Habib Sugar Mills Limited

Annual Report 2019

Contents

Company Information

Board of Directors	Asghar D. Habib	*Chairman*
	Ali Raza D. Habib	
	Mushtaq Ahmed Maher	
	Murtaza H. Habib	
	Amin Ali Abdul Hamid	
	Shams Mohammad Haji	
	Farouq Habib Rahimtoola	
	Raeesul Hasan	*Chief Executive*
Audit Committee	Amin Ali Abdul 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	Khursheed Anwer Jamal	
Chief Financial Officer	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 : habibsugar.com
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 Mangopir 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

EY 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 liquidified 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 58th Annual General Meeting of Habib Sugar Mills Limited will be held on Monday, January 27, 2020 at 11:00 a.m. at Jinnah Auditorium, The Institute of Bankers Pakistan (IBP), M.T. Khan Road, Karachi to transact the following businesses:

Ordinary Business

1. To receive and consider the audited financial statements, the Directors' report and the Auditors' report for the year ended September 30, 2019.

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, 2019 as recommended by the Board of Directors.

3. To appoint auditors of the company for the year ending September 30, 2020 and fix their remuneration.

4. To elect Directors of the Company in accordance with the provisions of Section 159 of the Companies Act 2017. The number of elected Directors of the company fixed by the Board of Directors in their meeting held on December 18, 2019 is seven (7). The retiring Directors are Messrs. Asghar D. Habib, Ali Raza D. Habib, Mushtaq Ahmed Mahar, Farouq Habib Rahimtoola, Murtaza H. Habib, Amin Ali Abdul Hamid and Shams Muhammad Haji.

Special Business

5. To approve the remuneration of working Director of the Company.

A statement under Section 134(3) of the Companies Act 2017 in respect of the special business of the Agenda at Item No. 5 to be considered at the meeting is being sent to the members along with a copy of this notice.

By order of the Board

Karachi: December 18, 2019

Khursheed Anwer Jamal
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from Tuesday, January 14, 2020 to Monday, January 27, 2020 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 holder(s), the guidelines as contained in the SECP's circular of 26th January 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 directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required for payment of dividend. Shareholders holding physical share certificate are therefore requested to submit a copy of their valid CNIC, if not already provided to THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400 (the Share Registrar). In case of non-receipt of the copy of valid CNIC, Habib Sugar Mills Limited would be unable to comply with SRO 831(1)/2012 dated July 5, 2012 of SECP and therefore will be constrained under Regulation No. 6 of the companies (Distribution of dividend) regulations, 2017 and section 243(2) of the Companies Act 2017 to pay dividend to such shareholder.

6. Pursuant to the provisions of the Finance Act 2019 effective from July 01, 2019 the rate of the tax deduction on dividend payments under Section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

(i) For filers of income tax returns 15 %
(ii) For non-filers of income tax returns 30 %

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

For shareholders holdings 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 Principle 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 Principle 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	Priniciple Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

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

Section 242 of the Companies Act, 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the bank accounts of the shareholders. In order to received dividends directly into their bank account, shareholders are requested to fill in E-Dividend Mandate Form available on the Company's website i.e. www.habibsugar.com and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. THK Associates (Pvt.) Limited in case of physical shares. In case shares are held in CDC, then E-Dividend Mandate Form must be submitted directly to shareholder's broker/participant/CDC investor account services. In-case of non-submission of IBAN, the Company will withhold the payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017. Further, the information regarding gross dividend, tax/zakat deduction and net amount of dividend will be provided through the Centralized Cash Dividend Register (CCDR), therefore, shareholders should register themselves to CDC's eServices Portal at https://eservices.cdcaccess.com.pk.

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. Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to Share Registrar by first day of Book Closure.

10. Members may exercise their right to vote by means of postal ballot i.e. by post or through electronic mode subject to the requirements of section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

11. Members can also avail video conference facility, in this regard, please fill the following and submit to Head Office of the Company seven (7) days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least seven (7) days prior to date of meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

    "I/We ____________________ of ____________________, being a member of Habib Sugar Mills Limited, holder of ______________ ordinary share(s) as per Registered Folio No. ___________ hereby opt for video conference facility at __________________".

12. **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

Statement under section 166(3) of the Companies Act, 2017

Persons eligible under Section 153, meet the criteria under section 166 of the Companies Act , 2017 and the Companies (Manner and Selection of Independent Directors) Regulation, 2018, may submit their nominations to be elected as independent directors, However, it is noteworthy to mention that independent directors shall be elected in the same manner as other directors are elected in terms of Section 159 of the Companies Act, 2017.

Statement under Section 134(3) of the Companies Act, 2017

This Statement sets out the material facts concerning the Special Business to be transacted at the 58th Annual General Meeting of the Company to be held on January 27, 2020:

Item 5 of the Agenda - Approval of remuneration of Director:
(Disclosure under Section 213)

The Board of Directors in their Meeting held on December 18, 2019 have recommended payment of the following remuneration to the working Director of the Company, for a period of three years commencing from January 27, 2020, subject to an increment not exceeding 20% per annum.

