Habib Sugar Mills Limited

Annual Report 2018

Contents

Company Information

Board of Directors	Asghar D. Habib	Chairman
	Ali Raza D. Habib	
	Muhammad Nawaz Tishhna	
	Murtaza H. Habib	
	Amin Ali Abdul Hamid	
	Shams Mohammad Haji	
	Munawar A. Habib	(Resigned on July 24, 2018)
	Farouq Habib Rahimtoola	(Co-oped on July 24, 2018)
	Raeesul Hasan	Chief Executive
Audit Committee	Amin Ali Abudl Hamid	Chairman
	Ali Raza D. Habib	Member
	Shams Mohammad Haji	Member
Human Resource & Remuneration Committee	Shams Mohammad Haji	Chairman
	Amin Ali Abdul Hamid	Member
	Raeesul Hasan	Member
Company Secretary	Amir Bashir Ahmed	

Registered Office

3rd Floor, Imperial Court,
Dr. Ziauddin Ahmed Road,
Karachi-75530
Phones : (+92-21) 35680036 - 5 Lines
Fax : (+92-21) 35684086
www : habib.com/sugar
E-mail : sugar@habib.com

Mills

Sugar & Distillery Division
Nawabshah District Shaheed Benazirabad
Phones : (+92-244) 360751 - 5 Lines
Fax : (+92-244) 361314

Textile Division
D-140/B-1 Manghopir Road,
S.I.T.E. Karachi-75700
Phones : (+92-21) 32571325, 32572119
Fax : (+92-21) 32572118

Bulk Storage

Terminal
60/1-B, Oil Installation Area
Keamari Karachi-75620
Phones : (+92-21) 32852003-4
Fax : (+92-21) 32852005

Bankers

Allied Bank Limited
Bank AL Habib Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Statutory Auditors

E.Y Ford Rhodes
Chartered Accountants

Share Registrar

THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6,
P.E.C.H.S. Karachi-75400
Phones : (+92-21) 111-000-322
Fax : (+92-21) 34168271
E-mail : secretariat@thk.com.pk
: info@thk.com.pk
Website : www.thk.com.pk

VISION STATEMENT

We aim to be a leading manufacturer and supplier of quality sugar, ethanol, liquidified carbon dioxide (Co_2) and household textiles in local and international markets. We aspire to be known for the quality of our products and intend to play a pivotal role in the economic and social development of Pakistan.

MISSION STATEMENT

As a prominent producer and supplier of sugar, ethanol, liquidified carbon dioxide (Co_2) and household textiles, we shall continue to strive to achieve excellence in performance and aim to exceed the expectations of all stakeholders. We target to achieve technological advancements to inculcate the most efficient, ethical and time tested business practices in our management.

Code of Conduct

The founders of Habib Sugar Mills Limited were visionaries who established the company on very sound principles and envisioned its development and growth on the basis of making no compromises in any aspects of business practices. The company takes pride in adherence to its principles and continues to serve its customers, stakeholders and society based on the following guidelines :

Products

- To produce refined, high-grade sugar that is edible and hygienic and provides all the nutrition and food value at standards determined by the company, which would exceed industry norms and averages.
- To produce by-products and allied products including molasses, ethanol and liquid carbon dioxide (CO_2).
- To diversify into other products such as home textiles thus consuming indigenous raw material and generating export earnings.

Systems & Processes

- To regularly update and upgrade manufacturing systems and processes so as to keep abreast with technological advancements, achieve economies of production and transfer knowledge and skill to workers.
- To develop and maintain the technical and professional standards, standard operating procedures and stringent Quality Control measures with on-line quality assurance at every stage of manufacture.
- To continuously conduct product research and develop new products, while improving upon the existing products, using ideal additives and packaging material.
- To regularly maintain, replace and upgrade all machinery and equipment for smooth working, optimum output and ensure safe working in all production units.
- To maintain a smooth work-flow in all departments with an effective communication system contained within the framework of principles yet allowing the required degree of autonomy for efficient functioning.

Management & Employees

- To employ only the appropriately suited human resource through the selection and recruitment process based on the commensurate qualifications and experience criteria without any non-professional considerations, without any bias or prejudice of race, cast, colour, creed or religious beliefs.
- To ensure that all management personnel are adequately qualified to perform management functions as assigned.
- To guide, direct and motivate employees to perform functions and to recognize and reward employees based on their performance outputs.
- To measure employee's performance by a pre-determined criteria so as to be fair and equitable towards every single employee.

- To ensure that all employees work towards achievement of corporate objectives, individually and collectively as a team and conduct themselves at work and in society as respectable employees and responsible citizens.
- To regularly train all employees at all levels to improve their knowledge and skill and provide employees with a career path whereby they can seek a planned betterment in their professional and personal life.
- To ensure that all employees and management personnel strictly adhere to the company rules and regulations and observe the best codes of conduct and abide by all laws of Pakistan.
- To make timely payment of salaries, wages and all allowances and benefits to all employees in line with their terms.
- To ensure all directors and employees of the company shall undertake such activities, whether personal or professional, that in no way conflicts with the interests of the company but contributes towards the betterment, development and growth of the organization in particular and the industry in general.

Financial

- To implement an effective, transparent and secure financial reporting and internal control system so as to ensure compliance with regulatory factors as well as meet all obligations of payable and receivables and keep investors, shareholders and management fully aware.
- To ensure effective utilization of all company resources and plan and operate resource utilization in order to produce better results and generate better yields and facilitate timely decisions.
- To place a strict Internal Audit system to study, analyze, review and report all company earning and spending and enhance reliability of all financial information and build shareholders confidence.
- To regularly prepare, as per pre-determined schedules, all financial reports and present accounts to the board for review and analysis and show trends based on company income, revenues and expenses and industry trends.
- To ensure cost effectiveness and purchase goods and services based on developed criteria, vendor assessment and market competitiveness and evaluate options on prices, terms, products/services, substitute available, prior to purchase.
- To ensure timely and proper payments as per negotiated terms to all suppliers and deduct applicable taxes so as to enhance corporate credibility and image.
- To maintain an excellent relationship with bankers and utilize banking facilities in a manner to benefit company whilst making proper use of funding and facilities available and ensuring no-defaults.

Adherence to Law

- The company shall at all times strictly adhere to all laws of the country and fulfill all statutory requirements and ensure timely, proper and full payment of all applicable taxes, rates, duties and/or any other levies as may be imposed from time to time.

Environment

- The company shall use all means to ensure a clean, safe, healthy and pollution free environment not only for its workers and employees but for the well being of all people who live in and around any of the production and manufacturing units and employ such technology as may be beneficial in maintaining a healthy and hygienic working and living environment.

Planning

- The company shall prepare an annual plan with clearly defined objectives, goals and strategies and implement those plans with a close watch on achievements and monitor and control measures shall be built in to ensure achievement of objectives and enhancement of corporate image.

Notice of Annual General Meeting

Notice is hereby given that the 57th Annual General Meeting of Habib Sugar Mills Limited will be held on Monday, January 28, 2019 at 11:15 a.m. at Jinnah Auditorium, The Institute of Bankers Pakistan (IBP), M.T. Khan Road, Karachi to transact the following business:

Ordinary Business

1. To receive and consider the audited financial statements, the Directors' report and the Auditors' report for the year ended September 30, 2018.

2. To approve payment of cash dividend @ 55% i.e. Rs. 2.75 per share of Rs. 5 each for the year ended September 30, 2018 as recommended by the Board of Directors.

3. To appoint auditors of the Company for the year ending September 30, 2019 and fix their remuneration.

By order of the Board

Amir Bashir Ahmed
Company Secretary

Karachi: December 26, 2018

Notes:

1. The Share Transfer Books of the Company will remain closed from Monday, January 14, 2019 to Monday, January 28, 2019 both days inclusive.

2. A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed at least 48 hours before the time of meeting.

3. For identification, owners of the physical shares and CDC account holder should present Computerized National Identity Card (CNIC) along with participants ID number and CDC account Number. In case of appointment of proxy by such account holders, the guidelines as contained in the SECP's circular of January 26, 2000 are to be followed.

4. Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar, THK Associates (Pvt.) Limited, Karachi.

5. Pursuant to the directive of the Securities and Exchange Commission of Pakistan (SECP), it is mandatory to mention CNIC number of member on members' register and other statutory returns. Those shareholders who have not submitted copy of their CNIC to the Company are once again requested to submit copy of their CNIC, otherwise the Company will be constrained under section 243(2)(a) of the Companies Act, 2017 to withhold dividend of such shareholders.

6. The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:
   (i) For filers of income tax returns 15%
   (ii) For non-filers of income tax returns 20%

   Shareholders who are filers are advised to make sure that their names are entered in to Active Tax Payer List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

   For shareholders holding their shares jointly, as per the clarification issued by the Federal Board of Revenue, 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. Therefore, all shareholders who hold shares jointly are required 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 follows

Company Name	Folio/CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach to the Company's Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s).

The Corporate shareholders having CDC account are required to have their National Tax number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN certificate to the Company or Company's Share Registrar M/s THK Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio numbers.

7. Mandatory requirement of Bank details for payment of dividend

Pursuant to the provision of Section 242 of the **Companies Act, 2017,** a listed company is required to pay cash dividend to shareholders **only** through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive your dividends directly into your Bank account, please complete the particulars as mentioned below and return this letter duly signed to the Registrar of the Company **M/s THK Associates (Pvt.) Limited, Karachi.** CDC shareholders are requested to submit their Dividend Mandate directly to their broker (participant) / CDC.

SHAREHOLDERS PARTICULARS FOR ELECTRONIC CREDIT OF CASH DIVIDENDS

I/We/Messrs, ______________________________

Being a / the shareholder (s) of Habib Sugar Mills Limited (the Company), hereby, authorize the Company, to directly credit cash dividends declared by it, time to time in future, in my bank account as detailed below;

Name of Shareholder ______________________________

Folio No./CDC Participant ID & A/C No ______________________________

Contact number Land Line: ______________ Cell No: ______________

Email address ______________________________

Name of Bank ______________________________

Bank branch & mailing address ______________________________

IBAN Number ______________________________

Title of Account ______________________________

CNIC No. (Copy attached) ______________________________

NTN (incase of corporate entity) ______________________________

It is stated that the above particulars provided by me/us are correct to the best of my knowledge and I shall keep the Company/Participant/CDC investor account services informed in case of any changes in the said particulars in future.

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Signature of Shareholder

Note: Please provide complete IBAN after checking with your concerned bank branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be process on the basis of the IBAN alone. Habib Sugar Mills Limited will rely on the IBAN as per instructions provided by the shareholder. The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and/or due to any event beyond the control of the Company.

The e-dividend mandate form is also available on the Company's website: www.habibsugar.com

8. Unclaimed/Unpaid Dividend and Share Certificates:

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

9. Transmission of Financial Statements & Notices through email

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are requested to send their consent and e-mail addresses for receiving Audited Financial Statements and Notices through e-mail. In order to avail this facility, a standard request form is available at the Company's website.

Company Address:
Habib Sugar Mills Limited
3rd Floor, Imperial Court
Dr. Ziauddin Ahmed Road, Karachi-75530
Phones : (+92-21) 35680036 – 5 Lines
Fax : (+92-21) 35684086
e-mail : companysecretary@habibsugar.com

Share Registrar Address:
THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400
UAN : (021)111-000-322,
Fax : (021)34168271
e.mail: secretariat@thk.com.pk

Six years' review at a glance

		2018	2017	2016	2015	2014	2013
Sugar Division							
Sugarcane crushed	M. Tons	1,028,901	865,530	821,801	854,231	1,116,554	939,959
Average sucrose recovery	%	10.30	9.97	10.74	10.40	10.44	11.02
Sugar produced	M. Tons	106,005	86,316	88,271	88,807	116,513	103,582
Distillery Division							
Ethanol							
Molasses processed	M. Tons	184,654	182,774	175,538	163,846	176,226	173,497
Average ethanol yield	%	18.76	18.43	18.13	18.73	18.59	17.56
Ethanol produced	M. Tons	34,643	33,687	31,817	30,681	32,768	30,464
Liquid Carbon dioxide (Co2)Produced	M. Tons	9,903	11,069	10,104	9,230	8,436	7,584
Textile Division							
Yarn / Semi finished goods consumed	Kgs	1,074,066	584,310	650,892	890,831	983,143	1,100,321
Average yield	%	86.45	88.18	85.76	84.58	84.95	86.23
Finished product	Kgs	928,557	515,253	558,194	753,449	835,210	948,812
Operating results							(Restated)
Sales / Rental income	Rs. '000	7,758,520	7,134,930	8,517,094	8,197,388	9,050,916	8,812,098
Cost of sales	Rs. '000	6,484,368	6,544,790	7,499,710	7,222,293	7,983,079	7,606,639
Gross profit	Rs. '000	1,274,152	590,140	1,017,384	975,095	1,067,837	1,205,459
Profit before taxation	Rs. '000	958,776	497,417	970,962	970,230	922,091	933,951
Profit after taxation	Rs. '000	901,276	557,417	824,962	815,230	797,091	778,951
Shareholders' Equity							
Paid-up capital	Rs. '000	750,000	750,000	750,000	750,000	750,000	750,000
Reserves	Rs. '000	7,353,970	6,233,335	5,781,437	5,110,222	4,699,252	3,882,767
Shareholders' equity	Rs. '000	8,103,970	6,983,335	6,531,437	5,860,222	5,449,252	4,632,767
Break-up value per share	Rs. '000	54.03	46.56	43.54	39.07	36.33	30.89
Adjusted earnings per share - Restated *	Rs. '000	6.01	3.72	5.50	5.43	5.31	5.19
Return on equity	%	11.12	7.98	12.63	13.91	14.63	16.81
Financial position - Assets							
Fixed assets - Restated*	Rs. '000	2,645,188	2,692,170	2,161,885	1,542,980	1,353,601	959,820
Long-term investments	Rs. '000	2,948,619	2,403,065	2,025,968	1,711,136	1,451,587	999,888
Long-term loans and deposits	Rs. '000	8,727	10,598	8,139	6,975	8,354	5,852
Current assets - Restated*	Rs. '000	4,857,577	4,036,776	4,428,079	4,609,485	4,167,349	3,918,926
Total assets	Rs. '000	10,460,111	9,142,609	8,624,071	7,870,576	6,980,891	5,884,486
Financial position - Liabilities							
Non-current liabilities	Rs. '000	86,000	98,500	104,000	102,000	90,000	75,000
Current liabilities	Rs. '000	2,270,141	2,060,774	1,988,634	1,908,354	1,441,639	1,176,719
Total liabilities	Rs. '000	2,356,141	2,159,274	2,092,634	2,010,354	1,531,639	1,251,719
Ratios							
Current ratio		2.14	1.96	2.23	2.42	2.89	3.33
Dividends							
Cash	%	55	35	55	50	50	50

Chairman's Report

Review Report by Chairman on Board's overall Performance under section 192 of the Companies Act, 2017

Habib Sugar Mills Limited (the Company) complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCG) with respect to the composition, procedures and meetings of the Board of Directors and its committees.

The performance of the Board of Directors (the Board) of the Company during the year remained satisfactory. The Board is governed by the statute and Company's Articles and its duties, obligations, responsibilities and rights are as defined and prescribed therein.

During the financial year 2017-18 the Board met four (4) times. The Board is complied with all the regulatory requirements and acted in accordance with applicable laws and best practices.

As required under the CCG an annual evaluation of the Board of the Company was carried out. The purpose of this evaluation was to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

Following would be the integral components on which the performance of the Board was evaluated :

The Board ensured adequate representation of non-executive and independent directors on the Board and its Committees as required under the CCG. The members of the Board and its respective Committees possess adequate skills, experience and ability required to perform their responsibilities.

The Board has actively participated in strategic planning, risk management and policy development and ensured integration of all policies and convergence to company's vision and mission. The Board also sets annual budgets, targets and goals for the management.

The Board and its Committees have diligently performed their duties and remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management. The Board held extensive and fruitful discussions to arrive at decisions and appropriate direction and oversight is provided to the management on timely basis. Areas where improvements are required are duly considered and action plans are framed and implemented.

The Board has developed an environment of robust and transparent system of Governance by setting up an adequate and effective internal control system through self-assessment mechanism and internal audit activities. Further, the Board ensured compliance with best practices of corporate governance.

Lastly, I would like to acknowledge the commitment and diligence of my fellow directors, the executive team and all the employees of the Company for their hard work and contribution towards the growth of the Company.

Asghar D. Habib
Chairman

Karachi: December 26, 2018

Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, we are pleased to welcome you all to the 57th Annual General Meeting of the Company and present before you the Annual Report and Audited Financial Statements of the Company for the year ended September 30, 2018.

By the Grace of Allah, during the year under review, the operations of your Company resulted in after-tax profit of Rs. 901.28 million. The operating results and appropriations as recommended by the Board are given below:

		(Rupees in thousands)
Profit after taxation		901,276
Adjustment of Other Comprehensive Income	(390)	
Unappropriated profit brought forward	2,395	
		2,005
Profit available for appropriation		903,281
Proposed — Cash Dividend @ 55% i.e. Rs.2.75 per ordinary share of Rs.5/- each	412,500	
— Transfer to general reserve	485,000	
		897,500
Unappropriated profit carried forward		5,781
Earnings per share – Basic and diluted		Rs. 6.01

Performance Review

Division-wise performance of the Company is as follows :

Sugar Division

The crushing season 2017-18 commenced on November 29, 2017 and plant operated upto April 17, 2018. During the crushing season 1,028,901 M. Tons of sugarcane was crushed with average sucrose recovery of 10.30 % and sugar production of 106,005 M.Tons as compared with crushing of 865,530 M. Tons with average sucrose recovery of 9.97 % and sugar production of 86,316 M. Tons during the preceding season.

The Government of Sindh on December 5, 2017 issued notification fixing the minimum support price of sugarcane for crushing season 2017-18 at Rs.182 per 40 kgs, same as it was fixed for the crushing season 2016-17. In addition, mills would be required to pay quality premium at the rate of paisas fifty for every 0.1 percent recovery in excess of the bench mark of 8.7%. However, in accordance with the notification, while the matter is still pending with the Honourable Supreme Court of Pakistan and as per the decision of the Federal Government Steering Committee, the quality premium shall remain suspended till the decision of the Honourable Supreme Court or the consensus on uniform formula developed by the Federal Government.

The minimum sugarcane support price fixed by the Sindh government at Rs. 182/40 kgs was not justified in relation to the prevailing sugar price both in domestic and international markets. Your company along with other sugar mills filed a petition before the Hon'ble High Court of Sindh praying that the minimum support price fixed by the Sindh government was totally arbitrary and unjustified as it would result in financial catastrophe and economic disaster to the sugar industry in the Province of Sindh.

On December 22, 2017, the Hon'ble High Court of Sindh passed an interim order and directed sugar mills to make payment to growers at the rate of Rs. 172/40 kgs w.e.f. December 23, 2017 and also furnish security acceptable to the Nazir of the Court within three weeks from the date on which the order would takes effect for the differential amount (i.e. Rs.10/40kg) to be calculated on the basis of the sugarcane quantum crushed during the crushing season 2016-17. Against the above order, sugar mills filed a review petition before the Hon'ble High Court of Sindh.

On January 30, 2018, the Hon'ble High Court of Sindh, with the consent of all the stakeholders announced in the open court that without prejudice to any right or claim of the parties, and subject to final decision of the Hon'ble Supreme Court of Pakistan in the aforesaid cases and the decision by this court in the instant petitions, the mills will purchase the sugarcane @ Rs. 160 / 40kg from the growers for the crushing season 2017-18. The interim order was binding on all the stakeholders, i.e. growers, millers and Government of Sindh.

Considering surplus sugar stock in the country, the Economic Co-ordination Committee of the Cabinet (ECC) allowed export of 1,500,000 M. Tons of sugar with export subsidy of Rs.10.70/kg on a sliding scale which was to be shared equally by the federal government and provincial government. In addition to the above, the Government of Sindh announced additional export subsidy of Rs. 9.30/kg for the Sindh sugar mills on export of 500,000 M. Tons of sugar with a maximum quantity of 20,000 M. tons per mill. Out of total permission of 1,500,000 M. Tons, your company was able to export 18,830 M. Tons of sugar. The export subsidy announced by the Sindh government was received and accounted for in the preparation of the financial statements, however, export subsidy announced by the federal government has not been released yet and therefore will be accounted for on actual receipt basis.

The comparative statistics of the division's operations are given below :

		2017-18	2016-17
Crushing duration	Days	140	128
Sugarcane crushed	M.Tons	1,028,901	865,530
Average sucrose recovery	%	10.30	9.97
Sugar production	M.Tons	106,005	86,316

Due to excessive availability of sugar, the sugar prices both in domestic and international markets remained depressed and despite subsidy announced and paid by the Sindh Government, the profitability of the sugar division was adversely affected and earned profit of Rs. 4.18 million as compared with loss of Rs. 110.96 million during the previous year.

Distillery Division

During the year, the performance of the distillery division Alhamdolillah remained quite satisfactory and the division earned operating profit of Rs. 875.37 million as compared with profit of Rs. 362.58 million during the previous year. The notable increase in the profit of the division is due to higher sales volume, better sale price on account of appreciation of dollar against Pak rupee and lower cost of production during the period as compared to the previous year.

The liquidified carbon dioxide (CO_2) unit produced 9,903 M.Tons as compared with 11,069 M. Tons during the previous year. The operating profit of the unit is included in the profit of the division.

The Comparative statistics of the division's operations are given below :

		2017-18	2016-17
Ethanol			
Days of operation		335	344
Molasses processed	M.Tons	184,654	182,774
Ethanol production	"	34,643	33,687
Liquidified Carbon dioxide (CO2)			
Days of operation		248	277
Liquidified Carbon dioxide (CO2) production	"	9,903	11,069

Textile Division

The Textile division earned operating profit of Rs. 24.80 million as compared with loss of Rs. 1.24 million during the previous year. The increase in division's profit was due to higher sales volume, rupee depreciation against international currencies and rebate announced by the government on textile exports.

The comparative statistics of the division's operations are given below :

		2017-18	2016-17
Days of operation		300	300
Yarn consumed	Kgs	1,074,066	584,310
Finished goods production	"	928,557	515,253

Trading Division

During the year under review, the division suffered loss of Rs. 58.86 million on account of sale of carry over trading stock of sugar as against operating profit of Rs. 6.56 million during the previous year. The loss suffered by the division is due to the drastic reduction in sugar prices.

Future Prospects

Sugar Division

The sugar division of the Company commenced crushing campaign on November 29, 2018 and upto December 25, 2018 crushed 133,791 M.Tons of sugarcane with average sucrose recovery of 9.83 % and sugar production of 13,765 M.Tons including stock in process.

The Government of Sindh on December 7, 2018 issued a notification fixing the minimum sugarcane support price at Rs.182 per 40 kgs for the crushing season 2018 – 19. Your company along with other sugar mills filed a petition before the Honourable High Court of Sindh praying that the minimum support price fixed by the Sindh government was totally arbitrary and unjustified as it would result in financial catastrophe and economic disaster to the sugar industry in the Province of Sindh. In this respect, notices were issued to the respondents and hearing is fixed for December 18, 2018.

The Honourable Supreme Court of Pakistan decided the appeals in respect of quality premium for the crushing season 1998-99 filed by certain sugar mills (excluding our company as the sucrose recovery was below the bench mark of 8.7%) and has confirmed that the Quality Premium is payable by the industry.

In December 2018, after reviewing the sugar stock position in the country the ECC allowed export of 1.10 million tons of sugar.

In view of the scarcity of water in the Sindh province, we expect lessor availability of sugarcane which might cause unhealthy competition amongst sugar mills for procurement of sugarcane.

Distillery Division

During the period upto December 25, 2018 the distillery division produced 6,502 M.Tons of ethanol and 1,754 M.Tons of liquidified carbon dioxide. The increase in molasses price was likely to affect the profitability of the division.

Textile Division

Efforts are being made to explore additional export markets to achieve better sale volume and to maintain profitability.

Investment in Bagasse Based Co-Generation Project of 26.5 MW

The Company initiated a Bagasse based High Pressure Co-generation project and formed HSM Energy limited (HSMEL), a wholly owned subsidiary of the Company. Upto September 30, 2018 the company had invested Rs. 50.0 million. Presently, the above project is on hold due to non-clarity on the part of the Government for bagasse based energy projects. Central Power Purchasing Agency (CPPA) filed a review petition before National Electric Power Regulatory Authority (NEPRA) disputing the tariff awarded to bagasse based projects and mechanism prescribed for purchased of electricity. NEPRA has dismissed review petition filed by CPPA for purchasing power from producers on take and pay basis. CPPA has now filed an appeal before the Hon'ble High Court of Islamabad which is pending adjudication. The outcome of the above case is crucial for the future of these projects. The management is reviewing the situation and future course of action would be decided upon the outcome of the pending case. We strongly believe that this source of indigenous power would be critical for Pakistan and for the future growth of the sugar industry. We look forward to more investor friendly policy from the government on this issue.

Investment in Wind Power Project

The shareholders of the Company approved investment of upto Rs.450 million in Uni Energy Limited, formerly associated unlisted public company incorporated to undertake business activities related to generation and transmission of electric power generation through wind.

The Company made initial equity investment of Rs.12.50 million. Government of Sindh had granted Letter of Intent (LOI) and allotted land for setting up the project at Jhimpir, district Thatta. Presently, the government was set to be reviewing the Basis of Tariff determination and mechanism for purchase of energy from wind projects. The future course of action would be decided upon clarification from the government.

Investment in Food Business

In line with the Company's Vision of diversification, the company upto September 30, 2018 has invested Rs. 108.0 million in Uni-Food Industries Limited, a public unlisted company. The core business of the Company is to manufacture and brand confectionary items and other allied products. The Company started its commercial production in March 2018. Presently, the company is facing immense competition and marketing challenges from the existing manufacturers, however, vigorous efforts are being made by the management of the company to achieve increase in sale volume and reduce cost.

Board and Management Committees

Audit Committee

The Company has established Audit Committee as required under the Code of Corporate Governance

(Revised). The Audit Committee comprises of three members, two of whom are non-executive directors including the Chairman of the Committee and one is independent non-executive director. The Audit Committee met four times during the year. Attendance of meetings is as follows:

		No. of meetings attended
Mr. Amin Ali Abdul Hamid	Chairman	4
" Ali Raza D. Habib	Member	3
" Shams Mohammad Haji	Member	4

HR and Remuneration Committee

The Company has established HR and Remuneration Committee as required under the Code of Corporate Governance. The HR and Remuneration Committee comprises of three members, two of whom are non-executive directors. The CEO is also member of the Committee. The Chairman of the Committee is independent non-executive director. The HR and Remuneration Committee met once during the year. Attendance of meeting is as follows:

		No. of meeting attended
Mr. Shams Mohammad Haji	Chairman	1
" Amin Ali Abdul Hamid	Member	1
" Raeesul Hasan	Member	1

Corporate Social Responsibility

Habib Sugar Mills Limited Corporate Social Responsibility (CSR) programme dates back since its inception in 1962. Responding to the needs of local communities, government bodies and civil society organizations, the Company's CSR portfolio has widened over the years to include social welfare, education, healthcare, infrastructural development and livelihood generation.

Community Investment and Welfare Scheme

As a responsible corporate citizen, the Company has, on regular basis, undertaken number of welfare activities viz., running of school upto secondary level, holding of eye camp, financial assistance to villagers in the surrounding area of the mills and supply of free ration and medical assistance and educational support to the needy persons. The contribution of the Company in the social and economic uplift of the district has been acknowledged at all levels.

During the year, the company continued its support to Family Education Services Foundation (FESF), a non-profitable organization, to run a deaf school at Nawabshah. Your Company has donated Rs. 12.0 million during the year. At present, over 175 students are enrolled in the school. The campus is the first ever educational facility of its kind for the deaf in Nawabshah and will enable deaf students to receive education in an environment that maximizes their potentials and enhances their quality of life.

During the year, the Company also donated Rs. 4.0 million to different recognized charitable institutions which are providing education and financial support to the needy persons and establishing positive social trends in society. In addition, Company also contributed Rs. 5.0 million towards the construction of Diamer Bhasha Dam.

Environment

The management of HSML believe that protection of environment is important for survival of every person as such company attaches utmost importance to provide healthy atmosphere to its employees and residents of Nawabshah. Accordingly, number of appropriate steps has been taken by the company to ensure pollution free environment.

The fly ash removal systems installed in the boilers of the mills continue to operate satisfactorily and the spread of black soot particles has been completely eliminated. The Company has installed a sugar factory waste water treatment plant to remove oil, grease, total suspended solids, from the waste water. The project has since been completed yielding satisfactory results. Similarly brick lining of the lagoons and replacement of open drain channels with RCC piping have been done to avoid seepage thereby not affecting the water table of the surrounding areas.

