mortgage charge on fixed assets. The aggregate limit of running finance arrangements is up to Rs.3,725 million (2017: Rs 4,625 million). The aggregate unavailed running finance/cash finance facilities from commercial banks at year end amounted to Rs.1,794 million (2017 : Rs.1,935 million).		
24.2	Murabaha / Istisna have been availed from Islamic banks at 6M Kibor+0.05% (2017: 6M Kibor+0.05% to 0.25% per anum). The profit is payable with principle amount on the date of maturity of transaction. These include pledge and hypothecation facilities. Pledge facilities are primarily secured by pledge of sugar and collaterally secured by ranking charge on current assets and hypothecation facilities are secured by 1st pari passu hypothecation charge over plant and machinery. The aggregate limit of Murabaha/Istisna arrangements is up to Rs. 600 million (2017: Rs 1,100 million). The unavailed facility at the year end amounted to Rs. 600 million (2017: 600.444 million).		

25 CONTINGENCIES AND COMMITMENTS**a). Contingencies**

- 25.1** A demand of Rs. 6.216 million in respect of sales tax on in house use of baggasse as fuel was raised by the Collectorate of Sales Tax, Hyderabad. The Company disputed the liability and had filed an appeal before the Appellate Tribunal Karachi. The Appellate Tribunal has remanded back the case to the department of sales tax with a direction to compute the sales value and the sales tax payable thereon correctly after providing proper opportunity to the parties. The Tribunal has also directed the department to consider the fact that there was no deliberate or willful attempt to defraud the revenue therefore, the additional tax liability may be uncalled. However, to avail relief from levy of additional tax, as provided through SRO 1349(1) 99 dated 17th December,1999, the Company had paid a total amount of Rs. 11.791 million including additional tax of Rs.5.577 million in December,1999.

The adjudicating authority conducted the proceedings on remanded back case of the Tribunal and maintained its previous order. Thereafter The Company had filed an appeal before Collector Appeals which was decided against the company and gainst that the company has filed an appeal before the Appellate Tribunal which is pending for final order. However the Company has provided for the contingency for the amount of sales tax and additional tax already paid through the aforesaid notification.

- 25.2** 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. 48.990 million out of which an amount of Rs.5.233 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. 116 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 infavour of the Company.

- 25.3** 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. Amount involed aggregated to Rs. 339.65.million.

During the year 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 is not payable owing to lesser recovery then base recovery in case of the company.

- 25.4** 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 7.135 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. 118.208 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.

- 25.5** 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. 51.397 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 Honourable High Court has issued stay order against the proceedings on show cause notice. 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.
- 25.6** 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.
- 25.7** 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. 6.5 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 accepted the petition and termed that the impugned notification has been issued without lawful authority and suspended the operation of the impugned notifications. The constitutional petition filed before the Honourable High Court of Sindh has been allowed in favour of the company. 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.
- 25.8** An order was issued by Large Taxpayer Unit Karachi for recovery of Rs.31.173 million including additional tax and penalty being alleged inadmissible input tax claimed by the company. The amount of alleged inadmissible input tax was deposited by the company after receipt of order. However, the company filed an appeal before the Commissioner Inland Revenue Karachi. The Commissioner Inland Revenue decided the matter in favour of the company, declaring the input tax adjustment claimed by the company as admissible against which Large Taxpayer Unit Karachi has filed an appeal before Sales Tax Appellate Tribunal Inland Revenue Karachi. Appellate Tribunal Inland Revenue has partly remanded back the case, while other part of department appeal was rejected. However the Company has applied for refund of the amount deposited and is confident for outcome in favour of the company so no provision is made in this respect.
- 25.9** 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. 253.279 millions.
- 25.10** During the year, 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..577.224 million.
- 25.11** During the year the company filed a petition in the Honourable High Court of Sindh and obtained stay order against construction of building by government school on the land 4-1/2 acres owed by the company. The land is annexed to Al-noor Sugar Mills High School, Shahpur Jahania District, Shaheed Benazirabad. The matter is still pending before the Honourable High Court.