	Remuneration per month
Mr. Murtaza H. Habib	Rs. 750,000

In addition, he will be provided with two company maintained cars, reimbursement of utilities, entertainment at actuals and other benefits as per policy of the Company, which in aggregate is estimated to be approximately 40% of his remuneration as stated above.

The above Director has interest in the aforesaid business to the extent of his remuneration and perquisites as mentioned above.

Six years' review at a glance

		2019	2018	2017	2016	2015	2014
Sugar Division							
Sugarcane crushed	M. Tons	771,864	1,028,901	865,530	821,801	854,231	1,116,554
Average sucrose recovery	%	10.87	10.30	9.97	10.74	10.40	10.44
Sugar produced	M. Tons	83,910	106,005	86,316	88,271	88,807	116,513
Distillery Division							
Ethanol							
Molasses processed	M. Tons	162,015	184,654	182,774	175,538	163,846	176,226
Average ethanol yield	%	18.38	18.76	18.43	18.13	18.73	18.59
Ethanol produced	M. Tons	29,786	34,643	33,687	31,817	30,681	32,768
Liquidified Carbon dioxide (CO_2) produced	M. Tons	8,407	9,903	11,069	10,104	9,230	8,436
Textile Division							
Yarn / Semi finished goods consumed	Kgs.	907,431	1,074,066	584,310	650,892	890,831	983,143
Average yield	%	83.80	86.45	88.18	85.76	84.58	84.95
Finished product	Kgs.	760,385	928,557	515,253	558,194	753,449	835,210
Operating results							
Sales / Rental income	Rs. '000	9,873,134	7,758,520	7,134,930	8,517,094	8,197,388	9,050,916
Cost of sales	Rs. '000	8,381,862	6,484,368	6,544,790	7,499,710	7,222,293	7,983,079
Gross profit	Rs. '000	1,491,272	1,274,152	590,140	1,017,384	975,095	1,067,837
Profit before taxation	Rs. '000	1,342,276	958,776	497,417	970,962	970,230	922,091
Profit after taxation	Rs. '000	1,202,276	901,276	557,417	824,962	815,230	797,091
Shareholders' Equity							
Paid-up capital	Rs. '000	750,000	750,000	750,000	750,000	750,000	750,000
Reserves	Rs. '000	7,325,693	7,353,970	6,233,335	5,781,437	5,110,222	4,699,252
Shareholders' equity	Rs. '000	8,075,693	8,103,970	6,983,335	6,531,437	5,860,222	5,449,252
Break-up value per share	Rs. '000	53.84	54.03	46.56	43.54	39.07	36.33
Adjusted earnings per share	Rs. '000	8.02	6.01	3.72	5.50	5.43	5.31
Return on equity	%	14.89	11.12	7.98	12.63	13.91	14.63
Financial position - Assets							
Fixed assets	Rs. '000	2,478,920	2,645,188	2,692,170	2,161,885	1,542,980	1,353,601
Long–term investments	Rs. '000	2,299,658	2,948,619	2,403,065	2,025,968	1,711,136	1,451,587
Long–term loans and deposits	Rs. '000	10,717	8,727	10,598	8,139	6,975	8,354
Current assets	Rs. '000	5,959,710	4,857,577	4,036,776	4,428,079	4,609,485	4,167,349
Total assets	Rs. '000	10,749,005	10,460,111	9,142,609	8,624,071	7,870,576	6,980,891
Financial position - Liabilities							
Non-current liabilities	Rs. '000	69,000	86,000	98,500	104,000	102,000	90,000
Current liabilities	Rs '000	2,604,312	2,270,141	2,060,774	1,988,634	1,908,354	1,441,639
Total liabilities	Rs. '000	2,673,312	2,356,141	2,159,274	2,092,634	2,010,354	1,531,639
Ratios							
Current ratio		2.29	2.14	1.96	2.23	2.42	2.89
Dividends							
Cash	%	55	55	35	55	50	50

Chairman's Report

It is my pleasure to present this report to the shareholders of the Company pertaining to the overall performance of the Board of Directors and their effectiveness in guiding the Company towards accomplishing its aims and objectives.

Habib Sugar Mills Limited has implemented a strong governance framework that supports an effective and prudent management of business matters, which is regarded as instrumental in achieving the long term success of the Company

The performance of the Board of Directors 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 2018-19 the Board met four (4) times. The Board has complied with all the regulatory requirements and acted in accordance with applicable laws and best practices.

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

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 18, 2019

Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, we are pleased to welcome you all to the 58th 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, 2019.