The installation of bio-gas plant and carbon dioxide recovery plants are the manifestation of our social responsibility which has helped us to reduce the greenhouse gases emission from our distillery operations. The Company also installed industrial waste water treatment plant based upon Upflow Anaerobic Sludge Bed (UASB) system with energy recovery in the form of biogas.

By the grace of Allah, the successful operations of these projects have ensured a pollution free environment for the people of Nawabshah.

Health, Safety and Security

Being a responsible corporate entity, the Company is fully committed to meet all the standards with respect to health, safety and security. The Company also contributes on regular basis towards the medical needs and assistance of the people in the surrounding areas, by giving donations to clinics and welfare institutions for medical and other facilities.

Employment of Special Persons

The Company has provided employment to physically handicapped persons in compliance with the Disabled Persons (Employment & Rehabilitation) Ordinance, 1981.

Industrial Relations

Harmonious working environment and cordial industrial relations atmosphere prevailed within the Company.

Contribution to the National Exchequer

Your Company contributed an amount of Rs. 567.58 million to the Government treasury in the shape of taxes, levies, sales-tax and excise duty in addition to precious foreign exchange earned, equivalent to Pak Rupees 3,537.87 million (US$ 29.62 million) during the year under review from exports of sugar, ethanol and household textiles.

Auditors

The auditors Messrs. EY Ford Rhodes, Chartered Accountants, retire and being eligible has offered themselves for re-appointment.

The Audit Committee has recommended to consider the re-appointment of Messrs. EY Ford Rhodes, Chartered Accountants, as auditors of the Company for the ensuing year.

Applicability of the Companies Act, 2017 (The Act)

The Companies Act 2017, (The Act) was promulgated on May 30, 2017, however, the Securities and Exchange Commission of Pakistan (SECP) vide circular No. 23 of 2017 dated October 04, 2017 relaxed the applicability for the companies whose financial year closed on or before December 31, 2017. The Act became applicable for the financial year under review and brought certain changes for the preparation of financial statements as prescribed under Fourth Schedule of the Act.

Statement on Corporate and Financial Reporting Framework

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of account of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of the financial statements. Changes, if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and deviation there from if any, has been adequately disclosed.

5. The system of internal control is sound in design and has been effectively implemented and monitored regularly.

6. There are no significant doubts upon the Company's ability to continue as a going concern.

7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.

8. Key operating and financial data for last six years in summarized form is given on page 10.

9. Information about the taxes and levies is given in the notes to the financial statements.

10. Value of investments including profit accrued thereon and balances in deposit / current accounts of Provident Fund and Gratuity Fund as at September 30, 2018 were as follows:

	Rs.'000
Provident Fund	292,175
Gratuity Fund	106,628

11. During the year four meetings were held and the attendance by each Director was as follows :

Name of Director	Number of meetings Attended
Mr. Asghar D. Habib	4
" Ali Raza D. Habib	3
" Muhammad Nawaz Tishna	4
" Murtaza H. Habib	4
" Amin Ali Abdul Hamid	4
" Shams Mohammad Haji	4
" Munawar A. Habib*	1
" Farouq Habib Rahimtoola**	1
" Raeesul Hasan	4

*resigned on July 24, 2018
**Co-opted on July 24, 2018

12. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 115 and 116.

13. Change in shareholding of the Directors, CEO, CFO, Company Secretary and their spouses and minor children is given in Pattern of Shareholding on Page 116.

Change in Directors

During the year Mr. Munawar A. Habib resigned from the Board and in his place Mr. Farouq Habib Rahimtoola was co-opted.

General

The directors place on record their appreciation of the devoted services and hard work put in by the officers, staff and workers of the Company and to thank all the financial institutions having business relationship with us and our satisfied customers for their continued support and cooperation.

On behalf of the Board of Directors

Raeesul Hasan	**Murtaza H. Habib**
Chief Executive	Director

Karachi: December 26, 2018

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Year ended September 30, 2018

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

1. The total numbers of Directors are Eight (8) as per the following:

a.	Male:	Eight (8)
b.	Female:	None

2. The Composition of the Board is as follows:

a.	Independent Directors	Mr. Shams Mohammad Haji Mr. Farooq Habib Rahimtoola (Co-opted on July 24, 2018)
b.	Other Non-Executive Directors	Mr. Asghar D. Habib Mr. Ali Raza D. Habib Mr. Muhammad Nawaz Tishna Mr. Amin Ali Abdul Hamid
c.	Executive Directors	Mr. Murtaza H. Habib Mr. Raeesul Hasan

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

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

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

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

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

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

9. The Board of Directors of the Company consist of eight (8) directors, out of which following four (4) directors are certified under the Directors Training Program:
   - Mr. Asghar D. Habib
   - Mr. Murtaza H. Habib
   - Mr. Amin Ali Abdul Hamid
   - Mr. Shams Mohammad Haji

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the 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:

Audit Committee	**HR and Remuneration Committee**
Mr. Amin Ali Abdul Hamid (Chairman)	Mr. Shams Mohammad Haji (Chairman)
Mr. Ali Raza D. Habib	Mr. Amin Ali Abdul Hamid
Mr. Shams Mohammad Haji	Mr. Raeesul Hasan

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 (quarterly/halfyearly/yearly) of the committees were as per following :

    a. Audit committee: four (4) meetings held during the year ended September 30, 2018
    b. HR and Remuneration committee: one (1) meeting held during the year ended September 30, 2018

15. The Board has set up an effective internal audit function supervised by a Chartered Accountant who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Raeesul Hasan Chief Executive	**Murtaza H. Habib** Director

Karachi: December 26, 2018

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Habib sugar mills Limited (the company)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed statements of compliance with the listed companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Habib Sugar Mills Limited for the year ended 30 September 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2018.

EYFord Rhodes

Chartered Accountants

Place: Karachi

Date : 26 December, 2018

INDEPENDENT AUDITORS' REPORT

To the members of Habib Sugar Mills Limited

Report on the Audit of Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Habib Sugar Mills Limited** (the Company), which comprise the unconsolidated statement of financial position as at **30 September 2018,** and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 30 September 2018 and of the profit, other 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 Auditors' Responsibilities for the Audit of the Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Existence and valuation of Stock-in-trade	
As disclosed in note 7 to the accompanying unconsolidated financial statements, the stock-in-trade balance constitutes 26.4% of total assets of the Company. The cost of finished goods is determined at average cost including a proportion of production overheads. The obsolescence is calculated by taking into account the Net Realisable Value (NRV) of related stock-in-trade while mainly keeping in view the estimated selling price and forecasted sales volume. We have considered this area to be a key audit matter due to its materiality and judgments involved in estimating the NRV of underlying stock-in-trade as well as the management judgment in determining an appropriate costing basis and assessing its valuation.	Our audit procedures included, amongst others, reviewing the management's procedures for evaluating the NRV of stock-in-trade, observing physical stock counts to ascertain the condition and existence of stock-in-trade and performing testing on a sample of items to assess the NRV of the stock-in-trade held and evaluating the adequacy of allowance of write down of stock-in-trade to NRV as at the year end. Further, we evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade and the accuracy of allowance of write down of inventories to NRV assessed by the management, on a sample basis. We tested the accuracy of the aging analysis of stock-in-trade, on a sample basis and cost of goods with underlying invoices and expenses incurred in accordance with the valuation methods. We also tested the calculations of per unit cost of finished goods and WIP and assessed the appropriateness of management's basis for the allocation of cost and production overheads. We further tested the NRV of stock-in-trade by performing a review of sales close to and subsequent to the year-end and compared with the cost, for a sample of products. We also assessed the adequacy of the disclosures made in respect of the accounting policies and detailed disclosure in accordance with the applicable financial reporting standards.
2. Preparation of unconsolidated financial statements under Companies Act, 2017	
As referred to in note 1.2 to the accompanying unconsolidated financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the unconsolidated financial statements for the year ended 30 September 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the unconsolidated financial statements. In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 2.1 to the accompanying unconsolidated financial statements. The above changes and enhancements in the unconsolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the unconsolidated financial statements resulting from the transition to the new reporting requirements under the Act.	We assessed the procedures applied by the management for identification of the changes required in the unconsolidated financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the unconsolidated financial statements.

Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 unconsolidated 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 unconsolidated 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 auditors' report to the related disclosures in the unconsolidated 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 auditors' 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 auditors' report is **Shaikh Ahmed Salman.**

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date : 26 December, 2018

Unconsolidated Statement of Financial Position as at September 30, 2018

	Note	2018	2017
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	3	2,645,188	2,692,170
Long-term investments	4	2,948,619	2,403,065
Long-term loans	5	4,799	6,570
Long-term deposits		3,928	4,028
		5,602,534	5,105,833
Current Assets			
Stores and spare parts	6	162,734	119,735
Stock-in-trade	7	2,764,095	1,673,612
Trade debts	8	511,542	254,380
Loans and advances	9	390,470	803,432
Trade deposits and short-term prepayments	10	9,517	9,749
Profit accrued on bank deposits		2,741	1,551
Other receivables	11	128,283	151,819
Taxation - net		121,320	98,292
Cash and bank balances	12	766,875	924,206
		4,857,577	4,036,776
Total Assets		10,460,111	9,142,609
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2017: 150,000,000) Ordinary shares of Rs.5 each		750,000	750,000
Issued, subscribed and paid-up capital	13	750,000	750,000
Reserves	14	7,353,970	6,233,335
		8,103,970	6,983,335
Non-Current Liabilities			
Deferred taxation	15	86,000	98,500
Current Liabilities			
Trade and other payables	16	1,500,164	1,309,371
Advance from customers		702,369	691,920
Unclaimed dividends		67,608	59,483
		2,270,141	2,060,774
Contingencies and Commitments	17		
Total Equity and Liabilities		10,460,111	9,142,609

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	**Raeesul Hasan**	**Murtaza H. Habib**
Chief Financial Officer	Chief Executive	Director

Unconsolidated Statement of Profit or loss for the year ended September 30, 2018

	Note	2018	2017
		(Rupees in thousands)	
Net sales and services	18	7,758,520	7,134,930
Cost of sales	19	6,484,368	6,544,790
Gross Profit		1,274,152	590,140
Selling and distribution expenses	20	(252,147)	(175,440)
Administrative expenses	21	(176,524)	(157,764)
Other operating expenses	22	(56,883)	(32,054)
Impairment on long-term investments - available for sale		(45,445)	- -
Other income	23	162,419	246,099
		(368,580)	(119,159)
Operating Profit		905,572	470,981
Finance income - net	24	53,204	26,436
Profit before taxation		958,776	497,417
Taxation	25	(57,500)	60,000
Profit after taxation		901,276	557,417
Earnings per share - Basic and diluted (Rupees)	26	6.01	3.72

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	**Raeesul Hasan**	**Murtaza H. Habib**
Chief Financial Officer	Chief Executive	Director

Unconsolidated Statement of Comprehensive Income
for the year ended September 30, 2018

	2018	2017
	(Rupees in thousands)	
Profit for the year	901,276	557,417
Other comprehensive income:		
Items that may not be reclassified subsequently to the statement of profit or loss :		
Actuarial loss on defined benefit plan - net	(390)	(275)
	900,886	557,142
Items that may be reclassified subsequently to the statement of profit or loss :		
Unrealised gain on revaluation of investments during the year	483,120	421,237
Reclassification adjustments included in the statement of profit or loss for: Gain on sale of investments - net of tax	(871)	(113,981)
	482,249	307,256
Total comprehensive income for the year	1,383,135	864,398

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	**Raeesul Hasan**	**Murtaza H. Habib**
Chief Financial Officer	Chief Executive	Director

Unconsolidated Statement of Changes in Equity
for the year ended September 30, 2018

	Issued, subscribed and paid-up Capital	Capital Reserve	Revenue Reserves: General Reserve	Revenue Reserves: Unappro-priated profit	Revenue Reserves: Unrealised gain on investments available for sale	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 1, 2016	750,000	34,000	3,466,000	827,753	1,453,684	5,781,437	6,531,437
Cash dividend for the year ended September 30, 2016 @ 55%	-	-	-	(412,500)	-	(412,500)	(412,500)
Transfer to general reserve	-	-	412,500	(412,500)	-	-	-
Profit for the year	-	-	-	557,417	-	557,417	557,417
Other comprehensive income for the year	-	-	-	(275)	307,256	306,981	306,981
Total comprehensive income for the year ended September 30, 2017	-	-	-	557,142	307,256	864,398	864,398
Balance as on September 30, 2017	750,000	34,000	3,878,500	559,895	1,760,940	6,233,335	6,983,335
Cash dividend for the year ended September 30, 2017 @ 35%	-	-	-	(262,500)	-	(262,500)	(262,500)
Transfer to general reserve	-	-	295,000	(295,000)	-	-	-
Profit for the year	-	-	-	901,276	-	901,276	901,276
Other comprehensive income for the year	-	-	-	(390)	482,249	481,859	481,859
Total comprehensive income for the year ended September 30, 2018	-	-	-	900,886	482,249	1,383,135	1,383,135
Balance as on September 30, 2018	750,000	34,000	4,173,500	903,281	2,243,189	7,353,970	8,103,970

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Unconsolidated Statement of Cash Flows
for the year ended September 30, 2018

	Note	2018	2017
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from / (used in) operations	27	341,781	(1,637,052)
Finance income received - net		52,014	25,968
Income tax paid		(93,028)	(85,003)
Long-term loans		1,771	(2,359)
Long-term deposits		100	(100)
Net cash generated from / (used in) operating activities		302,638	(1,698,546)
Cash flows from investing activities			
Fixed capital expenditure		(224,775)	(731,469)
Redemption / sale proceeds of investments		85,537	207,170
Dividend received		108,184	126,266
Purchase of investments		(193,416)	(163,030)
Sale proceeds of fixed assets		18,876	12,549
Net cash used in investing activities		(205,594)	(548,514)
Cash flows from financing activities			
Dividend paid		(254,375)	(404,010)
Net cash used in financing activities		(254,375)	(404,010)
Net decrease in cash and cash equivalents		(157,331)	(2,651,070)
Cash and cash equivalents at the beginning of the year		924,206	3,575,276
Cash and cash equivalents at the end of the year	12	766,875	924,206

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Amir Bashir Ahmed	**Raeesul Hasan**	**Murtaza H. Habib**
Chief Financial Officer	Chief Executive	Director

Notes to the Unconsolidated Financial Statements for the year ended September 30, 2018

1. The Company and its operations

Habib Sugar Mills Limited is a public limited company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and marketing of refined sugar, ethanol, liquidified carbon dioxide (CO2), household textiles, providing bulk storage facilities and trading of commodities.

These are separate unconsolidated financial statements of the Company in which investments in subsidiary is accounted for on the basis of direct equity interest.

1.1 Business Units

Registered office - 3rd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi.

Mills / Factory - Sugar and Distillery plants are located at District Shaheed Benazirabad, Nawabshah and Textile Division is located at D-140/B-1, Manghopir Road, S.I.T.E. Karachi.

Terminal - 60/1-B, Oil Installation Area, Keamari, Karachi.

1.2 Summary of significant transactions and events that have affected Company's financial position and performance during the year:

The Companies Act, 2017 (the Act), became applicable to the Company from the current year and brought certain changes with regards to the preparation of these unconsolidated financial statements.

During the year, the Company made further investment in HSM Energy Limited – wholly owned subsidiary amounting to Rs. 49.9 million and in Unifoods Industries Limited – related party amounting to Rs. 62 million.

2. Summary of significant accounting policies

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies, Act 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions or directives under the Act shall prevail.

The Fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these unconsolidated financial statements. The Companies Act, 2017 (including its Fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 3.1.2), management assessment of sufficiency of tax provision in the financial statements (refer note 25.3), change in threshold for identification of executives (refer notes 5 & 28), additional disclosure requirements for related parties (refer note 33) etc.

2.2 Basis of preparation

"These unconsolidated financial statements have been prepared under historical cost convention, except for:

- staff retirement benefit plan which is carried at present value of defined benefit obligation net of fair value of plan assets as prescribed in IAS 19 "Employees Benefits". and"
- investments which have been recognised at fair value in accordance with the requirements of IAS-39"Financial Instruments: Recognition and Measurement".

2.3 Significant accounting judgements and estimates

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements 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 to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgements which are significant to the unconsolidated financial statements:

a) Determining the residual values and useful lives of property, plant and equipment (Note 2.7.1);
b) Classification and valuation of investments (Note 2.8);
c) Impairment / adjustment of inventories to their net realizable value (Note 2.9 & 2.10);
d) Accounting for staff retirement benefits (Note 2.13);
e) Recognition of taxation and deferred tax (Note 2.16);
f) Contingencies and commitments (Note 17).

2.4 Amended / revised standards that became effective

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except that the Company has adopted the following standards which became effective for the current year:

IAS 7 – Statement of Cash Flows - Disclosure Initiative (Amendment)
IAS 12 - Income Taxes — Recognition of Deferred Tax Assets for Unrealised losses (Amendments)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on these unconsolidated financial statements.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

Following standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

	Effective date (accounting periods beginning on or after)
IFRS 2 – Share Based Payments – Classification and Measurement of Share Based Payments Transactions (Amendments)	January 1, 2018
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 (Amendments)	January 1, 2018
IFRS 9 – Financial Instruments	July 1, 2018
IFRS 9 – Prepayment Features with Negative Compensation - (Amendments)	January 1, 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an investor and its Associate or Joint venture Contracts - (Amendments)	Not yet finalised
IFRS 15–Revenue from Contracts with Customers	July 1, 2018

IFRS 16 -Leases	January 1, 2019
IAS 19 -Plan Amendment, Curtailment or Settlement - (Amendments)	January1, 2019
IAS 28 -Long-term Interests in Associates and Joint Ventures - (Amendments)	January 1, 2019
IAS 40 – Transfer of Investment Property (Amendments)	January 1, 2018
IFRIC 22– Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23– Uncertainty Over Income Tax Treatments	January 1, 2019

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers which will be effective for annual periods beginning on or after January 1, 2018, however, early application is permitted. SECP vide S.R.O. 007(1) / 2017 dated October 4, 2017, has also notified the adoption of IFRS 15 for annual periods beginning on or after July 1, 2018.

According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations. Currently, it is expected that the changes, if any, in the total amount of revenue to be recognized for a customer contract will be very limited. Besides, changes to the Statement of Financial Position are expected, e.g. separate line items for contract assets and contract liabilities are required, and qualitative disclosures are added. Hence, the Company does not expect significant impacts on its unconsolidated Financial Statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019, respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

2.6 Standards issued by IASB but not yet notified by SECP

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

	IASB Effective date (accounting periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 1, 2016
IFRS 17 – Insurance Contracts	January 1, 2021

2.7 Fixed assets

2.7.1 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortization / impairment (if any), except for freehold land.

Depreciation is charged to unconsolidated statement of profit or loss applying the reducing balance method. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the asset is in use. Assets residual values and useful lives are reviewed, and adjusted, if appropriate at each date of the unconsolidated statement of financial position date.

Maintenance and normal repairs are charged to unconsolidated statement of profit or loss as and when incurred. Major renewals and improvements are capitalised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use. Gain or loss on disposal of assets is included in unconsolidated statement of profit or loss in the year the assets is derecognised.

2.7.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. Items are transferred to the respective assets when available for intended use.

Significant borrowing costs related to acquisition, construction and commissioning of a qualifying asset are capitalised.

2.7.3 Major stores and spare parts

Major stores and spare parts qualify for recognition as property, plant and equipment when the Company expects to use these for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are issued for use.

Major stores and spare parts are valued at cost less accumulated impairment, if any.

2.8 Investments

Investments acquired with the intention to be held for over one year are classified as long term investments. However, these can be sold earlier due to liquidity requirements. Short term investments are those which are acquired for a short period.

Investments are classified as follows:

2.8.1 Subsidiary
Investment in subsidiary are stated at cost less impairment loss, if any.

2.8.2 Available for sale
Quoted
Available for sale investments are initially recognised at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price).

Any gain or loss from a change in the fair value of investments available for sale is recognised directly in other comprehensive income as unrealised, unless sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously taken to other comprehensive income is recognised in the unconsolidated statement of profit or loss of the year.

Un-Quoted
These investment are recorded at cost less accumulated impairment, if any.

2.9 Stores and spare parts

These are valued at the lower of moving average cost and net realisable value except for items in transit which are valued at cost. Provision is made for obsolescence and slow moving items.

2.10 Stock-in-trade

These are valued as follows :

Raw materials	At the lower of average cost and net realisable value
Work-in-process	At the lower of average cost and net realisable value
Finished goods	At the lower of average cost and net realisable value
Fertilizers	At the lower of cost on FIFO basis and net realisable value
Bagasse	At the lower of average cost and net realisable value

2.11 Trade debts and other receivables

Trade debts are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Other receivables are carried at cost less estimates made for doubtful receivables.

An estimate for doubtful trade debts and other receivables is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of Cash Flows, cash and cash equivalents comprise of cash in hand, with banks on current, savings, treasury call and deposit accounts, net of short term borrowings under mark-up arrangements, if any.

2.13 Staff retirement benefits

2.13.1 Staff gratuity

The Company operates an approved defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Company. The scheme is funded and contributions to the fund are made in accordance with the recommendations of the actuary.

The latest actuarial valuation of the gratuity scheme was carried out as at September 30, 2018. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	10.00% per annum
Expected rate of increase in salaries	9.75% per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2018, the fair value of gratuity scheme assets and present value of liabilities were Rs.106.63 million and Rs.107.02 million respectively. The Company recognises the total actuarial gains and losses in the year in which they arise. The amounts recognised in the unconsolidated statement of financial position are as follows:

	2018	2017
	(Rupees in thousands)	
Net Employee Defined Benefit Asset		
Present value of defined benefit obligation	107,017	101,748
Fair value of plan assets	(106,627)	(101,472)
Liability recognised in the unconsolidated statement of financial position	390	276

	2018	2017
	(Rupees in thousands)	

Charge for the year
Salaries, wages and amenities include the following in respect of employees' gratuity fund:

	2018	2017
Current service cost	3,896	3,641
Interest cost	7,721	7,389
Expected return on plan assets	(7,700)	(7,379)
	3,917	3,651

The movement in present value of defined benefit obligation is as follows:

	2018	2017
Present value of defined benefit obligation at the beginning of the year	101,748	101,745
Current service cost	3,896	3,641
Interest Cost	7,720	7,389
Benefits paid	(4,543)	(11,390)
Actuarial (gain) / loss	(1,804)	363
Present value of defined benefit obligation at the end of the year	107,017	101,748

The movement in fair value of plan assets is as follows:

	2018	2017
Fair value of plan assets at the beginning of the year	101,472	101,599
Expected return on assets	7,700	7,379
Contributions	4,192	3,796
Benefits paid	(4,543)	(11,390)
Actuarial (loss) / gain	(2,194)	88
Fair value of plan assets at the end of the year	106,627	101,472
Actual return on plan assets	5,506	7,467

	2018	2017
Plan assets comprise:		
Term deposit receipts	99,000	85,000
Term Finance Certificates	259	263
Balance with Banks	6,987	15,844
Accrued interest	381	365
	106,627	101,472

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

As at September 30,	2018	2017	2016	2015	2014
			(Rupees in thousands)		
Present value of defined benefit obligation	107,017	101,748	101,745	92,164	83,898
Fair value of plan assets	(106,627)	(101,472)	(101,599)	(92,336)	(83,638)
(Surplus) / deficit	390	276	146	(172)	260
Experience adjustment on obligation	10,051	638	(4,292)	3,257	5,629
Experience adjustment on plan assets	2,194	88	(410)	(3,322)	(852)

Sensitivity analysis

Significant assumption for the determination of the defined obligation are discount rate and expected salary increase. The possible changes in defined obligation due to change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant are as follows :

	(Rupees in thousand)
Discount Rate +1 %	114,267
Discount Rate -1 %	125,232
Long Term Salary Increases +1 %	125,462
Long Term Salary Increases -1 %	113,963

2.13.2 Provident fund

The Company operates a recognised provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Company and the employees at the rate of 8.33% of basic salary plus applicable cost of living allowance.

2.14 Borrowings and their cost

Borrowings are recorded at the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction and commissioning of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

2.15 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, whether or not billed to the Company.

2.16 Taxation

2.16.1 Current

Provision for current taxation is computed in accordance with the provisions of the applicable income tax laws.

2.16.2 Deferred

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

The carrying amount of deferred tax assets is reviewed at each date of the unconsolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date.

2.17 Impairment

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

2.18 Provisions

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

2.19 Foreign currencies

Transactions in foreign currencies are translated into Pak Rupees which is the Company's functional and presentation currency, at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates ruling on the unconsolidated statement of financial position date. Exchange gains and losses are included in unconsolidated statement of profit or loss.

2.20 Revenue recognition

- Sales are recorded on despatch of goods to customers.
- Income on investments is recorded when the right to receive is established.
- Income / profit on bank treasury call and deposit accounts is recorded on accrual basis.
- Storage income is recorded on accrual basis.

2.21 Segment reporting

Segment reporting is based on operating (business) segments of the Company. These business segments are engaged in providing product or services which are subject to risks and rewards that are different from the risks and rewards of other segments.

2.22 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprises the financial assets. All financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to unconsolidated statement of profit or loss currently.

2.23 Offsetting

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset or settle the liability simultaneously.

2.24 Dividend and appropriation to reserves

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

2.25 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

	Note	2018	2017
		(Rupees in thousands)	
3. Fixed Assets			
Property, plant and equipment :			
Operating fixed assets	3.1	2,605,198	2,508,472
Capital work-in-progress	3.4	39,990	180,788
Major stores and spare parts	3.5	-	2,910
		2,645,188	2,692,170

3.1 Operating fixed assets for 2018 :

	Cost as at October 1, 2017	Additions / (Deletions)	Cost as at September 30, 2018	Accumulated depreciation / amortization as at October 1, 2017	Depreciation / amortization charge for the year & accumulated Depreciation on deletions	Accumulated depreciation / amortization as at September 30, 2018	Written down value as at September 30, 2018	Annual rate of depreciation / amortization %
				(Rupees in thousands)				
Land								
Freehold - Sugar / Distillery division	142,117	46,863	188,980	-	-	-	188,980	-
Leasehold - Textile division	489	-	489	241	5	246	243	1.01
Buildings on freehold land								
Sugar division	115,143	-	115,143	67,557	4,759	72,316	42,827	10
Distillery division	21,243	-	21,243	17,641	360	18,001	3,242	10
Non-factory buildings	30,228	-	30,228	23,390	342	23,732	6,496	5
Buildings on leasehold land								
Textile division	19,335	-	19,335	16,831	250	17,081	2,254	10
Plant and machinery								
Sugar division	2,419,210	236,552 (52,337)	2,603,425	841,734	171,120 (40,301)	972,553	1,630,872	10
Distillery division - Note 3.1.1	1,233,538	70,842 -	1,304,380	589,714	68,042 -	657,756	646,624	10
Textile division	130,703	662	131,365	79,739	5,154	84,893	46,472	10
Railway siding - Sugar division	468	-	468	465	1	466	2	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	-	8,808	8,321	49	8,370	438	10
Textile division	3,601	-	3,601	2,950	65	3,015	586	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	70,031	12,701 (231)	82,501	54,478	5,873 (223)	60,128	22,373	25
Textile division	9,745	78	9,823	9,271	131	9,402	421	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	-	2,765	2,716	10	2,726	39	20
Motor cars / vehicles								
Sugar / Distillery division	31,505	785 (443)	31,847	15,475	3,220 (124)	18,571	13,276	20
Textile division	764	-	764	698	13	711	53	20
Total	4,239,693	368,483 (53,011)	4,555,165	1,731,221	259,394 (40,648)	1,949,967	2,605,198	

3.1.1 Plant and machinery of distillery division include storage tanks of the CO_2 unit having written down value of Rs.15.35 (2017: Rs.17.05) million installed at Coca Cola Beverages Pakistan Limited and Pakistan Beverages Limited premises for storage of Liquidified Carbondioxide.