	Note	2018	2017
Rupees in thousand			
b). Commitments			
The Company's commitment as on September 30, are as follows:			
Letters of credit			
Stores		11,513	7,998
Raw Material		195,612	117,863
Machinery		6,152	107,102
		<u>213,277</u>	<u>232,963</u>
26 SALES			
Export		4,804,860	1,419,689
Local			
Local Sales including Sales Tax and Federal excise duty		4,997,357	6,221,389
Sales tax and federal excise duty		(720,929)	(744,528)
Brokerage and commission		(389)	(836)
		<u>4,276,039</u>	<u>5,476,025</u>
		<u>9,080,899</u>	<u>6,895,714</u>
27 COST OF SALES			
Opening stock of finished goods		3,596,450	1,646,842
Cost of goods manufactured	27.1	8,001,517	8,140,207
		<u>11,597,967</u>	<u>9,787,049</u>
Less: Closing stock of finished goods		(1,864,499)	(3,596,450)
		<u>9,733,468</u>	<u>6,190,599</u>
27.1 Cost of goods manufactured			
Raw material consumed	27.1.1	7,208,184	7,629,325
Salaries, wages and benefits	27.1.2	294,008	252,679
Stores and spare parts consumed		238,662	197,023
Packing materials		46,307	46,443
Fuel and oil		96,942	92,508
Power and water		167,117	139,209
Repair and maintenance		123,945	113,301
Insurance		20,929	21,205
Depreciation	6.1.2	224,384	194,332
Other manufacturing expenses		38,427	26,592
		<u>8,458,905</u>	<u>8,712,617</u>
Less:			
Sale of Molasses		352,338	441,920
Sale of Baggasse	27.1.3	-	3,630
Inventory adjustment of baggasse		11,000	27,875
Sale of Sunder dust		4,072	1,974
Sale of Electric Power		90,183	106,085
		<u>(457,593)</u>	<u>(581,484)</u>
Work-in-process			
Opening stock		2,854	11,928
Closing stock		(2,649)	(2,854)
		<u>205</u>	<u>9,074</u>
		<u>8,001,517</u>	<u>8,140,207</u>

	Note	2018	2017
		Rupees in thousand	
27.1.1 Raw material consumed			
Opening stock		274,242	274,429
Purchases and related expenses		7,204,666	7,629,138
		7,478,908	7,903,567
Closing stock		(270,724)	(274,242)
		<u>7,208,184</u>	<u>7,629,325</u>
27.1.2 It includes Rs. 9.513 million (2017: Rs. 7.529 million) in respect of the Company's contribution towards staff provident fund.			
27.1.3 These figures are net of sales tax of Rs.Nil (2017 : Rs 0.617 million)			
28 PROFIT FROM TRADING ACTIVITIES			
Sales		115	2,393
Sales tax		(19)	(177)
		96	2,216
Less: Cost of sales			
Opening stock		3,545	4,873
Purchases		8	-
Transfer to property, plant and equipment		(534)	-
Closing stock		(2,979)	(3,545)
		40	1,328
		56	888
Distribution expenses			(78)
Profit for the year		<u>56</u>	<u>810</u>
29 DISTRIBUTION COST			
Sales promotion		21,351	15,310
Export sale expenses		129,946	10,705
Dispatch, stacking and other expenses		46,787	40,068
		<u>198,084</u>	<u>66,083</u>
30 ADMINISTRATIVE COST			
Salaries, wages and benefits	30.1	251,899	213,420
Staff welfare		30,500	30,676
Rent, rates and taxes		7,733	7,314
Electricity and gas charges		10,184	11,013
Repair and maintenance		39,086	30,264
Legal and professional		7,795	2,735
Vehicle running		29,476	25,562
Insurance		4,057	4,086
Communication		9,144	7,144
Entertainment		13,022	11,388
Printing and stationery		2,230	1,112
Fees and subscription		4,973	3,629
Traveling and conveyance		10,937	13,021
Security Expenses		28,000	21,224
Auditors' remuneration	30.2	1,262	1,237
Charity and donation	30.3	5,730	4,532
Depreciation	6.1.2	49,215	48,137
Amortization	7	752	-
Others		3,262	12,521
		<u>509,257</u>	<u>449,015</u>

30.1 It includes Rs.7.323 million (2017 : Rs. 6.289 million) in respect of the Company's contribution towards staff provident fund.

	Note	2018	2017
Rupees in thousand			
30.2 Auditors' remuneration			
Kreston Hyder Bhimji & Co			
Audit fee		1,000	1,000
Half yearly review fee		93	93
Code of corporate governance review fee		12	12
Out of pocket expenses		144	102
		1,249	1,207
A.D.Akhawala & Co. - Provident Fund		13	30
		1,262	1,237
30.3			
No directors or their spouses had any interest in the donee funds. No donation of Rs.0.5 million or more is paid to any single party.			
31 OTHER OPERATING COST			
Provision for obsolescence and slow moving items	11.1	11,550	10,050
Loss of disposal of property, plant and equipment		103	-
Exchange Loss on export proceeds	6.1.3	6,860	-
		18,513	10,050
32 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		681	2,373
Exchange gain on export proceeds		5,435	6,693
		6,116	9,066
Income from non financial assets and others			
Subsidy on export (Federal Government)		1,147,926	-
Subsidy on export (Provincial Government)		185,740	-
Insurance claim		2,155	-
Gain on disposal of property, plant and equipment	6.1.3	9,260	10,010
Sale of scrap		-	300
		1,345,081	10,310
		1,351,197	19,376
33 FINANCE COST			
Profit / Markup / Interest on:			
Long term financing		178,645	114,364
Short term borrowings			
Cash/Running finance/Murabaha/Istisna		110,128	208,606
Export refinance		5,911	-
		116,039	208,606
Workers' profit participation fund		-	558
Bank charges		15,197	4,282
		309,881	327,810
33.1			
This includes Rs. 157.875 million (2017: 131.48 million) in respect of Shariah Compliant Financial Institutions.			