By the Grace of Allah, during the year under review, the operations of your Company resulted in after-tax profit of Rs. 1,202.28 million. The operating results and appropriations as recommended by the Board are given below:

	(Rupees in thousands)
Profit after taxation	1,202,276
Adjustment of Other Comprehensive Income	240
Unappropriated profit brought forward	5,781
	6,021
Profit available for appropriation	1,208,297
Proposed – Cash Dividend @ 55% i.e. Rs.2.75 per ordinary share of Rs.5/- each	412,500
– Transfer to general reserve	790,000
	1,202,500
Unappropriated profit carried forward	5,797
Earnings per share – Basic and diluted	Rs. 8.02

Performance Review

Division-wise performance of the Company is as follows :

Sugar Division

The crushing season 2018-19 commenced on December 10, 2018 and the plant operated upto March 17, 2019 for 98 days as against 140 days in the preceeding season. Sugarcane crushed during the current season was 771,864 M. Tons with average sucrose recovery of 10.87 % and sugar production of 83,910 M.Tons as compared with crushing of 1,028,901 M. Tons with average sucrose recovery of 10.30 % and sugar production of 106,005 M. Tons during the preceding season. The quantum of sugarcane crushed and sugar production remained low as compared with the previous season due to reduced availability of sugarcane.

The Government of Sindh on December 7, 2018 issued a notification fixing the minimum support price of sugarcane for the crushing season 2018-19 at Rs.182 per 40 kgs. In addition, as per notification issued by the government of Sindh, mills are also 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%.

During the current crushing season, the reduced availability of sugarcane resulting in unhealthy price competition among the mills. In view of the above, the growers were demanding higher prices over and above the minimum support price, causing increased cost of production. On the other hand, the financial year started with depressed sugar prices both in domestic and international markets, however, during the later part of the financial year, sugar prices in the local market showed upward trend which had a positive impact on the profitability of the division.

In December 2018, after reviewing the sugar stock position in the country the Economic Co-ordination Committee (ECC) of the cabinet allowed export of 1.10 million tons of sugar without any financial support or inland freight subsidy. Due to continued depressed sugar prices in the international market, export of sugar was not viable.

During the year, a Free Trade Agreement signed between Pakistan and China under special arrangements. Sugar export of 300,000 M. Tons was approved and a quantity of 4,000 M. Tons was exported by our company.

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

		2018-19	2017-18
Crushing duration	Days	98	140
Sugarcane crushed	M.Tons	771,864	1,028,901
Average sucrose recovery	%	10.87	10.30
Sugar production	M.Tons	83,910	106,005

During the year under review, the division earned operating profit of Rs. 52.28 million as compared with profit of Rs. 4.18 million during the previous year. The profit was mainly attributed to higher sale volume during the financial year.

Distillery Division

The performance of the distillery division remained satisfactory and the division earned operating profit of Rs. 883.74 million as compared with profit of Rs. 875.37 million during the previous year. During the year, the molasses prices had registered substantial increase due to lessor availability which resulted in reduced production and increased cost of production. However, on the other hand, better price of ethanol and rupee depreciation against international currencies helped the division to maintain the profitability during the year.

The liquidified carbon dioxide (CO2) unit produced 8,407 M.Tons as compared with 9,903 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 :

		2018-19	2017-18
Ethanol			
Days of operation*		343	335
Molasses processed	M.Tons	162,015	184,654
Ethanol production	“	29,786	34,643
Liquidified Carbon dioxide (CO_2)			
Days of operation		274	248
Liquidified Carbon dioxide (CO_2) production	“	8,407	9,903

*operated at lower capacity due to lessor availability of molasses.

**operated at lower capacity due to decrease in demand.

Textile Division

Textile division earned operating profit of Rs. 28.76 million as compared with operating profit of Rs. 24.80 million during the previous year.

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

		2018-19	2017-18
Days of operation		298	297
Yarn consumed	Kgs	907,431	1,074,066
Finished goods production	Kgs	760,385	928,557

Trading Division

During the year under review, the division earned operating profit of Rs. 61.12 million on account of trading of sugar as against operating loss of Rs. 58.86 million during the previous year.

Future Prospects

Sugar Division

The sugar division of the Company commenced crushing operations on November 26, 2019 and upto December 17, 2019 crushed 156,906 M.Tons of sugarcane with average sucrose recovery of 9.38 % and sugar production of 14,727 M.Tons including stock in process.

The Government of Sindh on December 9, 2019 issued a notification fixing the minimum sugarcane support price at Rs.192 per 40 kgs for the crushing season 2019 – 20 as against Rs.182 per 40 kgs for the crushing season 2018 – 19. In addition, as per notification issued by the government of Sindh, mills are also 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%.

Due to reduced availability / supply of sugarcane and unhealthy price competition among the mills, the cost of production of sugar would be substantially higher and have serious adverse impact on the profitability of the sugar division.

Distillery Division

During the period upto December 17, 2019 the distillery division produced 4,547 M.Tons of ethanol and 1,485 M.Tons of liquidified carbon dioxide. The increase in molasses price is 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 wholly owned subsidiary HSMEL (Bagasse Based Co-Generation Project of 26.5 MW)

The Bagasse based High Pressure Co-generation 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 purchase 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 will be decided upon the outcome of the pending case.