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

Particulars	Location	Total Area
Land	Nawabshah, District Shaheed Benazirabad	339.125 Acre
Land	D-140/B-1, Manghopir Road, S.I.T.E. Karachi.	1.12 Acre
Land	60/1-B, Oil Installation Area, Keamari, Karachi.	4000 Sqm

3.1.3 Reconciliation of carrying values for 2018

	Written down Value as at October 1, 2017	Additions / (Deletions)	Depreciation / amortization charge for the year & accumulated Depreciation on deletions	Written Down value as at September 30, 2018
	----------(Rupees in thousands)----------			
Land	142,365	46,863	5	189,223
Buildings on freehold land	58,026	-	5,461	52,565
Buildings on leasehold land	2,504	-	250	2,254
Plant and machinery	2,272,264	308,056	244,316	2,323,968
		(52,337)	(40,301)	
Railway siding	3	-	1	2
Electric, gas and water installations	1,138	-	114	1,024
Furniture, fittings, electrical and office equipment	16,027	12,779	6,004	22,794
		(231)	(223)	
Tractors / trolleys and agriculture implements	49	-	10	39
Motor cars / vehicles	16,096	785	3,233	13,329
		(443)	(124)	
	2,508,472	368,483	259,394	2,605,198
		(53,011)	(40,648)	

3.1.4 Operating fixed assets for 2017 :

	Cost as at October 1, 2016	Additions / (Deletions)	Cost as at September 30, 2017	Accumulated depreciation / amortization as at October 1, 2016	Depreciation / amortization charge for the year & accumulated Depreciation on deletions	Accumulated depreciation / amortization as at September 30, 2017	Written down value as at September 30, 2017	Annual rate of depreciation / amortization %
	----------(Rupees in thousands)---------							
Land								
Freehold - Sugar / Distillery division	106,549	35,568	142,117	-	-	-	142,117	-
Leasehold - Textile division	489	-	489	236	5	241	248	1.01
Buildings on freehold land								
Sugar division	84,543	30,600	115,143	63,735	3,822	67,557	47,586	10
Distillery division	21,243	-	21,243	17,241	400	17,641	3,602	10
Non-factory buildings	30,228	-	30,228	23,030	360	23,390	6,838	5
Buildings on leasehold land								
Textile division	19,335	-	19,335	16,553	278	16,831	2,504	10
Plant and machinery								
Sugar division	1,516,569	1,019,292	2,419,210	842,814	107,092	841,734	1,577,476	10
		(116,651)			(108,172)			
Distillery division - Note 3.1.1	1,136,259	97,459	1,233,538	523,878	66,009	589,714	643,824	10
		(180)			(173)			
Textile division	130,703	-	130,703	74,076	5,663	79,739	50,964	10
Railway siding - Sugar division	468	-	468	464	1	465	3	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	-	8,808	8,267	54	8,321	487	10
Textile division	3,601	-	3,601	2,878	72	2,950	651	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	67,223	6,112	70,031	53,060	4,561	54,478	15,553	25
		(3,304)			(3,143)			
Textile division	9,668	77	9,745	9,134	137	9,271	474	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	-	2,765	2,704	12	2,716	49	20
Motor cars / vehicles								
Sugar / Distillery division	31,484	183	31,505	11,583	4,003	15,475	16,030	20
		(162)			(111)			
Textile division	764	-	764	681	17	698	66	20
Total	3,170,699	1,189,291	4,239,693	1,650,334	192,486	1,731,221	2,508,472	
		(120,297)			(111,599)			

3.1.5 Reconciliation of carrying values for 2017

	Written down Value as at October 1, 2016	Additions / (Deletions)	Depreciation / amortization charge for the year & accumulated Depreciation on deletions	Written Down value as at September 30, 2017
	----------(Rupees in thousands)----------			
Land	106,802	35,568	5	
Buildings on freehold land	32,008	30,600	4,582	142,365
Buildings on leasehold land	2,782		278	58,026
Plant and machinery	1,342,763	1,116,751	178,764	2,504
		(116,831)	(108,345)	2,272,264
Railway siding	4	-	1	3
Electric, gas and water installations	1,264	-	126	1,138
Furniture, fittings, electrical and office equipment	14,697	6,189	4,698	16,027
		(3,304)	(3,143)	
Tractors / trolleys and agriculture implements	61	-	12	49
Motor cars / vehicles	19,984	183	4,020	16,096
		(162)	(111)	
	1,520,365	1,189,291	192,486	2,508,472
		(120,297)	(111,599)	

3.2 Allocation of depreciation / amortization charge for the year:

	Note	2018	2017
		(Rupees in thousands)	
Cost of Sales			
Sugar division	19	179,116	113,522
Distillery division	19	71,780	70,466
Textile division	19	5,474	6,018
		256,370	190,006
Administrative expenses			
Sugar division	21	2,260	1,817
Distillery division	21	194	156
Textile division	21	144	154
Terminal	18.1	426	353
		3,024	2,480
		259,394	192,486

3.3 Details of fixed assets disposed off:

	Cost	Accumulated depreciation	Written down Value	Sale Proceeds	Gain on disposal	Mode of Disposal	Particulars of Purchasers	Relationship with Purchaser
				----------(Rupees in thousands)----------				
Plant and Machinery								
Sugar division								
Slipring Motors	4,727	3,761	966	1,049	83	Negotiation	Syed Azam Hussain Taqvi "House #:266, Shabeer Place"Gharibadad, Nawabshah	None
Juice heater	1,526	1,399	129	1,975	1,846	Negotiation	Muhammad Maqbool "Burewala Vehari, Punjab"	None
Pumps, electric motors, deep bed filters and others	30,312	25,353	4,959	5,498	539	"		None
Mud bed filters, nozzels and others	15,770	9,788	5,982	6,722	740	"	"	None
	52,337	40,301	12,036	15,244	3,208		"	
Furniture, fittings, electrical and office equipment								
Sugar division / Distillery division								
Furniture & fittings	231	223	8	42	34	Negotiation	Various	None
Motor cars / vehicles								
Items having carry value of less than Rs.50,000 each	443	124	319	3,590	3,271	Tender	Various	None
2018	53,011	40,648	12,363	18,876	6,513			
2017	120,297	111,599	8,698	12,549	3,851			

	Note	2018	2017
		(Rupees in thousands)	
3.4 Capital work-in-progress			
Plant and machinery		39,990	169,868
Building		-	7,021
Advance to supplier		-	3,899
	3.4.1	39,990	180,788
3.4.1 Movement in capital work-in-progress			
Balance at the beginning of the year		180,788	592,155
Cost incurred during the year		23,633	8,421
Transfer from Major stores and spare parts		138,064	727,563
		342,485	1,328,139
Transfer to operating fixed assets		(302,495)	(1,147,351)
Balance at the end of the year		39,990	180,788
3.5 Major stores and spare parts			
Stores		-	2,910
	3.5.1	-	2,910
3.5.1 Movement in major stores and spare parts			
Balance at the beginning of the year		2,910	49,365
Additions during the year		135,154	681,108
		138,064	730,473
Transfer to capital work-in-progress		(138,064)	(727,563)
Balance at the end of the year		-	2,910

4. Long-term investments

Number of shares 2018	Number of shares 2017	Face value Rs.	Company Name	Note	2018 (Rupees in thousands)	2017 (Rupees in thousands)
4.1 Investments in subsidiary company - at cost						
5,000,000	10,000	10	HSM Energy Limited	4.3	50,000	100
4.2 Available for Sale						
4.2.1 Investments in related parties - Quoted - at fair value						
147,797	147,797	5	Balochistan Particle Board Limited		525	1,323
24,136,691	24,136,691	10	Bank AL Habib Limited		1,947,590	1,390,273
5,363,772	5,363,772	5	Habib Insurance Company Limited		64,097	79,813
					2,012,212	1,471,409
4.2.2 Investments in related parties - Unquoted - at cost						
1,249,999	1,249,999	10	Uni Energy Limited		12,500	12,500
10,800,000	4,600,000	10	Uni Food Industries Limited		108,000	46,000
					120,500	58,500
4.2.3 Investments in other companies Quoted - at fair value						
40,000	40,000	10	Amreli Steels Limited		2,598	4,079
275,160	188,160	10	Cherat Cement Company Limited		22,164	22,575
31,078	31,078	10	Dawood Lawrencepur Limited		5,283	6,062
210,000	190,000	10	D.G. Khan Cement Company Limited		21,506	27,904
80,000	80,000	10	Engro Corporation Limited		24,930	24,247
12,500	12,500	10	Engro Foods Limited		1,059	1,188
123,200	123,200	10	Engro Fertilizer		9,300	7,751
41,098	30,000	10	Engro Polymer & Chemical		1,193	1,002
90,600	90,600	10	Faran Sugar Mills Limited		6,795	7,164
118,885	118,885	10	Fauji Fertilizer Company Limited		11,608	9,884
80,000	20,000	10	Fauji Food Limited		2,423	561
189,000	189,000	5	First Habib Modaraba		2,079	2,153
12,100	12,100	10	GlaxoSmithKline Pakistan Limited		1,789	2,226
3,630	3,630	10	GlaxoSmithKline Consumer Healthcare Pakistan Limited		1,262	1,011
400,000	400,000	10	Habib Metropolitan Bank Limited		18,600	13,380
108,213	297,513	10	Habib Bank Limited		16,380	53,778
13,350	13,350	10	Indus Motors Company Limited		18,672	22,973
101,000	101,000	10	International Industries Limited		21,735	29,310
115,000	10,000	10	International Steels Limited		10,462	1,211
12,815	12,815	10	Jubliee Life Insurance Co. Limited		8,009	8,971
1,410,000	1,410,000	10	K-Electric Limited		7,544	9,926
43,000	33,000	10	Lucky Cement Limited		22,056	18,651
50,000	50,000	10	MCB Bank Limited		10,061	10,450
150,116	150,116	10	Mehran Sugar Mills Limited		15,875	21,081
450	450	10	Millat Tractors Limited		456	562
14,000	14,000	10	Mirpurkhas Sugar Mills Limited		1,820	1,988
20,000	20,000	10	Packages Limited		8,944	11,540
5,150	5,150	10	Pak Suzuki Motor Company Limited		1,596	2,357
6	6	10	Pakistan Tobacco Company Limited		15	9
6,243,098	6,243,098	5	Shabbir Tiles and Ceramics Limited		117,682	81,722
711,503	711,503	5	Thal Limited		310,934	392,109
384,000	384,000	10	The Hub Power Company Limited		33,589	42,935
60,062	48,322	10	TPL Insurance Limited		1,291	894
43,246	43,246	10	TPL Corporation Limited		261	392
800,000	800,000	10	TPL Properties		6,600	8,400
23,670	19,725	10	The Searle Company Limited		7,478	7,967
77,000	77,000	10	United Bank Limited		11,858	14,643
					765,907	873,056
					2,948,619	2,403,065

4.3 HSM Energy Limited is a wholly owned subsidiary of the Company. The principal activity of the HSM Energy Limited will be to generate and sell electricity to the Company and National Grid. Investment in subsidiary includes 1,500 shares in the name of nominee directors of the HSM Energy Limited.

4.4 Investments in subsidiary company, associated companies or undertakings have been made in accordance with the requirements under the Act.

4.5 The aggregate cost of the above investments, net of impairment, is Rs.705.43 (2017: Rs.642.13) million.

4.6 Unrealised gain of Rs.483.12 (2017: Unrealised gain Rs.421.24) million on the above investments, arising from change in the fair value of these long-term investments during the current year has been recognised directly in other comprehensive income.

	Note	2018	2017
		(Rupees in thousands)	
5. Long-term loans - secured, considered good			
Executives	5.1 & 5.2	767	1,575
Other employees		9,739	11,961
	5.3	10,506	13,536
Receivable within next twelve months shown under current assets:			
Executives	9	(767)	(941)
Other employees	9	(4,940)	(6,025)
		(5,707)	(6,966)
		4,799	6,570

5.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs.1.34 (2017: Rs.4.79) million.

5.2 Movement of loans to executives during the year is as follows:

	2018	2017
	(Rupees in thousands)	
Balance at the beginning of the year	1,575	292
Disbursements	75	1,607
	1,650	1,899
Repayments	(883)	(324)
Balance at the end of the year	767	1,575

5.3 Long-term loans of Rs.10.51 (2017: Rs.13.54) million, include loans of Rs. Nil (2017: Rs.0.17) million and Rs.2.26 (2017: Rs.3.76) million to executives and workers respectively which carry no interest as per Company policy and CBA agreement. The balance amount of loan carries interest @ 7% (2017: 7%) per annum. These are secured against property documents and retirements benefits. These loans are carried at cost due to practicality and materiality of amounts involved.

5.4 Comparative figure have been restated to reflect changes in definition of executive as per Company Act 2017.

6. Stores and spare parts

	Note	2018	2017
		(Rupees in thousands)	
Stores		107,684	84,774
Provision for obsolescence and slow moving stores		(9,500)	(9,500)
		98,184	75,274
Spare parts		84,342	64,253
Provision for obsolescence and slow moving spare parts		(19,792)	(19,792)
		64,550	44,461
		162,734	119,735

7. Stock-in-trade

	Note	2018	2017
Raw materials			
Distillery division		428,702	242,834
Textile division		15,163	8,572
		443,865	251,406
Work-in-process			
Sugar division			
Textile division		835	1,390
		45,154	31,588
Finished goods		45,989	32,978
Sugar division			
Distillery division		2,039,530	1,102,539
Textile division		206,491	267,710
Trading division		787	97
		2,980	2,980
Bagasse		2,249,788	1,373,326
Fertilizers		20,332	12,714
		4,121	3,188
		2,764,095	1,673,612

8. Trade debts - considered good

	Note	2018	2017
Export - Secured against export documents		363,159	117,711
Local - Unsecured		148,383	136,669
	8.1	511,542	254,380

8.1 The aging of trade debts at September 30, is as follows :

		2018	2017
Neither past due nor impaired		504,654	250,265
Past due but not impaired:			
within 90 days		3,472	2,420
91 to 180 days		3,416	1,695
		511,542	254,380

8.2 Following are the

Name of Foreign Jurisdiction	Type of transaction	Note	2018	2017
			(Rupees in thousands)	
Switzerland	Letter of credit		55,236	-
Dubai	Letter of credit		90,845	90,554
India	Letter of credit		175,420	-
Germany	Letter of credit		-	6,058
United Kingdom	Letter of credit		10,881	4,289
United Kingdom	Document against payment		30,777	16,810
			363,159	117,711

9. Loans and advances - considered good

	Note	2018	2017
Loans - secured			
Current maturity of long-term loans			
Executives	5	767	941
Other Employees	5	4,940	6,025
		5,707	6,966
Advances - unsecured			
Suppliers		384,763	796,466
		390,470	803,432

10. Trade deposits and short-term prepayments

Trade deposits	751	751
Short-term prepayments	8,766	8,998
	9,517	9,749

11. Other receivables - Considered good

	Note	2018	2017
Duty drawback and research & development support claim		31,582	17,112
Cash freight support receivable		89,280	-
Dividend receivable		3,673	3,336
Sales tax refundable / adjustable		-	115,686
Others	11.1	3,748	15,685
		128,283	151,819

11.1 Includes Rs.3.46 (2017: Rs.15.38) million from HSM Energy Limited - wholly owned subsidiary. Maximum aggregate amount due from the subsidiary company at the end of any month during the year was 50.70 (2017: 15.38) million.

12. Cash and bank balances

	Note	2018	2017
Cash in hand		275	273
Balances with banks in :			
Current accounts		99,752	19,482
Treasury call accounts	12.1	126,848	169,451
Term Deposit Receipts	12.2	540,000	735,000
	12.3	766,600	923,933
		766,875	924,206

12.1 Profit rates on treasury call accounts ranged between 3.75% to 6.40% (2017: 3.75% to 5.50%) per annum.

12.2 Profit rates on Term Deposit Receipts ranged between 5.80% to 6.80% (2017: 5.80% to 6.05%) per annum.

Maturity of these Term Deposit Receipts are one month.

12.3 Includes Rs.695.16 (2017: Rs.895.90) million kept with Bank AL Habib Limited - a related party.

13. Issued, subscribed and paid-up capital

2018	2017		2018	2017
(Number of Shares)			(Rupees in thousands)	
10,136,700	10,136,700	Ordinary Shares of Rs. 5 each fully paid in cash	50,684	50,684
139,863,300	139,863,300	Ordinary Shares of Rs. 5 each issued as bonus shares	699,316	699,316
150,000,000	150,000,000		750,000	750,000

13.1 Issued, subscribed and paid-up capital of the Company includes 14,896,001 Ordinary shares of Rs.5 each (2017: 23,764,498) held by related parties at the end of the year.

13.2 Voting rights, Board Selection, right of first refusal and block voting are in proportion to the shareholding.

14. Reserves

	Note	2018	2017
		(Rupees in thousands)	
Capital			
Share premium		34,000	34,000
Revenue			
General	14.1	4,173,500	3,878,500
Unappropriated profit		903,281	559,895
Unrealised gain on investments - available for sale		2,243,189	1,760,940
		7,319,970	6,199,335
		7,353,970	6,233,335

	2018	2017
14.1 At the beginning of the year	3,878,500	3,466,000
Transferred from unappropriated profit	295,000	412,500
	4,173,500	3,878,500

15. Deferred taxation

	2018	2017
Deferred tax liability on accelerated tax depreciation allowance on operating fixed assets taxable temporary differences:	210,000	203,000
Deferred tax asset on deductible temporary difference:		
Provision for obsolescence and slow moving stores & spare parts	(7,000)	(7,000)
Unabsorbed tax depreciation allowance	(117,000)	(92,000)
Unadjusted tax credit on investment	-	(5,500)
	(124,000)	(104,500)
	86,000	98,500

16. Trade and other payables

	Note	2018	2017
		(Rupees in thousands)	
Creditors		1,191,593	1,043,251
Accrued liabilities		219,560	201,612
Payable to Employees Gratuity Fund		390	276
Sales-tax / Federal excise duty		22,793	-
Workers' Profit Participation Fund (WPPF)	16.1	50,783	26,474
Workers' Welfare Fund		14,945	37,141
Income-tax deducted at source		100	617
		1,500,164	1,309,371

16.1 Workers' Profit Participation Fund (WPPF)

	Note	2018	2017
Balance at the beginning of the year		26,474	51,983
Interest on funds utilized in the Company's business		443	1,094
		26,917	53,077
Amount paid to the WPPF		(26,917)	(53,077)
		-	-
Allocation for the year	22	50,783	26,474
Balance at the end of the year		50,783	26,474

17. Contingencies and commitments

17.1 On May 22, 2015 the Government of Pakistan promulgated Gas Infrastructure Development (GID) Cess Act, 2015 and levied GID Cess on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GID Cess Act, 2015 was made applicable with immediate effect superseding the GID Cess Act, 2011 and GID Cess Ordinance, 2014.

The Company challenged the vires of GID Cess Act, 2015 before the Honourable High Court of Sindh. On July 24, 2015 the Honourable High Court of Sindh passed an order restraining the SSGC from demanding and collecting GID Cess as levied by the GID Cess Act, 2015. On October 26, 2016, the case was decided by the double bench of the Honourable High Court of Sindh in favour of the Company. The Government has filed a review appeal before the double bench of Honourable High Court of Sindh, where the Company was not made party to such litigation. Currently, GID Cess is not being charged to the Company by SSGC.

The Financial exposure of the Company upto September 30, 2018 is Rs.40.08 (2017: 35.82) million. However, in view of the advice of legal counsel no provision has been made in these unconsolidated financial statements.

17.2 The Government of Sindh vide notification dated July 8, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Kaemari, Karachi. The Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on October 9, 2018 and was not taken up for hearing. The financial exposure as at September 30, 2018 is Rs.62.03 million. In view of the advice of legal counsel, the Company is confident of a favourable outcome of the case and accordingly no provision has been made in these unconsolidated financial statements.

17.3 Pursuant to the decision of ECC on January 10, 2013, the FBR vide its SRO No. 77(1)/2013 dated February 7, 2013, allowed benefit to sugar exporters by reducing FED rate from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Company availed the benefit and claimed Rs.56.56 million on account of reduced rate of FED.

Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 7, 2013, the date of SRO No: 77(1) /2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Company filed a suit before Honourable High Court of Sindh and the operations of the said order were suspended by the Honourable Court vide its order dated April 23, 2014. The Company withdrew suit on November 14, 2018 and filed an appeal before commissioner inland revenue to set-aside impugned demand or any other relief which may deem fit as per law. In view of the advice of legal counsel, the Company is confident of a favourable outcome and accordingly no provision has been made in these unconsolidated financial statements.

17.4 During the year 2009-10 the Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority - PSQCA challenging the notifications issued in respect of registration of the Standard Mark for refined sugar manufactured and sold by the Company and levy of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 1, 2009.

On December 4, 2012 the Honourable High Court of Sindh decided the case in favour of the Company. Against the above order, PSQCA filed an appeal before the Honourable Supreme Court of Pakistan. On November 25, 2013 the Honourable Supreme Court of Pakistan passed an interim order against PSQCA restraining them from demanding any registration of standard marks / licensing fee from the sugar mills till further order and the case was adjourned to date in office.

According to the advice of legal counsel, the demand raised is without any lawful authority and is in violation of the Constitution, hence, no provision is made in this regard.

17.5 The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs. 250.00 (2017: Rs. 250.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.2,021.34 (2017: 1,691.76) million against guarantees issued by banks in favour of third parties on behalf of the Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.

17.6 Commitments for capital expenditure amounting to Rs.1.79 (2017: 65.20) million.

17.7 Rentals under operating lease agreements in respect of vehicles, payable over the following next four years, are as follows:

	2018	2017
Year ending September 30	(Rupees in thousands)	
2018	-	13,709
2019	16,955	10,306
2020	13,296	6,461
2021	8,875	2,177
2022	3,447	-
	42,573	32,653

18. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division 2018	Sugar Division 2017	Distillery Division 2018	Distillery Division 2017	Textile Division 2018	Textile Division 2017	Trading Division 2018	Trading Division 2017	Total 2018	Total 2017
Net sales and services											
Local sales		3,394,824	3,581,722	518,711	565,210	5,624	4,176	322,084	655,910	4,241,243	4,807,018
Less: Sales tax / Federal excise duty		260,231	276,988	73,381	80,293	373	273	40,608	67,100	374,593	424,654
		3,134,593	3,304,734	445,330	484,917	5,251	3,903	281,476	588,810	3,866,650	4,382,364
Export sales		872,741	296,563	2,478,649	1,985,933	571,068	268,399	-	256,481	3,922,458	2,807,376
Less: Export duty, freight and commission		-	-	5,683	3,094	32,341	14,814	-	38,554	38,024	56,462
		872,741	296,563	2,472,966	1,982,839	538,727	253,585	-	217,927	3,884,434	2,750,914
Net sales		4,007,334	3,601,297	2,918,296	2,467,756	543,978	257,488	281,476	806,737	7,751,084	7,133,278
Services						-	-	-	-		
Terminal Storage income - net	18.1	-	-	7,436	1,652					7,436	1,652
		4,007,334	3,601,297	2,925,732	2,469,408	543,978	257,488	281,476	806,737	7,758,520	7,134,930
Less: Cost of sales	19	3,750,687	3,521,210	1,901,556	1,982,261	492,371	243,449	339,754	797,870	6,484,368	6,544,790
Gross profit		256,647	80,087	1,024,176	487,147	51,607	14,039	(58,278)	8,867	1,274,152	590,140
Selling and distribution expenses	20	95,762	47,655	134,530	114,942	21,645	11,052	210	1,791	252,147	175,440
Administrative expenses	21	156,704	143,396	14,278	9,626	5,167	4,225	375	517	176,524	157,764
		252,466	191,051	148,808	124,568	26,812	15,277	585	2,308	428,671	333,204
Profit / (loss) before other operating expenses and other income		4,181	(110,964)	875,368	362,579	24,795	(1,238)	(58,863)	6,559	845,481	256,936
Other operating expenses	22									(56,883)	(32,054)
Impairment on long-term investments - available for sale										(45,445)	-
Other income	23									162,419	246,099
										905,572	470,981
Operating profit											

-Sugar division is engaged in manufacturing of refined sugar.
-Distillery division is engaged in manufacturing of ethanol, liquidified carbon dioxide (CO2) and providing bulk storage facilities.
-Textile division is engaged in manufacturing of household textiles.
-Trading division is engaged in trading of commodities viz sugar / molasses as and when opportunity occurs.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
18.1 Services										
Terminal storage income - net	-	-	11,679	3,836	-	-	-	-	11,679	3,836
Less: Terminal expenses										
Salaries, wages and other benefits - note 18.2	-	-	2,196	793	-	-	-	-	2,196	793
Repairs and maintenance	-	-	443	321	-	-	-	-	443	321
Water, electricity and gas	-	-	266	141	-	-	-	-	266	141
Rent, rates and taxes	-	-	630	419	-	-	-	-	630	419
Depreciation - note 3.2	-	-	426	353	-	-	-	-	426	353
Travelling and vehicle running expenses	-	-	44	47	-	-	-	-	44	47
Insurance	-	-	55	12	-	-	-	-	55	12
Other expenses	-	-	183	98	-	-	-	-	183	98
	-	-	4,243	2,184	-	-	-	-	4,243	2,184
	-	-	7,436	1,652	-	-	-	-	7,436	1,652

18.2 Salaries, wages and other benefits include a sum of Rs.0.12 (2017: Rs.0.06) million in respect of staff retirement benefits.

	2018	2017
	(Rupees in thousands)	

18.3 Geographical Information of customers

Revenues from customers (Country wise)		
Pakistan	4,011,182	4,327,552
Korea	71,036	576,400
UAE	583,400	581,561
United kingdom	701,971	162,123
Malaysia	-	75,992
Singapore	189,232	19,802
Japan	237,023	-
Canada	249,856	-
Switzerland	1,199,794	-
South Africa	126,736	84,245
Turkey	-	138,316
Taiwan	124,814	92,373
Thailand	-	10,709
Srilanka	-	16,704
India	163,203	32,884
Philippine	-	215,499
Bangkok	-	18,825
Italy	-	67,757
Netherland	-	395,593
France	77,197	-
Myanmar	-	296,563
Holland	23,076	22,032
	7,758,520	7,134,930

The revenue information above is based on the location of customers.

18.4 Of the Company's total revenue, one customer accounts for more than 10%

(Rupees in thousands)

19. Cost of Sales

	Sugar Division 2018	Sugar Division 2017	Distillery Division 2018	Distillery Division 2017	Textile Division 2018	Textile Division 2017	Trading Division 2018	Trading Division 2017	Total 2018	Total 2017
Opening stock of raw material	-	-	242,834	162,182	8,572	3,337	-	-	251,406	165,519
Purchases / Transfers	4,336,220	4,149,366	1,536,208	1,756,665	362,792	178,041	-	-	6,235,220	6,084,072
	4,336,220	4,149,366	1,779,042	1,918,847	371,364	181,378	-	-	6,486,626	6,249,591
Closing stock of raw material	-	-	(428,703)	(242,834)	(15,163)	(8,572)	-	-	(443,866)	(251,406)
Raw material consumed	4,336,220	4,149,366	1,350,339	1,676,013	356,201	172,806	-	-	6,042,760	5,998,185
Salaries, wages and other benefits - note 19.1	306,437	277,316	83,042	66,414	14,445	12,281	-	-	403,924	356,011
Research and development expenses	1,292	1,488	-	-	-	-	-	-	1,292	1,488
Process chemicals	66,169	42,076	29,888	39,646	-	-	-	-	96,057	81,722
Packing material	59,471	41,148	-	-	25,255	11,514	-	-	84,726	52,662
Dyeing, weaving and other charges	-	-	-	-	94,619	36,071	-	-	94,619	36,071
Stores and spare parts consumed	72,212	69,522	42,469	34,869	-	-	-	-	114,681	104,391
Rent, rates, taxes and lease rentals	7,393	7,115	9,034	7,660	1,507	1,132	-	-	17,934	15,907
Water, fuel and power	38,888	48,999	158,608	142,977	27,262	18,244	-	-	224,758	210,220
Repairs and maintenance	75,349	95,807	78,883	68,521	4,658	2,218	-	-	158,890	166,546
Legal and professional charges	5,212	1,680	-	-	-	-	-	-	5,212	1,680
Insurance	8,607	9,889	6,207	7,151	915	528	-	-	15,729	17,568
Postage, telephone and stationery	4,314	3,294	-	-	-	-	-	-	4,314	3,294
Depreciation / amortization - note 3.2	179,116	113,522	71,780	70,466	5,474	6,018	-	-	256,370	190,006
Other manufacturing expenses	22,073	20,412	10,087	7,564	279	166	-	-	32,439	28,142
Duty drawback / Rebate	-	-	-	-	(24,555)	(14,725)	-	-	(24,555)	(14,725)
Bagasse transferred to distillery division	(83,219)	(10,787)	-	-	-	-	-	-	(83,219)	(10,787)
Molasses transferred to distillery division	(376,313)	(315,503)	-	-	-	-	-	-	(376,313)	(315,503)
Sale of Electricity	(25,951)	-	-	-	-	-	-	-	(25,951)	-
Sale of Bagasse	(10,147)	-	-	-	-	-	-	-	(10,147)	-
	350,903	405,978	489,998	445,268	149,859	73,447	-	-	990,760	924,693
Manufacturing cost	4,687,123	4,555,344	1,840,337	2,121,281	506,060	246,253	-	-	7,033,520	6,922,878
Opening stock of work in process	1,390	2,368	-	-	31,588	27,949	-	-	32,978	30,317
Closing stock of work in process	(835)	(1,390)	-	-	(45,154)	(31,588)	-	-	(45,969)	(32,978)
	555	978	-	-	(13,566)	(3,639)	-	-	(13,011)	(2,661)
Cost of goods manufactured	4,687,678	4,556,322	1,840,337	2,121,281	492,494	242,614	-	-	7,020,509	6,920,217
Opening stock of finished goods	1,102,539	67,427	267,710	128,690	97	352	2,960	3,924	1,373,326	200,393
Purchases	-	-	-	-	567	580	339,754	796,926	340,321	797,506
Closing stock of finished goods	(2,039,530)	(1,102,539)	(206,491)	(267,710)	(787)	(97)	(2,960)	(2,980)	(2,249,788)	(1,373,326)
	(936,991)	(1,035,112)	61,219	(139,020)	(123)	835	339,754	797,870	(536,141)	(375,427)
	3,750,687	3,521,210	1,901,556	1,982,261	492,371	243,449	339,754	797,870	6,484,368	6,544,790

19.1 Salaries, wages and other benefits include a sum of Rs.10.3 (2017: Rs.9.2) million in respect of staff retirement benefits.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
20. Selling ad distribution expenses										
Salaries, wages and other benefits - note 20.1	9,992	7,215	4,835	3,059	5,053	4,209	-	-	19,880	14,483
Insurance	7,201	3,977	2,006	1,475	-	-	-	-	9,207	5,452
Rent, rates, taxes and lease rentals	1,020	986	1,040	1,111	-	-	-	-	2,060	2,097
Transport, freight, handling and forwarding expenses	77,549	35,477	119,903	106,715	6,470	4,040	210	1791	204,132	148,023
Other expenses		-	6,746	2,582	10,122	2803	-	-	16,868	5,385
	95,762	47,655	134,530	114,942	21,645	11,052	210	1791	252,147	175,440

20.1 Salaries, wages and other benefits include a sum of Rs.0.90 (2017: Rs.0.78) million in respect of staff retirement benefits.

