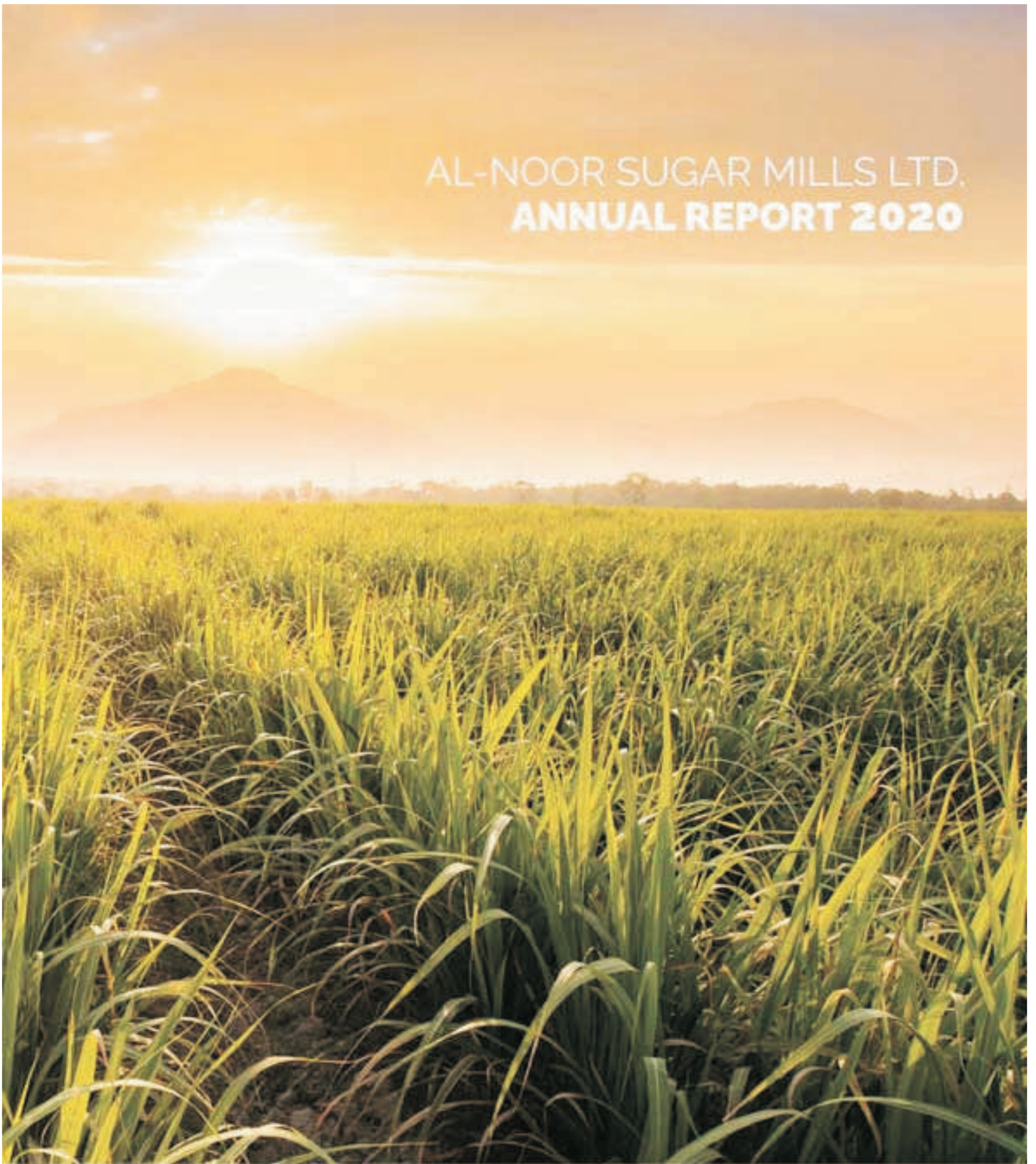


AL-NOOR SUGAR MILLS LTD.
ANNUAL REPORT 2020



LEADING THE WAY



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Company Information

BOARD OF DIRECTORS

MR. ZIA ZAKARIA
MR. YUSUF AYOOB
MR. SULEMAN AYOOB
MR. NOOR MOHAMMAD ZAKARIA
MS. MUNIFA
MR. SHAMIM AHMAD
MR. FARRUKH YASEEN

BOARD AUDIT COMMITTEE

MR. SHAMIM AHMAD
MR. ZIA ZAKARIA
MS. MUNIFA

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. FARRUKH YASEEN
MR. SULEMAN AYOOB
MS. MUNIFA

CHIEF FINANCIAL OFFICER

MR. MUHAMMAD HANIF CHAMDIA

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

M/S KRESTON HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

MR. IRFAN
Advocate

REGISTERED OFFICE

96-A, Sindhi Muslim Society, Karachi-74400 Tel: 34550161-63 Fax: 34556675

REGISTRAR & SHARES REGISTRATION OFFICE

C & K Management Associates (Pvt) Ltd.
404-Trade Tower,
Abdullah Haroon Road,
Near Metropole Hotel, Karachi - 75530
www.alnoorsugar.co

FACTORY

Shahpur Jahania, P.O. Noor Jahania,
Taluka Moro,
District Shaheed Benazir Bhutto Abad
(Nawabshah)



AL-NOOR
SUGAR MILLS LTD.

Mission

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

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



AL-NOOR SUGAR MILLS LTD.



Mr. ISMAIL H. ZAKARIA

(January 1935 - May 2020)

Chairman and one of the founding fathers of Al-Noor Group, was an entrepreneur who steered forward with a firm faith in ALLAH SWT. Under his leadership the Al-Noor Group excelled in the field of sugar, Lasani wood (medium density fiberboard), ethanol, insurance, trading and Modarba. A father figure, an anchor and a guide to all of us, we remember and miss deeply Mr. Ismail Zakaria's ambition, integrity and discipline that he personified so effortlessly.

May ALLAH grant him the highest place in Jannat-ul-Firdous and give the company and all his bereaved ones the fortitude to bear this loss. May we all have the strength to carry forward his vision with the same love, vigor and integrity that he displayed. Ameen.

Surah Aal-e-Imran, Verse 26-27:

“*Say (O Muhammad SAW): "O Allah! Possessor of the kingdom, You give the kingdom to whom You will, and You take the kingdom from whom You will, and You endue with honour whom You will, and You humiliate whom You will. In Your Hand is the good. Verily, You are Able to do all things.*

You make the night to enter into the day, and You make the day to enter into the night, You bring the living out of the dead, and You bring the dead out of the living. And You give wealth and sustenance to whom You will, without limit (measure or account).”

(English - Mohsin Khan)



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 ANNUAL GENERAL MEETING

Notice is hereby given that 51st Annual General Meeting of AL-NOOR SUGAR MILLS LIMITED will be held on Thursday, January 28, 2021 at 03.00 p.m. through video link facility to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on March 30, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2020 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of Cash Dividend @ 30% i.e. Rs. 3.00 per ordinary share of Rs.10/= each for the year ended September 30, 2020 as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the year ended September 30, 2021. The present Auditors M/s Kreston Hyder Bhimji & Co., Chartered Accountants, retire and offer themselves for re-appointment.

OTHER BUSINESS

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

By Order of the Board

M. YASIN MUGHAL
COMPANY SECRETARY

Karachi: December 24, 2020

NOTE:

1. Online Participation in the Annual General Meeting:

Due to COVID-19 Pandemic and the SECP's in terms of its circular No.5 of 2020 dated March 17, 2020 and circular No.33 of 2020 dated November 5, 2020, has advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholder and the public at large with minimal, physical interaction, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies. The meeting can be attended using smart phones /tablets/ computers. To attend the meeting through video link, the shareholders are requested to register themselves by providing the following information along with valid copy of CNIC with the subject "Registration for Al-Noor Sugar Mills Limited AGM" through email at yasin.mughal@alnoorgroup.co or WhatsApp 03002472329 by the close of business hours (5:00 p.m.) January 26, 2021.

Name of Shareholder	CNIC No.	Folio No/CDC Account No.	Cell No.	e-mail address

The Shareholders who are registered after the necessary verification shall be emailed a video link by the Company on the same email address that they provided the Company with. The Login facility will remain open from start of the meeting till its proceedings are concluded.

The shareholders who wish to send their comments/ suggestions on the agenda of the AGM can email the Company at email yasin.mughal@alnoorgroup.co or WhatsApp at 03002472329 The Company shall ensure that comments/ suggestions of the shareholders will be read out at the meeting and the responses will be made part of the minutes of the meeting.

2. Closure of Share Transfer Books:

The Register of the Members of the Company will remain closed from January 21, 2021 to January 30, 2021 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of shares / entitlement of cash dividend.

3. Participation in Annual General Meeting:

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.

In pursuance of Circular No.1 of SECP dated January 26, 2000 the CDC Account holders/subaccount holders are requested to bring with them their original CNICs or Passports alongwith Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced at the time of meeting. The nominee shall produce has original CNIC at the time of attending the meeting for identification.

4. Submission of copies of CNIC:

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

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

(i) The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment are as follows

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

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

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

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

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

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

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



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

7 Payment of Cash Dividend Electronically:

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

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

8 Unclaimed Dividend / Shares :

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

9. Video Conference Facility :

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

I / We, _____ of being a member of 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 September 8, 2014 and SRO 470(1)/2016 dated May 31, 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. Statement of Financial Position, Statement of Profit or Loss Accounts, Statement of Comprehensive income, Statement of cash follows, notes to the Financial Statement, Auditor's and Director's 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. Deposit of Physical Shares into CDC Accounts:

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

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

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

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

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



CHAIRMAN'S REVIEW

It gives me immense pleasure to communicate with our valued members and stakeholders to present the financial statements also containing other information for the year ended September 30, 2020. I also appreciate overall performance of the Board and their effective role played by the members of the Board in achieving the company's objectives. The Company has performed well and achieved the crushing target of 74,665 metric tons of sugarcane although the cane crop was not up to the expectations.

The world faced unprecedented challenge in the form of corona virus during the period under review which has posed serious threats and losses of lives and loss of employment. The Board ensured compliance of all regulatory requirements by the Management.

The Board focused on developing and reviewing the company's corporate vision and achievement of its objectives which are reflected in the financial performance of the company.

Despite immense challenges in the foregoing year, the Company was able to achieve positive results mainly due to contribution by MDF Board division and value addition in its various products. The Company has taken continued steps in the field of sugarcane development, energy efficiency, and value addition to ensure the sustainability of the Company.

On behalf of the Board of Directors, I would like to acknowledge the contribution of all our employees to the success of the Company. I look forward to and pray to Allah Subhana Wa Taa'ala for the next years of success and continuous growth of the Company.

Zia Zakaria
Chairman

Karachi
December 24, 2020



DIRECTORS' REPORT TO THE MEMBERS

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear members Asslamu Alaikum

I feel great pleasure to present to you on behalf of the Board of Directors the audited financial statements and Auditors' Report thereon of your company for the year ended September 30, 2020. The principal activity of your company is to manufacture sugar and MDF Board in various thicknesses. Significant production and financial data is provided as under.

FINANCIAL PERFORMANCE:	<u>2019-20</u>	<u>2018-19</u>
	(Rupees in thousand)	
Profit before taxation	429,886	456,886
Provision for taxation	(227,423)	(267,552)
Net profit after taxation	202,463	189,334
Profit per share- basic and diluted	Rs.9.89	Rs.9.25
OPERATIONAL RESULTS:	<u>2019-20</u>	<u>2018-19</u>
Sugarcane crushed (M Tons)	769,428	894,494
Sugar produced (M Tons)	74,665	94,825
Sugar recovery percentage	9.71	10.60
Molasses produced (M Tons)	35,010	40,120
MDF Production (Cubic Meters)	71,280	71,762
FINANCIAL DATA	(Rupees in thousands)	
Sales	10,906,700	9,340,031
Cost of sales	(9,214,432)	(8,172,919)
Gross profit	1,692,268	1,167,112
Distribution cost	(61,402)	(78,915)
Administration cost	(611,194)	(570,253)
Other operating expenses	(174,104)	(50,301)
Financial cost	(554,826)	(495,809)
Other income	20,609	297,209
Share of profit in associates	118,535	187,843
Profit before tax	429,886	456,886

PERFORMANCE REVIEW

SUGAR DIVISION

By the grace of Allah the performance of your company was satisfactory. During the period under consideration your company achieved recovery rate of 9.71 percent as compared to 10.60 percent achieved in last year. Decline in the recovery rate was mainly due to lower quality of sugarcane. The sugar produced was 74,665 metric tons which was lower by 20,160 metric tons or 21.26 percent over the production of previous year. This was due to non-availability of raw material.

MEDIUM DENSITY FIBRE (MDF) BOARD DIVISION:

MDF board division performed well and produced 71,280 cubic meters of products in various thickness as against 71,762 cubic meter produced during the previous year. The production is slightly lower than last year which was due to closure of plant for about 30 days in compliance with the directions of provincial Government in order to restrict the spread of corona virus in the area. The sales volume amounted to 104,063 cubic meters as against 104,993 cubic meters which is slightly lower than last year. The sales value increased to Rs.4,772.913 million as against Rs.4,217.409 million achieved last year indicating an increase of about 13 percent. The sale value increase was due to higher component of value added products.



POWER GENERATION DIVISION:

Agreement executed with Water And Power Development Authority was for a period of ten years which has since expired. There was no sale of electricity to Sukkur Electricity Supply Company (SESC) during this period. Revised proposal for sale of electricity with the consent of SESC has been submitted to National Electricity Power Regulatory Authority (NEPRA) for their approval which is awaited. After receipt of the approval from NEPRA the sale of excess electricity generated during the crushing season would be resumed.

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, 2020 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, 2020 amounted to Rs.221.832 million.

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

COMPOSITION OF BOARD OF DIRECTORS:

The tenure of the Board of directors ended on March 30, 2020 and the members in their Extra Ordinary General Meeting, held on the said date, elected the following persons as directors of your company for a period of three years.

1. Mr. Ismail H Zakaria
2. Mr. Muhammad Yusuf Ayoob
3. Mr. Muhammad Suleman
4. Mr. Zia Zakaria
5. Ms Munifa Ayoob
6. Mr. Shamim Ahmad (Independent Director)
7. Mr. Farrukh Yaseen (Independent director)

Subsequent to the election our team leader, Mr. Ismail H Zakaria passed away on May 26, 2020 and the Board appointed Mr. Noor Muhammad Zakaria as Director in his place to serve the company for remaining period of Mr. Ismail H Zakaria. The Board also appointed Mr. Zia Zakaria as Chairman of the Board and Mr. Muhammad Yusuf Ayoob as Chief Executive of the Company.