	Note	2018	2017
		Rupees in thousand	
34 TAXATION			
Current		87,832	2,639
Deferred		(210,344)	(99,153)
	34.1	<u>(122,512)</u>	<u>(96,514)</u>

34.1 Tax Reconciliation

Tax at 29% (2017:30%) on Accounting profit		(70,570)	(38,050)
Effect of			
Final tax regime		(109,267)	3,691
Minimum tax		245,487	131,537
Dividend income		248	990
Share of profit of associate		(27,174)	(247)
Tax credit		(19,790)	(88,275)
Reduction in tax rate		(20,982)	(17,418)
Others		(120,464)	(88,742)
		(51,942)	(58,464)
		<u>(122,512)</u>	<u>(96,514)</u>

34.2 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:

Year	As per Financial Statements	As per Return/ Assessment
	Rupees in thousand	
2017	2,639	1,625
2016	78,978	95,720
2015	83,042	67,724
	<u>164,659</u>	<u>165,069</u>

	Note	2018	2017
		Rupees in thousand	
35 (LOSS) / EARNINGS PER SHARE			
Basic and diluted			
Loss after taxation (Rupees in thousands)		(120,834)	(30,319)
Weighted average number of ordinary shares outstanding during the year		20,474	20,474
Loss per share (Rupees)		(5.90)	(1.48)

36 RELATED PARTY TRANSACTIONS

The related parties comprise associates, key management personnel and staff retirement benefit plans. The transactions with related parties are carried out as per agreed terms in the normal course of business. Amounts due from and to related parties are shown in respective notes of investment, receivables and payables, and remuneration of directors and key management personnel is disclosed in note.37 Other transactions with related parties are as follows: -

Relationship with the Company Associates (Common Director / Members):	Nature of Transactions	2018	2017
		Rupees in thousand	
Reliance Insurance Company Limited	Insurance premium paid	14,159	28,273
	Insurance claims received	4,990	-
	Insurance claims receivable	3,787	1,225
Shahmurad Sugar Mills Limited	Sale of goods	352,338	450,414
	Dividend received	1,650	7,919
	Share of profit in associates	93,947	1,136
Al-Noor Management Modaraba (Pvt) Limited	Share of loss in associates	(242)	(312)
	Share of other comprehensive loss and item taken directly to equity	(616)	(111)
Others			
Key management personnel	Remuneration to key management personnel	109,974	96,194
Staff Retirement Benefits Plan	Employer's contribution to provident fund	16,836	13,818

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

Name of the related parties	Relationship	Percentage of shareholding	
		2018	2017
Reliance Insurance Company Limited	Common Director ship	-	-
Shahmurad sugar mills limited	Common Director ship	15.625%	15.625%
Al-Noor Management Modaraba (Pvt) Limited	Common Director ship	14.286%	14.286%

36.3 Outstanding balances with related parties have been separately disclosed in trade debts, other receivable and trade and other payable respective. These are settled in ordinary course of business.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
..... Rupees in thousand								
Meeting fee	-	-	175	187	-	-	175	187
Remuneration	9,107	7,589	11,790	9,984	39,697	35,063	60,594	52,636
Provident fund		-		-	3,970	4,761	3,970	4,761
Perquisite (including house rent and bonus)	4,553	3,794	6,182	4,992	31,147	26,610	41,882	35,396
Reimbursable expenses including traveling expenses	2,568	2,181	785	1,033	-	-	3,353	3,214
	16,228	13,564	18,932	16,196	74,814	66,434	109,974	96,194
Number of persons	1	1	2	2	19	15		

37.1 The Chief Executive, certain Directors and Executives are also provided with free use of company's cars.

37.2 Meeting fee has been paid to 06 Directors, whereas no meeting fees is paid to Executive Directors and Chief Executive

37.3 Definition of executive in the fourth schedule to the Companies Act 2017 has been changed the employees whose annual basic salary is equal to or more than 1,200,000. Accordingly the comparative figures of the remunerations to executives have been changed which earlier reported as Rs. 207.625 million for 127 executives.