21. Administrative Expenses

	Sugar 2018	Sugar 2017	Distillery 2018	Distillery 2017	Textile 2018	Textile 2017	Trading 2018	Trading 2017	Total 2018	Total 2017
Salaries, wages and other benefits - note 21.1	86,776	78,888	4,903	3,059	3,916	3,260	239	212	95,834	85,419
Insurance	1,262	1,460	94	134	-	-	-	-	1,356	1,594
Repairs and maintenance	2,271	1,899	699	611	219	161	-	-	3,189	2,671
Postage, telephone and stationery	4,811	4,115	567	503	150	100	-	-	5,528	4,718
Travelling and vehicle running expenses	13,771	14,771	1,464	303	-	-	-	-	15,235	15,074
Rent, rates, taxes and lease rentals	7,508	8,076	1,653	1,343	-	-	-	-	9,161	9,419
Water, electricity and gas	3,446	3,161	443	352	80	25	-	-	3,969	3,538
Fees, subscription and periodicals	2,665	2,355	10	19	34	22	-	-	2,709	2,396
Legal and professional charges	1,468	1,077	2,735	2,020	-	-	-	-	4,203	3,097
Directors' meeting fee	500	575	-	-	-	-	-	-	500	575
Depreciation - note 3.2	2,260	1,817	194	156	144	154	-	-	2,598	2,127
Auditors' remuneration - note 21.2	1,652	1,296	1,206	895	225	95	116	294	3,199	2,580
Other expenses - note 21.3	28,314	23,906	310	231	399	408	20	11	29,043	24,556
	156,704	143,396	14,278	9,626	5,167	4,225	375	517	176,524	157,764

21.1 Salaries, wages and other benefits include a sum of Rs.3.42 (2017: Rs.3.20) million in respect of staff retirement benefits.

21.2 Auditors' remuneration

	Sugar 2018	Sugar 2017	Distillery 2018	Distillery 2017	Textile 2018	Textile 2017	Trading 2018	Trading 2017	Total 2018	Total 2017
Statutory audit fee	864	770	630	530	117	55	60	175	1,671	1,530
Half yearly review fee	195	176	142	120	27	15	14	40	378	351
Tax / other services	457	265	334	185	62	20	32	60	885	530
Out of pocket expenses	136	85	100	60	19	5	10	19	265	169
	1,652	1,296	1206	895	225	95	116	294	3,199	2,580

21.3 Sugar division's other expenses include donation of Rs.21.0 (2017: Rs.16.2) million as per details below:

Name of Institution	2018	2017
	(Rupees in thousands)	
Al-Sayyeda Benevolent Trust	910	910
Habib Education Trust	840	840
Rehmat Bai Widows & Orphanage Trust	500	500
Habib Medical Trust	840	840
Habib Poor Fund	910	910
Family Education Services Foundation	12,000	12,000
Diamer Bhasha and Mohmand Dams Funds	5,000	-
Markaz-e-Ummeed	-	200
	21,000	16,200

None of the Directors or their spouses had any interest in the above donee's fund.

21.4 Information on assets, liabilities and capital expenditure by segment is as follows :

(Rupees in thousands)

		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
21.4.1	**Segment assets**	4,316,305	3,445,502	1,725,757	1,420,128	350,631	297,035	132,549	365,915	6,525,242	5,526,580
	Unallocated assets									3,934,869	3,613,981
										10,460,111	9,142,561
21.4.2	**Segment liabilities**	1,882,671	1,533,893	173,116	132,583	95,028	59,046	216	121,314	2,151,031	1,846,836
	Unallocated liabilities									205,110	312,438
										2,356,141	2,159,274
21.4.3	**Capital expenditure**	201,910	599,081	22,125	132,388	740	-	-	-	224,775	731,469

		Note	2018	2017
			(Rupees in thousands)	
22.	**Other operating expenses**			
	Workers' Profit Participation Fund	16.1	50,783	26,474
	Workers' Welfare Fund		6,100	5,580
			56,883	32,054
23.	**Other income**			
	Income from financial assets			
	Profit on redemption / sale of investments	23.1	871	113,981
	Dividend income	23.2	108,521	120,629
	Exchange gain - net		35,986	2,152
			145,378	236,762
	Income from non financial assets			
	Gain on disposal of fixed assets		6,513	3,851
	Agricultural income		2,579	2,245
	Scrap sale		7,949	3,241
			17,041	9,337
			162,419	246,099

23.1 Profit on redemption of units includes profit of the following funds managed by Habib Asset Management Limited, a related party.

	2018	2017
	(Rupees in thousands)	
First Habib Asset Allocation Fund	209	-
First Habib Islamic Income Fund	-	35
	209	35

23.2 Dividend income includes dividend received from the following related parties :

	Note	2018	2017
		(Rupees in thousands)	
Bank AL Habib Limited		72,410	84,478
Habib Insurance Company Limited		4,023	9,387
		76,433	93,865

		Note	2018	2017
24.	**Finance income - net**			
	Profit on treasury call accounts	12.1	6,460	10,733
	Profit on term deposit receipts	12.2	88,282	77,710
	Interest on loan to employees		601	475
			95,343	88,918
	Less:			
	Mark-up / interest on:			
	Short-term borrowings	24.1 & 24.2	(25,240)	(46,433)
	Workers' Profit Participation Fund		(443)	(1,094)
	Bank charges		(16,456)	(14,955)
			(42,139)	(62,482)
			53,204	26,436

24.1 The financial facilities from various commercial banks amounted to Rs.8,212 (2017: Rs.5,313) million.

24.2 These facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up during the year was 2.20% (2017: 2.25% to 7.54%) per annum.

25. Taxation

	Note	2018	2017
		(Rupees in thousands)	
Income tax - current		70,000	-
prior years		-	(54,500)
		70,000	(54,500)
Deferred tax		(12,500)	(5,500)
	25.1	57,500	(60,000)

25.1 Reconciliation of tax (income) / charge for the year

	2018	2017
Accounting profit	958,776	497,417
Corporate tax rate	29%	30%
Tax on accounting profit at applicable rate	278,045	149,225
Tax effect of timing differences	(12,500)	3,839
Tax effect of lower tax rates on export and certain income	(245,151)	(132,065)
Tax effect of income exempt from tax	(748)	(673)
Tax effect of tax credits	(36,138)	(107,000)
Tax effect of expenses that are inadmissible in determining taxable income	73,992	81,174
Adjustment relating to prior years	-	(54,500)
	(220,545)	(209,225)
	57,500	(60,000)

25.2 The income tax return for the Tax year 2018 (financial year ended September 30, 2017) has been filed.

25.3 Comparison of tax provision and tax assessment for previous years:

Financial years	Tax years		Tax Assessed	Provision for Taxation
			(Rupees in thousands)	
September 30, 2017	Tax year 2018	25.3.1	-	-
September 30, 2016	Tax year 2017		150,173	167,00
September 30, 2015	Tax year 2016		166,377	175,000

25.3.1 No tax liability due to loss and available tax credit.

26. Earnings per share - Basic and diluted

	2018	2017
	(Rupees in thousands)	
Profit after taxation	901,276	557,417
Number of ordinary shares of Rs.5 each	150,000,000	150,000,000
Earnings per share - Basic and diluted (Rupees)	6.01	3.72

		2018	2017
		(Rupees in thousands)	
27.	**Cash generated from / (used in) operations**		
	Profit before taxation	958,776	497,417
	Adjustment for non-cash charges and other items		
	Depreciation / amortization	259,394	192,486
	Gain on disposal of fixed assets	(6,513)	(3,851)
	Profit on redemption / sale of investments	(871)	(113,981)
	Finance income - net	(53,204)	(26,436)
	Impairment on long term investment - available for sale	45,445	-
	Dividend income	(108,521)	(120,629)
		135,730	(72,411)
	Working capital changes - note 27.1	(752,725)	(2,062,058)
		341,781	(1,637,052)

		2018	2017
27.1	**Working capital changes**		
	(Increase) / decrease in current assets		
	Stores and spare parts	(42,999)	(10,892)
	Stock-in-trade	(1,090,483)	(1,271,765)
	Trade debts	(257,162)	(190,212)
	Loans and advances	412,962	(557,146)
	Trade deposits and short-term prepayments	232	(968)
	Other receivables	23,873	(135,661)
		(953,577)	(2,166,644)
	Increase / (decrease) in current liabilities		
	Trade and other payables	190,403	(281,307)
	Advance from customers	10,449	385,893
		200,852	104,586
	Net changes in working capital	(752,725)	(2,062,058)

28. Remuneration of Chief Executive, Directors and Executives

	2018				2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees in thousands)							
Managerial Remuneration	12,000	14,132	72,905	99,037	11,200	8,660	67,004	86,864
Perquisites								
Telephone	42	39	375	456	42	27	421	490
Bonus	-	-	8,677	8,677	-	-	7,079	7,079
Medical	190	714	3,709	4,613	252	178	2,269	2,699
Utilities	-	627	-	627	-	541	-	541
Entertainment	-	305	-	305	-	462	-	462
Retirement benefits	850	1,036	5,143	7,029	802	641	5,130	6,573
	13,082	16,853	90,809	120,744	12,296	10,509	81,903	104,708
Number of persons	1	2	24	27	1	2	22	25

28.1 Chief Executive, Directors and certain Executives are also provided with the Company maintained cars.

28.2 Aggregate amount charged in these unconsolidated financial statements in respect of directors' meeting fee paid to five Non Executive Directors of Rs. 0.50 million (2017: Rs.0.57 million for five Directors)

28.3 On July 24, 2018 Mr. Farouoq Habib Rahimtoola was co-opted as Director in place of Mr. Munawar A. Habib who has resigned on July 24, 2018.

28.4 Comparative figure have been restated to reflect changes in definition of executive as per Company Act 2017.

29 Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk, interest risk, liquidity risk, foreign currency risk, equity price risk and capital risk. The Board of Directors reviews and decides policies for managing each of these risks which are summarised below.

29.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

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

The Company is exposed to credit risk on loans, advances, deposits, trade debts, other receivables and bank balances and profit accrued thereon. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	(Rupees in thousands)	
Long-term loans	4,799	6,570
Long-term deposits	3,928	4,028
Trade debts	511,542	254,380
Loans and advances	390,470	803,432
Trade deposits	751	751
Profit accrued on bank deposits	2,741	1,551
Other receivables	128,283	151,819
Bank balances	766,600	923,933
	1,809,114	2,146,464

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	2018	2017
	(Rupees in thousands)	
29.1.1 Trade debts		
Customers with no default in past one year	511,542	250,265
Customers with some defaults in past one year which have been fully recovered	-	4,115
Customers with default in past one year which have not yet been recovered	-	-
	511,542	254,380
29.1.2 Bank Balances		
A1+	766,407	922,270
A2	193	1,663
	766,600	923,933

29.2 Interest rate risk

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

At the date of the statement of financial position, the bank balances of Rs.666.85 (2017: Rs.904.45) million are subject to interest rate risk. Applicable interest rates have been indicated in Note 12 to these unconsolidated financial statements. Company's profit after tax for the year would have been Rs.4.74 (2017: Rs.6.33) million higher / lower if interest rates have been 1% higher / lower while holding all other variables constant.

29.3 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

Year ended September 30, 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	(Rupees in thousands)					
Trade and other payables	-	544,704	955,460	-	-	1,500,164
Advance from customers	-	702,369	-	-	-	702,369
	-	1,247,073	955,460	-	-	2,202,533

Year ended September 30, 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
						-
Trade and other payables	-	409,376	899,995	-	-	1,309,371
Advance from customers	-	691,920	-	-	-	691,920
	-	1,101,296	899,995	-	-	2,001,291

29.4 Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

		2018	2017
		(Rupees in thousands)	
Trade debts	$	2,676,190	1,095,175
	£	189,470	16,361
Advance from customers	$	242,134	170,595

The following significant exchange rates have been applied at the reporting dates:

			2018	2017
Exchange rates	buying	$	124.20	105.37
	selling	$	124.40	105.57
	buying	£	162.44	141.35
	selling	£	162.69	141.62

The foreign currency exposure is partly covered as the outstanding balance at the year end is determined in respective currency which is converted into rupees at the exchange rate prevailing at the date of the statement of financial position.

Sensitivity analysis:

The following table demonstrates the sensitivity of the Company's profit before tax and the Company's equity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant.

	Change in foreign currency rate (%)	Effect on profit	Effect on equity
		(Rupees in thousands)	
September 30, 2018	+10	33,304	32,941
	-10	(33,304)	(32,941)
September 30, 2017	+10	9,970	9,852
	-10	(9,970)	(9,852)

29.5 Equity price risk

The Company's investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total investments. Reports on the investment portfolio are submitted to the Company's senior management on a regular basis. The Investment Committee of the Company reviews and approves policy decisions.

At the date of the statement of financial position, the exposure to investments held as available for sale was Rs.2,898.62 (2017: Rs.2,402.97) million.

29.6 Capital risk management

The primary objective of the Company's capital management is to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The gearing ratio of the company is Nil (2017: Nil) and the company finances its investments portfolio through management of its working capital and equity with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

29.7 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the date of the statement of financial position. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1: Quoted prices in active markets for identical assets.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset either directly or indirectly.

Level 3: inputs for the asset that are not based on observable market data.

	2018			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	2,778,119	-	170,500	2,948,619
	2,778,119	-	170,500	2,948,619

	2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	2,344,465	-	58,600	2,403,065
	2,344,465	-	58,600	2,403,065

During the year, there were no transfers between level 1 and level 2 fair value measurements, and No transfers into and out of level 3 fair value measurement.

30. Capacity and production

	2018			2017		
	Quantity		Working days	Quantity		Working days
30.1 Sugar division						
Crushing capacity	11,000	M.Tons Per Day		7,000	M.Tons Per Day	
Crushing based on actual working days	1,540,000	M.Tons	140	896,000	M.Tons	128
Actual crushing	1,028,901	M.Tons	140	865,530	M.Tons	128
Sucrose recovery	10.30	%		9.97	%	
Sugar production	106,005	M.Tons		86,316	M.Tons	

Crushing capacity enhanced to 11,000 M. Tons per day under BMR and trial run successfully completed during last week of crushing season 2016-17. Sugar unit operated below capacity due to lesser Availability of sugarcane.

30.2 Distillery division

a) Ethanol						
Capacity	34,000	M.Tons	300	34,000	M.Tons	300
Actual production	34,643	M.Tons	335	33,687	M.Tons	344
b) Liquidified carbon dioxide (Co2)						
Capacity	18,000	M.Tons	300	18,000	M.Tons	300
Actual production	9,903	M.Tons	248	11,069	M.Tons	277

c) During the year, CO2 plants operated below capacity due to lower demand.

30.3 Textile division

Capacity	560,000	Kgs.	300	560,000	Kgs.	300
Actual production	928,557	Kgs.	300	515,253	Kgs.	300

The actual production of textile division was higher than the capacity due to Weaving from outside source.

31. Provident Fund related disclosure

The following information is based on un-audited financial statements of the Fund as at September 30 :

	2018	2017
	(Rupees in thousands)	
Size of the fund - Total assets	307,631	298,223
Fair value of investments	292,175	278,358
Percentage of investments made	94.98	93.34

31.1 The cost of above investments amounted to Rs.253.18 million (2017: Rs.256.40 million).

31.2 The break-up of fair value of investments is as follows:

	2018	2017	2018	2017
	(Percentage)		(Rupees in thousands)	
National savings scheme	93.65	92.18	273,618	256,575
Bank deposits	6.31	7.78	18,438	21,662
Debt securities	0.04	0.04	119	121
	100.00	100.00	292,175	278,358

31.3 The investments out of provident fund have been made in accordance with the provisions of Section218 of the Companies Act, 2017 and the rules formulated for this purpose.

32 Number of Employees

	2018		2017	
	Total	Factory	Total	Factory
	(Number)			
Number of employees including contractual employees at September 30	553	431	556	433
Average number of employees including contractual employees during the year	542	421	560	441

33. Transactions with related parties

Related parties comprise of subsidiary, associated entities, entities with common directorship, directors and key management personnel. Material transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2018	2017
	(Rupees in thousands)	
Insurance premium paid	25,784	28,499
Insurance claims	200	7,185
Profit on treasury call accounts / term deposits	94,527	83,034
Profit accrued on bank deposits	2,713	1,449
Purchase of investments	161,900	56,100
Payments made on behalf of the subsidiary	37,649	15,380
Amount received from subsidiary	49,568	-
Sale proceeds of investments	50,210	10,035
Dividend received	76,433	93,865
Bank charges	955	470

Transactions with related parties are carried out under normal commercial terms and conditions.

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

Name	Basis of association	Percentage of shareholding
Bank Al Habib Limited	Common directorship	1.61
Habib Insurance Company Limited	Common directorship	4.21
Habib Mercantile Company (Pvt.) Limited	Common directorship	-
Habib Sons (Pvt.) Limited	Common directorship	-
Habib Assets Management Limited	Common directorship	-
Hasni Textile (Pvt.) Limited	Common directorship	-
HSM Energy Limited	Subsidiary	100.00
Uni Food Industries Limited	Key Management Personnel are directors	15.43

34. Dividend

The Board of Directors of Company in their meeting held on December 26, 2018 have proposed a final cash dividend of Rs.2.75 per share (55%) for the year ended September 30, 2018. The approval of the members for the proposed final Cash dividend will be obtained at the Annual General Meeting of the Company to be held on January 28 , 2019.

Under Section 5A of the Income Tax Ordinance, 2001, a tax on every public company shall be imposed at the rate of 55% of accounting income before tax. However, this tax shall not be applied in case of a public company which distributes profit equal to 20% of its after tax profits within six months from the end of the year.

Based on the fact the Board of Directors of the Company has proposed 55% dividend for the year ended September 30, 2018 which exceeds the above prescribed minimum dividend requirement, the Company believes that it would not eventually be liable to pay tax on its undistributed profits as of September 30, 2018.

35. General

35.1 Figures have been rounded off to the nearest thousand rupees.

35.2 These unconsolidated financial statements were authorised for issue on December 26, 2018 by the Board of Directors of the Company

Amir Bashir Ahmed	**Raeesul Hasan**	**Murtaza H. Habib**
Chief Financial Officer	Chief Executive	Director

INDEPENDENT AUDITORS' REPORT

To the members of Habib Sugar Mills Limited

Report on the Audit of consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Existence and valuation of Stock-in-trade	
As disclosed in note 7 to the accompanying consolidated financial statements, the stock-in-trade balance constitutes 26.44% of total assets of the Company. The cost of finished goods is determined at average cost including a proportion of production overheads. The obsolescence is calculated by taking into account the Net Realisable Value (NRV) of related stock-in-trade while mainly keeping in view the estimated selling price and forecasted sales volume. We have considered this area to be a key audit matter due to its materiality and judgments involved in estimating the NRV of underlying stock-in-trade as well as the management judgment in determining an appropriate costing basis and assessing its valuation.	Our audit procedures included, amongst others, reviewing the management's procedures for evaluating the NRV of stock-in-trade, observing physical stock counts to ascertain the condition and existence of stock-in-trade and performing testing on a sample of items to assess the NRV of the stock-in-trade held and evaluating the adequacy of allowance of write down of stock-in-trade to NRV as at the year end. Further, we evaluated the appropriateness of the basis of identification of the obsolete stock-in-trade and the accuracy of allowance of write down of inventories to NRV assessed by the management, on a sample basis. We tested the accuracy of the aging analysis of stock-in-trade, on a sample basis and cost of goods with underlying invoices and expenses incurred in accordance with the valuation methods. We also tested the calculations of per unit cost of finished goods and WIP and assessed the appropriateness of management's basis for the allocation of cost and production overheads. We further tested the NRV of stock-in-trade by performing a review of sales close to and subsequent to the year-end and compared with the cost, for a sample of products. We also assessed the adequacy of the disclosures made in respect of the accounting policies and detailed disclosure in accordance with the applicable financial reporting standards.
2. Preparation of consolidated financial statements under Companies Act, 2017	
As referred to in note 1.4 to the accompanying consolidated financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the consolidated financial statements for the year ended 30 September 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 2.1 to the accompanying consolidated financial statements. The above changes and enhancements in the consolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements under the Act.	We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the consolidated financial statements.

Information Other than the consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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;

b) the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 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 Group'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 auditors' report is **Shaikh Ahmed Salman.**

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date : 26 December, 2018

Consolidated Statement of Financial Position as at September 30, 2018

	Note	2018	2017
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	3	2,691,676	2,707,501
Long-term investments	4	2,898,619	2,402,965
Long-term loans	5	4,799	6,570
Long-term deposits		3,928	4,028
		5,599,022	5,121,064
Current Assets			
Stores and spare parts	6	162,734	119,735
Stock-in-trade	7	2,764,095	1,673,612
Trade debts	8	511,542	254,380
Loans and advances	9	390,470	803,432
Trade deposits and short-term prepayments	10	9,517	9,749
Profit accrued on bank deposits		2,741	1,551
Other receivables	11	124,823	136,440
Taxation - net		121,243	98,292
Cash and bank balances	12	767,781	924,306
		4,854,946	4,021,497
		10,453,968	9,142,561
Total Assets			
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2017: 150,000,000) Ordinary shares of Rs.5 each		750,000	750,000
Issued, subscribed and paid-up capital	13	750,000	750,000
Reserves	14	7,347,677	6,233,237
		8,097,677	6,983,237
Non-Current Liabilities			
Deferred taxation	15	86,000	98,500
Current Liabilities			
Trade and other payables	16	1,500,314	1,309,421
Advance from customers		702,369	691,920
Unclaimed dividends		67,608	59,483
		2,270,291	2,060,824
Contingencies and Commitments	17		
Total Equity and Liabilities		10,453,968	9,142,561

The annexed notes 1 to 35 form an integral part of these consolidated financial statements.

Amir Bashir Ahmed	**Raeesul Hasan**	**Murtaza H. Habib**
Chief Financial Officer	Chief Executive	Director

Consolidated Statement of Profit or loss for the year ended September 30, 2018

	Note	2018	2017
		(Rupees in thousands)	
Net sales and services	18	7,758,520	7,134,930
Cost of sales	19	6,484,368	6,544,790
Gross Profit		1,274,152	590,140
Selling and distribution expenses	20	(252,147)	(175,440)
Administrative expenses	21	(183,021)	(157,833)
Other operating expenses	22	(56,883)	(32,054)
Impairment on long-term investments - available for sale		(45,445)	-
Other income	23	162,419	246,099
		(375,077)	(119,228)
Operating Profit		899,075	470,912
Finance income - net	24	53,630	26,407
Profit before taxation		952,705	497,319
Taxation	25	(57,624)	60,000
Profit after taxation		895,081	557,319
Earnings per share - Basic and diluted (Rupees)	26	5.97	3.72

The annexed notes 1 to 35 form an integral part of these consolidated financial statements.

Amir Bashir Ahmed	**Raeesul Hasan**	**Murtaza H. Habib**
Chief Financial Officer	Chief Executive	Director

Consolidated Statement of Comprehensive Income
for the year ended September 30, 2018

	2018	2017
	(Rupees in thousands)	
Profit for the year	895,081	557,319
Other comprehensive income:		
Items that may not be reclassified subsequently to the statement of profit or loss :		
Actuarial loss on defined benefit plan - net	(390)	(275)
	894,691	557,044
Items that may be reclassified subsequently to the statement of profit or loss :		
Unrealised gain on revaluation of investments during the year	483,120	421,237
Reclassification adjustments included in the statement of profit or loss for: Gain on sale of investments - net of tax	(871)	(113,981)
	482,249	307,256
Total comprehensive income for the year	1,376,940	864,300

The annexed notes 1 to 35 form an integral part of these consolidated financial statements.

Amir Bashir Ahmed	**Raeesul Hasan**	**Murtaza H. Habib**
Chief Financial Officer	Chief Executive	Director

Consolidated Statement of Changes in Equity
for the year ended September 30, 2018

	Issued subscribed and paid-up Capital	Capital Reserve	Revenue Reserves: General Reserve	Revenue Reserves: Unappro-priated profit	Revenue Reserves: Unrealised gain on investments available for sale	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 1, 2016	750,000	34,000	3,466,000	827,753	1,453,684	5,781,437	6,531,437
Cash dividend for the year ended September 30, 2016 @ 55%	-	-	-	(412,500)	-	(412,500)	(412,500)
Transfer to general reserve	-	-	412,500	(412,500)	-	-	-
Profit for the year	-	-	-	557,319	-	557,319	557,319
Other comprehensive income for the year	-	-	-	(275)	307,256	306,981	306,981
Total comprehensive income for the year ended September 30, 2017	-	-	-	557,044	307,256	864,300	864,300
Balance as on September 30, 2017	750,000	34,000	3,878,500	559,797	1,760,940	6,233,237	6,983,237
Cash dividend for the year ended September 30, 2017 @ 35%	-	-	-	(262,500)	-	(262,500)	(262,500)
Transfer to general reserve	-	-	295,000	(295,000)	-	-	-
Profit for the year	-	-	-	895,081	-	895,081	895,081
Other comprehensive income for the year	-	-	-	(390)	482,249	481,859	481,859
Total comprehensive income for the year ended September 30, 2018	-	-	-	894,691	482,249	1,376,940	1,376,940
Balance as on September 30, 2018	750,000	34,000	4,173,500	896,988	2,243,189	7,347,677	8,097,677

The annexed notes 1 to 35 form an integral part of these consolidated financial statements.

Amir Bashir Ahmed	Raeesul Hasan	Murtaza H. Habib
Chief Financial Officer	Chief Executive	Director

Consolidated Statement of Cash Flows
for the year ended September 30, 2018

	Note	2018	2017
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from / (used in) operations	27	323,550	(1,621,692)
Finance income received - net		52,440	25,939
Income tax paid		(93,075)	(85,003)
Long-term loans		1,771	(2,359)
Long-term deposits		100	(100)
Net cash generated from / (used in) operating activities		284,786	(1,683,215)
Cash flows from investing activities			
Fixed capital expenditure		(256,017)	(746,800)
Redemption / sale proceeds of investments		85,537	207,170
Dividend received		108,184	126,266
Purchase of investments		(143,516)	(162,930)
Sale proceeds of fixed assets		18,876	12,549
Net cash used in investing activities		(186,936)	(563,745)
Cash flows from financing activities			
Dividend paid		(254,375)	(404,010)
Net cash used in financing activities		(254,375)	(404,010)
Net decrease in cash and cash equivalents		(156,525)	(2,650,970)
Cash and cash equivalents at the beginning of the year		924,306	3,575,276
Cash and cash equivalents at the end of the year	12	767,781	924,306

The annexed notes 1 to 35 form an integral part of these consolidated financial statements.

Amir Bashir Ahmed	**Raeesul Hasan**	**Murtaza H. Habib**
Chief Financial Officer	Chief Executive	Director

Notes to the Consolidated Financial Statements for the year ended September 30, 2018

1. Group and its operations

The Group consists of Habib Sugar Mills Limited (the Holding Company) and HSM Energy Limited - a wholly owned subsidiary Company (the Subsidiary Company). Brief profiles of Holding Company and its Subsidiary Company are as follows :

1.1. Holding Company

The Holding Company is a public limited company incorporated in Pakistan, with its shares quoted on the Pakistan Stock Exchange Limited. The Holding Company is engaged in the manufacturing and marketing of refined sugar, molasses, ethanol, liquidified carbon dioxide (CO2), household textiles, providing bulk storage facilities and trading of commodities. The registered office of the Holding Company is situated at Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.