During the period under review five meetings of the Board were held and attendance by each director was as follow.

S.No.	NAME OF DIRECTORS	ATTENDED	STATUS
01.	Mr. Yusuf Ayoob (Chairman)	5	Non-executive
02.	Mr. Ismail H Zakaria	3	Executive (diseased)
03.	Mr. Suleman Ayoob	5	Executive
04.	Mr. A. Aziz Ayoob	1	Non-Executive
05.	Mr. Zia Zakaria	5	Non-Executive
06.	Mr. Salim Ayoob	2	Non-executive
07.	Mr. Noor Muhammad Zakaria	2	Non-executive
08.	Ms. Munifa Ayoob	5	Non-executive
09.	Mr. Shamim Ahmad	4	Independent Director
10.	Mr. Farrukh Yaseen	3	Independent Director
11.	Mr. Muhammad Asif	2	N I T Nominee

Mr. A. Aziz Ayoob, Mr. Salim Ayoob and Mr. Muhammad Asif were members of the Board prior to election.

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

AUDIT COMMITTEE:

As required under the Code of Corporate Governance the Board has constituted an Audit Committee comprising of 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
Mr. Shamim Ahmad	Chairman	4	Independent Director
Mr. Aziz Ayoob	Member	2	Non-executive
Mr. Zia Zakaria	Member	4	Non-executive
Mr. Muhammad Asif	Member	2	N.I.T Nominee
Ms. Munifa Ayoob	Member	2	Non-executive

MR. A. Aziz Ayoob and Mr. Muhammad Asif were members of the Audit Committee prior to election.

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Board 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 was attended by all the members.

NAMES OF THE DIRECTORS	DESIGNATION	STATUS
Mr. Farrukh Yaseen	Chairman	Independent Director
Mr. Suleman Ayoob	Member	Executive Director
Ms. Munifa Ayoob	Member	Non-executive



DIRECTORS' REMUNERATION POLICY AND REMUNERATION:

As per articles of the Company, the Board of Directors is authorized to fix remuneration of non-executive and independent Directors from time to time and approval of members in general meeting is required in accordance with the articles of the Company and applicable laws. The Board of Directors has developed a Directors' Remuneration Policy which describes in detail the Policy's objectives and a transparent procedure for determination of the remuneration packages of individual director for attending the meetings of the Board and its committees.

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

Details of the aggregate amount of remuneration of executive and non-executive directors are disclosed in note 37 to the financial statements.

FUTURE OUTLOOK:

SUGAR DIVISION

The price of sugar cane is notified by the Government of Sindh whereas the selling price of final product is left open to the market forces. As a result whenever there is bumper cane crop, the production of sugar is increased considerably whereas the consumption pattern remains unchanged. This situation affects the price of sugar in the markets and vice versa. Crushing season 2020-21 has since been commenced and it is expected that the production of sugar would be slightly higher than last year. Due to good rainfall in the province the recovery rate is also expected to enhance than last year. During the crushing season 2019-20 the growers were paid higher cost of the cane due to scarcity of the same. The Government of Sindh has notified the price of sugarcane at Rs.202/= per forty kgs vide notification No.8(142)/S.O(Ext)2020-21 dated November 23, 2020 as against Rs.192/= notified last year. Cost of production is enhanced when the growers are reluctant to sell their crop at notified price and the company has no option but to pay additional cost in order to run the factory at economical scale.

MDF BOARD DIVISION:

Installation and up gradation of new lines and capacity enhancement is required to become more competitive and enhance products range etc.

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".

CORPORATE AND SOCIAL RESPONSIBILITY:

The Company being a corporate citizen has a proven record of its strong commitment for improvement of society and the communities in which it operates. The Company undertook numbers of welfare activities in its franchise area i.e. established a school up to secondary level, holding of medical camps on interval basis, financial assistance to deserving villagers, providing fertilizer to growers, supply of free ration and medical assistance to needy persons.

ENVIRONMENTS AND COMPANY'S BUSINESS:

The management always takes serious responsibility toward conservation of Environment in every sphere of its operation. With an effort to further highlight the importance of environment preservation, your Company continued with its tree plantation drive in and around its mill sites. Your company is committed to minimize environmental impact by reducing waste and emissions and conduct its business with the highest concern for health and safety of its employees, customers, suppliers, neighbours and the general public. The company planted trees in industrial and surrounding areas in order to keep the environment neat and clean.

RELATED PARTIES TRANSACTIONS:

All related parties transactions were placed before the Board's Audit Committee and the Board for final approval as required under the Listing Regulations of Pakistan Stock Exchange. Related parties transactions carried out during the year 2017-18 were also placed before the members in the Annual General Meeting as required under Section 208 of the Companies Act 2017. Members also accorded approval of the related parties transactions to be carried out in future by the management under arm's length price. All transactions entered into related parties was approved by the Board after approval by the Board's Audit Committee which is presided by an independent director.

CONTRIBUTION TO NATIONAL EXCHEQUER:

The company is also enhancing the resources of the country in the form of taxes, duties and earning foreign exchange through export of sugar as and when allowed by the Government and laminated products of MDF board division. During the period under review your company has exported MDF laminated product and earned valuable foreign exchange for the country.

RISK MANAGEMENT AND OPPORTUNITIES

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

Credit risk

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

Market risk

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

Liquidity risk

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

MECHANISM 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 access 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.

DIVIDEND:

Cash dividend @ 30 percent i.e. Rs.3.00 per share of Rs. 10/= each (2019, 30 percent i.e. Rs.3.00 per share of Rs. 10/= each) has been recommended by the Board for the current year.



APPOINTMENT OF AUDITORS:

With conclusion of the Annual General Meeting the present Auditors, M/s Kreston Hyder Bhimji and Company, Chartered Accountants, retired and being eligible offer themselves for reappointment for the financial year 2020-21. 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 2020-21 subject to the approval by the members in the forth coming Annual General Meeting.

STAFF RELATIONS:

Finally the directors placed 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

YUSUF AYOOB
MANAGING DIRECTOR / CEO

SULEMAN AYOOB
DIRECTOR

Karachi: December 24, 2020

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
				(Restated)	(Restated)				(Restated)	(Restated)
Share Capital	204,737	204,737	204,737	204,737	204,737	204,737	204,737	194,988	185,703	185,703
Reserves	1,703,095	1,497,153	1,268,994	1,336,842	1,395,588	1,232,727	1,028,809	956,392	926,504	980,792
Surplus on revaluation										
of fixed assets	1,364,357	1,429,316	1,527,935	1,058,349	1,111,915	1,184,605	1,230,740	1,243,465	621,224	656,126
Long Term Liabilities	2,685,000	2,136,875	2,101,737	2,198,959	1,607,704	1,120,111	1,174,073	1,052,803	715,979	457,783
Deferred Liabilities	516,129	460,851	356,862	543,755	642,921	648,983	690,169	731,339	374,560	453,761
Lease liability against right-of-use asset	5,245	-	-	-	-	-	-	-	-	-
Current Liabilities	2,228,047	3,524,797	3,981,330	4,177,513	2,044,518	2,758,206	2,236,586	1,930,760	3,147,017	3,142,284
Operating Assets	4,906,966	4,771,459	4,841,661	4,417,460	4,110,945	3,639,629	3,706,951	3,479,922	2,674,032	230,921
Right-of-use asset	17,781	-	-	-	-	-	-	-	-	-
Long Term Deposits	4,268	4,238	3,094	5,510	3,560	3,552	46,954	37,889	42,835	42,375
Long Term Loans	1,737	2,912	3,893	3,227	3,935	6,022	3,516	2,196	4,230	5,032
Long Term Investments	747,755	685,385	522,710	264,864	272,070	260,215	246,884	260,215	172,566	151,852
Current Assets	3,025,264	3,784,054	4,067,654	4,829,094	2,616,873	3,239,951	2,560,809	2,406,599	3,074,050	2,850,409
TRADING:										
Turnover	10,906,700	9,340,031	9,080,899	6,895,714	8,103,145	6,966,274	7,699,097	7,594,313	6,129,081	5,983,046
Gross Profit	1,692,268	1,167,112	(652,569)	705,115	963,780	1,027,737	848,907	8,377,847	678,924	737,206
Operating (Loss)/ Profit	1,019,973	517,944	(1,359,854)	705,925	963,737	1,028,381	851,525	840,823	682,242	739,831
Profit(Loss) before Tax	429,886	456,886	(243,346)	(126,833)	226,150	221,089	76,223	126,267	(85,513)	59,875
Profit(Loss) after Tax	202,463	189,334	(120,834)	(30,319)	170,080	166,319	31,333	24,074	(43,099)	104,465
Earning per share	9.89	9.25	(5.90)	9.25	8.31	8.12	1.53	1.18	(2.21)	5.63
Cash dividend	30%	30%	15%	-	40%	33%	10%	5%	5%	30%
Bonus shares	-	-	-	-	-	-	-	5%	5%	NIL
SUGAR PRODUCTION:										
a) From Cane	74,665	94,825	110,810	127,798	92,501	104,283	126,719	99,740	88,058	71,655
b) From Raw Sugar	-	-	-	-	-	-	-	-	-	-
Sugar Produced (M.Tons)	74,665	94,825	110,810	127,798	92,501	104,283	126,719	99,740	88,058	71,655
Cane crushed (M.Tons)	769,428	894,494	1,108,106	1,315,682	894,494	1,013,118	1,293,261	959,302	885,101	888,736
Recovery (%)	9.71%	10.60%	10.00%	9.70%	10.20%	10.30%	9.80%	10.40%	9.95%	8.05%



STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2019 FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

1. The total number of directors are SEVEN as per following:
 - a) Male Six
 - b) Female One
2. The composition of Board is as follow:
 - (a) Independent director:
 - i) Mr. Shamim Ahmad
 - ii) Mr. Farrukh Yaseen
 - (b) Non-Executive directors:
 - i) Mr. Zia Zakaria
 - ii) Mr. Noor Mohammad Zakaria
 - iii) Ms. Munifa Ayoob
 - (c) Executive directors:
 - i) Mr. Yusuf Ayoob
 - ii) Mr. Suleman Ayoob

Following the election of directors, the Board was reconstituted on April 1, 2020 comprising of 7 directors including two independent directors. One third of 7 comes to 2.33 and the fraction was not rounded upward to one to have 3 independent directors in observance of general mathematic principle.

(The independent directors meet the criteria of independence under Section 166(2) of the Companies Act 2017)

3. The directors have confirmed that none of them is serving as director in more than seven listed companies, including this Company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and the 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 19(2) of the CCG Regulations accordingly they are exempted from attending directors' training program pursuant to clause 19(1) of the CCG Regulations. However one of the directors has acquired the required certification.
10. The Board has approved appointment of Chief Financial Officer (CFO), company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
- a) **Audit Committee:**
- | | |
|------------------|----------|
| Mr. Shamim Ahmad | Chairman |
| Mr. Zia Zakaria | Member |
| Ms. Munifa Ayoob | Member |
- b) **HR and Remuneration Committee:**
- | | |
|--------------------|----------|
| Mr. Farrukh Yaseen | Chairman |
| Mr. Suleman Ayoob | Member |
| Ms. Munifa Ayoob | 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 and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parents, dependent and non-dependent children) of the chief Executive Officer, Head of Internal Audit , the Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. Explanation for non-compliance with non-mandatory requirements i.e. other than regulation 3, 6, 7, 8, 27, 32, 33 and 36 are below:
- i. The requirement of Nomination Committee is optional in regulation no 29. The Board takes care of the responsibilities prescribed for nomination committee so a separate nomination committee is not considered necessary.
- ii. The requirement of Risk Management Committee is optional in regulation no 30. The risk management carried out at the overall Company's level by the executive management of the Company headed by the CEO. The Company's management monitors potential risk and risk management procedures are carried out to identify, assess and mitigate any identified or potential risk. The Board is also apprised from time to time about the risks and their management. Therefore, it is not considered necessary to have a separate committee in the respect.
- iii. Since the requirement with respect to disclosure of significant policies on the website is optional in regulation no 35(1), the company has uploaded only limited information in this respect on the Company's website. However, significant related information in respect of salient policies is disclosed in the annual reports of the Company which are duly uploaded on the website and are available for every one assessing the website. The company will however, review and place key elements of other policies if considered necessary.



ZIA ZAKARIA
CHAIRMAN



YUSUF AYOOB
CHIEF EXECUTIVE OFFICER

Karachi: December 24, 2020



Independent Auditor's Review Report 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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Al-Noor Sugar Mills Limited (the company) for the year ended September 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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.

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, 2020.

Chartered Accountants

Kreston Hyderabad & Co

Karachi, 24th December 2020

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INDEPENDENT AUDITOR'S 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, 2020, 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, 2020 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

S.No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Borrowings</p> <p>The Company has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 3,494 million, being 64% of total liabilities, as at reporting date.</p> <p>Given the significant level of borrowings, finance costs, significant gearing impact and the compliance requirement with various loan covenants, this is considered to be a key audit matter.</p> <p>(Refer Notes 3.10, 19 and 24 to the financial statements).</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level. Verification of disbursement of loans and utilization on sample basis. Verification of repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made.

S.No.	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Understating and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis. • Obtaining confirmation from Banks and other lenders of the Company to confirm balances, terms and conditions stated in the terms sheets and compliance thereof. • Review of charge registration documents. • Performing analytical procedures, recalculations and other related procedures for verification of finance costs. • Ensuring that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the financial statements.
2.	<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.</p> <p>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 to such contingencies may be complex and can significantly impact the annexed financial statements.</p> <p>Accordingly these are considered as key audit matter.</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 correspondence 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. • Examining legal and professional expenses to confirm that all pending legal matters are identified and disclosed. • Assessing the appropriateness of the related disclosures made in the accompanying financial statements in light of IAS-37 "Provisions and Contingencies."

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 auditor's report thereon.