38 CAPACITY AND PRODUCTION

Sugar Division

	2018	2017
Installed Cane Crushing Capacity per day (M.Ton)	14,500	14,500
No of days Mill operated	139	129
Total Crushing Capacity on basis of no. of days mill operated (M.Ton)	2,015,500	1,870,500
Actual Crushing (M.Ton)	1,108,106	1,315,682
Sugar Production (M.Ton)	110,810	127,798

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 sucrose recovery. Capacity is under utilized due to shortage of raw-material and various technical factors.

MDF Board division

Mande Line

	2018	2017
No. of Days Mill Operated	255	251
Capacity Per Day (Cubic Meter)	120	120
Total Capacity on basis of no. of days (Cubic Meter) mill operated	30,600	30,120
Actual Production (Cubic Meter)	26,835	18,510

The Actual production of mende line of MDFB division due to non availability of raw material.

Sunds Line

	2018	2017
No. of Days Mill Operated	327	310
Capacity Per Day (Cubic Meter)	122	122
Total Capacity on basis of no. of days (Cubic Meter) mill operated	39,894	37,820
Actual Production (Cubic Meter)	43,726	38,369

39 SEGMENT INFORMATION

The Company has two operating / reportable segments, i.e., Sugar and Medium Density Fiber Board (MDFB) on the basis of product characteristics, internal reporting and the criteria defined by the "IFRS 8 Segment Reporting". The Company also generates and sells electric power, however this is not considered as separate segment since this does not meet the threshold requirements of a reportable segment.

Sugar Division - Manufacturing and sale of Refined Sugar

MDF Board - Manufacturing of Medium Density Fiber Board

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

	SUGAR		MDF BOARD		TOTAL	
	2018	2017	2018	2017	2018	2017
----- Rupees in thousand -----						
REVENUE						
External sales	5,668,896	4,308,256	3,412,003	2,587,458	9,080,899	6,895,714
External Sales of By-product, Electricity and bagasse	442,521	579,510	4,072	1,974	446,593	581,484
Inter-segment transfer - Electricity	139,019	114,753	-	-	139,019	114,753
Total Revenue	6,250,436	5,002,519	3,416,075	2,589,432	9,666,511	7,591,951
RESULTS						
(Loss)/Profit from operations	(256,442)	50,687	240,366	139,330	(1,359,910)	190,017
Profit from trading activity	-	-	56	810	56	810
Other Income	1,343,834	9,686	7,363	9,689	1,351,197	19,376
	<u>(256,442)</u>	<u>60,373</u>	<u>240,422</u>	<u>149,829</u>	<u>(8,657)</u>	<u>210,203</u>
Other operating cost					(18,513)	(10,050)
Finance cost					(309,881)	(327,810)
Share of profit from associates					93,705	824
Loss before tax					(243,346)	(126,833)
Taxation					122,512	96,514
Net loss for the year					<u>(120,834)</u>	<u>(30,319)</u>
STATEMENT OF FINANCIAL POSITION						
Assets						
Segment assets	5,970,440	6,572,875	2,769,464	2,554,361	8,739,904	9,127,236
Investment in associates	522,710	264,864	-	-	522,710	264,864
Unallocated Assets	-	-	-	-	178,981	128,055
Total assets					<u>9,441,595</u>	<u>9,520,155</u>
Liabilities						
Segment liabilities	5,721,395	6,166,054	713,365	744,740	6,434,760	6,910,794
Unallocated liabilities					5,169	9,433
Total liabilities					<u>6,439,929</u>	<u>6,920,227</u>
OTHER INFORMATION						
Additions to property, plant and equipment	183,857	281,864	143,086	276,906	326,943	558,770
Depreciation	138,372	132,618	135,227	109,851	273,599	242,469
Amortization	737	-	15	-	752	-

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. The company is not dependent on any single major customer whose sales is more than 10% of segment revenues. Geographical information about sales is as follows:

Pakistan	4,276,040	5,476,025
Afghanistan	4,156,795	1,235,515
Middle East	648,064	184,174
	<u>9,080,899</u>	<u>6,895,714</u>

40 FINANCIAL ASSETS AND LIABILITIES

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

2018						
Markup / Interest Based			Non Markup / 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

Loans & advances	-	-	-	31,712	3,893	35,605	35,605
Deposits	-	-	-	16,418	3,094	19,512	19,512
Trade debts	-	-	-	374,374	-	374,374	374,374
Other receivables	-	-	-	4,587	-	4,587	4,587
Cash and bank balances	12,111	-	12,111	80,397	-	80,397	92,508
	12,111	-	12,111	507,488	6,987	514,475	526,586