1.2. Subsidiary Company

"HSM Energy Limited, a wholly owned subsidiary of Habib Sugar Mills Limited was incorporated in Pakistan as a public unlisted company on May 16, 2017. The Registered office of the Subsidiary Company is situated at 3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.The Subsidiary Company is in start-up phase and in the process of setting up a 26.5 MW high pressure bagasse based Cogeneration power project. The Subsidiary Company has been granted Generation license and upfront Tariff for the period of 30 years by the National Electric Power Regulatory Authority (NEPRA)."

1.3 Business Units

Registered office - 3rd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi.
Mills / Factory - Sugar and Distillery plants are located at District Shaheed Benazirabad, Nawabshah and Textile Division is located at D-140/B-1, Manghopir Road, S.I.T.E. Karachi.

Terminal - 60/1-B, Oil Installation Area, Kemari, Karachi.

1.4 Summary of significant transactions and events that have affected Group's financial position and performance during the year:

The Companies Act, 2017 (the Act), became applicable to the Group form the current year and brought certain changes with regards to the preparation of these consolidated financial statements.

During the year, the Group made further investment in Unifoods Industries Limited – related party, amounting to Rs. 62 million.

2. Summary of significant accounting policies

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies, Act 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions or directives under the Act shall prevail.

The Fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of these consolidated financial statements. The Companies Act, 2017 (including its Fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Group (refer note 3.1.2), management assessment of sufficiency of tax provision in the consolidated financial statements (refer note 25.3), change in threshold for identification of executives (refer notes 5 & 28), additional disclosure requirements for related parties (refer note 33) etc.

2.2 Basis of preparation

2.2.1 Accounting Convention

"These consolidated financial statements have been prepared under historical cost convention, except for:

- staff retirement benefit plan which is carried at present value of defined benefit obligation net of fair value of plan assets as prescribed in IAS 19 ""Employees Benefits"". And"
- investments which have been recognised at fair value in accordance with the requirements of IAS-39"Financial Instruments: Recognition and Measurement".

2.2.2 Basis of consolidation

Subsidiary

Subsidiary is an entity controlled by the Group over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than fifty percent of the voting rights. The consolidated financial statements of the Subsidiary Company are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of the Subsidiary Company is prepared for the same reporting period as for the Holding Company using consistent accounting policies and changes are made when necessary to align them with the policies adopted by the Holding Company.

The assets and liabilities of the Subsidiary Company have been consolidated on a line by line basis. The carrying value of investment held by the Holding Company is eliminated against the subsidiary's shareholders' equity in the consolidated financial statements. All material intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, and the other components of equity related to the Subsidiary Company. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2.3 Significant accounting judgements and estimates

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements 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 to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgements which are significant to the consolidated financial statements:

a) Determining the residual values and useful lives of property, plant and equipment (Note 2.7.1);
b) Classification and valuation of investments (Note 2.8);
c) Impairment / adjustment of inventories to their net realizable value (Note 2.9 & 2.10);
d) Accounting for staff retirement benefits (Note 2.13);
e) Recognition of taxation and deferred tax (Note 2.16);
f) Contingencies and commitments (Note 17).

2.4 Amended / revised standards that became effective

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except that the Group has adopted the following standards which became effective for the current year:

IAS 7 - Statement of Cash Flows - Disclosure Initiatives (Amendment)

IAS12 - Income Taxes -- Recognition of Deferred Tax Assets for Unrealised losses (Amendments)

The adoption of the above amendments, improvements to according standards and interpretations did not have any material effect on these consolidated financial statements.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

Following standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

	Effective date (accounting periods beginning on or after)
IFRS 2 – Share Based Payments – Classification and Measurement of Share Based Payments Transactions (Amendments)	January 1, 2018
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 (Amendments)	January 1, 2018
IFRS 9 – Financial Instruments	July 1, 2018
IFRS 9 – Prepayment Features with Negative Compensation - (Amendments)	January 1, 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an investor and its Associate or Joint venture Contracts - (Amendments)	Not yet finalised
IFRS 15–Revenue from Contracts with Customers	July 1, 2018
IFRS 16 -Leases	January 1, 2019
IAS 19 -Plan Amendment, Curtailment or Settlement - (Amendments)	January1, 2019
IAS 28 -Long-term Interests in Associates and Joint Ventures - (Amendments)	January 1, 2019

IAS 40 – Transfer of Investment Property (Amendments)	January 1, 2018
IFRIC 22– Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23– Uncertainty Over Income Tax Treatments	January 1, 2019

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers which will be effective for annual periods beginning on or after January 1, 2018, however, early application is permitted. SECP vide S.R.O. 007(1) / 2017 dated October 4, 2017, has also notified the adoption of IFRS 15 for annual periods beginning on or after July 1, 2018.

According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations Currently, it is expected that the changes, if any, in the total amount of revenue to be recognized for a customer contract will be very limited. Besides, changes to the Consolidated Statement of Financial Position are expected, e.g. separate line items for contract assets and contract liabilities are required, and qualitative disclosures are added. Hence, the Group does not expect significant impacts on its consolidated Financial Statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019, respectively. The Group expects that such improvements to the standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

2.6 Standards issued by IASB but not yet notified by SECP

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

	IASB Effective date (accounting periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 1, 2016
IFRS 17 – Insurance Contracts	January 1, 2021

2.7 Fixed assets

2.7.1 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortization / impairment (if any), except for freehold land.

Depreciation is charged to consolidated statement of profit or loss applying the reducing balance method. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the asset is in use. Assets residual values and useful lives are reviewed, and adjusted, if appropriate at each date of the consolidated statement of financial position date.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Major renewals and improvements are capitalised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use. Gain or loss on disposal of assets is included in consolidated statement of profit or loss in the year the assets is derecognised.

2.7.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. Items are transferred to the respective assets when available for intended use.

Significant borrowing costs related to acquisition, construction and commissioning of a qualifying asset are capitalised.

2.7.3 Major stores and spare parts

Major stores and spare parts qualify for recognition as property, plant and equipment when the Group expects to use these for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are issued for use.

Major stores and spare parts are valued at cost less accumulated impairment, if any.

2.8 Investments

Investments acquired with the intention to be held for over one year are classified as long term investments. However, these can be sold earlier due to liquidity requirements. Short term investments are those which are acquired for a short period.

Investments are classified as follows:

2.8.1 Available for sale

Quoted

Available for sale investments are initially recognised at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price).

Any gain or loss from a change in the fair value of investments available for sale is recognised directly in other comprehensive income as unrealised, unless sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time cumulative gain or loss previously taken to other comprehensive income is recognised in the consolidated statement of profit or loss of the year.

Un-Quoted

These investment are recorded at cost less accumulated impairment, if any.

2.9 Stores and spare parts

These are valued at the lower of moving average cost and net realisable value except for items in transit which are valued at cost. Provision is made for obsolescence and slow moving items.

2.10 Stock-in-trade

These are valued as follows :

Raw materials	At the lower of average cost and net realisable value
Work-in-process	At the lower of average cost and net realisable value
Finished goods	At the lower of average cost and net realisable value
Fertilizers	At the lower of cost on FIFO basis and net realisable value
Bagasse	At the lower of average cost and net realisable value

2.11 Trade debts and other receivables

Trade debts are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Other receivables are carried at cost less estimates made for doubtful receivables.

An estimate for doubtful trade debts and other receivables is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of the consolidated statement of Cash Flows, cash and cash equivalents comprise of cash in hand, with banks on current, savings, treasury call and deposit accounts, net of short term borrowings under mark-up arrangements, if any.

2.13 Staff retirement benefits

2.13.1 Staff gratuity

The Group operates an approved defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Holding Company. The scheme is funded and contributions to the fund are made in accordance with the recommendations of the actuary.

The latest actuarial valuation of the gratuity scheme was carried out as at September 30, 2018. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	10.00% per annum
Expected rate of increase in salaries	9.75% per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2018, the fair value of gratuity scheme assets and present value of liabilities were Rs.106.63 million and Rs.107.02 million respectively. The Group recognises the total actuarial gains and losses in the year in which they arise. The amounts recognised in the consolidated statement of financial position are as follows:

	2018	2017
	(Rupees in thousands)	
Net Employee Defined Benefit Asset		
Present value of defined benefit obligation	107,017	101,748
Fair value of plan assets	(106,627)	(101,472)
Liability recognised in the consolidated statement of financial position	390	276

Charge for the year
Salaries, wages and amenities include the following in respect of employees' gratuity fund:

	2018	2017
Current service cost	3,896	3,641
Interest cost	7,721	7,389
Expected return on plan assets	(7,700)	(7,379)
	3,917	3,651

	2018	2017
	(Rupees in thousands)	
The movement in present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at the beginning of the year	101,748	101,745
Current service cost	3,896	3,641
Interest Cost	7,720	7,389
Benefits paid	(4,543)	(11,390)
Actuarial (gain) / loss	(1,804)	363
Present value of defined benefit obligation at the end of the year	107,017	101,748

The movement in fair value of plan assets is as follows:

Fair value of plan assets at the beginning of the year	101,472	101,599
Expected return on assets	7,700	7,379
Contributions	4,192	3,796
Benefits paid	(4,543)	(11,390)
Actuarial (loss) / gain	(2,194)	88
Fair value of plan assets at the end of the year	106,627	101,472
Actual return on plan assets	5,506	7,467
Plan assets comprise:		
Term deposit receipts	99,000	85,000
Term Finance Certificates	259	263
Balance with Banks	6,987	15,844
Accrued interest	381	365
	106,627	101,472

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

As at September 30,	2018	2017	2016	2015	2014
		(Rupees in thousands)			
Present value of defined benefit obligation	107,017	101,748	101,745	92,164	83,898
Fair value of plan assets	(106,627)	(101,472)	(101,599)	(92,336)	(83,638)
(Surplus) / deficit	390	276	146	(172)	260
Experience adjustment on obligation	10,051	638	(4,292)	3,257	5,629
Experience adjustment on plan assets	2,194	88	(410)	(3,322)	(852)

Sensitivity analysis

Significant assumption for the determination of the defined obligation are discount rate and expected salary increase. The possible changes in defined obligation due to change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant are as follows :

	(Rupees in thousand)
Discount Rate +1 %	114,267
Discount Rate -1 %	125,232
Long Term Salary Increases +1 %	125,462
Long Term Salary Increases -1 %	113,963

2.13.2 Provident fund

The Group operates a recognised provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Group and the employees at the rate of 8.33% of basic salary plus applicable cost of living allowance.

2.14 Borrowings and their cost

Borrowings are recorded at the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction and commissioning of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

2.15 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, whether or not billed to the Group.

2.16 Taxation

2.16.1 Current

Holding company

Provision for current taxation is computed in accordance with the provisions of the applicable income tax laws.

Subsidiary Company

Income of the subsidiary company from power generation is exempt from tax under clause 132 of part I of second schedule to the Income Tax Ordinance, 2001. Accordingly provision for taxation, if any, is made only for other income which is not covered under the above clause.

2.16.2 Deferred

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

The carrying amount of deferred tax assets is reviewed at each date of the consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date.

2.17 Impairment

The carrying amounts of the Group's assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognised in the consolidated statement of profit or loss .

2.18 Provisions

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

2.19 Foreign currencies

Transactions in foreign currencies are translated into Pak Rupees which is the Group's functional and presentation currency, at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates ruling on the consolidated statement of financial position date. Exchange gains and losses are included in consolidated statement of profit or loss.

2.20 Revenue recognition

- Sales are recorded on despatch of goods to customers.
- Income on investments is recorded when the right to receive is established.
- Income / profit on bank treasury call and deposit accounts is recorded on accrual basis.
- Storage income is recorded on accrual basis.

2.21 Segment reporting

Segment reporting is based on operating (business) segments of the Group. These business segments are engaged in providing product or services which are subject to risks and rewards that are different from the risks and rewards of other segments.

2.22 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Group loses control of the contractual rights that comprises the financial assets. All financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to consolidated statement of profit or loss currently.

2.23 Offsetting

Financial assets and liabilities are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset or settle the liability simultaneously.

2.24 Dividend and appropriation to reserves

Dividend distribution to the Holding Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.25 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency.

	Note	2018	2017
		(Rupees in thousands)	

3. Fixed Assets

Property, plant and equipment :

	Note	2018	2017
Operating fixed assets	3.1	2,605,565	2,508,472
Capital work-in-progress	3.4	86,111	196,119
Major stores and spare parts	3.5	-	2,910
		2,691,676	2,707,501

3.1 Operating fixed assets for 2018 :

	Cost as at October 1, 2017	Additions / (Deletions)	Cost as at September 30, 2018	Accumulated depreciation / amortization as at October 1, 2017	Depreciation / amortization charge for the year & accumulated Depreciation on deletions	Accumulated depreciation / amortization as at September 30, 2018	Written down value as at September 30, 2018	Annual rate of depreciation / amortization %
				(Rupees in thousands)				
Land								
Freehold - Sugar / Distillery division	142,117	46,863	188,980	-	-	-	188,980	-
Leasehold - Textile division	489	-	489	241	5	246	243	1.01
Buildings on freehold land								
Sugar division	115,143	-	115,143	67,557	4,759	72,316	42,827	10
Distillery division	21,243	-	21,243	17,641	360	18,001	3,242	10
Non-factory buildings	30,228	-	30,228	23,390	342	23,732	6,496	5
Buildings on leasehold land								
Textile division	19,335	-	19,335	16,831	250	17,081	2,254	10
Plant and machinery								
Sugar division	2,419,210	236,552	2,603,425	841,734	171,120	972,553	1,630,872	10
		(52,337)			(40,301)			
Distillery division - Note 3.1.1	1,233,538	70,842	1,304,380	589,714	68,042	657,756	646,624	10
		-			-			
Textile division	130,703	662	131,365	79,739	5,154	84,893	46,472	10
Railway siding - Sugar division	468	-	468	465	1	466	2	10
Electric, gas and water installations								-
Sugar / Distillery division	8,808		8,808	8,321	49	8,370	438	10
Textile division	3,601		3,601	2,950	65	3,015	586	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	70,031	12,701	82,501	54,478	5,873	60,128	22,373	25
		(231)			(223)			
Textile division	9,745	78	9,823	9,271	131	9,402	421	25
HSM Energy Limited		452	452		85	85	367	
Tractors / trolleys and agriculture implements								-
Sugar division	2,765		2,765	2,716	10	2,726	39	20
Motor cars / vehicles								
Sugar / Distillery division	31,505	785	31,847	15,475	3,220	18,571	13,276	20
		(443)			(124)			
Textile division	764		764	698		711	53	20
Total	4,239,693	368,935	4,555,617	1,731,221	259,479	1,950,052	2,605,565	
		(53,011)			(40,648)			

3.1.1 Plant and machinery of distillery division include storage tanks of the CO2 unit having written down value of Rs.15.35 (2017: Rs.17.05) million installed at Coca Cola Beverages Pakistan Limited and Pakistan Beverages Limited premises for storage of Liquidified Carbondioxide.

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

Particulars	Location	Total Area
Land	Nawabshah, District Shaheed Benazirabad	339.125 Acre
Land	D-140/B-1, Manghopir Road, S.I.T.E. Karachi.	1.12 Acre
Land	60/1-B,Oil Installation Area, Keamari, Karachi.	4000 Sqm

3.1.3 Reconciliation of carrying values for 2018

	Written down Value as at October 1, 2017	Additions / (Deletions)	Depreciation / amortization charge for the year & accumulated Depreciation on deletions	Written Down value as at September 30, 2018
	----------(Rupees in thousands)----------			
Land	142,365	46,863	5	189,223
Buildings on freehold land	58,026	-	5,461	52,565
Buildings on leasehold land	2,504	-	250	2,254
Plant and machinery	2,272,264	308,056	244,316	2,323,968
		(52,337)	(40,301)	
Railway siding	3	-	1	2
Electric, gas and water installations	1,138	-	114	1,024
Furniture, fittings, electrical and office equipment	16,027	13,231	6,089	23,161
		(231)	(223)	
Tractors / trolleys and agriculture implements	49	-	10	39
Motor cars / vehicles	16,096	785	3,233	13,329
		(443)	(124)	
	2,508,472	368,935	259,479	2,605,565
		(53,011)	(40,648)	

3.1.4 Operating fixed assets for 2017 :

	Cost as at October 1, 2016	Additions / (Deletions)	Cost as at September 30, 2017	Accumulated depreciation / amortization as at October 1, 2016	Depreciation / amortization charge for the year & accumulated Depreciation on deletions	Accumulated depreciation / amortization as at September 30, 2017	Written down value as at September 30, 2017	Annual rate of depreciation / amortization %
	----------(Rupees in thousands)---------							
Land								
Freehold - Sugar / Distillery division	106,549	35,568	142,117	-	-	-	142,117	-
Leasehold - Textile division	489	-	489	236	5	241	248	1.01
Buildings on freehold land								
Sugar division	84,543	30,600	115,143	63,735	3,822	67,557	47,586	10
Distillery division	21,243	-	21,243	17,241	400	17,641	3,602	10
Non-factory buildings	30,228	-	30,228	23,030	360	23,390	6,838	5
Buildings on leasehold land								
Textile division	19,335	-	19,335	16,553	278	16,831	2,504	10
Plant and machinery								
Sugar division	1,516,569	1,019,292 (116,651)	2,419,210	842,814	107,092 (108,172)	841,734	1,577,476	10
Distillery division - Note 3.1.1	1,136,259	97,459 (180)	1,233,538	523,878	66,009 (173)	589,714	643,824	10
Textile division	130,703	-	130,703	74,076	5,663	79,739	50,964	10
Railway siding - Sugar division	468	-	468	464	1	465	3	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	-	8,808	8,267	54	8,321	487	10
Textile division	3,601	-	3,601	2,878	72	2,950	651	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	67,223	6,112 (3,304)	70,031	53,060	4,561 (3,143)	54,478	15,553	25
Textile division	9,668	77	9,745	9,134	137	9,271	474	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	-	2,765	2,704	12	2,716	49	20
Motor cars / vehicles								
Sugar / Distillery division	31,484	183 (162)	31,505	11,583	4(003)	15,475	16,030	20
Textile division	764	-	764	681	17	698	66	20
Total	3,170,699	1,189,291 (120,297)	4,239,693	1,650,334	192,486 (111,599)	1,731,221	2,508,472	

3.1.5 Reconciliation of carrying values for 2017

	Written down Value as at October 1, 2016	Additions / (Deletions)	Depreciation / amortization charge for the year & accumulated Depreciation on deletions	Written Down value as at September 30, 2017
	----------(Rupees in thousands)----------			
Land	106,802	35,568	5	142,365
Buildings on freehold land	32,008	30,600	4,582	58,026
Buildings on leasehold land	2,782	-	278	2,504
Plant and machinery	1,342,763	1,116,751	178,764	2,272,264
		(116,831)	(108,345)	
Railway siding	4	-	1	3
Electric, gas and water installations	1,264	-	126	1,138
Furniture, fittings, electrical and office equipment	14,697	6,189	4,698	16,027
		(3,304)	(3,143)	
Tractors / trolleys and agriculture implements	61	-	12	49
Motor cars / vehicles	19,984	183	4,020	16,096
		(162)	(111)	
	1,520,365	1,189,291	192,486	2,508,472
		(120,297)	(111,599)	

	Note	2018	2017
		(Rupees in thousands)	
3.2 Allocation of depreciation / amortization charge for the year:			
Cost of Sales			
Sugar division	19	179,116	113,522
Distillery division	19	71,780	70,466
Textile division	19	5,474	6,018
		256,370	190,006
Administrative expenses			
Sugar division	21	2,260	1,817
Distillery division	21	194	156
Textile division	21	144	154
Terminal	18.1	426	353
Subsidary Company		85	-
		3,109	2,480
		259,479	192,486

3.3 Details of fixed assets disposed off:

	Cost	Accumulated depreciation	Written down Value	Sale Proceeds	Gain on disposal	Mode of Disposal	Particulars of Purchasers	Relationship with Purchaser
			---------(Rupees in thousands)---------					
Plant and Machinery								
Sugar division								
Slipring Motors	4,727	3,761	966	1,049	83	Negotiation	Syed Azam Hussain Taqvi "House #:266, ShabeerPlace" Gharibadad, Nawabshah	None
Juice heater	1,528	1,399	129	1,975	1,846	Negotiation	Muhammad Maqbool "Burewala Vehari, Punjab"	None
Pumps, electric motors, deep bed filters and others	30,312	25,353	4,959	5,498	539	"	"	None
Mud bed filters, nozzels and others	15,771	9,789	5,982	6,722	740	"	"	None
	52,338	40,302	12,036	15,244	3,208			
Furniture, fittings, electrical and office equipment								
Sugar division / Distillery division								
Furniture	231	223	8	42	34	Negotiation	Various	None
Motor cars / vehicles								
Items having carry value of less than Rs.50,000 each	443	124	319	3,590	3,271	Tender	Various	None
2018	53,012	40,649	12,363	18,876	6,513			
2017	120,297	111,599	8,698	12,549	3,851			

	Note	2018	2017
		(Rupees in thousands)	
3.4 Capital work-in-progress			
Plant and machinery		39,990	169,868
Building		-	7,021
Fees Paid to regulatory bodies / government dept.		-	1,975
Consultancy, advisory fees & others		46,121	13,356
Advance to supplier		-	3,899
	3.4.1	86,111	196,119
3.4.1 Movement in capital work-in-progress			
Balance at the beginning of the year		180,788	592,155
Cost incurred during the year		69,754	23,752
Transfer from Major stores and spare parts		138,064	727,563
		388,606	1,343,470
Transfer to operating fixed assets		(302,495)	(1,147,351)
Balance at the end of the year		86,111	196,119
3.5 Major stores and spare parts			
Stores		-	2,910
	3.5.1	-	2,910
3.5.1 Movement in major stores and spare parts			
Balance at the beginning of the year		2,910	49,365
Additions during the year		135,154	681,108
		138,064	730,473
Transfer to capital work-in-progress		(138,064)	(727,563)
Balance at the end of the year		-	2,910

4. Long-term investments

Number of shares 2018	Number of shares 2017	Face value Rs.	Company Name	Note	2018 (Rupees in thousands)	2017 (Rupees in thousands)
4.1 Available for Sale						
4.1.1 Investments in related parties - Quoted - at fair value						
147,797	147,797	5	Balochistan Particle Board Limited		525	1,323
24,136,691	24,136,691	10	Bank AL Habib Limited		1,947,590	1,390,273
5,363,772	5,363,772	5	Habib Insurance Company Limited		64,097	79,813
					2,012,212	1,471,409
4.1.2 Investments in related parties - Unquoted - at cost						
1,249,999	1,249,999	10	UniEnergy Limited		12,500	12,500
10,800,000	4,600,000	10	Uni Food Industries Limited		108,000	46,000
					120,500	58,500
4.1.3 Investments in other companies Quoted - at fair value						
40,000	40,000	10	Amreli Steels Limited		2,598	4,079
275,160	188,160	10	Cherat Cement Company Limited		22,164	22,575
31,078	31,078	10	Dawood Lawrencepur Limited		5,283	6,062
210,000	190,000	10	D.G. Khan Cement Company Limited		21,506	27,904
80,000	80,000	10	Engro Corporation Limited		24,930	24,247
12,500	12,500	10	Engro Foods Limited		1,059	1,188
123,200	123,200	10	Engro Fertilizer		9,300	7,751
41,098	30,000	10	Engro Polymer & Chemical		1,193	1,002
90,600	90,600	10	Faran Sugar Mills Limited		6,795	7,164
118,885	118,885	10	Fauji Fertilizer Company Limited		11,608	9,884
80,000	20,000	10	Fauji Food Limited		2,423	561
189,000	189,000	5	First Habib Modaraba		2,079	2,153
12,100	12,100	10	GlaxoSmithKline Pakistan Limited		1,789	2,226
3,630	3,630	10	GlaxoSmithKline Consumer Healthcare Pakistan Limited		1,262	1,011
400,000	400,000	10	Habib Metropolitan Bank Limited		18,600	13,380
108,213	297,513	10	Habib Bank Limited		16,380	53,778
13,350	13,350	10	Indus Motors Company Limited		18,672	22,973
101,000	101,000	10	International Industries Limited		21,735	29,310
115,000	10,000	10	International Steels Limited		10,462	1,211
12,815	12,815	10	Jubliee Life Insurance Co. Limited		8,009	8,971
1,410,000	1,410,000	10	K-Electric Limited		7,544	9,926
43,000	33,000	10	Lucky Cement Limited		22,056	18,651
50,000	50,000	10	MCB Bank Limited		10,061	10,450
150,116	150,116	10	Mehran Sugar Mills Limited		15,875	21,081
450	450	10	Millat Tractors Limited		456	562
14,000	14,000	10	Mirpurkhas Sugar Mills Limited		1,820	1,988
20,000	20,000	10	Packages Limited		8,944	11,540
5,150	5,150	10	Pak Suzuki Motor Company Limited		1,596	2,357
6	6	10	Pakistan Tobacco Company Limited		15	9
6,243,098	6,243,098	5	Shabbir Tiles and Ceramics Limited		117,682	81,722
711,503	711,503	5	Thal Limited		310,934	392,109
384,000	384,000	10	The Hub Power Company Limited		33,589	42,935
60,062	48,322	10	TPL Insurance Limited		1,291	894
43,246	43,246	10	TPL Corporation Limited		261	392
800,000	800,000	10	TPL Properties		6,600	8,400
23,670	19,725	10	The Searle Company Limited		7,478	7,967
77,000	77,000	10	United Bank Limited		11,858	14,643
					765,907	873,056
					2,898,619	2,402,965

4.2 Investments in associated companies or undertakings have been made in accordance with this the requirements under the Act.

4.3 The aggregate cost of the above investments, net of impairment, is Rs.705.43 (2017: Rs.642.13) million.

4.4 Unrealised gain of Rs.483.12 (2017: Unrealised gain Rs.421.24) million on the above investments, arising from change in the fair value of these long-term investments during the current year has been recognised directly in other comprehensive income.

	Note	2018	2017
		(Rupees in thousands)	
5. Long-term loans - secured, considered good			
Executives	5.1 & 5.2	3,438	4,636
Other employees		7,068	8,900
	5.3	10,506	13,536
Receivable within next twelve months shown under current assets:			
Executives	9	(767)	(1,571)
Other employees	9	(4,940)	(5,395)
		(5,707)	(6,966)
		4,799	6,570

5.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs.1.34 (2017: Rs.4.79) million.

5.2 Movement of loans to executives during the year is as follows:

	2018	2017
	(Rupees in thousands)	
Balance at the beginning of the year	1,575	292
Disbursements	75	1,607
	1,650	1,899
Repayments	(883)	(324)
Balance at the end of the year	767	1,575

5.3 Long-term loans of Rs.10.51 (2017: Rs.13.54) million, include loans of Rs. Nil (2017: Rs.0.17) million and Rs.2.26 (2017: Rs.3.76) million to executives and workers respectively which carry no interest as per Group policy and CBA agreement. The balance amount of loan carries interest @ 7% (2017: 7%) per annum. These are secured against property documents and retirements benefits. These loans are carried at cost due to practicality and materiality of amounts involved.