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Kreston Hyderabad Bhimji & Co

CHARTERED ACCOUNTANTS

Place: Karachi

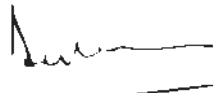
Date: 24th December 2020

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

	Note	2020	2019
		Rupees in thousand	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	4	4,906,966	4,771,459
Right-of-use assets	5	17,781	-
Intangible asset	6	2,839	5,681
Long term investments	7	747,755	685,385
Long term loans	8	1,737	2,912
Long term deposits	9	4,268	4,238
		5,681,346	5,469,675
CURRENT ASSETS			
Stores, spare parts and loose tools	10	424,564	361,664
Stock in trade	11	1,181,207	2,153,047
Trade debts	12	461,688	506,807
Loans and advances	13	71,382	65,993
Trade deposits and short term prepayments	14	9,811	11,721
Other receivables	15	335,921	439,994
Taxation - Net		153,633	151,607
Cash and bank balances	16	387,058	93,221
		3,025,264	3,784,054
		8,706,610	9,253,729
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital 50,000,000 ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital	17	204,737	204,737
Revenue Reserve			
General reserve		1,000,000	1,000,000
Unappropriated profit		705,809	499,808
Share of associate's unrealised loss on remeasurement of its investment at fair value through other comprehensive income		(2,714)	(2,655)
Surplus on Revaluation of Property, Plant and Equipment	18	1,364,357	1,429,316
		3,272,189	3,131,206
NON-CURRENT LIABILITIES			
Long term financing	19	2,685,000	2,136,875
Lease liability against right-of-use assets	20	5,245	-
Deferred taxation	21	516,129	460,851
		3,206,374	2,597,726
CURRENT LIABILITIES			
Trade and other payables	22	1,355,959	1,113,557
Accrued finance cost	23	46,454	111,499
Short term borrowings	24	402,138	1,529,219
Unclaimed dividend		6,413	5,661
Current portion of long term financing	19	406,875	764,861
Current portion of lease liability against right-of-use assets	20	10,208	-
		2,228,047	3,524,797
CONTINGENCIES AND COMMITMENTS			
	25	-	-
		8,706,610	9,253,729

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


YOUSUF AYOOB
Chief Executive Officer


SULEMAN AYOOB
Director


MUHAMMAD HANIF CHAMDIA
Chief Financial Officer



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Note	2020 Rupees in thousand	2019
Sales	26	10,906,700	9,340,031
Cost of sales	27	(9,214,432)	(8,172,919)
Gross profit		1,692,268	1,167,112
Profit from trading activities	28	301	-
		1,692,569	1,167,112
Less:			
Distribution cost	29	(61,402)	(78,915)
Administrative cost	30	(611,194)	(570,253)
Other operating cost	31	(174,104)	(50,301)
		(846,700)	(699,469)
		845,869	467,643
Other income	32	20,308	297,209
		866,177	764,852
Finance cost	33	(554,826)	(495,809)
		311,351	269,043
Share of profit from associates	7	118,535	187,843
Profit before taxation		429,886	456,886
Taxation	34	(227,423)	(267,552)
Profit after taxation		202,463	189,334
Earning per share - Basic and Diluted (Rupees)	35	9.89	9.25

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


YOUSUF AYOOB
Chief Executive Officer


SULEMAN AYOOB
Director


MUHAMMAD HANIF CHAMDIA
Chief Financial Officer

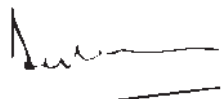
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Note	2020 Rupees in thousand	2019
Profit after taxation		202,463	189,334
Other Comprehensive Income			
Items that shall not be reclassified subsequently to profit or loss			
Share of associate's unrealized (loss)/ gain on remeasurement of its investment at fair value through other comprehensive income-net of deferred tax	7	(59)	59
Items that may be reclassified subsequently to profit or loss		-	-
Total Comprehensive Income for the year		202,404	189,393

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



YOUSUF AYOOB
Chief Executive Officer



SULEMAN AYOOB
Director



MUHAMMAD HANIF CHAMDIA
Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Issued, Subscribed & paid up capital	General reserve	Revenue Reserve- Unappropriated profit	Capital Reserve Revaluation surplus on property, plant and equipment	Share of associate's unrealized (loss) on remeasurement of investment at fair value through other comprehensive income	Total
..... Rupees in thousand.....						
Balance as at September 30, 2018	204,737	1,000,000	271,708	1,527,935	(2,714)	3,001,666
During the year ended September 30, 2019						
Transaction with owners						
Final dividend for the year ended September 30, 2018 @ Rs 1.5 per share	-	-	(30,711)	-	-	(30,711)
Total Comprehensive income for the year	-	-	189,334	-	59	189,393
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	54,935	(54,935)	-	-
Share of associate's incremental depreciation of revaluation surplus	-	-	14,542	(16,681)	-	(2,139)
Deferred tax adjustment due to change in tax rate directly credited to revaluation surplus	-	-	-	(27,003)	-	(27,003)
Balance as at September 30, 2019	204,737	1,000,000	499,808	1,429,316	(2,655)	3,131,206
During the year ended September 30, 2020						
Transaction with owners						
Final dividend for the year ended September 30, 2019 @ Rs 3.00 per share	-	-	(61,421)	-	-	(61,421)
Total Comprehensive Income for the year	-	-	202,463	-	(59)	202,404
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	51,436	(51,436)	-	-
Share of associate's incremental depreciation of revaluation surplus	-	-	13,523	(13,523)	-	-
Balance as at September 30, 2020	204,737	1,000,000	705,809	1,364,357	(2,714)	3,272,189

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


YOUSUF AYOOB
Chief Executive Officer


SULEMAN AYOOB
Director


MUHAMMAD HANIF CHAMDIA
Chief Financial Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Note	2020	2019
		Rupees in thousand	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		429,886	456,886
Adjustments for:			
Depreciation of property, plant and equipment	4.1.1	287,849	287,055
Depreciation on right-of-use assets	5	3,748	-
Amortization of intangible assets	6	2,842	2,130
Gain on disposal of property, plant and equipment	32	(2,562)	(4,953)
Unclaimed liabilities written back	32	(3,961)	-
Impairment allowance for receivable against export subsidy	15.2	103,344	-
Expected credit loss against trade debts	12.1	6,879	-
Impairment allowance against receivable for cane development cess	15.2	8,238	-
Sales tax with-held (SEPCO) - Written off		4,523	-
Provision for obsolescence and slow moving items	10.1	12,451	12,126
Doubtful advances - Written off	31	4,296	-
Reversal of provision of sugarcane cost	32	-	(253,279)
Reversal of provision of excise duty	32	-	(35,120)
Finance cost	33	554,826	495,809
Share of profit from associates	7	(118,535)	(187,843)
		863,938	315,925
Cash generated before working capital changes		1,293,824	772,811
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(75,351)	(51,752)
Stock in trade		971,840	66,450
Trade debts		38,240	(132,433)
Loans and advances		(9,685)	3,277
Trade deposits and short term prepayments		1,910	7,709
Other receivables		(7,509)	351,562
		919,445	244,813
Increase / (decrease) in current liabilities			
Trade and other payables		241,840	(21,543)
Short term borrowings		(1,127,081)	(402,116)
		(885,241)	(423,659)
		1,328,028	593,965
(Payments to) / Receipts from			
Income tax paid		(174,161)	(128,082)
Finance cost paid		(618,833)	(443,536)
(Increase)/(Decrease in long term loans		1,175	981
(Increase) in long term deposits		(30)	(1,144)
		(791,849)	(571,781)
Net cash inflow from operating activities		536,179	22,184
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(424,964)	(220,205)
Addition to right-of-use asset		(21,529)	-
Additions in intangible assets		-	(5,228)
Sale proceeds from disposal of property, plant and equipment		4,170	8,305
Dividend received from associate		56,096	23,098
Net cash used in investing activities		(386,227)	(194,030)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		800,000	800,000
Repayment of long term financing		(609,861)	(597,222)
Addition to lease liability against right-of-use asset		21,529	-
Repayment of lease liability against right-of-use asset		(7,114)	-
Dividend paid		(60,669)	(30,219)
Net cash inflows from financing activities		143,885	172,559
Net increase in cash and cash equivalents (A+B+C)		293,837	713
Cash and cash equivalents at the beginning of the year		93,221	92,508
Cash and cash equivalents at the end of the year		387,058	93,221

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


YOUSUF AYOOB
Chief Executive Officer


SULEMAN AYOOB
Director


MUHAMMAD HANIF CHAMDIA
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 total area of industry land which includes the main factory is spread over 207.25 Acres.

- 1.1 The pandemic of COVID-19 has rapidly spread across the world and has been declared a public health emergency of an international concern by the World Health Organization (“WHO”). This has not only endangered human lives but has also adversely affected the global economy. During the month of March 2020, Provincial Governments of Pakistan announced a temporary lock down as a measure to control the outbreak of the pandemic. In order to comply with the directives issued by Government of Sindh and other provinces of Pakistan and administration authorities falling under their control, the Company in the wider national interest temporarily closed down its production facilities in Sindh on March 22, 2020.

Subsequently, the lockdown was relaxed and the Company on April 22, 2020, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of its employees, resumed its operations and took all the necessary steps to ensure safe and smooth continuation of its business activities for the purpose of maintaining business performance despite slackening economic activity.

The Company is still monitoring the COVID19 situation and development across the globe and has made an assessment of the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- Realization of Receivables and expected credit losses under IFRS 9, ‘Financial Instruments’;
- Impairment of tangible and intangible assets under IAS 36, ‘Impairment of non financial assets’;
- Net realizable value of inventory under IAS 2, ‘Inventories’;
- Provisions and contingent liabilities under IAS 37, including onerous contracts; and
- Going concern assumption used for the preparation of these financial statements.

Management believes that, there is no significant accounting impact of the effects of COVID-19 in these financial statements and that the going concern assumption of the Company remains valid.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the ‘historical cost convention’ except certain items of property, plant and 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.

2.2 STATEMENT OF COMPLIANCE

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

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

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods as appropriate. In the process of applying the accounting policies, management 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 for possible impairment. In making these estimates, the Company uses technical resources available with the Company. The company also uses judgments and estimates in determining fair values of items carried at revalued amounts. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation and impairment.

b) Stock-in-trade

The Company reviews the net realizable value of stock in trade to assess any 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 of non-financial assets

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) Impairment of financial assets

The Company reviews its doubtful trade debts, loans, deposits 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.

i) Leases

The company uses judgements and estimates in measurement of right-of-use assets and corresponding lease liabilities with respect to discount rates, lease terms including exercise of renewal and termination option ect, as disclosed in note 3.1 (c) and 3.11.

2.5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

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

The following Standards, interpretations and amendments to published approved accounting standards became effective during the year. These are either irrelevant or do not have material impact on the Company's Financial Statements except IFRS-16 Leases.

		Effective from accounting period beginning on or after
IFRS - 3	Business Combinations: Previously held interest in a joint operation.	January 01, 2019
IFRS - 9	'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
IFRS - 11	Joint Arrangements: Previously held interest in a joint operation.	January 01, 2019
IFRS - 14	Regulatory Deferral Accounts	July 01, 2019
IFRS - 16	Leases.	January 01, 2019
IAS - 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity.	January 01, 2019
IAS - 19	'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IAS - 23	Borrowing Costs - Borrowing costs eligible for capitalization.	January 01, 2019
IAS - 28	'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC - 23	'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

a) **IFRS 16 "Leases"**

IFRS 16 'Leases' replaces the previous lease standard IAS 17 Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts are required to be recognized. The only exceptions are short term and low value leases.

The Company has lease agreements for immovable properties acquired for display center and administrative office, which were being accounted for as operating leases under IAS 17, based on assessment of whether the lease transferred substantially all of the risks and rewards of ownership. With effect from October 01, 2019, the Company has applied IFRS 16 for recognition of the property.

On initial application, the Company has also elected to use the recognition exemptions for some lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognizes the lease payments associated with these leases as an expense in statement of profit or loss.

Due to adoption of IFRS 16 the company has recognized following amounts of Right of Use Assets and corresponding lease liabilities determined based on present value of future lease rentals discounted at incremental borrowing rate ranging from 8.17% to 14.36 % per annum. The accounting policies relating to the Company's right-of-use assets and lease liabilities are disclosed in notes 3.1 (c) and 3.11.

Effect of adoption of IFRS 16 as at Oct 01, 2019

The Company has applied transition provisions and various practical expedients allowed in IFRS 16 and has determined that there is impact of change in accounting policy as at October 01, 2019. However during the period modification to a property lease having non-cancellable period of more than twelve months is treated as new lease and accounted for in accordance with IFRS 16. The carrying amounts of the Company's right-of-use assets, lease liabilities and the movement during the period is as below:

	RoU asset	Lease liability
	-----Rs. '000-----	
Amount initially recognized as at Oct 01, 2019		
Additions during the year	21,529	21,529
Depreciation	(3,748)	-
Accretion of interest	-	1,038
Payments	-	(7,115)
As at September 30, 2020	17,781	15,452

Had this standard not been applied, assets and liabilities would have been lowered by Rs. 17.780 million and Rs. 15.452 million respectively. Rent expense would have been higher by Rs.4.089 million and depreciation charge and finance charges would have been lower by Rs. 3.747 million and Rs. 1.038 million respectively. Net profit before tax would have been higher by Rs. 0.697 million



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

The following standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each of them. These are either irrelevant or do not have material impact on the Company's Financial Statements.

		Effective for accounting periods beginning on or after
IFRS - 3	'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
IFRS - 10	'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020	January 01, 2022
IFRS 16	Leases -Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	January 01, 2020
IAS 1 & IAS 8	'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
IAS 1	Presentation of Financial Statements & Accounting Policies -Amendments regarding the classification of liabilities	January 01, 2023
IAS 16	Property, Plant and Equipment- Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the cost of fulfilling a contract when assessing whether a contract is onerous	January 01, 2022

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

In addition to above there were certain other amendments and interpretations that are also either not relevant or material to these financial statements.

2.5.3 Standards not yet adopted by Securities and Exchange Commission of Pakistan.

		IASB Effective Date' Effective for the accounting period beginning on or after
IFRS – 1	First Time Adoption of IFRS	January 1, 2004
IFRS – 17	Insurance Contracts	January 1, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below

3.1 Property Plant & Equipments

a) Operating fixed assets

Recognition/measurement

Operating fixed assets except furniture, fixture & fittings, office equipment and vehicles are stated at revalued amounts less accumulated depreciation and impairment, if any. Furniture, fixture & fittings, office equipment 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. 4.1. Depreciation on additions 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 and when incurred.

Revaluation surplus

The revaluation of 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 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 on 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 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 decrease previously charged. Any decrease that reverse previous increase of the same assets are 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's 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.

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.

c) Right-of-use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciatin and accumulated impairment losses, if any.



Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the assets. Where the ownership of the assets transfers to the company at the end of the lease term or if the cost of the asset reflects that the company will exercise the purchase option, depreciation is charged over the useful life of assets.

3.2 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.

3.3 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 2.4 (e).

3.4 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 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.

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

3.5 Trade Debts

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

3.6 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.

3.7 Compensated unavailed leaves

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

3.8 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 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 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.

3.9 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.

3.10 Borrowings and their costs

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

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

3.11 Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of certain short term and low value leases are not recognised and payments against such leases are recognised as expense in profit and loss.