Investment in Wind Power Project

The Company made equity investment of Rs.12.50 million in Uni Energy Limited, unlisted public company incorporated to undertake business activities related to generation and transmission of electric power generation through wind. The Government of Sindh has granted Letter of Intent (LOI) and allotted land for setting up the project at Jhimpir, district Thatta. Presently, the government is reviewing the Basis of Tariff determination and mechanism for purchase of energy from wind mill projects. The future course of action will 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, 2019 invested Rs. 193.68 million in Uni-Food Industries Limited, a public unlisted company. The core business of the Company is to manufacture and market branded confectionary items and other allied products. The Company commenced 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.

Applicability of IFRS 9

Previously, investments in shares of Uni Food and Uni Energy were recorded at cost, however, with the applicability of IFRS 9, these investments are now being recorded at fair values. In this respect, consultants were appointed to evaluate the fair value of these investments.

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	2
" 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 part of its core values, the Company places tremendous importance towards contributing to the wellbeing of the communities in which it operates. 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 camps, 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.

HSM school is being running successfully for many years to impart quality education to the children of HSM employees. The school provides to its students a healthy safe and conducive environment for learning. The school not only focuses the academic but also aims the spiritual, social, moral and physical growth to its students.

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. 13.0 million during the year. At present, over 178 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. 8.0 million to different recognized charitable institutions which are providing education and financial support to the needy persons and establishing positive social trends in society.

Environment

The management of HSML believes that protection of environment is important for survival of every person and as such the company attaches utmost importance to provide healthy atmosphere to its employees and citizens of Nawabshah. Your Company continues to be conscious of its social responsibility and the management has taken appropriate steps to try and achieve 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 have 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, bricks 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 slop treatment plant and carbon dioxide recovery plants are the manifestation of our social responsibility which has helped us to reduce greenhouse gases emission from our distillery operations. The slope treatment plant is working on the basis of continuous stirred tank reactor (CSTR) system with energy recovery in the form of biogas

By the grace of Allah, the successful operations of these projects have helped us to achieve pollution free environment for the people of Nawabshah.

Continuing the efforts to contribute in conserving the environment, a tree plantation drive was initiated in the factory premises and surrounding areas to make the area more greener and environment friendly. During this activity approx. 5,000 plants were planted and people were briefed about the significance and benefits of the tree plantation.

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. 927.33 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 3,896.07 million (US$ 27.37 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 have 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.

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 9.

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, 2019 were as follows:

	Rs.'000
Provident Fund	312,681
Gratuity Fund	110,358

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	2
" Muhammad Nawaz Tishna*	1
" Murtaza H. Habib	4
" Amin Ali Abdul Hamid	4
" Shams Mohammad Haji	4
" Farouq Habib Rahimtoola	4
" Raeesul Hasan	4

*Mr. Muhammad Nawaz Tishna (Nominee of NIT) passed away on June 10, 2019 and in his place Mr. Mushtaq Ahmed Mahar was co-opted on September 2, 2019 as Nominee director of NIT.

12. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 128 and 129.

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 129.

Election of Directors

The tenure of existing directors expire on January 29, 2020, as such election of directors for a term of three years will be held at the 58th Annual General Meeting of the Company on January 27, 2020. As required under section 159(1) of the Companies Act, 2017, the number of directors of the Company fixed by the Board of Directors is seven (7). The retiring directors are Messrs. Asghar D. Habib, Ali Raza D. Habib, Mustaq Ahmed Mahar, Murtaza H. Habib, Amin Ali Abdul Hamid, Farouq Habib Rahimtoola and Shams Mohammad Haji.

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
Chief Executive

Murtaza H. Habib
Director

Karachi: December 18, 2019

Statement of Compliance with repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019

Year ended September 30, 2019

The Company has complied with the requirement 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:

Independent Directors	Mr. Shams Mohammad Haji Mr. Farouq Habib Rahimtoola
Non-Executive Directors	Mr. Asghar D. Habib Mr. Ali Raza D. Habib Mr. Mushtaq Ahmed Mahar Mr. Amin Ali Abdul Hamid
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 seven listed companies, including this Company.

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

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

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

8. The Board 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 five (5) directors are certified under the Directors Training Program:

- Mr. Asghar D. Habib
- Mr. Murtaza H. Habib
- Mr. Shams Mohammad Haji
- Mr. Amin Ali Abdul Hamid
- Mr. Mushtaq Ahmed Mahar

10. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed Committees comprising of members given below:

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 committee 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, 2019
    b. HR and Remuneration committee: one (1) meeting held during the year ended September 30, 2019

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 and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, company Secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirements 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.