5.4 Comparative figure have been restated to reflect changes in definition of executive as per Company Act 2017.

6. Stores and spare parts

	Note	2018	2017
		(Rupees in thousands)	
Stores		107,684	84,774
Provision for obsolescence and slow moving stores		(9,500)	(9,500)
		98,184	75,274
Spare parts		84,342	64,253
Provision for obsolescence and slow moving spare parts		(19,792)	(19,792)
		64,550	44,461
		162,734	119,735

7. Stock-in-trade

	Note	2018	2017
Raw materials			
Distillery division		428,702	242,834
Textile division		15,163	8,572
		443,865	251,406
Work-in-process			
Sugar division		835	1,390
Textile division		45,154	31,588
		45,989	32,978
Finished goods			
Sugar division		2,039,530	1,102,539
Distillery division		206,491	267,710
Textile division		787	97
Trading division		2,980	2,980
		2,249,788	1,373,326
Bagasse		20,332	12,714
Fertilizers		4,121	3,188
		2,764,095	1,673,612

8. Trade debts - considerd goods

	Note	2018	2017
Export - Secured against export documents		363,159	117,711
Local - Unsecured		148,383	136,669
	8.1	511,542	254,380

8.1 The aging of trade debts at September 30, is as follows :

	2018	2017
Neither past due nor impaired		
Past due but not impaired:	504,654	250,265
within 90 days		
91 to 180 days	3,472	2,420
	3,416	1,695
	511,542	254,380

8.2 Following are the details of debtors in relation to export sales:

Name of Foreign Jurisdiction	Type of transaction	Note	2018	2017
			(Rupees in thousands)	
Switzerland	Letter of credit		55,236	-
Dubai	Letter of credit		90,845	90,554
India	Letter of credit		175,420	-
Germany	Letter of credit		-	6,058
United Kingdom	Letter of credit		10,881	4,289
United Kingdom	Document against payment		30,777	16,810
			363,159	117,711

9. Loans and advances - considered good

	Note	2018	2017
Loans - secured			
Current maturity of long-term loans			
Executives	5	767	1,571
Other Employees	5	4,940	5,395
		5,707	6,966
Advances - unsecured			
Suppliers		384,763	796,466
		390,470	803,432

10. Trade deposits and short-term prepayments

	Note	2018	2017
Trade deposits		751	751
Short-term prepayments		8,766	8,998
		9,517	9,749

11. Other receivables - Considered good

	Note	2018	2017
Duty drawback and research & development support claim		31,582	17,112
Cash freight support receivable		89,280	-
Dividend receivable		3,673	3,336
Sales tax refundable / adjustable		-	115,686
Others	11.1	288	306
		124,823	136,440

12. Cash and bank balances

	Note	2018	2017
Cash in hand		275	273
Balances with banks in :			
Current accounts		100,658	19,582
Treasury call accounts	12.1	126,848	169,451
Term Deposit Receipts	12.2	540,000	735,000
	12.3	767,506	924,033
		767,781	924,306

12.1 Profit rates on treasury call accounts ranged between 3.75% to 6.40% (2017: 3.75% to 5.50%) per annum.

12.2 Profit rates on Term Deposit Receipts ranged between 5.80% to 6.40% (2017: 5.80% to 6.05%) per annum.

Maturity of these Term Deposit Receipts are one month.

12.3 Includes Rs.695.16 (2017: Rs.895.90) million kept with Bank AL Habib Limited - a related party.

13. Issued, subscribed and paid-up capital

2018	2017		Note	2018	2017
(Number of Shares)				(Rupees in thousands)	
10,136,700	10,136,700	Ordinary Shares of Rs. 5 each fully paid in cash		50,684	50,684
139,863,300	139,863,300	Ordinary Shares of Rs. 5 each issued as bonus shares		699,316	699,316
150,000,000	150,000,000			750,000	750,000

13.1 Issued, subscribed and paid-up capital of the Group includes 14,896,001 Ordinary shares of Rs.5 each (2017: 23,764,498) held by related parties at the end of the year.

13.2 Voting rights, Board Selection, right of first refusal and block voting are in proportion to the shareholding.

	Note	2018	2017
		(Rupees in thousands)	
14. Reserves			
Capital			
Share premium		34,000	34,000
Revenue			
General	14.1	4,173,500	3,878,500
Unappropriated profit		896,988	559,797
Unrealised gain on investments - available for sale		2,243,189	1,760,940
		7,313,677	6,199,237
		7,347,677	6,233,237
14.1 At the beginning of the year		3,878,500	3,466,000
Transferred from unappropriated profit		295,000	412,500
		4,173,500	3,878,500
15. Deferred taxation			
Deferred tax liability on accelerated tax depreciation allowance on operating fixed assets taxable temporary differences:		210,000	203,000
Deferred tax asset on deductible temporary difference:			
Provision for obsolescence and slow moving stores & spare parts		(7,000)	(7,000)
Unabsorbed tax depreciation allowance		(117,000)	(92,000)
Unadjusted tax credit on investment		-	(5,500)
		(124,000)	(104,500)
		86,000	98,500

	Note	2018	2017
		(Rupees in thousands)	
16. Trade and other payables			
Creditors		1,191,593	1,043,251
Accrued liabilities		219,710	201,662
Payable to Employees Gratuity Fund		390	276
Sales-tax / Federal excise duty		22,793	-
Workers' Profit Participation Fund (WPPF)	16.1	50,783	26,474
Workers' Welfare Fund		14,945	37,141
Income-tax deducted at source		100	617
		1,500,314	1,309,421

16.1 Workers' Profit Participation Fund (WPPF)

	Note	2018	2017
Balance at the beginning of the year		26,474	51,983
Interest on funds utilized in the Company's business		443	1,094
		26,917	53,077
Amount paid to the WPPF		(26,917)	(53,077)
		-	-
Allocation for the year	22	50,783	26,474
Balance at the end of the year		50,783	26,474

17. Contingencies and commitments

17.1 On May 22, 2015 the Government of Pakistan promulgated Gas Infrastructure Development (GID) Cess Act, 2015 and levied GID Cess on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GID Cess Act, 2015 was made applicable with immediate effect superseding the GID Cess Act, 2011 and GID Cess Ordinance, 2014.

The Holding Company challenged the vires of GID Cess Act, 2015 before the Honourable High Court of Sindh. On July 24, 2015 the Honourable High Court of Sindh passed an order restraining the SSGC from demanding and collecting GID Cess as levied by the GID Cess Act, 2015. On October 26, 2016, the case was decided by the double bench of the Honourable High Court of Sindh in favour of the Holding Company. The Government has filed a review appeal before the double bench of the Honourable High Court of Sindh, where the Holding Company was not made party to such litigation. Currently, GID Cess is not being charged to the Holding Company by SSGC.

The Financial exposure of the Holding Company upto September 30, 2018 is Rs.40.08 (2017: 35.82) million. However, in view of the advice of legal counsel no provision has been made in these consolidated financial statements.

17.2 The Government of Sindh vide notification dated July 8, 2014 levied a fee of Rs.0.50 / litre for storage of rectified spirit in bonded warehouse at Terminal Keamari, Karachi. The Holding Company disputed the above levy and filed constitutional petition before the Honourable High Court of Sindh, challenging the above fee. On July 23, 2014, the Honourable High Court of Sindh granted stay and suspended the operation of the above notification. The case was lastly fixed for hearing on October 9, 2018 and was not taken up for hearing. The financial exposure as at September 30, 2018 is Rs.62.03 million. In view of the advice of legal counsel, the Holding Company is confident of a favourable outcome of the case and accordingly no provision has been made in these consolidated financial statements.

17.3 Pursuant to the decision of ECC on January 10, 2013, the FBR vide its SRO No. 77(1)/2013 dated February 7, 2013, allowed benefit to sugar exporters by reducing FED rate from 8.0% to 0.5% on local sales, equivalent to quantity exported by the mills. The Holding Company availed the benefit and claimed Rs.56.56 million on account of reduced rate of FED.

Against the aforementioned claim, FBR disallowed an amount of Rs.7.0 million and also levied default surcharge of Rs.0.3 million. The disallowances was on the basis that the benefit of claim accrues and arises from February 7, 2013, the date of SRO No: 77(1) /2013 and not from January 10, 2013, the date of ECC meeting wherein the benefit was approved by ECC. The Holding Company maintains that the sugar mills are entitled to avail the benefit of reduced rate of FED on sugar exported against the export quota allotted by ECC in its meeting held on January 10, 2013. Accordingly, the Holding Company filed a suit before Honourable High Court of Sindh and the operations of the said order were suspended by the Honourable Court vide its order dated April 23, 2014. The Holding Company withdrew suit on November 14, 2018 and filed an appeal before commissioner inland revenue to set-aside impugned demand or any other relief which may deem fit as per law. In view of the advice of legal counsel, the Holding Company is confident of a favourable outcome and accordingly no provision has been made in these consolidated financial statements.

17.4 During the year 2009-10 the Holding Company alongwith other sugar mills filed a Constitutional Petition before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority- PSQCA challenging the notifications issued in respect of registration of the Standard Mark for refined sugar manufactured and sold by the Holding Company and levy of marking fee at the rate of 0.1% of ex-factory price of sugar sold with effect from January 1, 2009.

On December 4, 2012 the Honourable High Court of Sindh decided the case in favour of the Holding Company. Against the above order, PSQCA filed an appeal before the Honourable Supreme Court of Pakistan. On November 25, 2013 the Honourable Supreme Court of Pakistan passed an interim order against PSQCA restraining them from demanding any registration of standard marks / licensing fee from the sugar mills till further order and the case was adjourned to date in office.

According to the advice of legal counsel, the demand raised is without any lawful authority and is in violation of the Constitution, hence, no provision is made in this regard.

17.5 The Holding Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs. 250.00 (2017: Rs. 250.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.2,021.34 (2017: 1,691.76) million against guarantees issued by banks in favour of third parties on behalf of the Holding Company. These guarantees are secured by way of registered charge against hypothecation of stores and spares, stock-in-trade, assignment of trade debts and other receivables.

17.6 Commitments for capital expenditure amounting to Rs.1.79 (2017: 65.20) million.

17.7 Rentals under operating lease agreements in respect of vehicles, payable over the following next four years, are as follows:

Year ending September 30	2018	2017
	(Rupees in thousands)	
2018	-	13,709
2019	16,955	10,306
2020	13,296	6,461
2021	8,875	2,177
2022	3,447	-
	42,573	32,653

18. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division 2018	Sugar Division 2017	Distillery Division 2018	Distillery Division 2017	Textile Division 2018	Textile Division 2017	Trading Division 2018	Trading Division 2017	Subsidiary Company 2018	Subsidiary Company 2017	Total 2018	Total 2017
Net sales and services													
Local sales		3,394,824	3,581,722	518,711	565,210	5,624	4,176	322,084	655,910	-	-	4,241,243	4,807,018
Less: Sales tax / Federal excise duty		260,231	276,988	73,381	80,293	373	273	40,608	67,100	-	-	374,593	424,654
		3,134,593	3,304,734	445,330	484,917	5,251	3,903	281,476	588,810	-	-	3,866,650	4,382,364
Export sales		872,741	296,563	2,478,649	1,985,933	571,068	268,399	-	256,481	-	-	3,922,458	2,807,376
Less: Export duty, freight and commission		-	-	5,683	3,094	32,341	14,814	-	38,554	-	-	38,024	56,462
		872,741	296,563	2,472,966	1,982,839	538,727	253,585	-	217,927	-	-	3,884,434	2,750,914
Net sales		4,007,334	3,601,297	2,918,296	2,467,756	543,978	257,488	281,476	806,737	-	-	7,751,084	7,133,278
Services													
Terminal Storage income - net	18.1	-	-	7,436	1,652	-	-	-	-			7,436	1,652
		4,007,334	3,601,297	2,925,732	2,469,408	543,978	257,488	281,476	806,737	-	-	7,758,520	7,134,930
Less: Cost of sales	19	3,750,687	3,521,210	1,901,556	1,982,261	492,371	243,449	339,754	797,870	-	-	6,484,368	6,544,790
Gross profit / (Loss)		256,647	80,087	1,024,176	487,147	51,607	14,039	(58,278)	8,867	-	-	1,274,152	590,140
Selling and distribution expenses	20	95,762	47,655	134,530	114,942	21,645	11,052	210	1,791			252,147	175,440
Administrative expenses	21	156,704	143,396	14,278	9,626	5,166	4,225	375	517	6,497	69	183,021	157,833
		252,466	191,051	148,808	124,568	26,811	15,277	585	2,308	6,497	69	435,168	333,273
Profit / (loss) before other operating expenses and other income		4,181	(110,964)	875,368	362,579	24,796	(1,238)	(58,863)	6,559	(6,497)	(69)	838,984	256,867
Other operating expenses	22											(56,883)	(32,054)
Impairment on long-term investments - available for sale												(45,445)	-
Other income	23											162,419	246,099
Operating profit												899,075	470,912

-Sugar division is engaged in manufacturing of refined sugar.
-Distillery division is engaged in manufacturing of ethanol, liquidified carbon dioxide (CO_2) and providing bulk storage facilities.
-Textile division is engaged in manufacturing of household textiles.
-Trading division is engaged in trading of commodities viz sugar / molasses as and when opportunity occurs.
-HSM Energy principal activity to generate electricity through bagasse based plant.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
18.1 Services										
Terminal storage income - net	-	-	11,679	3,836	-	-	-	-	11,679	3,836
Less: Terminal expenses										
Salaries, wages and other benefits - note 18.2	-	-	2,196	793	-	-	-	-	2,196	793
Repairs and maintenance	-	-	443	321	-	-	-	-	443	321
Water, electricity and gas	-	-	266	141	-	-	-	-	266	141
Rent, rates and taxes	-	-	630	419	-	-	-	-	630	419
Depreciation - note 3.2	-	-	426	353	-	-	-	-	426	353
Travelling and vehicle running expenses	-	-	44	47	-	-	-	-	44	47
Insurance	-	-	55	12	-	-	-	-	55	12
Other expenses	-	-	183	98	-	-	-	-	183	98
	-	-	4,243	2,184	-	-	-	-	4,243	2,184
	-	-	7,436	1,652	-	-	-	-	7,436	1,652

18.2 Salaries, wages and other benefits include a sum of Rs.0.12 (2017: Rs.0.06) million in respect of staff retirement benefits.

18.3 Geographical Information of customers

	2018	2017
	(Rupees in thousands)	
Revenues from customers (Country wise)		
Pakistan	4,011,182	4,327,552
Korea	71,036	576,400
UAE	583,400	581,561
United kingdom	701,971	162,123
Malaysia	-	75,992
Singapore	189,232	19,802
Japan	237,023	-
Canada	249,856	-
Switzerland	1,199,794	-
South Africa	126,736	84,245
Turkey	-	138,316
Taiwan	124,814	92,373
Thailand	-	10,709
Srilanka	-	16,704
India	163,203	32,884
Philippine	-	215,499
Bangkok	-	18,825
Italy	-	67,757
Netherland	-	395,593
France	77,197	-
Myanmar	-	296,563
Holland	23,076	22,032
	7,758,520	7,134,930

The revenue information above is based on the location of customers.

18.4 Of the Group's total revenue, one customer accounts for more than 10%

19. Cost of Sales

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Opening stock of raw material	-	-	242,834	162,182	8,572	3,337	-	-	251,406	165,519
Purchases / Transfers	4,336,220	4,149,366	1,536,208	1,756,665	362,792	178,041	-	-	6,235,220	6,084,072
	4,336,220	4,149,366	1,779,042	1,918,847	371,364	181,378	-	-	6,486,626	6,249,591
Closing stock of raw material	-	-	(428,703)	(242,834)	(15,163)	(8,572)	-	-	(443,866)	(251,406)
Raw material consumed	4,336,220	4,149,366	1,350,339	1,676,013	356,201	172,806	-	-	6,042,760	5,998,185
Salaries, wages and other benefits - note 19.1	306,437	277,316	83,042	66,414	14,445	12,281	-	-	403,924	356,011
Research and development expenses	1,292	1,488	-	-	-	-	-	-	1,292	1,488
Process chemicals	66,169	42,076	29,888	39,646	-	-	-	-	96,057	81,722
Packing material	59,471	41,148	-	-	25,255	11,514	-	-	84,726	52,662
Dyeing, weaving and other charges	-	-	-	-	94,619	36,071	-	-	94,619	36,071
Stores and spare parts consumed	72,212	69,522	42,469	34,869	-	-	-	-	114,681	104,391
Rent, rates, taxes and lease rentals	7,393	7,115	9,034	7,660	1,507	1,132	-	-	17,934	15,907
Water, fuel and power	38,888	48,999	158,608	142,977	27,262	18,244	-	-	224,758	210,220
Repairs and maintenance	75,349	95,807	78,883	68,521	4,658	2,218	-	-	158,890	166,546
Legal and professional charges	5,212	1,680	-	-	-	-	-	-	5,212	1,680
Insurance	8,607	9,889	6,207	7,151	915	528	-	-	15,729	17,568
Postage, telephone and stationery	4,314	3,294	-	-	-	-	-	-	4,314	3,294
Depreciation / amortization - note 3.2	179,116	113,522	71,780	70,466	5,474	6,018	-	-	256,370	190,006
Other manufacturing expenses	22,073	20,412	10,087	7,564	279	166	-	-	32,439	28,142
Duty drawback / Rebate	-	-	-	-	(24,555)	(14,725)	-	-	(24,555)	(14,725)
Bagasse transferred to distillery division	(83,219)	(10,787)	-	-	-	-	-	-	(83,219)	(10,787)
Molasses transferred to distillery division	(376,313)	(315,503)	-	-	-	-	-	-	(376,313)	(315,503)
Sale of Electricity	(25,951)	-	-	-	-	-	-	-	(25,951)	-
Sale of Bagasse	(10,147)	-	-	-	-	-	-	-	(10,147)	-
	350,903	405,978	489,998	445,268	149,859	73,447	-	-	990,760	924,693
Manufacturing cost	4,687,123	4,555,344	1,840,337	2,121,281	506,060	246,253	-	-	7,033,520	6,922,878
Opening stock of work in process	1,390	2,368	-	-	31,588	27,949	-	-	32,978	30,317
Closing stock of work in process	(835)	(1,390)	-	-	(45,154)	(31,588)	-	-	(45,989)	(32,978)
	555	978	-	-	(13,566)	(3,639)	-	-	(13,011)	(2,661)
Cost of goods manufactured	4,687,678	4,556,322	1,840,337	2,121,281	492,494	242,614	-	-	7,020,509	6,920,217
Opening stock of finished goods	1,102,539	67,427	267,710	128,690	97	352	2,980	3,924	1,373,326	200,393
Purchases	-	-	-	-	567	580	339,754	796,926	340,321	797,506
Closing stock of finished goods	(2,039,530)	(1,102,539)	(206,491)	(267,710)	(787)	(97)	(2,980)	(2,980)	(2,249,788)	(1,373,326)
	(936,991)	(1,035,112)	61,219	(139,020)	(123)	835	339,754	797,870	(536,141)	(375,427)
	3,750,687	3,521,210	1,901,556	1,982,261	492,371	243,449	339,754	797,870	6,484,368	6,544,790

19.1 Salaries, wages and other benefits include a sum of Rs.10.3 (2017: Rs.9.2) million in respect of staff retirement benefits.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
20. Selling ad distribution expenses												
Salaries, wages and other benefits - note 20.1	9,992	7,215	4,835	3,059	5,053	4,209	-	- -	-	-	19,880	14,483
Insurance	7,201	3,977	2,006	1,475	-	-	-	- -	-	-	9,207	5,452
Rent, rates, taxes and lease rentals	1,020	986	1,040	1,111	-	-	-	- -	-	-	2,060	2,097
Transport, freight, handling and	77,549	35,477	119,903	106,715	6,470	4,040	210	1791 -	-	-	204,132	148,023
forwarding expenses	-	-	6,746	2,582	10,122	2803	-	- -	-	-	16,868	5,385
Other expenses	95,762	47,655	134,530	114,942	21,645	11,052	210	1791 -	-	-	252,147	175,440

20.1 Salaries, wages and other benefits include a sum of Rs.0.90 (2017: Rs.0.78) million in respect of staff retirement benefits.

21. Administrative Expenses

	Sugar 2018	Sugar 2017	Distillery 2018	Distillery 2017	Textile 2018	Textile 2017	Trading 2018	Trading 2017	Subsidiary 2018	Subsidiary 2017	Total 2018	Total 2017
Salaries, wages and other benefits - note 21.1	86,776	78,888	4,903	3,059	3,916	3,260	239	212	4,761	-	100,595	85,419
Insurance	1,262	1,460	94	134	-	-	-	-	-	-	1,356	1,594
Repairs and maintenance	2,271	1,899	699	611	219	161	-	-	14	-	3,203	2,671
Postage, telephone and stationery	4,811	4,115	567	503	150	100	-	-	74	-	5,602	4,718
Travelling and vehicle running expenses	13,771	14,771	1,464	303	-	-	-	-	1,381	-	16,616	15,074
Rent, rates, taxes and lease rentals	7,508	8,076	1,653	1,343	-	-	-	-	-	-	9,161	9,419
Water, electricity and gas	3,446	3,161	443	352	80	25	-	-	-	-	3,969	3,538
Fees, subscription and periodicals	2,665	2,355	10	19	34	22	-	-	-	-	2,709	2,396
Legal and professional charges	1,468	1,077	2,735	2,020	-	-	-	-	-	-	4,203	3,097
Directors' meeting fee	500	575	-	-	-	-	-	-	-	-	500	575
Depreciation - note 3.2	2,260	1,817	194	156	144	154	-	-	85	-	2,683	2,127
Auditors' remuneration - note 21.2	1,652	1,296	1,206	895	224	95	116	294	62	50	3,261	2,630
Other expenses - note 21.3	28,314	23,906	310	231	399	408	20	11	120	19	29,163	24,575
	156,704	143,396	14,278	9,626	5,166	4,225	375	517	6,497	69	183,021	157,833

21.1 Salaries, wages and other benefits include a sum of Rs.3.42 (2017: Rs.3.20) million in respect of staff retirement benefits.

21.2 Auditors' remuneration

	Sugar 2018	Sugar 2017	Distillery 2018	Distillery 2017	Textile 2018	Textile 2017	Trading 2018	Trading 2017	Subsidiary 2018	Subsidiary 2017	Total 2018	Total 2017
Statutory audit fee - Holding Company	864	770	630	530	117	55	60	175	-	-	1,672	1,530
Annual Audit fee - Subsidiary Company	-	-	-						62	50	62	50
Half yearly review fee	195	176	142	120	27	15	14	40	-	-	378	351
Tax / other services	457	265	334	185	62	20	32	60	-	-	885	530
Out of pocket expenses	136	85	100	60	18	5	10	19	-	-	264	169
	1,652	1,296	1206	895	224	95	116	294	62	50	3,261	2,630

21.3 Sugar division's other expenses include donation of Rs.21.0 (2017: Rs.16.2) million as per details below:

Name of Institution	2018	2017
	(Rupees in thousands)	
Al-Sayyeda Benevolent Trust	910	910
Habib Education Trust	840	840
Rehmat Bai Widows & Orphanage Trust	500	500
Habib Medical Trust	840	840
Habib Poor Fund	910	910
Family Education Services Foundation	12,000	12,000
Diamer Bhasha and Mohmand Dams Funds	5,000	-
Markaz-e-Ummeed	-	200
	21,000	16,200

None of the Directors or their spouses had any interest in the above donee's fund.

21.4 Information on assets, liabilities and capital expenditure by segment is as follows :

(Rupees in thousands)

		Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
21.4.1	**Segment assets**	4,316,305	3,445,502	1,725,757	1,420,128	350,631	297,035	132,549	365,915	6,525,242	5,528,580
	Subsidiary Company									46,488	15,331
	Unallocated assets									3,882,238	3,598,650
										10,453,968	9,142,561
21.4.2	**Segment liabilities**	1,862,671	1,533,893	173,116	132,583	95,028	59,046	216	121,314	2,151,031	1,846,836
	Subsidiary Company									150	50
	Unallocated liabilities									205,110	312,438
										2,356,291	2,159,324
21.4.3	**Capital expenditure**	201,910	599,081	22,125	132,388	740	-	-	-	224,775	731,469
	Subsidiary Company									31,242	15,331
										256,017	746,800

	Note	2018	2017
		(Rupees in thousands)	
22. Other operating expenses			
Workers' Profit Participation Fund	16.1	50,783	26,474
Workers' Welfare Fund		6,100	5,580
		56,883	32,054
23. Other income			
Income from financial assets			
Profit on redemption / sale of investments	23.1	871	113,981
Dividend income	23.2	108,521	120,629
Exchange gain - net		35,986	2,152
		145,378	236,762
Income from non financial assets			
Gain on disposal of fixed assets		6,513	3,851
Agricultural income		2,579	2,245
Scrap sale		7,949	3,241
		17,041	9,337
		162,419	246,099

23.1 Profit on redemption of units includes profit of the following funds managed by Habib Asset Management Limited, a related party.

	2018	2017
	(Rupees in thousands)	
First Habib Asset Allocation Fund	209	-
First Habib Islamic Income Fund	-	35
	209	35

23.2 Dividend income includes dividend received from the following related parties :

	Note	2018	2017
		(Rupees in thousands)	
Bank AL Habib Limited		72,410	84,478
Habib Insurance Company Limited		4,023	9,387
		76,433	93,865

24. Finance income - net			
Profit on treasury call accounts	12.1	6,931	10,733
Profit on term deposit receipts	12.2	88,282	77,710
Interest on loan to employees		601	475
		95,814	88,918
Less:			
Mark-up / interest on:			
Short-term borrowings	24.1 & 24.2	(25,240)	(46,433)
Workers' Profit Participation Fund		(443)	(1,094)
Bank charges		(16,501)	(14,984)
		(42,184)	(62,511)
		53,630	26,407

24.1 The financial facilities from various commercial banks amounted to Rs.8,212 (2017: Rs.5,313) million.

24.2 These facilities are secured by way of registered charge against hypothecation of stock-in-trade, stores and spares, assignment of trade debts and other receivables. The rate of mark-up during the year was 2.20% (2017: 2.25% to 7.54%) per annum.

		Note	2018	2017
			(Rupees in thousands)	
25.	**Taxation**			
	Income tax - current		70,124	-
	prior years		-	(54,500)
			70,124	(54,500)
	Deferred tax		(12,500)	(5,500)
		25.1	57,624	(60,000)
25.1	**Reconciliation of tax (income) / charge for the year**			
	Accounting profit		952,705	497,319
	Corporate tax rate		29%	30%
	Tax on accounting profit at applicable rate		276,284	149,196
	Tax effect of timing differences		(12,500)	3,839
	Tax effect of lower tax rates on export and certain income		(243,266)	(132,065)
	Tax effect of income exempt from tax		(748)	(643)
	Tax effect of tax credits		(36,138)	(107,000)
	Tax effect of expenses that are inadmissible in determining taxable income		73,992	81,173
	Adjustment relating to prior years		-	(54,500)
			(218,660)	(209,196)
			57,624	(60,000)

25.2 The income tax return for the Tax year 2018 (financial year ended September 30, 2017) has been filed.

25.3 Comparison of tax provision and tax assessment for previous years:

Financial years	Tax years	Note	Tax Assessed	Provision for Taxation
			(Rupees in thousands)	
September 30, 2017	Tax year 2018	25.3.1	-	-
September 30, 2016	Tax year 2017		150,173	167,000
September 30, 2015	Tax year 2016		166,377	175,000

25.3.1 No tax liability due to loss and available tax credit.

		2018	2017
		(Rupees in thousands)	
26.	**Earnings per share - Basic and diluted**		
	Profit after taxation	895,081	557,319
	Number of ordinary shares of Rs.5 each	150,000,000	150,000,000
	Earnings per share - Basic and diluted (Rupees)	5.97	3.72

		2018	2017
		(Rupees in thousands)	
27.	**Cash generated from / (used in) operations**		
	Profit before taxation	952,705	497,319
	Adjustment for non-cash charges and other items		
	Depreciation / amortization	259,479	192,486
	Gain on disposal of fixed assets	(6,513)	(3,851)
	Profit on redemption / sale of investments	(871)	(113,981)
	Finance income - net	(53,630)	(26,407)
	Impairment on long term investment - available for sale	45,445	-
	Dividend income	(108,521)	(120,629)
		135,389	(72,382)
	Working capital changes - note 27.1	(764,544)	(2,046,629)
		323,550	(1,621,692)

		2018	2017
27.1	**Working capital changes**		
	(Increase) / decrease in current assets		
	Stores and spare parts	(42,999)	(10,892)
	Stock-in-trade	(1,090,483)	(1,271,765)
	Trade debts	(257,162)	(190,212)
	Loans and advances	412,962	(557,146)
	Trade deposits and short-term prepayments	232	(968)
	Other receivables	11,954	(120,282)
		(965,496)	(2,151,265)
	Increase / (decrease) in current liabilities		
	Trade and other payables	190,503	(281,257)
	Advance from customers	10,449	385,893
		200,952	104,636
	Net changes in working capital	(764,544)	(2,046,629)

28. Remuneration of Chief Executive, Directors and Executives

	2018				2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees in thousands)							
Managerial								
Remuneration	12,000	14,132	77,563	103,695	11,200	8,660	67,004	86,864
Perquisites								
Telephone	42	39	404	485	42	27	421	490
Bonus	-	-	8,677	8,677	-	-	7,079	7,079
Medical	190	714	3,727	4,631	252	178	2,269	2,699
Utilities	-	627	-	627	-	541	-	541
Entertainment	-	305	-	305	-	462	-	462
Retirement benefits	850	1,036	5,143	7,029	802	641	5,394	6,837
	13,082	16,853	95,514	125,449	12,296	10,509	82,167	104,972
Number of persons	1	2	25	28	1	2	22	25

28.1 Chief Executive, Directors and certain Executives are also provided with the Group maintained cars.

28.2 Aggregate amount charged in these consolidated financial statements in respect of directors' meeting fee paid to five Non Executive Directors of Rs. 0.50 million (2017: Rs.0.57 million for five Directors)

28.3 On July 24, 2018 Mr. Farouoq Habib Rahimtoola was co-opted as Director in place of Mr. Munawar A. Habib who has resigned on July 24, 2018.