FINANCIAL LIABILITIES

Long term financing	597,222	2,101,737	2,698,959	-	-	-	2,698,959
Trade and other Payables	-	-	-	1,188,833	-	1,188,833	1,188,833
Accrued finance cost	-	-	-	59,226	-	59,226	59,226
Short term borrowings	1,931,335	-	1,931,335	-	-	-	1,931,335
Unclaimed dividend	-	-	-	5,169	-	5,169	5,169
	2,528,557	2,101,737	4,630,294	1,253,228	-	1,253,228	5,883,522

2017						
Markup / Interest Based			Non Markup / 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

Loans & advances	-	-	-	33,114	3,227	36,341	36,341
Deposits	-	-	-	13,489	5,510	18,999	18,999
Trade debts	-	-	-	205,323	-	205,323	205,323
Other receivables	-	-	-	1,453	-	1,453	1,453
Cash and bank balances	66,727	-	66,727	62,482	-	62,482	129,209
	66,727	-	66,727	315,861	8,737	324,598	391,325

FINANCIAL LIABILITIES

Long term financing	278,472	2,198,959	2,477,431	-	-	-	2,477,431
Trade and other Payables	-	-	-	489,959	-	489,959	489,959
Accrued finance cost	-	-	-	73,198	-	73,198	73,198
Short term borrowings	3,189,720	-	3,189,720	-	-	-	3,189,720
Unclaimed dividend	-	-	-	5,203	-	5,203	5,203
	3,468,192	2,198,959	5,667,151	568,360	-	568,360	6,235,511

41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including interest / markup 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 senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest / markup 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 as summarized below.

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, advances, deposits, trade debts, other receivables and bank balances. The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	(Rupees in thousand)	
Loans and advances	35,605	36,341
Deposits	19,512	18,999
Trade debts	374,374	205,323
Other receivables	4,587	1,453
Bank Balances	90,236	128,144
	<u>524,314</u>	<u>390,260</u>

Loans and advances

These represent balances due from employees that are usually against their balances of retirement benefited and loans to growers which are also provided against future cane supplies. The Company actively pursues for the recovery of loan / advances to employees through monthly deductions from salaries and based on past experience the Company does not expect that these will fail to meet their obligations hence no impairment allowance is necessary. Loans to growers are considered good and the Company does not expect default in this respect and also the Company can adjust these against sugarcane hence no impairment allowance is required in this respect.

Deposits

These represent security deposits with utility companies and trade deposits to suppliers. Based on past experience and credit worthiness of the counter parties the Company does not expect that these counter parties will fail to meet their obligations and 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 by setting credit limits in relation to individual customers and / or by obtaining advance against sales and / or through irrevocable letter of credits and / or by providing for doubtful debts. Receivables against sale of electric power are due from Sukkur Electric Power Company; a Government owned entity and chances of default in this respect are remote. Furthermore the Company actively pursues for the recovery and the Company does not expect these customers will fail to meet their obligation and also these are neither past due nor impaired, hence no allowance is necessary in respect of trade debts. Aging of trade debts is as follows;

1 to 3 months	102,564	122,806
3 to 6 months	271,810	82,517
	<u>374,374</u>	<u>205,323</u>

Other receivables

These represent amounts receivables from related and other parties against which the Company actively pursues for the recovery and the Company expects that the amounts will be recovered, hence no impairment allowance is necessary in respect of receivable because these are neither past due nor impaired. Further, an impairment allowance has already been made against the export subsidy in view of uncertainties related to its realization.

Bank balances

The Company limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating and 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	2018 Rupees in thousand	2017
United Bank Limited	AAA	A-1+	6,557	4,332
Habib Bank Limited	AAA	A-1+	1,097	7,427
Allied Bank Limited	AAA	A1+	3,566	136
MCB Bank Limited	AAA	A1+	11,159	7,306
Standard Chartered Bank Limited	AAA	A1+	449	1,434
National Bank of Pakistan Limited	AAA	A-1+	2,914	3,494
Faysal Bank Limited	AA	A-1+	3,897	8,159
Bank Al-Falah Limited	AA+	A1+	21,963	70,818
Bank Islami Limited	A+	A1	28	28
Habib Metropolitan Bank Limited	AA+	A1+	2,912	1,871
Al-Baraka Bank (Pakistan) Limited	A+	A-1	2,148	2,168
Soneri Bank Limited	AA-	A1+	169	169
Industrial Commercial bank of China	A1	P-1	2	-
Meezan Bank Limited	AA+	A-1+	9,888	3,498
Burj Bank Limited	A+	A-1	18	18
JS Bank Limited / Al-Baraka Bank Ltd	AA-	A1+	111	91
Bank Al-Habib Limited	AA+	A1+	14,819	15,176
Askari Commercial Bank Limited	AA+	A1+	8,148	1,507
Dubai Islamic Bank Limited	AA-	A-1	190	190
Samba Bank Limited	AA	A-1	176	322
Sindh Bank Limited	AA	A-1+	25	-
			90,236	128,144