Asghar D. Habib
Chairman

Karachi: December 18, 2019

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Building a better
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Independent Auditors' Review Report

Review Report on the Statement of Compliance contained in the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred to as 'the Regulations'), prepared by the Board of Directors of Habib Sugar Mills Limited (the Company) for the year ended 30 September 2019 in accordance with the requirements of the Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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

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

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: December 30, 2019

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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 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated 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 2019 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 matters	
1. Valuation of Company's unquoted equity investments	
As referred to in note 2.4 and 4 to the accompanying unconsolidated financial statements, IFRS 9 'Financial Instruments' became effective during the year for the Company which replaces IAS 39 'Financial Instruments: Recognition and Measurement'. Management has determined that the most significant impact of the new standard on the Company's unconsolidated financial statements relates to the valuation of Company's unquoted equity investments at fair value. The Company has applied the requirements of IFRS 9 from the date of initial application i.e. October 01, 2018, on the applicable financial assets, the financial impacts of which are detailed in note 2.4 to the unconsolidated financial statements. We considered the above as key audit matter due to first time application of IFRS 9 on the unconsolidated financial statements, which included use of significant judgements and estimates by the management.	Our audit procedures amongst others included: - reviewed management's process for compliance with the requirements of IFRS 9; - evaluated key decisions made by the Company with respect to accounting policies, estimates and judgements in relation to adoption of IFRS 9 and assessed its appropriateness based on our understanding of the Company's business and its operations; - reviewed fair valuation model for valuation of unquoted equity investments, prepared by the management's expert. As part of the review, we tested key inputs in the models and assessed the reasonableness of assumptions used and involved our valuation subject matter specialists for review of the same, where required; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.
2. Revenue recognition	
The Company's revenue comprises of both local and export sales. Local and export sales constitutes of 64% and 36% respectively of total revenue of the Company. Further, the Company earns revenue from multiple business lines which operate as distinct business units with significant volume of revenue transactions. We identified revenue recognition and its reporting in the unconsolidated financial statements as a key audit matter due to significant increase in revenue from last year by 27%, significant volume of transactions, and the amount of audit efforts in relation to this area. (Refer to note 18 for relevant disclosures in respect of revenue).	We performed a range of audit procedures in relation to revenue including the following: - We reviewed the terms and conditions of distinct sale transactions for both export and local sales and assessed the appropriateness of revenue recognition policies and practices followed by the Company; - We tested controls over revenue recognition and reporting process for export and local sales; - We performed analytical review procedures and other test of details over various revenue streams including the cut-off procedures to check that revenue has been recognised in the appropriate accounting period; and - We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.

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: December 30, 2019

Unconsolidated Statement of Financial Position
as at September 30, 2019

	Note	2019	2018
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	3	2,478,920	2,645,188
Long-term investments	4	2,299,658	2,948,619
Long-term loans	5	6,789	4,799
Long-term deposits		3,928	3,928
		4,789,295	5,602,534
Current Assets			
Stores and spare parts	6	171,935	162,734
Stock-in-trade	7	1,840,405	2,764,095
Trade debts	8	387,297	511,542
Loans and advances	9	890,852	390,470
Trade deposits and short-term prepayments	10	9,879	9,517
Profit accrued on bank deposits		4,767	2,741
Other receivables	11	115,649	128,283
Taxation - net		74,342	121,320
Cash and bank balances	12	2,464,584	766,875
		5,959,710	4,857,577
Total Assets		10,749,005	10,460,111
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2018: 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	7,325,693	7,353,970
		8,075,693	8,103,970
Non-Current Liabilities			
Deferred taxation	15	69,000	86,000
Current Liabilities			
Trade and other payables	16	2,004,077	1,500,164
Advance from customers		518,405	702,369
Unclaimed dividends		81,830	67,608
		2,604,312	2,270,141
Contingencies and Commitments	17		
Total Equity and Liabilities		10,749,005	10,460,111

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 Profit or Loss
for the year ended September 30, 2019

	Note	2019	2018
		(Rupees in thousands)	
Net sales and services	18	9,873,134	7,758,520
Cost of sales	19	(8,381,862)	(6,484,368)
Gross Profit		1,491,272	1,274,152
Selling and distribution expenses	20	(274,294)	(252,147)
Administrative expenses	21	(191,074)	(176,524)
Other operating expenses	22	(78,541)	(56,883)
Impairment on long-term investment - available for sale (AFS)		–	(45,445)
Other income	23	260,734	162,419
		(283,175)	(368,580)
Operating Profit		1,208,097	905,572
Finance income - net	24	134,179	53,204
Profit before taxation		1,342,276	958,776
Taxation	25	(140,000)	(57,500)
Profit after taxation		1,202,276	901,276
Earnings per share - Basic and diluted (Rupees)	26	8.02	6.01

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 Comprehensive Income for the year ended September 30, 2019

	2019	2018
	(Rupees in thousands)	
Profit for the year	1,202,276	901,276
Other comprehensive income :		
Items that will not be reclassified subsequently to the statement of profit or loss:		
Actuarial gain / (loss) on defined benefit plan - net	240	(390)
Loss on re-measurement of equity investments classified as fair value through other comprehensive (FVOCI)	(776,821)	–
	425,695	900,886
Items that may be reclassified subsequently to the statement of profit or loss:		
Unrealised gain on re-measurement of equity investments at fair value	–	483,120
Reclassification adjustments included in the statement of profit or loss for: Gain on sale of investments	–	(871)
	–	482,249
Total comprehensive income for the year	425,695	1,383,135