3.12 Provisions and Contingences

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

3.13 Financial Instruments

3.13.1 Recognition

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



3.13.2 Initial measurement

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

3.13.3 Classification of financial assets

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

The Company classifies its financial instruments in the following categories:

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

3.13.4 Classification of financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

3.13.5 Subsequent measurement

Financial assets and liabilities at amortised cost

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

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

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

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

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

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

3.13.6 Derecognition of Financial Instruments

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

3.13.7 Offsetting of financial assets and liabilities

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

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

3.14 Impairment

a) Financial assets

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

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

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

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

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

b) Non-Financial assets

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

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

Impairment losses are recognized in statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets of the unit on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



3.15 Revenue Recognition

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

- Revenue from sale of goods is recognized when control of goods is transferred to customers, 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 statement of profit or loss under equity method (note 7.1) and dividend is credited to investment in associate in the period when the Company's right to receive the payment is established.

3.16 Foreign currency transactions and translation

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

3.17 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.

3.18 Segment Reporting

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

3.19 Dividends and other appropriations

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

	Note	2020 Rupees in thousand	2019
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	4,523,350	4,687,656
Capital work in progress	4.2	383,616	83,803
		4,906,966	4,771,459



4.1 OPERATING FIXED ASSETS

PARTICULARS	2020										Depreciation Rate	
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	Opening Net Book Value At Oct 01, 2019	Direct Additions	Transfer From CWIP	Revaluation Surplus during the year	Disposal during the year	Depreciation	Net Book Value At Sep 30, 2020	Cost	Accumulated Depreciation	Net Book Value At Sep 30, 2020		
Rupees in thousand												
FREE HOLD LAND												
Cost	68,312	-	-	-	-	-	68,312	68,312	-	68,312	68,312	10%
Revaluation	294,991	-	-	-	-	-	294,991	294,991	-	294,991	294,991	
FACTORY BUILDING												
Cost	124,544	-	31,941	-	-	14,684	141,801	262,133	120,332	141,801	10%	
Revaluation	116,695	-	-	-	-	11,669	105,026	191,286	86,260	105,026		
NON FACTORY BUILDING												
Cost	85,012	171	-	-	-	4,731	80,452	182,468	102,016	80,452	5% - 10%	
Revaluation	462,902	-	-	-	-	24,898	438,004	632,591	194,587	438,004		
POWER PLANT												
Cost	201,694	-	-	-	-	20,169	181,525	419,246	237,721	181,525	10%	
Revaluation	12,794	-	-	-	-	1,279	11,515	22,820	11,305	11,515		
PLANT & MACHINERY												
Cost	2,545,185	53,076	15,731	-	-	149,471	2,464,521	4,568,720	2,104,199	2,464,521	5% - 20%	
Revaluation	680,383	-	-	-	-	34,599	645,784	1,508,898	863,114	645,784		
FURNITURE, FIXTURE AND FITTINGS												
Cost	3,403	-	-	-	-	1,335	2,068	20,150	18,082	2,068	10%-33%	
OFFICE EQUIPMENT												
Cost	17,660	9,533	-	-	-	7,845	19,348	103,246	83,898	19,348	33%	
VEHICLES												
Cost	74,081	14,698	-	-	1,608	17,169	70,002	212,530	142,528	70,002	20%	
TOTAL												
Cost	3,119,891	77,479	47,672	-	1,608	215,404	3,028,030	5,936,806	2,808,776	3,028,030		
Revaluation	1,567,765	-	-	-	-	72,445	1,495,320	2,650,566	1,155,266	1,495,320		
	4,687,656	77,479	47,672	-	1,608	287,849	4,523,350	8,487,392	3,964,042	4,523,350		



PARTICULARS	2019										Depreciation Rate	
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	Opening Net Book Value At Oct 01, 2018	Direct Additions	Transfer From CWIP	Revaluation Surplus during the year	Disposal during the year	Depreciation	Net Book Value At Sep 30, 2019	Cost	Accumulated Depreciation	Net Book Value At Sep 30, 2019		
Rupees in thousand												
FREE HOLD LAND												
Cost	66,312	-	-	-	-	-	66,312	66,312	-	-	66,312	10%
Revaluation	294,991	-	-	-	-	-	294,991	294,991	-	-	294,991	
FACTORY BUILDING												
Cost	106,718	-	28,637	-	-	12,811	124,544	230,192	105,648	124,544	124,544	10%
Revaluation	129,661	-	-	-	-	12,966	116,695	191,286	74,591	116,695	116,695	
NON FACTORY BUILDING												
Cost	84,887	-	5,065	-	-	4,940	85,012	182,297	97,285	85,012	85,012	5% - 10%
Revaluation	489,315	-	-	-	-	26,413	462,902	632,591	169,689	462,902	462,902	
POWER PLANT												
Cost	211,281	-	11,762	-	-	21,349	201,694	419,246	217,552	201,694	201,694	10%
Revaluation	14,216	-	-	-	-	1,422	12,794	22,820	10,026	12,794	12,794	
PLANT & MACHINERY												
Cost	2,358,349	66,399	265,972	-	-	145,535	2,545,185	4,499,913	1,954,728	2,545,185	2,545,185	5% - 20%
Revaluation	716,955	-	-	-	-	36,572	680,383	1,508,898	828,515	680,383	680,383	
FURNITURE, FIXTURE AND FITTINGS												
Cost	4,319	421	-	-	-	1,337	3,403	20,150	16,747	3,403	3,403	10%-33%
OFFICE EQUIPMENT												
Cost	17,164	7,091	-	-	-	6,595	17,660	93,713	76,053	17,660	17,660	33%
VEHICLES												
Cost	71,879	22,669	-	-	3,352	17,115	74,081	203,254	129,173	74,081	74,081	20%
TOTAL												
Cost	2,924,909	96,580	311,436	-	3,352	209,682	3,119,891	5,717,077	2,597,186	3,119,891	3,119,891	
Revaluation	1,645,138	-	-	-	-	77,373	1,567,765	2,650,586	1,082,821	1,567,765	1,567,765	
	4,570,047	96,580	311,436	-	3,352	287,055	4,687,656	8,367,663	3,680,007	4,687,656	4,687,656	

4.1.1 Depreciation for the year has been allocated as follows:

	Note	2020	2019
Rupees in thousand			
Cost of Sales	27.1	231,871	230,655
Administrative expenses	30	55,978	56,400
		287,849	287,055

**4.1.2 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	Gain/(Loss) on disposal	Particulars of Buyer
..... Rupees in thousand						
VEHICLES						
Toyota Corolla	1,874	810	1,064	1,960	896	Mubarak Ahmed s/o Chudhary Ahmed House No.D 83 Naval Housing Society Zamzama Clifton Karachi.
Aggregate of other Motor Vehicles and Motorcycles with Individual book values not exceeding Rs.500,000/-	3,548	3,004	544	2,210	1,666	Various
2020	5,422	3,814	1,608	4,170	2,562	
2019	10,155	6,803	3,352	8,305	4,953	

4.1.3 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 inquiries 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.

- a) Had there been no revaluation of the aforementioned assets, the carrying value at historical cost would have been as follows:

	2020	2019
Rupees in thousand		
Freehold land	68,312	68,312
Factory Building	141,801	124,544
Non-factory Building	80,452	85,012
Power plant	181,525	201,694
Plant and machinery	2,464,521	2,545,185
	2,936,611	3,024,747



- b) Forced sale value has been determined by the valuer (based on the last revaluation report) using discount factor, i.e., Disposition Value (DV) Factor for Land and Building and Orderly Liquidation Value (OLV) factor for plant and machinery as follows;

	Discount Factor %		Revalued Amount based on last revaluation as of 30/09/18	Forced Sale Value as at 30/09/2018
	Disposition Value (DV)	Orderly Liquidation Value (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

4.2 Capital work in progress

	2020			
	Opening Balance	During the year		Closing Balance
		Capital expenditure incurred	Transferred to operating fixed assets	
	----- Rupees in thousand -----			
Civil works - Factory and non-factory building	25,219	22,325	(31,941)	15,603
Plant and machinery 4.2.1	58,584	325,160	(15,731)	368,013
	83,803	347,485	(47,672)	383,616

	2019			
	Opening Balance	During the year		Closing Balance
		Capital expenditure incurred	Transferred to operating fixed assets	
	----- Rupees in thousand -----			
Civil works - Factory and non-factory building	32,266	26,655	(33,702)	25,219
Plant and machinery including power plant 4.2.1	239,348	96,970	(277,734)	58,584
	271,614	123,625	(311,436)	83,803

- 4.2.1 Additions to plant and machinery under installation includes borrowing cost of Rs.2.533 million (2019: 25.427 million) capitalized at the effective rate of 8.96% (2019: 11% to 14.50%).

	Note	2020	2019
Rupees in thousand			
5 RIGHT-OF-USE ASSETS			
Net carrying value as at September 30,2020			
Opening			
Additions during the year		21,529	-
Depreciation expense		(3,748)	-
Net book value		17,781	-
Gross Carrying value as at September 30,2020			
Cost		21,529	-
Accumulated Depreciation		(3,748)	-
		17,781	-
6 INTANGIBLE ASSET			
Softwares			
Net Carrying value basis			
Opening carrying value		5,681	2,583
Additions during the year - at cost		-	5,228
Amortization for the year		(2,842)	(2,130)
		2,839	5,681
Gross Carrying value basis			
Cost		15,436	15,436
Accumulated amortisation		(12,597)	(9,755)
		2,839	5,681

6.1 The Cost is being amortised using straight line at the rate of 33% per annum.

7 LONG TERM INVESTMENTS

Investment in associates: -

	Shahmurad Sugar Mills Limited	Al Noor Modaraba Management (Pvt.) Limited	Total 2020	Total 2019
----- Rupees in thousand -----				
Opening balances	684,033	1,352	685,385	522,710
Share of profit /(Loss) of associates	118,820	(285)	118,535	187,843
Share of associate's unrealized gain/ (loss) on remeasurement of associate's investment at fair value through other comprehensive income	(9)	(60)	(69)	69
Share of associate's tax rate impact related to its surplus on revaluation of property, plant and equipment	-	-	-	(2,139)
Dividend received from associate	(56,096)	-	(56,096)	(23,098)
	62,715	(345)	62,370	162,675
Closing Balance	746,748	1,007	747,755	685,385



- 7.1 The Company holds 3,299,784 (15.625%) and 500,000 (14.285%) fully paid ordinary shares of Shahmurad Sugar Mills Limited (SSML) and AI-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 AI-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.Zia Zakaria. The market value (based on quoted market price on Pakistan Stock Exchange Limited) of shares of Shahmurad Sugar Mills Limited as at September 30, 2020 was Rs.329.978 million. (2019 : Rs.260.683 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.Zain Ayoob. In view of regulatory framework applicable in Pakistan the financial year end of ANMM is June 30, 2020 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 30,2020 have been used for the purpose of application of equity method.

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

	2020		2019	
	Shahmurad Sugar Mills Limited	AI Noor Modaraba Management (Pvt.) Limited	Shahmurad Sugar Mills Limited	AI Noor Modaraba Management (Pvt.) Limited
----- Rupees in thousand -----				
Number of shares held	3,299,784	500,000	3,299,784	500,000
Cost of investment	21,631	5,000	21,631	5,000
Ownership interest	15.625%	14.285%	15.625%	14.285%
Assets, Liabilities and net assets				
Assets				
Tangible and intangible fixed assets	5,386,952	452	5,498,699	565
Long Term Investments	1,006	12,600	1,351	13,020
Other non current assets	3,653	13	30,369	13
Current assets	5,919,925	1,382	4,860,438	1,198
	11,311,536	14,447	10,390,857	14,796
Liabilities				
Non - current liabilities	(1,180,824)	(1,100)	(1,340,813)	(1,100)
Current liabilities	(5,351,671)	(1,316)	(4,672,241)	(1,653)
	(6,532,495)	(2,416)	(6,013,054)	(2,753)
Net assets	4,779,041	12,031	4,377,803	12,043
Less: Loan from director included in equity	-	(5,000)	-	(2,600)
	4,779,041	7,031	4,377,803	9,443
Share of net assets / Breakup value of investments	746,748	1,007	684,033	1,352
Operating Results				
Revenue / Income	11,143,607	136	9,631,925	12
Total expenses	(10,211,734)	(2,127)	(8,276,869)	(3,683)
Share of loss of associates	(285)	-	(524)	-
Taxation	(171,273)	(1)	(148,986)	-
Profit/ (Loss) after taxation for the year	760,315	(1,992)	1,205,546	(3,671)
Share of AI-Noor Sugar Mills Limited	118,820	(285)	188,367	(524)
Other comprehensive income	(9)	-	9	-
Share of Associate's unrealized loss on re-measurement of its investment				
Share of AI-Noor Sugar Mills Limited - Other comprehensive income	118,811	-	188,376	-

	Note	2020	2019
Rupees in thousand			
8 LONG TERM LOANS			
Secured & Interest free			
Considered good			
Due from - Executives	8.1	1,563	1,190
- Non Executive		13,612	12,998
		15,175	14,188
Less : Current portion of loans			
Due from - Executives		(1,428)	(1,090)
- Non Executive		(12,010)	(10,186)
		(13,438)	(11,276)
		1,737	2,912
8.1 Movement of outstanding amount of loans to Executives:			
Balance at the beginning of the year		1,190	736
Disbursed during the year		1,900	1,135
Recovered during the year		(1,527)	(681)
Balance at the end of the year		1,563	1,190
8.2			
Loans and advances have been given in accordance with the terms of employment and are recoverable within a maximum period of three years in monthly installments. These are usually granted against the retirement benefits. These interest free long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material.			
8.3			
The maximum aggregate amount due from executives at any month end during the year was Rs.1.563 million (2019:1.190 million).			
9 LONG TERM DEPOSITS			
Interest free-considered good			
Utilities		647	632
Others		3,621	3,606
		4,268	4,238
10 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		191,115	162,143
Spare parts		320,569	252,293
Loose tools		782	1,205
Stores in transit		4,315	25,789
		516,781	441,430
Less: Provision for obsolescence and slow moving items	10.1	(92,217)	(79,766)
		424,564	361,664
10.1 Provision for obsolescence and slow moving items			
Opening balance		79,766	67,640
Allowance for the year	31	12,451	12,126
Closing balance		92,217	79,766