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 historical information and external ratings or to information about counter party default rates. As at September 30, 2018 there were no significant past due or impaired financial assets. However besides financial instruments as stated above;

(a) As at the year end amounts of Rs. 41,096 million (2016:41.096 million) receivable from growers, suppliers and contractors were past due against which impairment allowance have been made. The aging of the past due financial assets is as under,

2 year to 3 years	41,096	41,096
-------------------	---------------	---------------

(b) The company has also made provision of Rs.49.779 million in respect of Export freight subsidy due to uncertainties regarding the recoverability.

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 follow;

	Less than 3 months	3 to 12 months	1 to 5 years	Total
(Rupees in thousand)				
Year ended 30 September 2018				
Long term financing	-	597,222	2,101,737	2,698,959
Trade and other payables	177,068	181,062	830,704	1,188,833
Accrued finance cost	59,226	-	-	59,226
Short-term borrowings	-	1,931,335	-	1,931,335
Unclaimed dividend	5,169	-	-	5,169
	241,463	2,709,619	2,932,441	5,883,522
Year ended 30 September 2017				
Long term financing	-	278,472	2,198,959	2,477,431
Finance lease Liabilities	-	-	-	-
Trade and other payables	489,959	-	-	489,959
Accrued finance cost	73,198	-	-	73,198
Short-term borrowings	-	3,189,720	-	3,189,720
Unclaimed dividend	5,203	-	-	5,203
	568,360	3,468,192	2,198,959	6,235,511

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2018 the Company has PKR 2,393.67 million (2017: PKR 2,535 million) available unutilized short term borrowing limit from financial institutions and also has PKR 92.508 million (2017: PKR 129.209 million) being cash and banks balances. Based on the above, management believes the liquidity risk is insignificant.

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/markup 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: interest /markup rate risk, currency risk and other price risk.

D Interest/ markup rate risk management

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

Financial Liabilities	Note number	Carrying Values	
		2018	2017
--- Rupees in thousand ---			
<u>Variable Rate Instruments</u>			
Long term financing	20	2,698,959	2,477,431
Short term borrowings	24	1,931,335	3,189,720
Less: Balances in saving bank account		(12,111)	(66,727)
		4,618,183	5,600,424

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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. 46.182 million (2017: 56.004 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 statements 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.

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 rate exposure arises from long term financings, short term borrowings and payables. The Company analyses its mark up/interest rate exposure on a regular basis by monitoring mark-up/interest rate trends and taking appropriate actions. As at the September 30, 2018 the interest / mark-up rate profile of the Company's mark up/interest bearing financial instruments is:

	2018 \$ in thousands		2017 Rupees in thousands	
<u>Statement of Financial Statement Exposure</u>				
Foreign debtors	-	1,165	-	122,806
<u>Off Statement of Financial Statement Exposure</u>				
Commitments				
US Dollars	\$ 1,418	\$ 1,503	176,171	158,543
EUROS	€ 249	€ 599	35,998	74,420
			212,169	232,963

The following significant exchange rate has been applied:

	2018	2017
Rupee per USD		
Average rate	114.85	105.10
Reporting date rate	124.25	105.45
Rupee per EURO		
Average rate	134.55	120.88
Reporting date rate	144.82	124.27

Sensitivity analysis

A 10 percent strengthening / weakening of the PKR against USD at 30 September would have decreased / increased profit before tax by the amount of Rs. Nil (2017:12.280 million) in respect of on foreign currency balances. The effect of off statement of financial position items would have been Rs. 21.2 million (2017: Rs.23.296 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

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 2018 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2018 and 2017 were as follows:

	2018	2017
	(Rupees in thousand)	Restated
Total borrowings	4,537,786	6,166,716
Less: Cash and bank balances	(92,508)	(129,209)
	4,445,278	6,037,507
Total equity	3,001,666	2,599,928
Total equity and debt	7,446,944	8,637,435
	59.69%	69.90%

42 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

Management assessed that the fair values of cash & cash equivalent and short term deposits, other receivable, 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.

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.