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 Changes in Equity for the year ended September 30, 2019

	Issued subsc-ribed and paid-up Capital	Capital Reserve	Revenue Reserves			Total Reserves	Total Equity
			General Reserve	Unappro-priated profit	Unrealised gain / (loss) on re-measurement of AFS / FVOCI investment		
	(Rupees in thousands)						
Balance as on October 1, 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)	–	–	–
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
Effect of change in accounting policy - (note 4.5.2)	–	–	–	–	(41,472)	(41,472)	(41,472)
Balance as on October 01, 2018 - restated	750,000	34,000	4,173,500	903,281	2,201,717	7,312,498	8,062,498
Cash dividend for the year ended September 30, 2018 @ 55%	–	–	–	(412,500)	–	(412,500)	(412,500)
Transfer to general reserve	–	–	485,000	(485,000)	–	–	–
Total comprehensive income / (loss) for the year ended September 30, 2019	–	–	–	1,202,516	(776,821)	425,695	425,695
Balance as on September 30, 2019	750,000	34,000	4,658,500	1,208,297	1,424,896	7,325,693	8,075,693

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, 2019

	Note	2019	2018
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	27	2,229,624	341,781
Finance income received - net	24.1	132,153	52,014
Income tax paid		(110,022)	(93,028)
Long-term loans		(1,990)	1,771
Long-term deposits		–	100
Net cash generated from operating activities		2,249,765	302,638
Cash flows from investing activities			
Fixed capital expenditure		(88,724)	(224,775)
Redemption / sale proceeds of investments		–	85,537
Dividend received		92,547	108,184
Purchase of investments		(169,332)	(193,416)
Sale proceeds of fixed assets		11,731	18,876
Net cash used in investing activities		(153,778)	(205,594)
Cash flows from financing activities			
Dividend paid		(398,278)	(254,375)
Net cash used in financing activities		(398,278)	(254,375)
Net increase / (decrease) in cash and cash equivalents		1,697,709	(157,331)
Cash and cash equivalents at the beginning of the year		766,875	924,206
Cash and cash equivalents at the end of the year	12	2,464,584	766,875

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

Notes to the Unconsolidated Financial Statements
for the year ended September 30, 2019

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 financial statements of the Company in which investments in subsidiary is accounted for on the basis of direct equity interest and is not consolidated.

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.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; (the Act) and :
- Islamic financial accounting standard (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under Companies Act, 2017 (the Act)
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

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 IFRS-9 "Financial Instruments".

2.3 Significant accounting judgments, assumption 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 judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions 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, assumption and judgments 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 2.11);
d) Accounting for staff retirement benefits (Note 2.14);
e) Recognition of taxation and deferred tax (Note 2.19);
f) Contingencies and commitments (Note 17); and
g) Impairment of financial and non financial assets (Note 2.26).

2.4 Initial application of standards, amendments or an interpretation to existing standards

2.4.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

The following standards, amendments and interpretations to accounting and reporting standards that became effective for the first time and are relevant to the Company.

IFRS 9 - ‘Financial Instruments’; and
IFRS 15 - ‘Revenue from Contracts with Customers’

2.4.1.1 IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 bringing together aspects of the accounting for financial instruments: classification, measurement and impairment.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in un-appropriated profit as of October 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company’s unconsolidated financial statements are described below:

Classification and measurement

The Company initially measures a financial asset at its fair value plus, in case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, Financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company’s business model for managing the assets; and whether the instruments’ contractual cash flows represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

At transition date to IFRS 9, the Company had financial assets measured at amortised cost, investment in quoted equity instruments as Available For Sale (AFS) and unquoted equity instruments at cost. The new classification and measurement of the Company’s financial assets are as follows:

- Debt instrument at amortised cost for the financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet SPPI criterion.

- Equity instruments at FVOCI, with no recycling of gains or losses to statement of profit or loss on derecognition. This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. The Company classified its quoted and unquoted equity instruments as equity instruments at FVOCI.

The accounting for the Company’s financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Company’s accounting policies related to financial liabilities.

The adoption of IFRS 9 resulted in following:

Reserves	
As at September 30, 2018	7,353,970
IFRS 9 impact:	
Decrease due to loss on remeasurement of equity investment held at FVOCI (Note 4.5.2)	(41,472)
As at October 01, 2018 - restated	7,312,498
Long-term investment	
As at September 30, 2018	2,948,619
IFRS 9 impact:	
Decrease due to loss on remeasurement of equity investment held at FVOCI (Note 4.5.2)	(41,472)
As at October 01, 2018 - restated	2,907,147

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking Expected Credit Loss ('ECL') approach. IFRS 9 requires the Company to record an allowance for ECL for all financial assets other than debt instruments classified as FVPL and equity instruments classified as FVOCI. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowance of the Company's debt financial assets.

2.4.1.2 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts which are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all relevant facts and circumstances when applying steps of the model to contracts with their customers.