28.4 Comparative figure have been restated to reflect changes in definition of executive as per Company Act 2017.

29 Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are credit risk, interest risk, liquidity risk, foreign currency risk, equity price risk and capital risk. The Board of Directors of the Group (the Board) reviews and decides policies for managing each of these risks which are summarised below.

29.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group is exposed to credit risk on loans, advances, deposits, trade debts, other receivables and bank balances and profit accrued thereon. The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	(Rupees in thousands)	
Long-term loans	4,799	6,570
Long-term deposits	3,928	4,028
Trade debts	511,542	254,380
Loans and advances	390,470	803,432
Trade deposits	751	751
Profit accrued on bank deposits	2,741	1,551
Other receivables	124,823	136,440
Bank balances	767,506	924,033
	1,806,560	2,131,185

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	2018	2017
	(Rupees in thousands)	
29.1.1 Trade debts		
Customers with no default in past one year	511,542	250,265
Customers with some defaults in past one year which have been fully recovered	-	4,115
Customers with default in past one year which have not yet been recovered	-	-
	511,542	254,380
29.1.2 Bank Balances		
A1+	767,218	922,270
A2	193	1,663
	767,411	923,933

29.2 Interest rate risk

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

At the date of the consolidated statement of financial position, the bank balances of Rs.666.85 (2017: Rs.904.45) million are subject to interest rate risk. Applicable interest rates have been indicated in Note 12 to these consolidated financial statements. Group's profit after tax for the year would have been Rs.4.74 (2017: Rs.6.33) million higher / lower if interest rates have been 1% higher / lower while holding all other variables constant.

29.3 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

Year ended September 30, 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	(Rupees in thousands)					
Trade and other payables	-	544,704	955,460	-	-	1,500,164
Advance from customers	-	702,369	-	-	-	702,369
	-	1,247,073	955,460	-	-	2,202,533

Year ended September 30, 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	(Rupees in thousands)					-
Trade and other payables	-	409,376	899,995	-	-	1,309,371
Advance from customers	-	691,920	-	-	-	691,920
	-	1,101,296	899,995	-	-	2,001,291

29.4 Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Group's exposure to foreign currency risk is as follows:

			2018	2017
			(Rupees in thousands)	
Trade debts		$	2,676,190	1,095,175
		£	189,470	16,361
Advance from customers		$	242,134	170,595

The following significant exchange rates have been applied at the reporting dates:

			2018	2017
Exchange rates	buying	$	124.20	105.37
	selling	$	124.40	105.57
	buying	£	162.44	141.35
	selling	£	162.69	141.62

The foreign currency exposure is partly covered as the outstanding balance at the year end is determined in respective currency which is converted into rupees at the exchange rate prevailing at the date of the consolidated statement of financial position.

Sensitivity analysis:

The following table demonstrates the sensitivity of the Group's profit before tax and the Group's equity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant.

	Change in foreign currency rate (%)	Effect on profit	Effect on equity
		(Rupees in thousands)	
September 30, 2018	+10	33,304	32,941
	-10	(33,304)	(32,941)
September 30, 2017	+10	9,970	9,852
	-10	(9,970)	(9,852)

29.5 Equity price risk

The Group's investments are susceptible to market price risk arising from uncertainties about future values of investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total investments. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis. The Investment Committee of the Group reviews and approves policy decisions.

At the date of the consolidated statement of financial position, the exposure to investments held as available for sale was Rs.2,898.62 (2017: Rs.2,402.97) million.

29.6 Capital risk management

The primary objective of the Group's capital management is to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares

The gearing ratio of the group is Nil (2017: Nil) and the group finances its investments portfolio through management of its working capital and equity with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

29.7 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the date of the statement of financial position. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The Group uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1: Quoted prices in active markets for identical assets.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset either directly or indirectly.

Level 3: inputs for the asset that are not based on observable market data.

	2018			
	Level 1	Level 2	Level 3	Total
		(Rupees in thousands)		
Long-term investments	2,778,119	-	120,500	2,898,619
	2,778,119	-	120,500	2,898,619

	2017			
	Level 1	Level 2	Level 3	Total
		(Rupees in thousands)		
Long-term investments	2,344,465	-	58,500	2,402,965
	2,344,465	-	58,500	2,402,965

During the year, there were no transfers between level 1 and level 2 fair value measurements, and No transfers into and out of level 3 fair value measurement.

30. Capacity and production

	2018			2017		
	Quantity		Working days	Quantity		Working days
30.1 Sugar division						
Crushing capacity	11,000	M.Tons Per Day		7,000	M.Tons Per Day	
Crushing based on actual working days	1,540,000	M.Tons	140	896,000	M.Tons	128
Actual crushing	1,028,901	M.Tons	140	865,530	M.Tons	128
Sucrose recovery	10.30	%		9.97	%	
Sugar production	106,005	M.Tons		86,316	M.Tons	

Crushing capacity enhanced to 11,000 M. Tons per day under BMR and trial run successfully completed during last week of crushing season 2016-17. Sugar unit operated below capacity due to lesser Availability of sugarcane.

30.2 Distillery division

	2018			2017		
a) Ethanol						
Capacity	34,000		300	34,000	M.Tons	300
Actual production	34,643		335	33,687	M.Tons	344
b) Liquidified carbon dioxide (Co2)						
Capacity	18,000		300	18,000	M.Tons	300
Actual production	9,903		248	11,069	M.Tons	277

c) During the year, CO2 plants operated below capacity due to lower demand.

30.3 Textile division

	2018			2017		
Capacity	560,000	Kgs.	300	560,000	Kgs.	300
Actual production	928,557	Kgs.	300	515,253	Kgs.	300

The actual production of textile division was higher than the capacity due to Weaving from outside source.

31. Provident Fund related disclosure

The following information is based on un-audited financial statements of the Fund as at September 30 :

	2018	2017
	(Rupees in thousands)	
Size of the fund - Total assets	307,631	298,223
Fair value of investments	292,175	278,358
Percentage of investments made	94.98	93.34

31.1 The cost of above investments amounted to Rs.253.18 million (2017: Rs.256.40 million).

31.2 The break-up of fair value of investments is as follows:

	2018	2017	2018	2017
	(Percentage)		(Rupees in thousands)	
National savings scheme	93.65	92.18	273,618	256,575
Bank deposits	6.31	7.78	18,438	21,662
Debt securities	0.04	0.04	119	121
	100.00	100.00	292,175	278,358

31.3 The investments out of provident fund have been made in accordance with the provisions of Section218 of the Companies Act 2017 and the rules formulated for this purpose.

32 Number of Employees

	2018		2017	
	Total	Factory	Total	Factory
	(Number)			
Number of employees including contractual employees at September 30	554	432	556	433
Average number of employees including contractual employees during the year	542	421	560	441

33. Transactions with related parties

Related parties comprise of subsidiary, associated entities, entities with common directorship, directors and key management personnel. Material transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	2018	2017
	(Rupees in thousands)	
Insurance premium paid	25,784	28,499
Insurance claims	200	7,185
Profit on treasury call accounts / term deposits	94,527	83,034
Profit accrued on bank deposits	2,713	1,449
Purchase of investments	161,900	56,100
Sale proceeds of investments	50,210	10,035
Dividend received	76,433	93,865
Dividend paid	41,588	65,572
Bank charges	955	470

Transactions with related parties are carried out under normal commercial terms and conditions.

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

Name	Basis of association	Percentage of shareholding
Bank Al Habib Limited	Common directorship	1.61
Habib Insurance Company Limited	Common directorship	4.21
Habib Mercantile Company (Pvt.) Limited	Common directorship	-
Habib Sons (Pvt.) Limited	Common directorship	-
Habib Assets Management Limited	Common directorship	-
Hasni Textile (Pvt.) Limited	Common directorship	-
UniFood Industries Limited	Key Management Personnel are directors	15.43

34. Dividend

The Board of Directors of Holding Company in their meeting held on December 26, 2018 have proposed a final cash dividend of Rs.2.75 per share (55%) for the year ended September 30, 2018. The approval of the members for the proposed final Cash dividend will be obtained at the Annual General Meeting of the Holding Company to be held on January 28 , 2019.

Under Section 5A of the Income Tax Ordinance, 2001, a tax on every public company shall be imposed at the rate of 5% of accounting income before tax. However, this tax shall not be applied in case of a public company which distributes profit equal to 20% of its after tax profits within six months from the end of the year.

Based on the fact the Board of Directors of the Holding Company has proposed 55% dividend for the year ended September 30, 2018 which exceeds the above prescribed minimum dividend requirement, the Holding Company believes that it would not eventually be liable to pay tax on its undistributed profits as of September 30, 2018.

35. General

35.1 Figures have been rounded off to the nearest thousand rupees.

35.2 These consolidated financial statements were authorised for issue on December 26, 2018 by the Board of Directors of the Holding Company

Amir Bashir Ahmed	**Raeesul Hasan**	**Murtaza H. Habib**
Chief Financial Officer	Chief Executive	Director

Pattern of Shareholding as at September 30, 2018

Number of Shareholders	Size of Shareholding From	From To	To	Total Numbers of Shares held
1,719	1	...	100	36,408
817	101	...	500	234,402
473	501	...	1,000	365,310
1,244	1,001	...	5,000	2,848,385
247	5,001	...	10,000	1,779,737
116	10,001	...	15,000	1,450,685
71	15,001	...	20,000	1,254,280
50	20,001	...	25,000	1,127,808
26	25,001	...	30,000	725,095
18	30,001	...	35,000	593,836
20	35,001	...	40,000	758,256
12	40,001	...	45,000	505,776
10	45,001	...	50,000	474,154
14	50,001	...	55,000	732,749
5	55,001	...	60,000	281,640
7	60,001	...	65,000	440,311
3	65,001	...	70,000	200,282
5	70,001	...	75,000	358,966
6	75,001	...	80,000	467,667
4	85,001	...	90,000	345,858
5	90,001	...	95,000	458,269
2	95,001	...	100,000	200,000
2	110,001	...	115,000	227,875
1	115,001	...	120,000	119,500
1	120,001	...	125,000	122,000
1	125,001	...	130,000	125,757
4	130,001	...	135,000	529,814
1	135,001	...	140,000	138,002
4	140,001	...	145,000	567,885
3	150,001	...	155,000	460,318
1	155,001	...	160,000	157,750
2	165,001	...	170,000	333,471
1	170,001	...	175,000	174,988
2	175,001	...	180,000	356,251
2	185,001	...	190,000	372,279
2	190,001	...	195,000	381,328
3	200,001	...	205,000	609,230
1	205,001	...	210,000	205,156
1	225,001	...	230,000	226,846
1	245,001	...	250,000	250,000
1	250,001	...	255,000	254,500
3	280,001	...	285,000	852,330
1	285,001	...	290,000	289,337
2	300,001	...	305,000	607,627
1	305,001	...	310,000	312,959
1	320,001	...	325,000	320,446
3	325,001	...	330,000	982,617
1	340,001	...	345,000	340,740
1	355,001	...	360,000	359,970
1	385,001	...	390,000	390,000
1	390,001	...	395,000	390,045
1	395,001	...	400,000	397,377
1	400,001	...	405,000	403,000
1	405,001	...	410,000	409,546
2	420,001	...	425,000	843,564
1	435,001	...	440,000	439,737
2	445,001	...	450,000	445,536
1	460,001	...	465,000	463,815
1	480,001	...	485,000	481,000
1	510,001	...	515,000	510,668
1	520,001	...	525,000	521,263
1	570,001	...	575,000	572,918
1	595,001	...	600,000	597,032
1	880,001	...	885,000	880,825
1	950,001	...	955,000	952,368
1	970,001	...	975,000	970,127
1	1,080,001	...	1,085,000	1,080,880
1	1,120,001	...	1,125,000	1,122,697
1	1,145,001	...	1,150,000	1,147,494
3	1,180,001	...	1,185,000	3,544,978
1	1,265,001	...	1,270,000	1,269,939
2	1,285,001	...	1,290,000	3,866,686
1	1,290,001	...	1,295,000	1,294,000
1	1,415,001	...	1,420,000	1,418,565
1	1,440,001	...	1,445,000	1,440,330
1	1,510,001	...	1,515,000	1,510,668
1	1,685,001	...	1,690,000	1,688,251
1	1,730,001	...	1,735,000	1,732,000
1	1,820,001	...	1,825,000	1,823,677
1	1,825,001	...	1,830,000	1,827,819
1	1,865,001	...	1,870,000	1,869,906
1	2,025,001	...	2,030,000	2,029,070
1	3,070,001	...	3,075,000	3,071,845
1	3,555,001	...	3,560,000	3,559,751
1	3,750,001	...	3,755,000	3,754,512
1	3,820,001	...	3,825,000	3,821,357
1	4,120,001	...	4,125,000	4,122,006
1	4,445,001	...	4,450,000	4,448,758
1	4,745,001	...	4,750,000	4,750,000
1	5,825,001	...	5,830,000	5,825,357
1	6,550,001	...	6,555,000	6,554,075
1	9,415,001	...	9,420,000	9,415,312
1	10,515,001	...	10,520,000	10,518,253
1	26,510,001	...	26,515,000	26,513,125
4,971				**150,000,000**

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
General Public (Local)	4,818	54,970,429	36.65
General Public (Foreign)	72	1,594,348	1.06
Insurance Companies	4	12,006,285	8.00
Joint Stock Companies	48	38,883,094	25.92
Financial Institutions	8	26,975,127	17.99
Modaraba Companies	2	1,521,068	1.01
Charitable Trust	16	14,039,672	9.36
Societies	2	9,976	0.01
Corporate Law Authority	1	1	0.00
	4,971	**150,000,000**	**100.00**

Pattern of Shareholding as on September 30, 2018

Additional Information

Shareholders' Categories		Number of Shareholders	Number of Shares Held
Associated companies, undertakings and related parties			
Habib Mercantile Co. (Pvt.) Ltd.		1	510,668
Habib & Sons (Pvt.) Ltd.		1	521,263
Bank Al Habib Ltd.		1	9,415,312
Habib Insurance Co. Ltd.		1	4,448,758
NIT and ICP			
National Investment (Unit) Trust (NIT)		1	10,518,253
Investment Corporation of Pakistan		1	2,818
Directors, CEO and their spouses and minor children			
Asghar D. Habib	Chairman	1	3,821,357
Ali Raza D. Habib	Director	1	445,536
Muhammad Nawaz Tishna (NIT Nominee)	Director	-	-
Murtaza H. Habib	Director	1	3,754,512
Shams Mohammad Haji	Director	1	5,000
Amin Ali Abdul Hamid	Director	1	23,971
Farouq Habib Rahimtoola	Director	1	5,000
Raeesul Hasan	Chief Executive	1	31
Mrs. Tahira Ali Asghar W/o Mr. Asghar D. Habib		1	1,823,677
Mrs. Razia W/o Mr. Ali Raza D. Habib		1	325,078
Executives		2	1,269
Public Sector Companies and Corporations		46	37,851,663
Banks, Development Finance Institutions, Non Banking Financial Institutions. Insurance Companies, Takaful, Modarabas and Pension Funds		10	16,117,339
General Public			
a). Local		4,807	44,764,498
b). Foreign		72	1,594,348
Others			
Charitable & Other Trusts		16	14,039,672
Societies		2	9,976
Government Institution		1	1
		4,971	150,000,000

Shareholders holding 5% or more voting rights

ICOM Industrie Und Handels, Schaan Principality of Liechtenstein	26,513,125
National Investment (Unit) Trust (NIT)	10,518,253
Bank Al Habib Ltd.	9,415,312

The detail of transactions by the Company's Directors, Executives and their Spouses during the year:

Name	Date	No of Shares	
Mrs. Tahira Ali Asghar - Spouse of Chairman	12.01.2018	5,000	Gift
Mr. Asghar D. Habib - Chairman/ Director	28.03.2018	1,266,940	Received against distribution upon closure/liquidation of the Company
Mr. Ali Raza D. Habib	28.03.2018	422,318	
Mr. Murtaza H. Habib	28.03.2018	2,533,749	
Mr. Munawar Ali Habib	28.03.2018	422,311	
Syed Ali Niaz Akhtar	28.03.2018	49	

*24 جولائی 2018ء کو استعفیٰ دیا

**24 اگست 2018ء کو شامل ہوئے

۱۲۔ شیئر ہولڈنگ کے طریقہ اور اس سے متعلق اضافی معلومات صفحہ نمبر 115 اور 116 پر دی گئی ہیں۔

۱۳۔ ڈائریکٹرز CEO، CFO، کمپنی سیکریٹری اور ان کی فیملیز کے شیئر ہولڈنگ میں تبدیلی جو کہ شیئر ہولڈنگ کی نوعیت صفحہ نمبر 116 پر دی گئی ہے۔

ڈائریکٹرز کی تبدیلی:

سال کے دوران منور علی حبیب بورڈ سے استعفیٰ دیا اور اُن کی جگہ فاروق حبیب رحیم تولا کو بورڈ میں شامل کیا گیا۔

جنرل:

ڈائریکٹران اپنے تمام عملے، سروسز خدمات اور سخت محنت سے کام کرنے کا اعتراف کرتے ہیں جس میں کمپنی کے آفیسر، اسٹاف اور ورکرز شامل ہیں اور ان مالیاتی اداروں کا شکریہ بھی ادا کیا ہے جن کے ساتھ ہمارے کاروباری تعلقات اور ہمارے کسٹمرز کا بھی جن کی سپورٹ اور تعاون حاصل رہا۔

بورڈ آف ڈائریکٹرز کی جانب سے

رئیس الحسن
چیف ایگزیکٹیو

مرتضیٰ ایچ حبیب
ڈائریکٹر

کراچی مورخہ 26 دسمبر 2018ء

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک سے متعلق اسٹیٹمنٹ:

۱۔ مالیاتی حسابات جو کہ کمپنی نے مرتب کئے ہیں یہ شفاف انداز میں کمپنی کی ضروری امور اور آپریشنز کے نتائج اور کیش فلو اور ایکویٹی میں تبدیلی کو ظاہر کرتے ہیں۔

۲۔ کمپنی کی بکس آف اکاؤنٹ مناسب طریقے سے ترتیب دیئے جاتے ہیں۔

۳۔ مالیاتی حسابات کی تیاری کے سلسلے میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور کسی بھی تبدیلی اور تخمینہ کو مناسب اور واضح طور پر ظاہر کیا جاتا ہے۔

۴۔ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز جو کہ پاکستان میں نافذ العمل ہے اس پر مالیاتی حسابات کی تیاری پر لاگو کیا گیا ہے۔ جہاں نہیں کی گئی وہاں مناسب طور پر وضاحت کی گئی ہے۔

۵۔ داخلی کنٹرول کا نظام مستحکم ہے اور موثر طور پر اس پر عمل درآمد اور نگرانی کی جاتی ہے۔

۶۔ کمپنی کی صلاحیت بطور چلتے ہوئے کاروبار پر کسی قسم کا شک وشبہ نہیں ہے۔

۷۔ کارپوریٹ گورنس کے طریقے کا جیسا کہ لسٹنگ ریگولیشنز میں تفصیل دی گئی ہے جس کی کوئی خلاف ورزی نہیں کی گئی۔

۸۔ چھ سال کے مالیاتی اعداد وشمار اور آپریشن کے متعلق معلومات صفحہ نمبر 10 پر دی گئی ہے۔

۹۔ ٹیکسز اور محصولات سے متعلق معلومات مالیاتی اسٹیٹمنٹ کے نوٹس میں دی گئی ہے۔

۱۰۔ سرمایہ کاری کی ویلیو بشمول حاصل کردہ منافع اور پروویڈنٹ فنڈ اور گریجویٹی کا ڈیپازٹ/کرنٹ اکاؤنٹ میں بیلنس 2017 درج ذیل ہے۔

	(روپے ہزاروں میں)
پروویڈنٹ فنڈ	292,175
گریجویٹی فنڈ	106,628

سال کے دوران بورڈ کے چار اجلاس منعقد کیے گئے اور ہر ڈائریکٹر کی حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب اصغر ڈی حبیب	4
جناب علی رضا ڈی حبیب	3
جناب محمد نواز تشنا	4
جناب مرتضیٰ ایچ حبیب	4
جناب امین علی عبدالحمید	4
جناب شمس محمد حاجی	4
جناب منور علی حبیب*	1
جناب فارق حبیب رحیم تولا**	1
جناب رئیس الحسن	4

بائیوگیس کی شکل میں توانائی کے حصول سے متعلق ہے۔

اللہ تعالی کے کرم سے ان پروجیکٹس کے کامیاب آپریشن کے تحت نواب شاہ کے لوگوں کے لئے آلودگی سے پاک ماحول فراہم کرنے کی یقین دہانی کی گئی ہے۔

صحت حفاظت اور سیکیورٹی:

ایک اہم ذمہ دار ادارے کے طور پر کمپنی اس بات پر مکمل اتفاق کرتی ہے کہ صحت حفاظت اور سیکیورٹی کا اعلی معیار قائم کیا جائے۔ کمپنی باقاعدگی سے آس پاس رہنے والے لوگوں کی طبی ضروریات اور امداد فراہم کرتی ہے اور اس حوالے سے کلینکس اور ویلفیئر اداروں کو طبی اور دیگر سہولیات کراہم کرنے کیلئے عطیات دیتی رہتی ہے۔

خصوصی افراد کے لئے روزگار:

کمپنی نے جسمانی طور پر معذور افراد کو ملازمت فراہم کی ہیں جو کہ معذور افراد (تقرری اور آبادکاری) آرڈیننس 1981 پر عمل کرتے ہوئے کیا ہے۔

صنعتی تعلقات:

کمپنی کے اندر اچھے ماحول اور مناسب تعلقات کی بنیاد پر کام کیا جا رہا ہے۔

قومی خزانے میں حصہ داری:

آپ کی کمپنی نے ٹیکسز، محصولات، سیلز ٹیکس اور ایکسائز کی مد میں 567.58 ملین روپے قومی خزانے میں جمع کرائے ہیں اس کے علاوہ قیمتی زرمبادلہ بھی حاصل کیا جو کہ مبلغ 3,537.87 ملین روپے (US $ 29.62 ملین) کے مساوی ہیں جو کہ زیر نظر سال کے دوران شکر، ایتھانول اور گھریلو ٹیکسٹائل کی ایکسپورٹ سے حاصل کیا۔

ریٹائر ہونے والے موجودہ آڈیٹرز میسرز EY فورڈ روڈز، چارٹرڈ اکاؤنٹینس نے اہل ہونے کی بنیاد پر دوبارہ تقرری کیلئے سفارش کی ہے۔

آڈٹ کمیٹی نے میسرز EY فورڈ روڈز، چارٹرڈ اکاؤنٹینس کو آئندہ سال کے لئے کمپنی کے آڈیٹرز کے طور پر دوبار تقرری کیلئے سفارش کی ہے۔

کمپنی ایکٹ 2017 (ایکٹ) کا عمل درآمد ہونا

کمپنیز ایکٹ 2017 (ایکٹ) 30 مئی 2017 سے اطلاق ہوا۔ تاہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر 17 سال 2017 کا بتاریخ 20 جولائی 2017 کے تحت ان کمپنیز جن کا مالیاتی سال 30 جون 2017 یا اس سے قبل ختم ہوا ہے ان کو اس پر عمل درآمد کرنے کی چھوٹ دی گئی ہے۔ اس زیر نظر مالیاتی سال سے اس قانون کا اطلاق ہو گیا ہے اور فورتھ شیڈول کو مدنظر رکھتے ہوئے مالیاتی حسابات میں تبدیلی کی گئی ہے۔

کارپوریٹ معاشرتی ذمہ داری:

حبیب شوگر ملز کارپوریٹ معاشرتی ذمہ داری (CSR) جو کہ 1962ء میں قائم ہونے کے سال سے ہی پروگرام مرتب کرتی ہے۔ مقامی کمیونٹیز، گورنمنٹ باڈیز اور سول سوسائٹی آرگنائزیشن کی ضروریات پر توجہ دیتی ہے۔ کمپنی کا CSR پورٹ فولیو سالوں پر محیط ہے جس میں سوشل ویلفیئر، تعلیم، صحت کی حفاظت، انفراسٹرکچر کی ترقی اور دیگر امور شامل ہیں۔

کمیونٹی کی سرمایہ کاری اور ویلفیئر اسکیم:

ایک ذمہ دار شہری کی حیثیت سے کمپنی نے باقاعدہ بنیاد پر کئی ویلفیئر سرگرمیوں میں حصہ لیا اور اس حوالے سے سیکنڈری سطح تک اسکول چلانا، آنکھوں کے کیمپ کا قیام، ملز کے آس پاس ایریا میں رہنے والوں کو مالی تعاون اور مفت راشن اور میڈیکل کی معاونت ضرورت مند افراد کو کی جاتی ہے۔ معاشرتی اور اقتصادی امور میں کمپنی اپنا کردار ادا کرتی ہے اور ضلع میں تمام سطح پر سراہا جاتا ہے۔

اس سال کے دوران کمپنی نے فیملی ایجوکیشن سروسز فاؤنڈیشن (FESF) جو کہ ایک غیر منافع بخش ادارہ ہے اس کی مستقل معاونت کر رہا ہے جو کہ نواب شاہ میں بہروں کا اسکول چلا رہے ہیں۔ آپ کی کمپنی نے اس سال کے دوران مبلغ 12.0 ملین پاکستانی روپے کا عطیہ دیا ہے۔ اس وقت اسکول میں 175 طالب علم داخل ہیں اور یہ واحد ادارہ ہے جو کہ نواب شاہ میں بہرے افراد کے لئے بہترین تعلیمی سہولت فراہم کرتا ہے تاکہ ان کی طرز زندگی میں بہتری آئے اور تعلیمی ماحول سے اپنی اہلیت کو بڑھائیں۔

اس سال کے دوران کمپنی نے 4 ملین روپے مختلف رجسٹرڈ خیراتی اداروں کو عطیہ دیا۔ جو کہ تعلیم اور مالی تعاون اور ضرورت مند لوگوں کی مہیا کرتے ہیں جو کہ معاشرے میں خدمات کا مثبت رجحان ہے۔ اس کے علاوہ کمپنی نے دیامیر بھاشا ڈیم کی تعمیر کے لئے بھی 5 ملین روپے کا عطیہ دیا۔

ماحولیات:

کمپنی اپنے ملازمین اور نواب شاہ کے رہائشی افراد کی صحت پر اہم توجہ دیتی ہے اور ضروری اقدامات اور خطیر رقم خرچ کی ہے تاکہ اس بات کو یقینی بنایا جائے کہ آلودگی سے پاک موحول فراہم کیا جائے۔

ملز کے بوائلر میں راکھ دور کرنے کے لئے سسٹم نصب کیا گیا ہے جو کہ مستقل طور پر کامیابی سے چل رہا ہے اور کالے ذرے مکمل طور پر غائب ہوگئے ہیں۔ کمپنی نے شوگر فیکٹری میں ایک آلودہ پانی کا ٹریٹمنٹ پلانٹ بھی لگایا ہے تاکہ آئل گریس اور دیگر سیال مادے اس پانی سے خارج کیا جاسکے۔ یہ پروجیکٹ مکمل ہونے کے بعد کامیابی سے اطمینان بخش نتائج حاصل کر رہا ہے اسی طرح RCC پائپنگ کے ساتھ کھلے ہوئے ڈرین چینلز کی تبدیلی بھی کی گئی ہے تاکہ سیج کو دور کیا جاسکے اور آس پاس کے ایریا متاثر نہ ہوں۔

بائیوگیس پلانٹ اور کاربن ڈائی آکسائیڈ ریکوری پلانٹس کی تنصیب ہماری معاشرتی ذمہ داری ہے جو کہ ہمارے نکاسی کے عمل سے گرین ہاؤس گیسز کو کم کرنے میں مددگار ہوسکتا ہے۔ کمپنی نے Upflow Anaerobic Slude Bed (UASB) سسٹم کی بنیاد پر صنعتی ضائع شدہ پانی کے ٹریٹمنٹ کا پلانٹ بھی نصب کیا ہے جو کہ

فوڈ بزنس میں سرمایہ کاری:

کمپنی کی بصارت کے حوالے سے کمپنی کے ڈائریکٹران نے یوٹی فوڈ انڈسٹریز لمیٹڈ میں 30 ستمبر 2018ء سے 108 ملین روپے سرمایہ کاری کی ہے جو کہ ایک غیر درج شدہ کمپنی ہے۔ کمپنی کا اہم کاروبار کنفیکشنری آئٹمز اور دیگر متعلقہ پروڈکٹس کی برانڈ اور اس کی مینوفیکچرنگ ہے۔ کمپنی مارچ 2018ء سے تجارتی پیداوار شروع کر دی ہے۔ کمپنی اپنے پروڈکٹس کے دوسرے مینوفیکچرز سے مارکیٹ میں بہت زیادہ مقابلہ ہے۔ تاہم انتظامیہ کی انتہائی کوشش ہے کہ فروخت کے حجم میں اضافہ رہے لاگت میں کمی کی جائے۔