43. PROVIDENT FUND RELATED DISCLOSURES

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

	2018 (Rupees in thousand)	
	Un-audited	Audited
Size of the fund - Total assets	155,352	132,098
Cost of investments made	151,352	131,952
Percentage of investments made	97.43%	99.89%
Fair value of investments	151,352	131,952

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

	2018		2017	
	Rs. 000s %	Rs. 000s %
	Un-audited		Audited	
Meezan Amdan Certificate	150,400	99.37%	128,600	97.46%
Saving accounts with banks	952	0.63%	3,352	2.54%
	151,352	100.00%	131,952	100.00%

43.2 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.

44 NUMBER OF EMPLOYEES

At head office

No of persons employed as on year end were 129 (2017:143) and Average number of employee during the year were 128 (2017:139).

At factory

No of persons employed as on year end were 646 (2017:611) and Average number of employee during the year were 699 (2017:690).

45 SUBSEQUENT EVENTS

- 45.1** Subsequent to the year ended September 30, 2018, the Board of Director has proposed a final cash dividend of Rs.30.71 million (2017: Rs.nil) in their meeting held on 28th December 2018 subject to the approval of the members at the Annual General Meeting scheduled to be held 28th January 2019.

46 CORRESPONDING FIGURES

The Fourth Schedule to the Company Act 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirement of the Company Act 2017. Following major reclassification have been made during the year other than disclosed elsewhere in the financial statements.

Description	Reclassified from	Reclassified to	2017 Rupees in thousand
Unclaimed Dividend	Trade and other payables	Unpaid dividend (presented on the face of the financial statements)	5,203
Murabaha / Istisna	Trade and other payables	Short term borrowings	499,565

47 DATE OF AUTHORIZATION

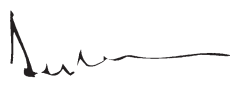
These financial statements were authorized for issue in the Board of Directors meeting held on 28th December 2018.

48 GENERAL

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



ISMAIL H. ZAKARIA
Chief Executive Officer



SULEMAN AYOOB
Director



MUHAMMAD HANIF CHAMDIA
Chief Finance Officer

**PATTERN OF HOLDING OF THE SHARES HELD
BY THE SHAREHOLDERS AS ON 30-09-2018**

NO. OF SHAREHOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
464	1	TO	100	11,777
378	101	TO	500	109,551
120	501	TO	1000	93,923
133	1001	TO	5000	311,037
31	5001	TO	10000	214,398
9	10001	TO	15000	115,451
5	15001	TO	20000	91,891
6	20001	TO	25000	130,103
3	25001	TO	30000	83,000
3	30001	TO	35000	97,469
2	35001	TO	40000	76,000
1	40001	TO	45000	44,439
1	50001	TO	55000	52,758
2	55001	TO	60000	119,500
5	60001	TO	65000	313,720
2	65001	TO	70000	134,803
1	70001	TO	75000	74,538
2	85001	TO	90000	176,000
2	90001	TO	95000	185,308
1	100001	TO	105000	101,981
1	110001	TO	115000	110,775
1	130001	TO	135000	133,977
1	145001	TO	150000	146,500
1	155001	TO	160000	156,940
1	185001	TO	190000	185,319
1	190001	TO	195000	191,165
1	205001	TO	210000	208,218
2	215001	TO	220000	435,049
2	220001	TO	225000	442,176
1	240001	TO	245000	241,147
1	245001	TO	250000	249,692
2	280001	TO	285000	560,589
1	285001	TO	290000	288,015
1	290001	TO	295000	293,459
1	300001	TO	305000	304,117
1	320001	TO	325000	323,394
1	370001	TO	375000	371,032
1	400001	TO	405000	402,483
1	455001	TO	460000	455,403
3	460001	TO	465000	1,386,826
1	465001	TO	470000	469,637
1	565001	TO	570000	566,416
1	570001	TO	575000	571,397
1	580001	TO	585000	582,098
1	595001	TO	600000	600,000
1	740001	TO	745000	742,000
1	775001	TO	780000	775,750
1	905001	TO	910000	908,610
1	950001	TO	955000	951,762
1	1105001	TO	1110000	1,107,547
1	1875001	TO	1880000	1,875,675
1	1895001	TO	1900000	1,898,887
1208				20,473,702

CATAGORIES OF SHAREHOLDING AS ON 30-09-2018

SR. NO.	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1	INDIVIDUALS	1179	14,659,090	71.60
2	INSURANCE COMPANIES	1	566,416	2.77
3	JOINT STOCK COMPANIES	15	2,762,842	13.50
4	FINANCIAL INSTUTIONS	6	94,030	0.46
5	MODARABAS	1	110,775	0.54
6	MUTUAL FUND	1	1,898,887	9.27
7	OTHERS	5	381,662	1.86
	TOTAL:-	1208	20,473,702	100.00