The Company is engaged in sale of goods and providing bulk storage facilities. The Company has assessed that significant performance obligations in contracts with customers for sale of goods is based on transfer of control of related goods and is discharged at that point of time. The Company's transfer of goods takes place upon delivery of goods to customers and in case of export when risk and rewards are transferred as per shipping terms. Performance obligation in contracts with customers for bulk storage facilities is discharged over the period of commitment with relevant customers.

The adoption of IFRS 15 does not have any significant impact on these unconsolidated financial statements of the Company. However, related changes to the accounting policies have been made in these unconsolidated financial statements.

2.4.2 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year but are not relevant

The Company has adopted the following amendments, improvements to accounting standards and interpretations of IFRSs which became effective for the current year:

- IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
- IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)
- IAS 40 – Investment Property: Transfers of Investment Property (Amendments)
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments, improvements and interpretations of IFRSs did not have any effect on the financial statements of the Company.

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

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, amendments and interpretations	**Effective date (accounting periods beginning on or after)**
IFRS 3 Definition of a Business	January 1, 2020
IFRS 3 Business Combinations: Previously held interests in a joint operation	January 1, 2019
IFRS 9 Prepayment Features with Negative Compensation	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	Not yet finalised
IFRS 11 Joint Arrangements: Previously held interests in a joint operation	January 1, 2019
IFRS 16 Leases	January 1, 2019
IAS 1/ IAS 8 Definition of Material	January 1, 2020
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 1, 2019
IAS 19 Plan Amendment, Curtailment or Settlement	January 1, 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	January 1, 2019
IAS 28 Long-term Interests in Associates and Joint Ventures	January 1, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019

The above standards, amendments and interpretations are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Company is currently evaluating the impact of this standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. 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.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

2.6 Further, the following new standard have been issued by IASB and relevant to the Company which is yet to be notified by the SECP for the purpose of applicability in Pakistan

Standard	**IASB Effective date (accounting periods beginning on or after)**
IFRS 1 - First time adoption of IFRSs	July 01, 2009
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 - Insurance contracts	January 01, 2021

The Company expects that above new standard will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

2.7 Fixed assets

2.7.1 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortization / impairment (if any),

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 Fair value through other comprehensive income

Equity 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).

All gains or losses from change in the fair value of equity investments are recognised directly in other comprehensive income.

2.8.3 Fair Value through profit or loss

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

2.9 Deposits, advances, prepayments and other receivables

Deposits, advances, prepayments and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss.

2.10 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.

2.11 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

2.12 Trade debts

These are recognised and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. The Compnay applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses the life time expected loss allowance for trade debts.

2.13 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.

2.14 Staff retirement benefits

2.14.1 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, 2019. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	12.5% per annum
Expected rate of increase in salaries	12.25% per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2019, the fair value of gratuity scheme assets and present value of liabilities were Rs. 110.36 million and Rs. 110.12 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:

	2019	2018
	(Rupees in thousands)	
Net Employee Defined Benefit Asset		
Present value of defined benefit obligation	110,118	107,017
Fair value of plan assets	(110,358)	(106,627)
(Receivable) / liability recognised in the unconsolidated statement of financial position	(240)	390

The movement in net defined benefit obligation / asset is as follows:

Net defined benefit obligation at the beginning of the year	390	275
Net charge for the year	4,020	3,917
Contribution	(4,410)	(4,192)
Remeasurement recognized in OCI during the year	(240)	390
	(240)	390

Charge for the year

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

	2019	2018
	(Rupees in thousand)	
Current service cost	3,983	3,896
Interest cost	10,290	7,721
Expected return on plan assets	(10,253)	(7,700)
	4,020	3,917

Remesurement recognised in OCI during the year:

Acturial gain on obligation	(1,064)	(1,804)
Acturial loss on plan asset	824	2,194
	(240)	390

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

Present value of defined benefit obligation at the beginning of the year	107,017	101,748
Current service cost	3,983	3,896
Interest cost	10,290	7,720
Benefits paid	(10,108)	(4,543)
Actuarial gain	(1,064)	(1,804)
Present value of defined benefit obligation at the end of the year	110,118	107,017

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

Fair value of plan assets at the beginning of the year	106,627	101,472
Expected return on assets	10,253	7,700
Contributions	4,410	4,192
Benefits paid	(10,108)	(4,543)
Actuarial loss	(824)	(2,194)
Fair value of plan assets at the end of the year	110,358	106,627
Actual return on plan assets	9,429	5,506

Plan assets comprise:

Term deposit receipts	99,000	99,000
Term Finance Certificates	255	259
Balance with Banks	10,722	6,987
Accrued interest	381	381
	110,358	106,627

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,	2019	2018	2017	2016	2015
			(Rupees in thousands)		
Present value of defined benefit Obligation	110,118	107,017	101,748	101,745	92,164
Fair value of plan assets	(110,358)	(106,627)	(101,472)	(101,599)	(92,336)
(Surplus) / Deficit	(240)	390	276	146	(172)
Experience adjustment on obligation	(2,464)	10,051	638	(4,292)	3,257
Experience adjustment on plan assets	824	2,194	88	(410)	(3,322)

Sensitivity analysis

Significant assumption for the determination of the defined obligation are at 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 %	105,488
Discount Rate -1 %	115,323
Long Term Salary Increases +1 %	113,913
Long Term Salary Increases -1 %	106,711

2.14.2 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.