	Note	2020	2019
Rupees in thousand			
11 STOCK IN TRADE			
Raw material - in hand		265,910	363,850
- in transit		119,748	22,737
		385,658	386,587
Sugar in process		5,886	2,807
Finished goods/By Products			
Sugar	11.1	593,896	1,562,411
MDFB Sheets	11.2	182,732	196,149
		776,628	1,758,560
Trading stock of laminated flooring / Edge Banding		2,814	2,979
Bagasse		9,049	2,114
Molasses		1,172	-
		1,181,207	2,153,047
11.1			
Stocks of refined sugar amounting to Rs.Nil (2019: Rs.1,172 million) is pledged against cash finance facilities and Murabaha / Istisna arrangements as referred in Note.24.1 and 24.2 respectively.			
11.2			
Stock in trade includes stocks costing Rs.289.8 million (2019: Rs. 324 million) written down to their net realizable value of Rs.267.8 million (2019: Rs.309 million).			
12 TRADE DEBTS			
Against Export sales - secured, considered good		5,460	129,802
Against Local sales - Unsecured, considered good		463,107	377,005
		468,567	506,807
Less: Expected credit loss against trade debts	12.1	(6,879)	-
		461,688	506,807
12.1 Expected credit loss against trade debts			
Opening balance		-	-
Allowance for the year	31	6,879	-
Closing balance		6,879	-
13 LOANS AND ADVANCES			
Secured & Interest free			
Current portion of long term loans	8	13,438	11,276
Un-secured & Interest free			
Considered good			
Advances against purchases and services		32,757	35,562
Advances to employees against expense		4,972	6,978
Advance to growers		20,215	12,177
		57,944	54,717
Considered doubtful			
Loans to growers	13.1	36,801	36,801
For purchase and services		1,555	1,555
For transportation		2,740	2,740
		41,096	41,096
		112,478	107,089
Impairment allowance against doubtful loans and advances		(41,096)	(41,096)
		71,382	65,993

- 13.1 These overdue loans were given to farmers/growers to support them for sugarcane cultivation and development. These were adjustable 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	2020	2019
Rupees in thousand			
14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		7,809	8,568
Short term prepayments		2,002	3,153
		9,811	11,721
15 OTHER RECEIVABLES			
Considered good			
Receivables from related parties	15.1	5,758	786
Sales tax receivable	23.8	31,173	31,173
Cane Development Cess		-	8,238
Export subsidy	15.2	296,311	399,655
Others		2,679	142
		335,921	439,994
Considered doubtful			
Export freight subsidy receivable from Trade Development Authority of Pakistan	15.2	49,779	49,779
Export subsidy from Federal Government through SBP	15.2	103,344	-
Cane Development Cess	15.2	8,238	-
		161,361	49,779
		497,282	489,773
Less: Impairment allowance against receivables			
Opening		(49,779)	(49,779)
Charged for the year		(111,582)	-
		(161,361)	(49,779)
		335,921	439,994

- 15.1 These represent insurance claims receivable from Reliance Insurance Company Limited. The maximum aggregate amount due from related parties at the end of any month during the year was Rs.14.355 million (2019: 1.304 million). These claim were lodged against machinery breakdown and stock in transit.

- 15.2 The Company is continuously pursuing for the recovery of these export subsidies and cane development cess. However due to uncertainties regarding the timing and extent of their realisation. The Company as a matter of prudence, has made impairment allowance there against based on the management estimates.

16 CASH AND BANK BALANCES

Cash in hand		3,572	2,171
Cash at banks			
In Current accounts		168,144	89,774
In Saving accounts	16.1	215,342	1,276
	16.2	383,486	91,050
		387,058	93,221

- 16.1 This carry profit at the rate ranging between 2.54% to 7.90% (2019: 9.35 p.a).

- 16.2 This includes deposits of Rs. 244.82 million (2019: Rs. 13.264 million) with Shariah Compliant financial institutions.



17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
No. of Shares		Note	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

17.1 As at year end, the associated companies held 2,765,950 (2019: 2,748,450) ordinary shares of Rs. 10 each.

18 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Surplus on revaluation of property, plant and equipment	18.2	1,147,224	1,198,660
Share of associates' surplus on revaluation of property, plant and equipment	18.3	217,133	230,656
		1,364,357	1,429,316

18.1 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 provision of section 240 of the Companies Act 2017.

18.2 Surplus on revaluation of property, plant and equipment

Opening balance - gross		1,567,765	1,645,138
Incremental depreciation - net of deferred tax		(51,436)	(54,935)
Related deferred tax liability		(21,009)	(22,438)
		(72,445)	(77,373)
Closing balance - gross		1,495,320	1,567,765
Opening balance		(348,096)	(369,105)
Revaluation surplus net of deferred tax		1,147,224	1,198,660

	Note	2020	2019 Restated
Rupees in thousand			
18.3 Share of associates' surplus on revaluation of property, plant and equipment			
Opening balance		230,656	247,337
Transfer from surplus on revaluation of property, plant and equipment on account of Share of associate's incremental depreciation of revaluation surplus		(13,523)	(14,542)
Effect of change in tax rate		-	(2,139)
		217,133	230,656
19 LONG TERM FINANCING- Secured			
Conventional			
Banks	19.1	515,625	578,125
Financial institutions other than banks	19.1	600,000	317,361
		1,115,625	895,486
Islamic			
Diminishing Musharaka	19.1	1,976,250	2,006,250
		3,091,875	2,901,736
Less:-current maturity shown under current liabilities		(406,875)	(764,861)
		2,685,000	2,136,875



	Note	2020	2019
Rupees in thousand			
22 TRADE AND OTHER PAYABLES			
Creditors	22.1	424,042	739,312
Accrued expenses		84,642	81,069
Advances from customers	22.2	618,880	188,005
Workers' Profit Participation fund		16,865	14,476
Workers' welfare fund		11,910	5,501
Sales tax payable		197,781	83,414
Payable to provident fund - related party		794	777
Trade deposits and retention money		1,045	1,003
		1,355,959	1,113,557
22.1	This includes Rs.4.193 million (2019: Rs. Nil) payable to related party M/s. Reliance Insurance Company Limited.		
22.2	This includes advance from M/s. Shahmurad Sugar Mills Limited (an associated company) of Rs.150.00 million (2019: 104.969 million)		
22.3 Workers' Profit Participation fund			
Opening balance		14,476	-
Interest on funds utilized	22.3.1	1,284	-
Allocation for the year	31	16,865	14,476
		32,625	14,476
Payments made during the year		(15,760)	-
Closing balance		16,865	14,476
23 ACCRUED FINANCE COST			
On Long term financing		34,908	63,227
On Short term borrowings		11,546	48,272
		46,454	111,499
23.1	This includes Rs. 25.612 million (2019: Rs. 50.747 million) in respect of borrowings under Shariah Compliant arrangements.		
24 SHORT TERM BORROWINGS			
From banking companies - Secured			
Running finance/Cash finance		2,138	1,204,219
Export refinance		400,000	325,000
	24.1	402,138	1,529,219

- 24.1** These carry markup at rates ranging from 1 month kibar+0.35% to 3 month kibar+0.50% and 0.50% to 1.00% over SBP ERF rate (2019 : 3 month kibar+0.10% to 0.25% and 0.50% over SBP ERF rate) per annum chargeable and payable quarterly. These facilities are secured against pledge of refined sugar (hypothecated/pledge charge over stocks) and 1st pari passu equitable mortgage charge on fixed assets. The aggregate limit of running/cash/export refinance arrangements is up to Rs.2,575 million (2019: Rs 2,525 million). The aggregate unavailed running finance/cash finance facilities from commercial banks at year end amounted to Rs.2,173 million (2019 : Rs.996 million) as on reporting date.
- 24.2** The Company has also obtained Murabaha / Istisna facilities from Islamic banks at respective Kibar+0.30% (2019: respective Kibar+0.25%). 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 (2019: Rs 600 million). The unavailed facility at the year end amounted to Rs. 600 million (2019: 600 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 bagasse 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 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 in favour 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.

During the year 2017-18 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 than 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 Court 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. The appeal is pending before the Honourable Supreme Court of Pakistan and in view of earlier decision of Honourable Supreme Court of Pakistan, the company is confident for favourable outcome, so no provision is made.

- 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 as a matter of prudence accounted for the said difference of Rs. 10 per 40 kgs in the preceding years aggregating to Rs. 253.279 millions; however since no decision has yet been made by the court and the likelihood of further payment is remote, therefore the management of the company resolved to reverse this provision last year.
- 25.10** During the year 2017-18, 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 judgment 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..305.889 million.
- 25.11** During the year 2017-18 the company filed a petition in the Honourable High Court of Sindh and obtained stay order against illegal construction of building by government school management on the land 1-12 acres owed by the company, but 4-1/2 acres are under dispute. 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 Sindh at Hyderabad bench.
- 25.12** During the year 2018-19, the State Bank of Pakistan (SBP) imposed upon the Company a penalty of Rs.39.56 million as 15% of the shipment value of such export consignment which according to interpretation of SBP, were delayed by 1 or 2 days. The Company has filed constitutional petition in the Honorable High Court of Sindh challenging such penalty which, according to Company, was within stipulated time as required under SBP circulars. The Company's legal advisor is of the view that it is probable that the decision will be in favour of the Company and no financial liability is likely to arise.

	Note	2020	2019
		Rupees in thousand	
b) Commitments			
The Company's commitment as on September 30, are as follows:			
Letters of credit			
Stores		50,199	20,166
Raw Material		191,194	203,552
Machinery		52,991	27,360
		294,384	251,078



	Note	2020	2019
Rupees in thousand			
26 SALES			
Export		2,025,564	1,168,856
Local			
Local Sales including Sales tax and federal excise duty		10,497,301	9,483,424
Sales tax and federal excise duty		(1,615,269)	(1,311,236)
		8,882,032	8,172,188
Brokerage and commission		(896)	(1,013)
		10,906,700	9,340,031
27 COST OF SALES			
Opening stock of finished goods		1,758,560	1,864,499
Cost of goods manufactured	27.1	8,232,500	8,066,980
		9,991,060	9,931,479
Less: Closing stock of finished goods		(776,628)	(1,758,560)
		9,214,432	8,172,919
27.1 Cost of goods manufactured			
Raw material consumed	27.1.1	7,263,913	6,928,756
Salaries, wages and benefits	27.1.2	370,923	312,976
Stores and spare parts consumed		312,056	328,923
Packing materials		37,810	45,922
Fuel and oil		154,801	174,396
Power and water		359,953	289,019
Repair and maintenance		135,170	135,717
Insurance		16,006	16,634
Depreciation	4.1.2	231,871	230,655
Other manufacturing expenses		38,071	37,139
		8,920,574	8,500,137
Less:			
Sale of molasses		662,233	377,560
Sale of bagasse	27.1.3	4,222	22,138
Inventory adjustment of bagasse		8,107	(40,386)
Sale of sunder dust		10,433	9,033
Sale of electric power		-	64,654
		(684,995)	(432,999)
Work-in-process			
Opening stock		2,807	2,649
Closing stock		(5,886)	(2,807)
		(3,079)	(158)
		8,232,500	8,066,980
27.1.1 Raw material consumed			
Opening stock		363,850	270,724
Purchases and related expenses		7,165,973	7,021,882
		7,529,823	7,292,606
Closing stock		(265,910)	(363,850)
		7,263,913	6,928,756

27.1.2 It includes Rs. 12.092 million (2019: Rs. 9.392 million) in respect of the Company's contribution towards staff provident fund.

27.1.3 These figures are net of sales tax of Rs.0.713 million (2019 : Rs 3.763 million)

	Note	2020	2019
Rupees in thousand			
28 PROFIT FROM TRADING ACTIVITIES			
Sales		1,258	-
Sales tax		(32)	-
		1,226	-
Less: Cost of sales			
Opening stock		2,979	2,979
Purchases		753	-
Sampling Expenses		7	-
Closing stock		(2,814)	(2,979)
		925	-
Profit for the year		301	-
29 DISTRIBUTION COST			
Sales promotion		26,853	43,370
Export sale expenses		11,557	9,981
Dispatch, stacking and other expenses		22,992	25,564
		61,402	78,915
30 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	30.1	295,166	272,691
Staff welfare		35,043	35,742
Rent, rates and taxes		4,180	7,811
Electricity and gas charges		17,008	16,023
Repair and maintenance		61,387	49,418
Legal and professional		13,030	10,327
Vehicle running		33,769	33,038
Insurance		4,792	4,481
Communication		10,159	9,028
Entertainment		13,145	11,970
Printing and stationery		3,728	2,841
Fees and subscription		5,280	5,089
Traveling and conveyance		9,715	11,141
Security Expenses		36,283	33,313
Auditors' remuneration	30.2	1,602	1,598
Charity and donation	30.3	2,667	2,652
Depreciation	4.1.1 & 5	59,726	56,400
Amortization	6	2,842	2,130
Others		1,672	4,560
		611,194	570,253

30.1 It includes Rs.10.255 million (2019 : Rs. 8.701 million) in respect of the Company's contribution towards staff provident fund.



	Note	2020	2019
Rupees in thousand			
30.2 Auditors' remuneration			
Kreston Hyder Bhimji & Co			
Audit fee		1,320	1,200
Out of pocket expenses		115	242
Half yearly review fee		123	112
Code of corporate governance review fee		14	14
		1,572	1,568
A.D.Akhawala & Co. - Provident Fund		30	30
		1,602	1,598
30.3	No directors or their spouses had any interest in the donee funds.		
31 OTHER OPERATING EXPENSES			
Provision for obsolescence and slow moving items	10.1	12,451	12,126
Impairment allowance for receivable against export subsidy	15.2	103,344	-
Expected credit loss against trade debts	12.1	6,879	-
Impairment allowance against receivable for cane development cess	15.2	8,238	-
Sales tax with-held (SEPCO) - Written off		4,523	-
Doubtful advances - Written off		4,296	-
Worker's Profit Participation fund		16,865	14,476
Workers welfare fund		6,409	5,501
Net exchange loss		11,099	18,198
		174,104	50,301
32 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		6,560	1,473
Income from non financial assets and others			
Unclaimed liabilities written back		3,961	-
Export performance rebate		-	2,384
Insurance claim		7,225	-
Gain on disposal of property, plant and equipment	4.1.2	2,562	4,953
Reversal of provision of sugarcane cost	25.9	-	253,279
Reversal of provision of excise duty	32.1	-	35,120
		13,748	295,736
		20,308	297,209

32.1 This represented reversal of provision made in preceding years in respect of denial of excise duty exceptions by Central Excise and Land December 23, 1992. The Company challenged this matter before the Honourable Supreme Court of Pakistan which was decided in favour of the Company. Therefore the provision already made was reversed.