CATEGORIES OF SHARE HOLDING AS AT SEPTEMBER 30, 2018

Categories of Shareholders	No. of Share Holders	Sheres Held	Percentage
ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES			
FIRST AL-NOOR MODARABA	1	110,775	0.54
NOORI TRADING CORP. (PVT) LTD	1	1,875,675	9.16
ZAIN TRADING CORPORATION (PVT) LTD.	1	742,000	3.62
NBP, NIT & ICP			
INVESTMENT CORPORATION OF PAKISTAN	1	208	0.00
NATIONAL INVESTMENT TRUST LTD. ADMINISTRATION FUND	1	20,881	0.10
NATIONAL BANK OF PAKISTAN	1	1,430	0.01
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND.	1	220,468	1.08
TRUSTEE NATIONAL BANK OF PAKISTAN EMP. BENEVOLENT FUND TRUST.	1	7,736	0.04
NATIONAL BANK OF PAKISTAN	1	11,401	0.06
MUTUAL FUNDS			
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,898,887	9.27
DIRECTORS , CEO & THEIR SPOUSES AND MINOR CHILDERN			
MRS. MUNIRA ANJUM (W/O YUSUF AYOOB)	1	402,483	1.97
MR. MUHAMMAD SULEMAN AYOOB	1	323,394	1.58
MR. MUHAMMAD YUSUF AYOOB	1	371,032	1.81
MR. ABDUL AZIZ AYOOB	1	288,015	1.41
MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB)	1	208,218	1.02
MRS. ZARINA ISMAIL ZAKARIA (W/O ISMAIL H. ZAKARIA)	1	191,165	0.93
MR. ZIA ZAKARIA	1	464,191	2.27
MR. ZOHAIR ZAKARIA	1	304,117	1.49
MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB)	1	60,070	0.29
MR. MOHAMMAD SALIM SULEMAN	1	92,811	0.45
MR. ISMAIL H. ZAKARIA	1	469,637	2.29
MR. NOOR MOHAMMAD ZAKARIA	1	461,317	2.25
MR. SHEHNAZ SATTAR ZAKARIA (W/O NOOR MOHAMMAD)	1	461,318	2.25
MRS. ADIBA SALIM (W/O SALIM SULEMAN)	1	74,538	0.36
MR. SHAMIM AHMAD	1	1,000	0.00
PUBLIC SECTOR COMPANIES AND CORP.			
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES INSURANCE COMPANIES, MODARABAS, LEASING, TAKAFUL AND PENSION FUND	2	60,110	0.29
JOINT STOCK COMPANIES			
	13	145,167	0.71
OTHERS			
	3	153,458	0.75
INDIVIDUALS			
	1,164	10,485,784	51.22
TOTAL:-	1,208	20,473,702	100.00

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

CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	---	1,898,887
NOORI TRADING CORPORATION (PVT.) LTD.	---	1,875,675
SAMIA ZAKARIA	---	1,107,547

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. ABDUL AZIZ AYOOB	166,976	-----
MR. NOOR MOHAMMAD ZAKARIA	253,770	-----
MRS. SHEHNAZ SATTAR ZAKARIA	253,770	-----

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





 **Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ










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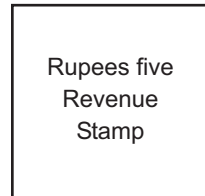
I/We
in the district of being a Member of **AL-NOOR SUGAR MILLS LIMITED**
and holder of Ordinary Shares as per Share
(Number of Shares)

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 49th Annual General Meeting of the Company to be held held on the 28th day of January
two thousand and Nineteen at 3:00 a.m at Company's Registered Office 96-A, Sindhi Muslim Housing Society, Karachi and
at any adjournment thereof :

Signed this day of 2019

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 Registrar 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 _____
 انور شوگر ملز لمیٹڈ _____
 کے رکن و حامل _____ عام حصص بر مطابق شیئر رجسٹرڈ فولیو نمبر _____
 اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ڈیلی کھاتہ نمبر _____
 بذریعہ ہذا _____ ساکن _____ یا بصورت دیگر _____
 ساکن _____ جو کہ خود بھی ایک ممبر ہے کو اپنی / ہماری غیر موجودگی میں کمپنی کے
 49 واں سالانہ اجلاس عام مورخہ 28 جنوری 2019 بوقت 3:00 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 _____ 2019۔

گواہان:

برائے کرم پانچ روپے
 مالیت کے ریونیو ٹکٹ
 چسپاں کریں۔

1- دستخط _____
 نام _____
 پتہ _____

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر _____

2- 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 شیئر رجسٹر کے دفتر میں موصول ہونا چاہیے۔
- 2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انشورمنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انشورمنٹ 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 کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔



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