بورڈ اینڈ مینجمنٹ کمیٹی:

آڈٹ کمیٹی:

کمپنی نے کوڈ آف کارپوریٹ گورننس (تبدیل شدہ) کے تحت آڈٹ کمیٹی تشکیل دی ہے۔ یہ آڈٹ کمپنی تین ممبران پر مشتمل ہے جن میں دو نان ایگزیکٹیو ڈائریکٹرز بشمول کمپنی کے چیئرمین اور ایک انڈیپنڈینٹ نان ایگزیکٹیو ڈائریکٹرز ہیں۔ آڈٹ کمیٹی سال کے دوران چار اجلاس منعقد کرتی ہے۔ ان اجلاسوں میں شرکت کی تعداد درج ذیل ہے:

		اجلاس میں شرکت کی تعداد
جناب امین علی عبدالحمید	چیئرمین	4
جناب علی رضا ڈی حبیب	ممبر	3
جناب شمس محمد حاجی	ممبر	4

HR اور معاوضہ کمیٹی:

کمپنی نے نظم وضبط کے تحت HR اور معاوضہ کمیٹی CCG کے تحت قائم کی ہے۔ یہ کمیٹی تین ممبران پر مشتمل ہے جن میں دو نان ایگزیکٹیو ڈائریکٹران ہیں اور CEO بھی کمیٹی کا ممبر ہے۔ کمیٹی کا چیئرمین جو کہ انڈیپنڈینٹ نان ایگزیکٹیو ڈائریکٹر ہے یہ کمیٹی سال کے دوران ایک میٹنگ کرتی ہے۔ اس میٹنگ میں شرکت کی تفصیل درج ذیل ہے۔

		اجلاس میں شرکت کی تعداد
جناب شمس محمد حاجی	چیئرمین	1
جناب امین علی عبدالحمید	ممبر	1
جناب رئیس الحسن	ممبر	1

دسمبر 2018 میں ECC نے چینی کے ذخیرہ کا جائزہ لینے کے بعد 1.1 ملین میٹرک ٹن چینی کی برآمد اجازت دی۔

صوبہ سندھ میں پانی کی کمی کی وجہ سے امید سے گنے کی دستیابی میں کمی ہوگی اور گنے کی خریداری میں شوگر ملوں میں آپس میں مقابلہ ہوگا۔

ڈسٹلری ڈویژن:

ڈسٹلری ڈویژن میں 26 دسمبر 2018ء تک ایتھانول کی پیداور 6,502 میٹرک ٹن ہوئی اور لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ کی پیداوار 1,847 میٹرک ٹن ہوئی۔ شیرے کی قیمتوں میں اضافہ کی وجہ سے منافع پر منفی اثر ہوگا۔

ٹیکسٹائل ڈویژن:

اضافی برآمدات کی نئی منڈی کی تلاش کرنے کی کوشش کی جارہی ہے تاکہ فروخت کا حجم اور منافع کو برقرار رکھا جائے۔

بگاس پرمبنی کوجنریشن 26.5 میگاواٹ (ایم ڈبلیو) منصوبہ میں سرمایہ کاری:

کمپنی نے ایک بگاس پرمبنی ہائی پریشر کوجنریشن منصوبہ ایک ذیلی کمپنی HSM انرجی لمیٹڈ بنائی۔ یہ کمپنی ایک مکمل ملکیتی ماتحت ادارہ ہے۔ کمپنی نے اس منصوبہ پر 30 ستمبر 2018 کی تک 50 ملین روپے کی سرمایہ کاری کی۔ فی الحال یہ منصوبہ گورنمنٹ کی جانب سے بگاس پرمبنی توانائی کے منصوبوں پر غیر واضح صورت حال کی وجہ سے رکا ہوا ہے۔ سینٹرل پاور پرچیزنگ ایجنسی (سی پی پی اے) نے ایک نظر ثانی درخواست نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی (نیپرا) کو داخل کی ہے جس میں بجلی خریدنے کے ٹیرف اور اس کے خریدنے کے طریقہ کار پر اختلاف کیا گیا۔ نیپرا نے بجلی پی پی اے کی نظر ثانی درخواست مسترد کردی۔ سی پی اے اب معزز ہائی کورٹ آف اسلام آباد میں درخواست دی ہے جو کہ پیشی کے لئے زیر التواء ہے۔ اس کیس کے نتائج اس منصوبہ کے استعمال کے لیے فیصلہ کن ہیں انتظامیہ حالات کا جائزہ لے رہی ہے اور اپنا ہدف اور لائحہ عمل فیصلہ آنے کے بعد کرے گی۔ ہم اس بات پر یقین کرتے ہیں کہ توانائی کا یہ ذریعہ پاکستان اور شوگر کی صنعت کے مستقبل کے لئے نازک معاملہ ہے اور امید کرتے ہیں کہ حکومت اس مسئلہ پر سرمایہ کاروں کے ساتھ دوستانہ پالیسی رکھے گی۔

ونڈ پاور پروجیکٹ میں سرمایہ کاری:

کمپنی کے شیئرز ہولڈرز نے یونی انرجی لمیٹڈ میں 450 ملین روپے تک کی سرمایہ کاری کی منظوری دی جو کہ ایک غیر درج شدہ پبلک کمپنی ہے۔ جو کہ ہوا کو استعمال کرتے ہوئے بجلی کی پیداوار تقسیم اور متعلقہ کاروباری سرگرمیوں کو انجام دیگی۔

کمپنی نے ابتدائی طور پر مبلغ 12.50 ملین روپے کی سرمایہ کاری کی۔ حکومت سندھ نے لیٹر آف انٹینٹ (LOI) جاری کیا ہے اور جھمپیر ضلع ٹھٹھہ میں پروجیکٹ لگانے کے لئے زمین الاٹ کی ہے۔ حکومت حالیہ طور پر ٹیرف کی بنیاد کے طریقہ کار پر نظر ثانی کر رہی ہے۔ آئندہ کا لائحہ عمل حکومت کی وضاحت کے بعد کیا جائے گا۔

ٹیکسٹائل ڈویژن:

ٹیکسٹائل ڈویژن کا منافع 24.80 ملین روپے ہوا جس کا موازنہ گزشتہ سال کے دوران کے خسارہ 1.23 ملین روپے سے کیا جاسکتا ہے۔ اس ڈویژن میں منافع کی وجہ حجم فروخت میں اضافہ بین الاقوامی کرنسی کے مقابلے میں روپے کی قدر میں کمی اور حکومت کی طرف ٹیکسٹائل برآمدات پر سبسڈی دینے کے اعلان سے ہوا۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2017-18	2016-17
آپریشن کی مدت	ایام	300	300
سوت کی مقدار	کلوگرام	1,074,066	584,310
تیار مال کی پیداوار	"	928,557	515,253

ٹریڈنگ ڈویژن:

زیرِ نظر مدت کے دوران ڈویژن کو 58.86 ملین روپیہ کا خسارہ شکر کے گزشتہ سال کے (اسٹاک) کی تجارت پر ہوا۔ جس کا موازنہ گزشتہ سال کے دوران منافع کا تناسب 6.56 ملین روپے سے کیا جاسکتا ہے۔ منافع میں کمی کی وجہ شکر کی تیزی سے گرتی ہوئی قیمتوں کی وجہ سے ہوا۔

مستقبل کا پروگرام:

شوگر ڈویژن:

کمپنی کے شوگر ڈویژن نے کرشنگ 29 نومبر 2018 سے شروع کردی اور 26 دسمبر 2018 تک گنے کی کل کرشنگ 133,791 میٹرک ٹن تھی جبکہ اوسط ریکوری کا تناسب 9.83 فیصد اور شکر کی پیداوار 13,165 میٹرک ٹن بشمول شکران پراسس تھی۔

حکومت سندھ نے 7 دسمبر 2018ء کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 19-2018 کے نوٹیفکیشن کا اجراء کیا جس میں گنے کی قیمت -/182 روپے فی 40 کلوگرام مقرر کی گئی۔ آپ کی کمپنی نے دوسرے شوگر ملز کے ساتھ مل کر ایک پٹیشن معزز ہائی کورٹ آف سندھ میں دائر کی ہے اور کہا ہے کہ مقرر کردہ قیمت یکطرفہ اور غیر منصفانہ ہے اس کی وجہ سے صوبہ سندھ کی شوگر صنعت مالی بحران اور اقتصادی تباہی کا شکار ہوگی۔ اس سلسلے میں نوٹس جاری کردی گئی ہے اور سنوائی کی تاریخ 18 دسمبر 2018 مقرر کی گئی ہے۔

معزز سپریم کورٹ آف پاکستان نے کرشنگ سیزن 99-1998 کے کوالٹی پریمیم کی شوگر ملوں کی طرف سے (علاوہ آپکی کمپنی جسکی ریکوری بینچ مارک 8.70 فی صد سے کم تھی) دائر کردہ اپیلوں کا فیصلہ کردیا جس کے تحت کوالٹی پریمیم واجب الادا ہے۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2017-18	2016-17
کرشنگ کی مدت	ایام	140	128
گنے کی کرشنگ	میٹرک ٹن	1,028,901	865,530
شکر کی اوسط ریکوری	%	10.30	9.97
شکر کی پیداوار	میٹرک ٹن	106,005	86,316

چینی کی زائد مقدار میں دستیاب ہونے کی وجہ سے قومی اور بین الاقوامی منڈیوں میں مندی کا رجحان رہا۔ باوجود کے سندھ گورنمنٹ نے سبسڈی کا اعلان کیا اور ادا کردیا شکر ڈویژن کے منافع پر منفی اثرات مرتب ہوئے اور 4.18 ملین کا منافع کمایا جبکہ گذشتہ سال 110.96 ملین کا خسارہ ہوا۔

ڈسٹلری ڈویژن:

ڈسٹلری ڈویژن کی کارکردگی الحمدللہ اطمینان بخش رہی اور اس ڈویژن نے مبلغ 875,37 ملین روپے منافع حاصل کیا جس کا موازنہ گزشتہ سال کے منافع کی رقم 362.58 ملین روپے سے کی جاسکتا ہے۔ منافع میں قدرے اضافہ کی وجہ فروخت کے حجم میں اضافہ روپے کے مقابلے میں ڈالر کی قدر میں اضافہ کے وجہ سے بہتر قیمت فروخت اور پیداواری قیمتوں میں گزشتہ سال کے مقابلے میں کمی ہوئی۔

لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ (CO2) یونٹ کی 9,903 میٹرک ٹن پیداوار ہوئی ہے جس کا موازنہ گزشتہ سال کی پیداوار 11,069 میٹرک ٹن سے کیا جاسکتا ہے۔ یونٹ حاصل کردہ آپریٹنگ منافع ڈویژن کے منافع میں شامل ہے۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2017-18	2016-17
ایتھانول			
آپریشن کی مدت	ایام	335	344
شیرے کی مقدار	میٹرک ٹن	184,654	182,774
ایتھانول کی پیداوار	"	34,643	33,687
لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ (CO2)			
آپریشن کی مدت	ایام	248	277
لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ (CO2) کی پیداوار	میٹرک ٹن	9,903	11,069

1,028.901 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.30 فیصد رہا اور شکر کی پیداوار 106,005 میٹرک ٹن ہوئی۔ مقابلتاً گزشتہ سیزن میں گنے کی کرشنگ 865,530 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 9.97 فیصد تھی اور شکر کی پیداوار 86,316 میٹرک ٹن تھی۔

حکومت سندھ نے 5 دسمبر 2017 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2018-2017 کے نوٹیفکیشن کا اجراء کیا جس میں گنے کی قیمت -/182 روپے فی 40 کلوگرام مقرر کی گئی وہی قیمت جو گزشتہ سیزن 17-2016 میں مقرر کی گئی تھی۔
علاوہ ازیں ملز کوالٹی پریمیم شکر کی اوسط ریکوری کے بینچ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 روپے فی 40 کلوگرام ادا کرے گی۔ حلانکہ نوٹیفکیشن کے مطابق یہ معاملہ معزز سپریم کورٹ معزز سپریم کورٹ آف پاکستان زیر سماعت ہے اور وفاقی حکومت کی اسٹیرنگ کمیٹی کے فیصلہ کے مطابق کوالٹی پریمیم کا معاملہ سپریم کورٹ کے فیصلے تک معطل رہے گا یا وفاقی حکومت کوئی متفقہ لائحہ عمل طے نہ کرلے۔

سندھ گورنمنٹ نے گنے کی کم از کم سپورٹ پرائس -/182 روپیہ فی 40 کلوگرام مقرر کرنے میں ناانصافی کی اور اسکی مطابقت شکر کی قیمتوں میں قومی اور بین الاقوامی منڈیوں کے حساب سے نہیں کی۔ آپ کی کمپنی نے دوسری شوگر ملز کے ساتھ مل کر ایک پٹیشن معزز ہائی کورٹ آف سندھ میں دائر کی ہے اور استدعا کی ہے کہ مقرر کردہ قیمت یکطرفہ اور غیر منصفانہ ہے اور اس کے نتیجے میں صوبہ سندھ کی شکر صنعت مالی بحران اور اقتصادی تباہی کا شکار ہوگی۔

محترم ہائی کوٹ آف سندھ نے 22 دسمبر 2017 کو عبوری حکم جاری کیا کہ شوگر ملز کسانوں کو 23 دسمبر 2017 سے -/172 روپیہ فی 40 کلوگرام کی ادائیگی کرے او اسکے ساتھ کورٹ کے ناظر کو عبوری حکم کے تین ہفتوں کے اندر قیمتوں کے فرق (جو کہ 10 روپے فی 40 کلوگرام ہے) کے مساوی ضمانت 2017-2016 کی کرشنگ کے حساب سے جمع کرادی جائے۔ اس حکم کے خلاف شوگر ملوں نے دوبارہ غور کے لئے محترم ہائی کورٹ آف سندھ میں درخواست دائر کی۔

30 جنوری 2018 کو معزز ہائی کورٹ آف سندھ نے تمام مستفیدان کی باہمی رضامندی سے کھلی عدالت میں اعلان کیا کہ فریقین کے حقوق کو نقصان پہنچائے بغیر اور معزز سپریم کورٹ میں دائر کردہ مقدمات کے حتمی فیصلہ آنے تک مل 2018-2017 سیزن کے لئے -/160 روپے فی 40 کلوگرام کے حساب سے گنے کی خریداری کریں گی۔ یہ عبوری فیصلہ تمام مستفیدان جو کہ زمیندار، ملیں اور گورنمنٹ آف سندھ پر اطلاق ہوگا۔

ملک میں اضافی شکر کے ذخائر کو ملحوظ رکھتے ہوئے اکنامک کوآرڈیشن کمیٹی آف کیبنیٹ (ای سی سی) نے 1,500,000 ٹن شکر کی برآمد کرنے کی اجازت دی اس کے ساتھ کیش فریٹ سپورٹ -/10.70 روپے فی کلوگرام جو کہ وفاقی اور صوبائی حکومت آپس میں مساوی حصہ دینگی۔ اس کے علاوہ سندھ گورنمنٹ نے سندھ کی شوگر ملوں کیلئے اضافی کیش فریٹ سپورٹ -/9.30 روپے فی کلوگرام 500,000 ٹن چینی برآمد کرنے پر دینے کا اعلان کیا ہے اور ہر مل کیلئے 20,000 ٹن کی حد مقرر کی ہے۔ 1,500,000 ٹن برآمد کی اجازت میں سے آپ کی کمپنی نے 18,830 ٹن چینی برآمد کی۔ سندھ گورنمنٹ کی اعلان کردہ برآمدی سبسڈی وصول ہوگئی اور اس مالیاتی حسابات میں لے لی گئی جبکہ وفاقی حکومت کی اعلان کردہ ایکسپورٹ سبسڈی تا حال نہیں ملے اسلئے اس کے وصول پانے کی صورت میں حسابات میں لے لی جائے گی۔

ڈائریکٹرز کی رپورٹ

محترم ممبران۔السلام علیکم

بورڈ آف ڈائریکٹرز اور اپنی جانب سے ہم آپ لوگوں کو کمپنی کی 57 ویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہیں اور 30 ستمبر 2018ء کو ختم ہونے والے سال کیلئے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

اللہ کے فضل وکرم سے زیر جائزہ سال کے دوران آپ کی کمپنی کے آپریشن کی وجہ سے منافع بعد از ٹیکس کی رقم مبلغ 901.28 ملین روپے رہا۔ کمپنی کی کارکردگی کے نتائج اور بورڈ کی سفارش کے مطابق تصرفات درج ذیل ہیں

		(روپے ہزاروں میں)
منافع بعد از ٹیکسیشن		901,276
دیگر کل آمدنی کی ایڈجسٹمنٹ		(390)
غیر منقسمہ منافع براڈ فارورڈ		2,395
		2,005
تصرف کیلئے دستیاب منافع		903,281
مجوزہ	- کیش ڈویڈنڈ 55% جو کہ مبلغ 2.75 روپے بحساب 5 روپے فی عام شیئر	412,500
	- جنرل ریزرو کو منتقلی	485,000
		897,500
غیر منقسمہ منافع کیری فارروڈ		5781
آمدنی فی شیئر- بنیادی اور معتدل		Rs. 6.01

کارکردگی کا جائزہ:

ڈویژن وائز کارکردگی درج ذیل ہے:

شگر ڈویژن:

گنے کی کرشنگ کا سیزن 2018-2017 29 نومبر 2017 کو شروع ہوا اور 17 اپریل 2018 تک پلانٹ کو چلایا گیا۔ موجودہ سیزن کے دوران گنے کی کرشنگ

بورڈ نے خود تشخیص کے طریقہ کار اور اندرونی آڈٹ کی سرگرمیوں کے ذریعہ موثر اندرونی کنٹرول سسٹم تشکیل کیا اور گورنینس کے مضبوط اور شفاف ماحول کو برقرار رکھا۔ اس کے علاوہ بورڈ نے کارپوریٹ گورنینس کے بہترین اصولوں پر عمل کیا۔

آخر میں، میں اپنے ساتھی ڈائریکٹرز، ایگزیکٹو ٹیم اور کمپنی کے تمام ملازمین کی کمپنی کی ترقی کے لئے کی گئی سخت محنت اور عزم کے لئے انکا مشکور ہوں۔

اصغر ڈی حبیب

چیئرمین

کراچی مورخہ 26 دسمبر 2018ء

چیئر مین کی رپورٹ

چیئر مین کی جانب سے کمپنی ایکٹ، 2017ء کے سیکشن 192 کے تحت بورڈ کی مجموعی کارکردگی پر جائزہ رپورٹ

حبیب شوگر ملز لمیٹڈ (کمپنی) کمپنی ایکٹ 2017 اور لسٹیڈ کمپنیز (کوڈ آف کارپوریٹ گورنس) ریگولیشن 2017 (سی سی جی) کے تحت تمام قواعد وضوابط قانون کے مطابق بورڈ آف ڈائریکٹرز اور انکی کمیٹیوں کی میٹنگز کی انجام دہی کرتی ہے،

دورانِ سال حبیب شوگر ملز لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز (بورڈ) کی کارکردگی اطمینان بخش رہی۔ بورڈ قانون اور کمپنی کے آرٹیکلز کے تحت منظم ہے جس میں اس کے فرائض، ذمہ داریاں اور حقوق کی وضاحت کی گئی ہے۔

مالی سال 18-2017 کے دوران بورڈ نے چار (4) بار ملاقات کی۔ بورڈ نے تمام ریگولیٹری ضروریات کے مطابق اور قابل اطلاق قوانین کو مدنظر رکھتے ہوئے بہترین طریقوں کے مطابق عمل کیا۔

کارپوریٹ گورنینس (سی سی جی) کے تحت کمپنی کے بورڈ کا سالانہ جائزہ لیا جاتا ہے۔ اس جائزے کے مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور اسکے مؤثر ہونے کو جانچا جائے اور کمپنی کے مقاصد کے تناظر میں توقعات کو پورا کیا جائے۔

بورڈ کی کارکردگی مندرجہ ذیل جز کو مدنظر رکھتے ہوئے کی گئی ہے:

بورڈ اپنے اور اپنی کمیٹیوں میں سی سی جی کے تحت نان ایگزیکٹو اور انڈیپنڈینٹ ڈائریکٹرز کی مناسب نمائندگی کو یقینی بناتا ہے۔ بورڈ کے ارکان اور اس کی متعلقہ کمیٹیاں اپنی ذمہ داریوں کو سرانجام دینے کے لئے ضروری صلاحیت اور تجربہ رکھتی ہے۔

بورڈ نے اسٹریٹجک منصوبہ بندی، خطروں کی تشخیص اور پالیسی بنانے کے عمل میں فعال طور پر حصہ لیا ہے۔ بورڈ نے اس بات کو یقینی بنایا کہ تمام پالیسیوں کو کمپنی کے وژن اور مشن کے تناظر میں بنایا جائے۔ بورڈ انتظامیہ کے لئے سالانہ بجٹ، مقاصد اور اہداف مقرر کرتا ہے۔

بورڈ اور اس کی کمیٹیوں نے اپنے فرائض تندہی کے ساتھ سرانجام دیئے اور انتظامیہ کے ذریعے کمپنی کے مقاصد، حکمت عملی اور مالیاتی اہداف کے حصول کے متعلق مکمل آگاہی رکھی۔ بورڈ نے فیصلوں پر پہنچنے کے لئے وسیع اور مفید بحث کی اور بروقت نگرانی کے ساتھ انتظامیہ کو مناسب ہدایات فراہم کیں۔

Form of Proxy

The Company Secretary
Habib Sugar Mills Limited
Imperial Court, 3rd Floor
Dr. Ziauddin Ahmed Road
KARACHI - 75530

I/We ____________________ of ____________________

a member(s) of HABIB SUGAR MILLS LIMITED and holding ____________________

ordinary shares, as per Folio No. ____________________ and for CNIC Participant's

I.D. Numbers ____________________

and Account / Sub-Account No. ____________________

hereby ____________________ of ____________________

or failing him ____________________ of ____________________

another member of the Company to vote for me / us and on my / our behalf at the 57th Annual Meeting of the Company to be held on Monday, January 28, 2019 and at any adjournment thereof.

As witness my / our hand this ____________ day of ____________ 2019

Rs. Five
Revenue
Stamp

____
SIGNATURE OF MEMBER(S)

1. Witness Signature ____________________
   Name: ____________________
   Address: ____________________
   CNIC/Passport No: ____________________

2. Witness Signature ____________________
   Name: ____________________
   Address: ____________________
   CNIC/Passport No: ____________________

A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his / her behalf.

Any individual beneficial owner of CDC, entitled to and vote at this meeting must bring his /her National Identity Card, Account and Participant's ID Numbers to prove his / her identify, and in case of proxy, must enclose attested copies of his / her National Identity Card, Account and Participant's ID Numbers. Representatives of corporate members should bring the instrument.

The instruments appointing a proxy should be signed by the member or by his attorney duly authorised in writing. If the member is a corporation its common seal (if any) should be affixed to the instrument.

The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy thereof, Should be deposited at the registered office of the Company at least 48 hours before the time of the meeting.

پراکسی فارم

کمپنی سیکریٹری
حبیب شوگر ملز لمیٹڈ
امپیریل کورٹ، تیسری منزل،
ڈاکٹر ضیاء الدین روڈ، کراچی۔ ۷۵۵۳۰

میں/ہم ____________________

ساکن ____________________

میں بحیثیت ممبر حبیب شوگر ملز لمیٹڈ ____________________

عام شیئرز جن کے شیئرز رجسٹرڈ فولیو نمبر ____________ اور/یا سی ڈی سی پارٹیسپیشن آئی ڈی نمبر ____________

اور ذیلی اکاؤنٹ نمبر ____________ بذریعہ ہذا ____________

ساکن ____________________

اور اگر ان کے لئے ممکن نہ ہو تو ____________ ساکن ____________

کو بطور اپنا/ہمارا پراکسی مقرر کرتا/کرتی ہوں تاکہ وہ ۲۸ جنوری ۲۰۱۹ء کو منعقد کئے جانے والے کمپنی کے ۵۷ ویں سالانہ اجلاس عام میں میری/ہماری جگہ ووٹ دے سکیں۔

دستخط ____________ مورخہ ____________

ممبر کے دستخط

دستخط
مبلغ ۵ روپے
کے ڈاک ٹکٹ

گواہان:

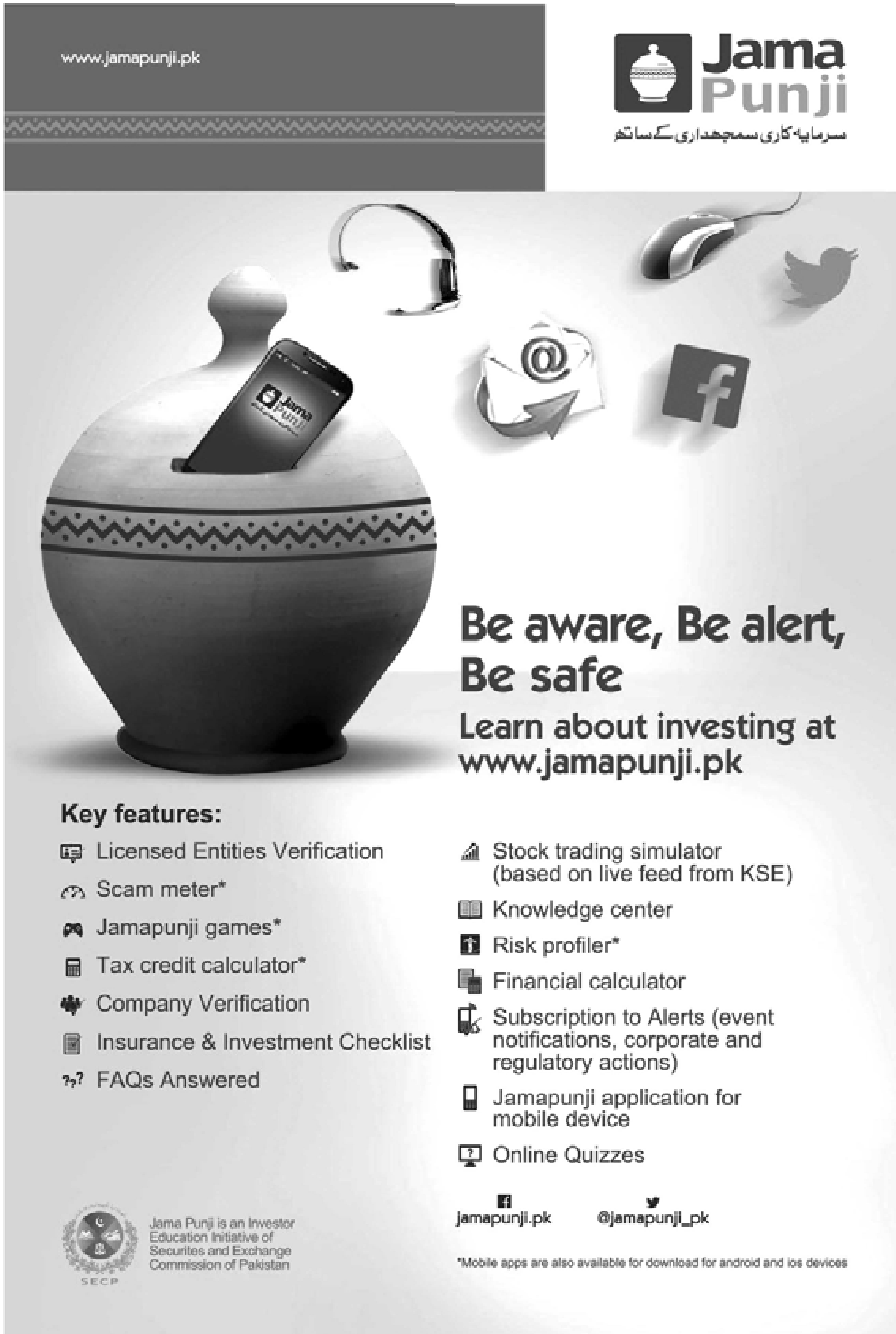
دستخط ____________	دستخط ____________
نام ____________	نام ____________
پتہ ____________	پتہ ____________
شناختی کارڈ نمبر ____________	شناختی کارڈ نمبر ____________
پاسپورٹ نمبر ____________	پاسپورٹ نمبر ____________

نوٹ:

۱) ہر وہ ممبر جسے اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا حق حاصل ہے اپنے بجائے شرکت کرنے اور ووٹ دینے کے لئے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا/سکتی ہے۔

۲) سی ڈی سی شیئرز ہولڈرز اور ان کے پراکسیز لازمی طور پر اس پراکسی فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔

۳) موثر العمل ہونے کے لئے پراکسیز اجلاس کے وقت انعقاد سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔ پراکسی کو کمپنی کا رکن ہونا ضروری نہیں۔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