	Note	2020	2019
		Rupees in thousand	
33 FINANCE COST			
Profit / Markup / Interest on:			
Long term financing		355,802	266,628
Short term borrowings			
Cash/Running finance/Murabaha/Istisna		181,394	209,797
Export refinance		10,277	7,531
		191,671	217,328
Workers' profit participation fund		1,284	-
interest on liability against Right-of-use assets		1,038	-
Bank charges		5,031	11,853
		554,826	495,809

33.1 This includes Rs.275.598 million (2019: 271.557 million) in respect of Shariah Compliant Financial Institutions.

34 TAXATION

Current		172,135	144,961
Prior years		-	10,495
Deferred		55,288	112,096
	34.1	227,423	267,552

34.1 Tax Reconciliation

Tax at 29% on Accounting profit		124,667	132,497
Effect of			
Final tax regime		7,452	(567)
Minimum tax		47,765	70,476
Dividend income		8,414	3,465
Share of profit of associate		(34,375)	(54,474)
Prior Year Adjustment		-	10,495
Others		73,500	105,660
		102,756	135,055
		227,423	267,552

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:

Accounting Year	As per Financial Statements	As per Return/ Assessment
	Rupees in thousand	
2019	144,961	141,800
2018	87,832	96,931
2017	2,639	1,625
2016	78,978	95,720



	Note	2020	2019
		Rupees in thousand	
35 EARNINGS PER SHARE			
Basic and diluted			
Profit after taxation (Rupees in thousands)		202,463	189,334
Weighted average number of ordinary shares outstanding during the year		20,474	20,474
Earnings per share (Rupees)		9.89	9.25

35.1 There is no dilutive impact on the company's earning per share.

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	Nature of Transactions	2020	2019
Associates (Common Director / Members)		Rupees in thousand	
Reliance Insurance Company Limited	Insurance premium paid	18,324	29,968
	Insurance claims received	8,688	2,326
	Insurance claims receivable	5,758	786
Shahmurad Sugar Mills Limited	Sale of goods	667,173	400,991
	Dividend received	56,096	23,098
	Share of profit in associates	118,820	188,367
First Al-Noor Modaraba (Pvt) Limited	Share of loss in associates	(285)	(524)
	Share of other comprehensive loss and item taken directly to equity	(60)	60
Others			
Key management personnel	Remuneration to key management personnel	137,788	133,680
Staff Retirement Benefits Plan	Employer's contribution to provident fund	22,347	18,093

36.1 During the year the Company entered transactions/arrangements with following related parties.

Name of the related parties	Relationship	Percentage of shareholding	
		2020	2019
Reliance Insurance Company Limited	Common Directorship	-	-
Shahmurad sugar mills limited	Common Directorship	15.625%	15.625%
Al-Noor Management Modaraba (Pvt) Limited	Common Directorship	14.286%	14.286%

36.2 Outstanding balances with related parties have also 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		Executive Directors		Executives		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
..... Rupees in thousand								
Meeting fee	-	-	360	265	-	-	360	265
Remuneration	9,562	9,107	6,375	6,071	56,583	53,851	72,520	69,029
Provident fund		-		-	5,659	5,387	5,659	5,387
Perquisite (including house rent and bonus)	4,781	4,553	3,187	3,036	45,112	41,015	53,080	48,604
Reimbursable expenses including traveling expenses	5,552	9,113	617	1,282	-	-	6,169	10,395
	19,895	22,773	10,539	10,654	107,354	100,253	137,788	133,680
Number of persons	1	1	1	1	24	22		

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

38 CAPACITY AND PRODUCTION

Sugar Division

	2020	2019
Installed Cane Crushing Capacity per day (M.Ton)	14,500	14,500
No of days Mill operated	98	97
Total Crushing Capacity on basis of no. of days mill operated (M.Ton)	1,421,000	1,406,500
Actual Crushing (M.Ton)	769,428	894,494
Sugar Production (M.Ton)	74,665	94,825

The sugar production plant capacity is based on crushing of 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

	2020	2019
No. of Days Mill Operated	260	260
Capacity Per Day (Cubic Meter)	120	120
Total Capacity on basis of no. of days (Cubic Meter) mill operated	31,200	31,200
Actual Production (Cubic Meter)	30,778	31,407

Sunds Line

	2020	2019
No. of Days Mill Operated	330	330
Capacity Per Day (Cubic Meter)	122	122
Total Capacity on basis of no. of days (Cubic Meter) mill operated	40,260	40,260
Actual Production (Cubic Meter)	40,502	40,355



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	
	2020	2019	2020	2019	2020	2019
----- Rupees in thousand -----						
REVENUE						
External sales	6,133,787	5,122,621	4,772,913	4,217,410	10,906,700	9,340,031
External Sales of						
By-product, Electricity and bagasse	666,455	464,352	10,433	9,033	676,888	473,385
Inter-segment transfer - Electricity	108,390	76,032	-	-	108,390	76,032
Inter-segment transfer - Baggase	35,969	-	-	-	35,969	-
Total Revenue	6,944,601	5,663,005	4,783,346	4,226,443	11,727,947	9,889,448
RESULTS						
Profit from operations	558,338	238,662	461,334	279,282	1,019,672	517,944
Profit from trading activity	-	-	301	-	301	-
Other Income	12,342	291,367	7,966	5,842	20,308	297,209
	570,680	530,029	469,601	285,124	1,040,281	815,153
Other operating expenses					(174,104)	(50,301)
Finance cost					(554,826)	(495,809)
Share of profit from associates					118,535	187,843
Profit before tax					429,886	456,886
Taxation					(227,423)	(267,552)
Net profit for the year					202,463	189,334
STATEMENT OF FINANCIAL POSITION						
Assets						
Segment assets	4,507,912	5,622,951	3,297,310	2,793,786	7,805,222	8,416,737
Investment in associates	747,755	685,385	-	-	747,755	685,385
Unallocated Assets	-	-	-	-	153,633	151,607
Total assets					8,706,610	9,253,729
Liabilities						
Segment liabilities	4,704,636	5,536,128	694,597	560,757	5,399,233	6,096,885
Unallocated liabilities					35,188	25,638
Total liabilities					5,434,421	6,122,523
OTHER INFORMATION						
Additions to property, plant and equipment	30,871	64,890	394,093	155,315	424,964	220,205
Depreciation	146,710	143,683	141,139	143,372	287,849	287,055
Depreciation on right-of-use assets	-	-	3,748	-	3,748	-
Amortization	1,254	791	1,588	1,339	2,842	2,130
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					8,881,136	8,171,175
Afghanistan					2,025,564	1,039,048
Middle East					-	-
China					-	129,808
					10,906,700	9,340,031

40 FINANCIAL ASSETS AND LIABILITIES

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

2020						
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

At Cost / Amortised Cost

Loans and advances	-	-	-	13,438	1,737	15,175	15,175
Deposits	-	-	-	7,809	4,268	12,077	12,077
Trade debts	-	-	-	461,688	-	461,688	461,688
Other receivables	-	-	-	8,437	-	8,437	8,437
Cash and bank balances	215,342	-	215,342	171,716	-	171,716	387,058
	215,342	-	215,342	663,088	6,005	669,093	884,435

FINANCIAL LIABILITIES

At Cost / Amortised Cost

Long term financing	406,875	2,685,000	3,091,875	-	-	-	3,091,875
Trade and other Payables	16,865	-	16,865	510,523	-	510,523	527,388
Accrued finance cost	-	-	-	46,454	-	46,454	46,454
Short term borrowings	402,138	-	402,138	-	-	-	402,138
Unclaimed dividend	-	-	-	6,413	-	6,413	6,413
	825,878	2,685,000	3,510,878	563,390	-	563,390	4,074,268

2019						
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

At Cost / Amortised Cost

Loans and advances	-	-	-	11,276	2,912	14,188	14,188
Deposits	-	-	-	8,568	4,238	12,806	12,806
Trade debts	-	-	-	506,807	-	506,807	506,807
Other receivables	-	-	-	928	-	928	928
Cash and bank balances	1,276	-	1,276	91,945	-	91,945	93,221
	1,276	-	1,276	619,524	7,150	626,674	627,950

FINANCIAL LIABILITIES

At Cost / Amortised Cost

Long term financing	764,861	2,136,875	2,901,736	-	-	-	2,901,736
Trade and other Payables	14,476	-	14,476	822,161	-	822,161	836,637
Accrued finance cost	-	-	-	111,499	-	111,499	111,499
Short term borrowings	1,529,219	-	1,529,219	-	-	-	1,529,219
Unclaimed dividend	-	-	-	5,661	-	5,661	5,661
	2,308,556	2,136,875	4,445,431	939,321	-	939,321	5,384,752



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:

	2020	2019
	(Rupees in thousand)	
Loans and advances	15,175	14,188
Deposits	12,077	12,806
Trade debts	461,688	506,807
Other receivables	8,437	928
Bank balances	383,486	91,050
	<u>880,863</u>	<u>625,779</u>

Loans and advances

These represent balances due from employees that are usually against their balances of retirement benefits and loans to growers which are also provided to ensure 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. However, certain loans to growers given part are considered as doubtful. Therefore, impairment allowance is made there against.

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 to 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. 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 impairment allowance is necessary in respect of trade debts. Aging of trade debts is as follows;

1 to 3 months	286,452	205,159
3 to 6 months	50,955	301,648
More than 6 months	124,281	-
	<u>461,688</u>	<u>506,807</u>

Other receivables

These represent amounts receivables from parties against which the Company actively pursues for the recovery and there is no history of default in recent past therefore 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	2020 Rupees in thousand	2019
United Bank Limited	AAA	A-1+	43,335	11,915
Habib Bank Limited	AAA	A-1+	22,165	5,341
Allied Bank Limited	AAA	A-1+	9,034	1,795
MCB Bank Limited	AAA	A-1+	16,495	14,210
Standard Chartered Bank Limited	AAA	A-1+	217,972	758
National Bank of Pakistan Limited	AAA	A-1+	3,598	4,189
Faysal Bank Limited	AA	A-1+	6,716	3,635
Bank Al-Falah Limited	AA+	A-1+	7,978	4,841
Bank Islami Limited	A+	A-1	866	28
Habib Metropolitan Bank Limited	AA+	A-1+	6,600	3,485
Al-Baraka Bank (Pakistan) Limited	A	A-1	3,515	2,680
Soneri Bank Limited	AA-	A-1+	169	169
Industrial Commercial bank of China	A1	P-1	2	2
Meezan Bank Limited	AA+	A-1+	18,352	15,853
Burj Bank Limited	A+	A-1	-	7
JS Bank Limited / Al-Baraka Bank Ltd	AA-	A-1+	128	114
Bank Al-Habib Limited	AA+	A-1+	23,594	17,118
Askari Commercial Bank Limited	AA+	A-1+	2,567	4,466
Dubai Islamic Bank Limited	AA-	A-1	195	190
Samba Bank Limited	AA	A-1	176	176
Sindh Bank Limited	A+	A-1	78	78
			383,535	91,050

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, 2020 there were no significant past due or impaired financial assets except against which adequate loss allowance is made. However besides financial instruments as stated above;

(a) As at the year end amounts of Rs. 41.096 million (2019:41.096 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
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(b) The company has record impairment allowance of Rs. 161.361 million (2019 : Rs. 44.78 million) in respect of Export subsidies and cane development cess due to uncertainties regarding the recoverability as stated in note 15.2.



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 2020				
Long term financing	46,875	360,000	2,685,000	3,091,875
Trade and other payables	103,346	424,042	-	527,388
Accrued finance cost	46,454	-	-	46,454
Short-term borrowings	-	402,138	-	402,138
Unclaimed dividend	6,413	-	-	6,413
	203,088	1,186,180	2,685,000	4,074,268
Year ended 30 September 2019				
Long term financing	431,736	333,125	2,136,875	2,901,736
Finance lease Liabilities	-	-	-	-
Trade and other payables	138,472	698,165	-	836,637
Accrued finance cost	111,499	-	-	111,499
Short-term borrowings	-	1,529,219	-	1,529,219
Unclaimed dividend	5,661	-	-	5,661
	687,368	2,560,509	2,136,875	5,384,752

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2020 the Company has PKR 3,175 million (2019: PKR 2,196 million) available unutilized short term borrowing limit from financial institutions and also has PKR 387.058 million (2019: PKR 93.221 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	
		2020	2019
--- Rupees in thousand ---			
Variable Rate Instruments			
Long term financing	19	3,091,875	2,901,736
Worker's Profit Participation Fund	22	16,865	14,476
Short term Borrowings	24	402,138	1,529,219
Less: Balances in saving bank account		(215,342)	(1,276)
		3,295,536	4,444,155

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. 32.96 million (2019: 44.4 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.

As at the September 30, 2020 the currency risk profile of the Company's financial instruments is:

	2020 \$ in thousands	2019	2020 (Rupees in thousand)	2019
Balance Sheet Exposure				
Foreign debtors	33	828	5,460	129,802
Off Balance Sheet Exposure				
Commitments				
US Dollars	\$ 995	\$ 1,040	165,586	162,941
EUROS	€ 200	€ 397	39,075	68,039
Chinese yuan	€ 2,251	CHF 560	55,277	12,880
SEK	€ 283	CHF 439	5,279	6,915
CHF	€ 43		7,792	-
			273,009	250,775

The following significant exchange rate has been applied:

	2020	2019
Rupee per USD		
Average rate	161.55	156.40
Reporting date rate	166.40	156.70
Rupee per EURO		
Average rate	182.90	170.30
Reporting date rate	195.21	170.59
Rupee per CNY		
Average rate	23.78	22.50
Reporting date rate	24.56	23.00
Rupee per SEK		
Average rate	17.40	15.12
Reporting date rate	18.63	16.17
Rupee per CHF		
Average rate	183.34	188.00
Reporting date rate	180.67	186.00

Sensitivity analysis

A 10 percent strengthening / weakening of the pkr against USD at year end would have decreased / increased profit before tax by the amount of Rs. 0.546 million (2019 : Rs. NIL) in respect of on foreign currency balances. The effect off statement of financial position items would have been Rs. 32.53 million (2019: Rs.25.08 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.



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 2020 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2020 and 2019 were as follows:

	2020 (Rupees in thousand)	2019
Total borrowings	3,494,013	4,430,955
Less: Cash and bank balances	(387,058)	(93,221)
	3,106,955	4,337,734
Total equity	3,272,189	3,131,206
Total equity and debt	6,379,144	7,468,940
Gearing ratio (%)	48.70%	58.08%

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).

Management assessed that the fair values of cash and cash equivalent, 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:

	2020 (Rupees in thousand)	
	Un-audited	Audited
Size of the fund - Total assets	221,832	185,983
Cost of investments made	221,172	184,418
Percentage of investments made	99.70%	99.16%
Fair value of investments	221,172	184,418

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

	2020		2019	
	Rs. 000s %	Rs. 000s %
	Un-audited		Audited	
Meezan Amdan Certificate	220,000	99.47%	182,500	98.96%
Saving accounts with banks	1,172	0.53%	1,918	1.04%
	221,172	100.00%	184,418	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

No of persons employed as on year end were 740 (2019:733) and Average number of employee during the year were 800 (2019:784).

45 EVENTS AFTER BALANCE SHEET DATE

45.1 Subsequent to the year ended September 30, 2020, the Board of Directors has proposed a final cash dividend of Rs.61.42 million (2019: Rs.61.42) in their meeting held on 24th December 2020 subject to the approval of the members at the Annual General meeting scheduled to be held 28th January 2021.



46 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 24th December 2020.

47 GENERAL

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

YOUSUF AYOOB
Chief Executive Officer

SULEMAN AYOOB
Director

MUHAMMAD HANIF CHAMDIA
Chief Financial Officer

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON 30-09-2020

NO. OF SHAREHOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
476	1	To	100	12,120
356	101	To	500	103,380
113	501	To	1000	86,593
120	1001	To	5000	275,038
24	5001	To	10000	170,055
5	10001	To	15000	62,951
5	15001	To	20000	91,891
6	20001	To	25000	133,103
1	25001	To	30000	28,500
1	30001	To	35000	31,000
1	35001	To	40000	37,500
1	55001	To	60000	59,500
3	60001	To	65000	185,873
2	65001	To	70000	134,803
1	70001	To	75000	74,538
3	90001	To	95000	277,308
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	165001	To	170000	170,000
1	205001	To	210000	208,218
2	215001	To	220000	435,049
2	220001	To	225000	442,176
1	240001	To	245000	241,147
2	280001	To	285000	560,589
1	285001	To	290000	288,015
1	295001	To	300000	296,500
1	300001	To	305000	304,117
1	305001	To	310000	307,959
1	320001	To	325000	323,394
1	370001	To	375000	371,032
1	400001	To	405000	402,483
1	435001	To	440000	435,011
1	455001	To	460000	455,403
1	460001	To	465000	464,191
1	565001	To	570000	566,416
1	595001	To	600000	600,000
1	615001	To	620000	615,836
1	630001	To	635000	634,856
1	660001	To	665000	660,802
3	675001	To	680000	2,030,182
1	740001	To	745000	742,000
1	835001	To	840000	838,597
1	905001	To	910000	908,610
1	980001	To	985000	982,231
1	1875001	To	1880000	1,875,675
1	1895001	To	1900000	1,898,887
1,156				20,473,702

CATEGORIES OF SHAREHOLDING AS ON 30-09-2020

SR. NO.	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1	INSURANCE COMPANIES	1	566,416	2.77
2	JOINT STOCK COMPANIES	14	2,762,342	13.49
3	FINANCIAL INSTITUTIONS	5	34,030	0.17
4	MODARABAS	1	110,775	0.54
5	MUTUAL FUND	1	1,898,887	9.27
6	OTHERS	6	382,005	1.87
7	GENERAL PUBLIC	1128	14,719,247	71.89
	TOTAL:-	1156	20,473,702	100.00



CATEGORIES OF SHARE HOLDING AS AT SEPTEMBER 30, 2020

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.	2	779,500	3.81
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			
MR. MUHAMMAD YUSUF AYOOB	1	371,032	1.81
MR. MUHAMMAD SULEMAN AYOOB	1	323,394	1.58
MR. NOOR MOHAMMAD ZAKARIA	1	676,727	3.31
MR. ZIA ZAKARIA	1	464,191	2.27
MS. MUNIFA	2	635,356	3.10
MR. SHAMIM AHMAD	1	1,000	0.00
MRS. MUNIRA ANJUM (W/O YUSUF AYOOB)	1	402,483	1.97
MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB)	1	60,070	0.29
MRS. SHEHNAZ SATTAR ZAKARIA (W/O NOOR MOHAMMAD ZAKARIA)	1	676,728	3.31
PUBLIC SECTOR COMPANIES AND CORP.			
	1	566,416	2.77
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES INSURANCE COMPANIES, MODARABAS, LEASING, TAKAFUL AND PENSION FUND			
	1	110	0.00
JOINT STOCK COMPANIES			
	11	107,167	0.52
OTHERS			
	4	153,801	0.75
GENERAL PUBLIC			
	1,118	11,108,266	47.84
TOTAL:-	1,156	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

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.

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منافع :

نقد منافع @ 30 فیصد یعنی 03.00 روپے فی شیئر 10 روپے (2019، 30 فیصد یعنی 03.00 روپے فی شیئر -/10 روپے) بورڈ کے ذریعے موجودہ سال کے لئے سفارش کی گئی ہے۔

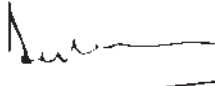
آڈیٹرز کی تقرری :


سالانہ عام اجلاس کے اختتام کے ساتھ موجودہ آڈیٹرز، میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس، ریٹائرڈ اور اہل ہونے کی وجہ سے مالی سال 2020-21 کے لئے دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی نے ان کی تقرری کی سفارش بھی کی ہے اور بورڈ نے سال 2020-21 کے لئے ان کی دوبارہ تقرری کے لئے کمیٹی کی سفارشات کی توثیق کرتے ہوئے آئندہ آنے والے سالانہ عمومی اجلاس میں ممبروں کی طرف سے منظوری لینے ہے۔

عملے کے تعلقات :

آخر کار ڈائریکٹران نے کمپنی کے معاملات کو خوش اسلوبی سے چلانے کے لئے ذمہ داری کی تقویت اور ایگزیکٹوز، عملہ کے ممبروں اور کارکنوں کی محنت کے لئے ان کی تعریف کو ریکارڈ کیا، موجودہ ماحولیاتی ماحول میں مقاصد اور اہداف کو پورا کیا اور پر اعتماد ہیں کہ وہ یہ مظاہرہ ہمارے خالق کی برکت کے تحت مستقبل میں بھی وہی جوش و جذبہ سے جاری رکھیں گے۔

بحکم بورڈ


سلیمان ایوب
ڈائریکٹر


یوسف ایوب
ڈائریکٹر/چیف ایگزیکٹو آفیسر (CEO)

کراچی، 24 دسمبر، 2020

قومی خزانے میں شراکت :

یہ کمپنی ٹیکس، ڈیوٹی کی صورت میں بھی ملکی وسائل میں اضافہ کر رہی ہے جب حکومت اجازت دے تو چین کی برآمد کے ذریعہ غیر ملکی زرمبادلہ کم رہی ہے اور جب ایم ڈی ایف بورڈ ڈویژن لمینٹیڈ مصنوعات کی برآمد کی اجازت ہے۔ زیر جائزہ مدت کے دوران آپ کی کمپنی نے MDF کی لمینٹیڈ مصنوعات کو برآمد کیا ہے اور ملک کے لئے قیمتی زرمبادلہ حاصل کیا ہے۔

رسک مینجمنٹ اور مواقع:

کمپنی ایک مشکل ماحول میں کام کرتی ہے اور انتظامیہ نے خطرے کی نشاندہی، تشخیص اور تخفیف کے لئے ایک موثر طریقہ کار وضع کیا ہے جو آسانی سے عمل کو قابل بناتا ہے اور اس بات کو یقینی بناتا ہے کہ کاروبار کی نشوونما پر توجہ مرکوز رکھے۔

قرض کارسک:

کمپنی عام طور پر پیشگی ادائیگیوں کے بعد مصنوعات فروخت کرتی ہے لیکن کریڈٹ فروخت ہونے کی صورت میں گاہکوں کی مناسب و واجب تندرستی استعمال کی جاتی ہے جس میں کریڈٹ بڑھا یا جاتا ہے۔

مارکیٹ کارسک:

کمپنی کو اپنے خام مال اور تیار شدہ مصنوعات کی قیمتوں میں تبدیلی کا خطرہ لاحق ہے۔ اس کا اہتمام اسٹاک کی سطح کی منصوبہ بندی اور بروقت اور وقفوں سے مختلف وسائل کے ذریعہ خریداری اور فروخت کے لئے مارکیٹوں کی مسلسل نگرانی کے ذریعے کیا جاتا ہے۔

مالیاتی (Liquidity) رسک:

کمپنی نے اپنی کاروباری ذمہ داریوں کو پورا کرنے کے لئے مختلف بینکوں سے کاروباری سرمایہ کی ضرورت کا انتظام کیا ہے تاکہ وہ اپنی کاروباری ذمہ داریوں کو پورا کرنے کے لئے فروخت کی وصولیوں اور خریداری کے لئے ادائیگیوں کے مابین مطابقت رکھ سکے۔ بورڈ وقتاً فوقتاً کاروبار کو درپیش بڑے خطرات کا جائزہ لیتا ہے اور اس خطرے کو کم کرنے کے لئے ضروری اقدامات کرتا ہے۔ آڈٹ کمیٹی مالیاتی اور تعمیل کے خطرات کا بھی جائزہ لیتی ہے۔ انسانی وسائل اور معاوضہ کمیٹی اور انعام کی پالیسیوں پر نظر ثانی کرتی ہے تاکہ یہ یقینی بنائے کہ وہ باصلاحیت اور تجربہ کار عملے کو برقرار رکھنے اور راغب کرنے کے لئے مسابقتی اور موثر ہیں۔

بورڈ کی تشخیص کے لئے طریقہ کار:

بورڈ کے ممبر اور اس کی کمیٹیاں انتہائی تجربہ کار اہلکار پر مشتمل ہیں اور ان کی کارکردگی کو بہتر بنانے اور بورڈ اور کمیٹیوں کی کارکردگی تک رسائی کے لئے سالانہ جائزہ لینے کے لئے مستقل جدوجہد کرتے ہیں۔ بورڈ کارپوریٹ سیکٹر اور گورننس میں ہونے والی پیش رفت کا بھی جائزہ لیتا ہے تاکہ یہ یقینی بنایا جاسکے کہ کمپنی کارپوریٹ سیکٹر میں رونما ہونے والے بہترین طریقہ کار اور ترقی سے ہم آہنگ ہے۔



کے مطابق گنے کی قیمت = 202 روپے فی چالیس کلوگرام پر مطلع کر دی ہے جبکہ یہ گذشتہ سال = 192 روپے مطلع شدہ ہے۔ پیداواری لاگت میں اضافہ اس لیے ہوتا ہے جب کاشتکار اپنی فصل کو مطلع شدہ قیمت پر بیچنے سے گریزاں ہوتے ہیں اور فیکٹری کو معاشی پیمانے پر چلانے کے لئے کمپنی کے پاس اضافی قیمت ادا کرنے کے سوا کوئی چارہ نہیں ہوتا۔

MDF بورڈ ڈویژن :

زیادہ مسابقتی بننے اور مصنوعات کی حد کو بڑھانا وغیرہ کے لئے نئی لائنوں کی تنصیب اور اپ گریڈیشن اور صلاحیت میں اضافہ ضروری ہے۔

کمپنی کی کریڈٹ ریٹنگ :

JCR-VIS کریڈٹ ریٹنگ کمپنی نے ابتدائی میڈیم سے طویل مدتی ہستی کی درجہ بندی "A-2/A" (سنگل "A" مانس A-two) کمپنی کو تقویض کر دی ہے۔ بقایا درجہ بندی پر نقطہ نظر "مستحکم" ہے۔

کارپوریٹ اور معاشرتی ذمہ داری:

کمپنی کارپوریٹ شہری ہونے کے ناطے معاشرے اور اپنی برادریوں میں بہتری لانے کے لئے اپنی مضبوط وابستگی کا ثابت ریکارڈ رکھتی ہے۔ کمپنی نے اپنے فریجنا ایریا میں متعدد فلاحی سرگرمیاں انجام دیں یعنی ثانوی سطح تک ایک اسکول قائم کیا، وقتاً فوقتاً کی بنیاد پر میڈیکل کیمپ کا انعقاد، مستحق دیہاتیوں کو مالی امداد، کاشتکاروں کو کھاد فراہم کرنے، ضرورت مند افراد کو مفت راشن کی فراہمی اور طبی امداد فراہم کرنا۔

ماحولیات اور کمپنی کا کاروبار:

انتظامیہ اپنے عمل کے ہر شعبے میں ماحولیات کے تحفظ کے لئے ہمیشہ سنجیدہ ذمہ داری لیتی ہے۔ ماحولیات کے تحفظ کی اہمیت کو مزید اجاگر کرنے کی کوشش کے ساتھ، آپ کی کمپنی نے ملز ایریا پر اور اس کے آس پاس درختوں کے لگانے کی مہم چلائی۔ آپ کی کمپنی فضلہ اور اخراج کو کم کر کے ماحولیاتی اثرات کو کم کرنے اور اپنے کاروبار، اپنے ملازمین، صارفین، سپلائرز، پڑوسیوں اور عام لوگوں کی صحت اور حفاظت کے لئے سب سے زیادہ تشویش کے ساتھ چلانے کے لئے پرعزم ہے۔ کمپنی نے ماحول کو صاف ستھرا رکھنے کے لئے صنعتی اور آس پاس کے علاقوں میں درخت لگائے۔

متعلقہ فریقوں کے لین دین:

تمام متعلقہ فریقوں کے لین دین کو پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے تحت حتمی منظوری کے لئے بورڈ کی آڈٹ کمیٹی اور بورڈ کے سامنے رکھا گیا تھا۔ سال 2017-18 کے دوران متعلقہ فریقوں کے لین دین کو بھی کمپنی ایکٹ 2017 کے سیکشن 208 کے تحت سالانہ جنرل میٹنگ میں ممبروں کے سامنے رکھا گیا تھا۔ ممبران نے متعلقہ فریقوں کے لین دین کی منظوری بھی دی جو مستقبل میں انتظامیہ کے ذریعے مارکیٹ کی قیمت کے تحت کی جائے گی۔ متعلقہ فریقوں میں داخل ہونے والے تمام لین دین کو بورڈ نے آڈٹ کمیٹی کے ذریعے منظوری کے بعد منظور کیا تھا جس کی صدارت ایک آزاد ڈائریکٹر کرتے ہیں۔

آڈٹ کمیٹی کے حوالے کی شرائط بورڈ نے طے کی ہیں جیسا کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط میں درج ہے۔

انسانی وسائل اور معاوضہ کمیٹی :

بورڈ نے کارپوریٹ گورننس کے تحت انسانی وسائل اور معاوضہ کمیٹی بھی تشکیل دی جو درج ذیل ڈائریکٹرز پر مشتمل ہے۔ سال کے دوران کمیٹی کا ایک اجلاس ہوا اس میں تمام ممبران شریک ہوئے۔

درجہ	عہدہ	ڈائریکٹرز کے نام	
آزاد ڈائریکٹر	چیئر مین	جناب فرخ یسین	(۱)
ایگزیکٹو ڈائریکٹر	ممبر	جناب سلیمان ایوب	(۲)
نان ایگزیکٹو	ممبر	محترمہ منیفہ ایوب	(۳)

ڈائریکٹرز کا مشاہرہ پالیسی اور مشاہرہ کی تفصیلات

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

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

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو مشاہرہ کی مجموعی تفصیلات نوٹ 37 میں مالی حسابات میں ظاہر کی گئی ہے۔

مستقبل کا جائزہ :

شوگر ڈویژن :

گنے کی قیمت کو حکومت سندھ نے مطلع کیا ہے جبکہ چینی کی فروخت ہونے والی قیمت کو مارکیٹ فورسز کے لئے کھلا چھوڑ دیا گیا ہے۔ بمپر فصل کے نتیجے میں، چینی کی پیداوار میں کافی اضافہ ہوتا ہے جبکہ کھپت کا پیٹرن نہیں بدلا اس صورتحال سے مارکیٹوں میں چینی کی قیمت متاثر ہوتی ہے۔ کرشنگ سیزن 2020-21 کا آغاز ہو چکا ہے اور توقع کی جارہی ہے کہ چینی کی پیداوار گزشتہ سال کے مقابلے میں قدرے زیادہ ہوگی۔

صوبے میں اچھی بارش کی وجہ سے ریکوری کی شرح میں بھی پچھلے سال کے مقابلے میں اضافہ متوقع ہے۔ کرشنگ سیزن 2019-20 کے دوران کاشت کاروں کو اس کی کمی کی وجہ سے گنے کی زیادہ قیمت ادا کی جاتی تھی۔ حکومت سندھ نے 23 نومبر 2020 کو نوٹیفیکیشن نمبر 8(142)/S.O(Ext)2020-21 کے دوران کاشت کاروں



زیرجائزہ مدت کے دوران بورڈ کے پانچ اجلاس ہوئے اور ہر ڈائریکٹر کی حاضری مندرجہ ذیل تھی۔

ڈائریکٹر کے نام	شرکت	درجہ
جناب یوسف ایوب (چیئرمین)	5	نان ایگزیکٹیو
جناب اسماعیل ایچ زکریا	3	ایگزیکٹیو (مرحوم)
جناب سلیمان ایوب	5	ایگزیکٹیو
جناب اے عزیز ایوب	1	نان ایگزیکٹیو
جناب ضیاء زکریا	5	نان ایگزیکٹیو
جناب سلیم ایوب	2	نان ایگزیکٹیو
جناب نور محمد زکریا	2	نان ایگزیکٹیو
محترمہ منیفہ ایوب	5	نان ایگزیکٹیو
جناب شمیم احمد	4	انڈیپینڈینٹ (آزاد) ڈائریکٹر
جناب فرخ یلین	3	انڈیپینڈینٹ (آزاد) ڈائریکٹر
جناب محمد آصف	2	N.I.T امیدوار

مسٹر اے عزیز ایوب، مسٹر سلیم ایوب اور مسٹر محمد آصف انتخابات سے قبل بورڈ کے ممبر تھے۔

ایگزیکٹو ڈائریکٹرز کے معاوضے کی تفصیلات پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے تحت مطلوبہ مالی حسابات کو متعلقہ نوٹس میں بھی فراہم کی گئی ہیں۔
نان ایگزیکٹو اور آزاد ڈائریکٹرز کو میٹنگ فیس کے سوا کوئی معاوضہ نہیں دیا جاتا ہے۔

آڈٹ کمیٹی :

جیسا کہ کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت بورڈ کی ایک آڈٹ کمیٹی تشکیل دی گئی تھی جس میں مندرجہ ذیل ڈائریکٹرز شامل ہیں۔ زیر غور مدت کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے اور ہر ممبر کی حاضری اس طرح تھی:-

ڈائریکٹر کے نام	عہدہ	شرکت	درجہ
جناب شمیم احمد	چیئرمین	4	انڈیپینڈینٹ (آزاد) ڈائریکٹر
جناب اے عزیز ایوب	ممبر	2	نان ایگزیکٹیو
جناب ضیاء زکریا	ممبر	4	نان ایگزیکٹیو
جناب محمد آصف	ممبر	2	N.I.T امیدوار
محترمہ منیفہ ایوب	ممبر	2	نان ایگزیکٹیو

مسٹر اے عزیز ایوب، مسٹر سلیم ایوب اور مسٹر محمد آصف انتخابات سے قبل بورڈ کے ممبر تھے۔

- ۶۔ کمپنی کو جاری رکھنے کی صلاحیت پر کوئی خاص شہادت نہیں ہیں۔
- ۷۔ کارپوریٹ گورننس کے بہترین ضابطوں سے کسی بھی طرح کی خلاف ورزی نہیں ہوئی جس کی تفصیل پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط میں دی گئی ہے۔
- ۸۔ کوئی قانونی بقایا جات واجب الادا نہیں ہیں سوائے اس کے کہ عام کاروبار کے تحت اور کچھ متنازعہ معاملات جو متعلقہ نوٹ میں مالی حسابات میں موجود ہیں۔
- ۹۔ 30 ستمبر 2020 کو کمپنی میں شیئر ہولڈنگ کا پٹرن بھی سالانہ رپورٹ میں شامل ہے۔
- ۱۰۔ ڈائریکٹر، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کے شریک حیات یا نابالغ بچوں نے کمپنی کے حصص میں کوئی تجارت نہیں کی سوائے اس کے کہ دوسری صورت میں اشارہ کیا گیا ہو۔
- ۱۱۔ جون 30، 2020 کو غیر آڈٹ شدہ اکاؤنٹ پر مبنی Provident Fund کے ڈیپازٹ اکاؤنٹس میں سرمایہ کاری اور بیلنس کی مالیت 221.832 ملین روپے تھی۔
- پچھلے دس سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار اور شیئر ہولڈنگ کے نمونے کو سالانہ رپورٹ میں شامل کیا گیا ہے۔ ڈائریکٹر یا ان کے شریک حیات کے انعقاد میں کوئی حاصل تبدیلی نہیں آئی ہے سوائے دوسری صورت میں اشارہ کیا گیا ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل :

بورڈ آف ڈائریکٹرز کا دورانیہ 30 مارچ 2020 کو ختم ہوا اور مذکورہ تاریخ کو منعقدہ اپنے اضافی معمول کے عمومی اجلاس میں ممبران نے تین سال کے لئے آپ کی کمپنی کے ڈائریکٹر کے طور پر منتخب کیا۔

1۔ جناب اسماعیل ایچ زکریا

2۔ جناب محمد یوسف ایوب

3۔ جناب محمد سلیمان

4۔ جناب ضیاء زکریا

5۔ محترمہ منیفہ ایوب

6۔ جناب شمیم احمد (آزاد ڈائریکٹر)

7۔ جناب فرخ یسین (آزاد ڈائریکٹر)

الیکشن کے بعد، ہماری ٹیم کے رہنما، جناب اسماعیل ایچ زکریا کا 26 مئی 2020 کو انتقال ہو گیا اور بورڈ نے جناب نور محمد زکریا کو مسٹر اسماعیل ایچ زکریا کی بقیہ مدت تک کمپنی کی خدمت کے لئے ان کی جگہ ڈائریکٹر مقرر کیا۔ بورڈ نے مسٹر ضیاء زکریا کو بورڈ کا چیئرمین اور مسٹر محمد یوسف ایوب کو کمپنی کا چیف ایگزیکٹو مقرر کیا۔

کارکردگی کا جائزہ :

شوگر ڈویژن:

اللہ کے فضل و کرم سے آپ کی کمپنی کی کارکردگی تسلی بخش رہی۔ زیر غور مدت کے دوران آپ کی کمپنی نے ریکوری کی شرح 9.71 فیصد حاصل کی جبکہ گذشتہ سال کے دوران 10.60 فیصد حاصل ہوئی تھی۔ بازیابی کی شرح میں کمی بنیادی طور پر گنے کے کم معیار کی وجہ سے تھی۔ چینی کی پیداوار 74,665 میٹرک ٹن تھی جو گذشتہ سال کی پیداوار کے مقابلہ میں 20,160 میٹرک ٹن یا 21.04 فیصد کم تھی۔ اس کی وجہ خام مال کی عدم دستیابی ہے۔

میڈیم ڈپنٹی فابری (MDF) بورڈ ڈویژن:

ایم ڈی ایف بورڈ ڈویژن نے عمدہ کارکردگی کا مظاہرہ کیا اور مختلف موٹائی میں 71,280 مکعب میٹر مصنوعات تیار کیں جبکہ پچھلے سال کے دوران پیدا ہونے والے 71,762 مکعب میٹر تھے۔ پیداوار گذشتہ سال کے مقابلہ میں قدرے کم ہے جو صوبائی حکومت کی ہدایت کے مطابق 30 دن تک پلانٹ بند ہونے کی وجہ سے اس علاقے میں کورونا وائرس کے پھیلاؤ کو روکنے کے لئے تھی۔ فروخت کا حجم 104,063 مکعب میٹر باجب کہ 104,993 مکعب میٹر جو پچھلے سال کے مقابلہ میں قدرے کم ہے۔ فروخت کی قیمت بڑھ کر 4,772.913 ملین روپے ہو گئی جبکہ گذشتہ سال اس میں 4,217.409 ملین روپے کا تخمینہ ہوا تھا جس میں تقریباً 13 فیصد کا اضافہ ہوا ہے۔ فروخت مالیت میں اضافہ اعلیٰ ویلیو ایڈڈ مصنوعات کی وجہ سے ہوا تھا۔

پاور جنریشن ڈویژن:

واٹر اینڈ پاور ڈیپارٹمنٹ اتھارٹی کے ساتھ معاہدہ دس سال کی مدت کے لئے تھا جو اب ختم ہو چکا ہے۔ اس عرصے کے دوران سکھری الیکٹرک سپلائی کمپنی (ایس ای ایس سی) کو بجلی کی فروخت نہیں ہوئی۔ ایس ای ایس سی کی رضامندی سے بجلی کی فروخت کے لئے نظر ثانی شدہ تجویز ان کی منظوری کے لئے نیشنل بجلی ریگولیشن اتھارٹی (نپرا) کو ارسال کر دی گئی ہے جس کے منظوری کے منتظر ہیں۔ نپرا سے منظوری ملنے کے بعد کرشنگ سیزن میں پیدا ہونے والی اضافی بجلی کی فروخت دوبارہ شروع کر دی جائے گی۔

کارپوریٹ گورننس کے بہترین طریقوں کے ساتھ تعمیل کا بیان:

- ۱۔ کمپنی کے انتظام کے ذریعے تیار کردہ مالی حسابات اس کے امور کی منصفانہ حیثیت، کاروائیوں کے نتائج، نقد بہاؤ اور حصوں میں تبدیلیوں کو پیش کرتے ہیں۔
- ۲۔ کمپنی نے قانون کے تحت ضرورت کے مطابق اکاؤنٹس کی مناسب کتابیں برقرار رکھی ہیں۔
- ۳۔ مالی حسابات کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- ۴۔ بین الاقوامی مالیاتی رپورٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی حسابات کی تیاری میں عمل کیا گیا ہے۔
- ۵۔ اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے مستحکم ہے اور اس مدت کے دوران موثر طریقے سے نافذ اور نگرانی کی گئی ہے۔

ڈائریکٹرز رپورٹ برائے ممبران

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

پیارے ممبران السلام علیکم!

میں بورڈ آف ڈائریکٹرز کی جانب سے یہ موقع ملنے پر آپ کے سامنے کمپنی کے آڈٹ شدہ حسابات برائے سال 30 ستمبر 2020ء پیش کرنے پر خوشی محسوس کر رہا ہوں۔ آپ کی کمپنی کی اصل سرگرمیاں چینی کی پیداوار اور MDF بورڈ مختلف سائز میں تیار کرنا ہے۔ اہم پیداوار اور مالی اعداد و شمار کو درج ذیل میں فراہم کئے گئے ہیں۔

2018-19	2019-20	مالیاتی کارکردگی :
	(روپے ہزاروں میں)	
456,886	429,886	☆ منافع قبل از ٹیکس
(267,552)	(227,423)	☆ ٹیکس کے لئے فراہمی
189,334	202,463	☆ منافع بعد از ٹیکس
Rs.9.25	Rs.9.89	☆ منافع فی شیئر بنیادی
2018-19	2019-20	معلومات بابت پیداوار
894,494	769,428	☆ گنے کی پسائی (میٹرک ٹن)
94,825	74,665	☆ چینی کی پیداوار (میٹرک ٹن)
10.60	9.71	☆ ریکوری برائے چینی (فیصد)
40.120	35,010	☆ پیداوار برائے راب (میٹرک ٹن)
71,762	71,280	☆ ایم ڈی ایف کی پیداوار (کیوبک میٹر)
	(روپے ہزاروں میں)	مالی اعداد و شمار :
9,340,031	10,906,700	☆ فروخت
(8,172,919)	(9,214,432)	☆ لاگت برائے فروختگی
1,167,112	1,692,268	☆ بنیاد منافع
(78,915)	(61,402)	☆ تقسیمی لاگت
(570,253)	(611,194)	☆ انتظامی اخراجات
(50,301)	(174,104)	☆ دیگر عملیاتی اخراجات
(495,809)	(554,826)	☆ مالیاتی اخراجات
297,209	20,609	☆ دیگر آمدنی
187,843	118,535	☆ منافع برائے ایسوی ایٹ میں
456,886	429,886	☆ قبل از ٹیکس منافع



PROXY FORM

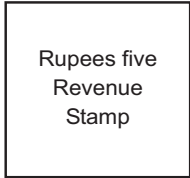
I/We
in the district of being a Member of **AL-NOOR SUGAR MILLS LIMITED**
and holder of Ordinary Shares as per Share
(Number of Shares)

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 51st Annual General Meeting of the Company to be held on the 28th day of January two
thousand twenty one at 3:00 p.m and at any adjournment thereof :

Signed this day of 2021

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) 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 بمطابق شیئر رجسٹرڈ فولیو نمبر _____
 اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____
 بذریعہ ہذا _____ ساکن _____ یا بصورت دیگر _____
 ساکن _____ جو کہ خود بھی ایک ممبر ہے کو اپنی / ہماری غیر موجودگی میں کمپنی کے
 51 واں سالانہ اجلاس عام مورخہ 28 جنوری 2021 بوقت 3:00 بجے منعقد یا ملتوی ہونے والے میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

دستخط شدہ بتاریخ _____ بروز _____ 2021.

برائے کرم پانچ روپے
 مالیت کے ریونیو ٹکٹ
 چسپاں کریں۔

گواہان:

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 انسٹرمنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرمنٹس آف پراکسی کا عدم قرار دیئے جائیں گے۔
- 3- سی ڈی سی کاؤنٹ 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) 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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