2.15 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.

2.16 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.

2.17 Advance from customers (Contract Liability)

Contract liability is an obligation of the Company to transfer goods and services to a customer for which the Company has received consideration from the customer. If the customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when payment is made. Contract liabilities are recognised in revenue when Company fulfils the performance obligation under the contract.

2.18 Unclaimed dividend

The Company recognises unclaimed dividend which was declared and remained unclaimed from the date it was due and payable. The dividend declared and remained unpaid from the date it was due and payable is recognised as unpaid dividend.

2.19 Taxation

2.19.1 Current

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

2.19.2 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.

2.20 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.

2.21 Contingencies

Contingencies are disclosed when Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

2.22 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.

2.23 Revenue recognition

Revenue is recognised when control of the asset is transferred to the customer. Revenue is measured at fair value of the consideration received or receivable and is recognised on the following basis:

- Revenue from sale of goods is recognised when or as control of goods have been transferred to a customer and the performance obligations are met. The credit limit in contract with customers ranges from 2 to 90 days.
- Storage income is recorded when services are rendered.
- Profit on bank accounts is recognised on accrual basis.
- Dividend income is recognised when the right to receive such payment is established.
- Other revenues are accounted when performance obligations are met.

2.24 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.

2.25 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.25.1 Financial assets

Initial recognition and measurement

Financial assets are classified at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Company classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through Other Comprehensive Income (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss (FVPL).

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established. The Company has not designated any financial asset as at FVPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.25.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

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

2.26 Impairment

2.26.1 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.26.2 Impairment of non-financial assets

The carrying amounts of the Company's non financial 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.

2.27 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.

2.28 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.

2.29 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.30 Functional and presentation currency

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

	Note	2019	2018
		(Rupees in thousands)	

3. Fixed Assets

Property, plant and equipment:

	Note	2019	2018
Operating fixed assets	3.1	2,432,032	2,605,198
Capital work-in-progress	3.4	45,756	39,990
Major stores and spare parts	3.5	1,132	–
		2,478,920	2,645,188

3.1 Operating fixed assets for 2019:

	Cost as at Oct. 1, 2018	Additions / (deletions)	Cost as at Sept. 30, 2019	Accumulated depreciation / amortization as at Oct. 1, 2018	Depreciation / amortization charge for the year & accumlated depreciation on deletions	Accumulated depreciation / amortization as at Sept. 30, 2019	Written down value as at Sept. 30, 2019	Annual rate of depreciation / amortization %
				(Rupees in thousands)				
Land								
Freehold - Sugar / Distillery division	188,980	–	188,980	–	–	–	188,980	–
Leasehold - Textile division	489	–	489	246	5	251	238	1.01
Buildings on freehold land								
Sugar division	115,143	–	115,143	72,316	4,283	76,599	38,544	10
Distillery division	21,243	–	21,243	18,001	324	18,325	2,918	10
Non-factory buildings	30,228	–	30,228	23,732	325	24,057	6,171	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	17,081	225	17,306	2,029	10
Plant and machinery								
Sugar division	2,603,425	55,086	2,637,721	972,553	166,093	1,121,416	1,516,305	10
		(20,790)			(17,230)			
Distillery division - Note 3.1.1	1,304,380	2,575	1,306,955	657,756	64,755	722,511	584,444	10
		–			–			
Textile division	131,365	150	131,515	84,893	4,650	89,543	41,972	10
Railway siding - Sugar division	468	–	468	466	1	467	1	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,370	44	8,414	394	10
Textile division	3,601	–	3,601	3,015	59	3,074	527	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	82,501	8,844	91,289	60,128	6,731	66,836	24,453	25
		(56)			(23)			
Textile division	9,823	–	9,823	9,402	105	9,507	316	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,726	7	2,733	32	20
Motor cars / vehicles								
Sugar / Distillery division	31,847	15,171	46,093	18,571	3,074	21,427	24,666	20
		(925)			(218)			
Textile division	764	–	764	711	11	722	42	20
Total	4,555,165	81,826	4,615,220	1,949,967	250,692	2,183,188	2,432,032	
		(21,771)			(17,471)			

3.1.1 Plant and machinery of distillery division include storage tanks of the CO_2 unit having written down value of Rs.13.82 (2018: Rs.15.35) 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, Mangopir Road S.I.T.E Karachi	1.12 Acre
Land	60/1-B Oil Installation Area, Keamari,	4000 Sqm

3.1.3 Reconciliation of carrying values for 2019

	Written down value as at Oct. 1, 2018	Additions / (deletions)	Depreciation / amortization charge for the year & accumlated depreciation on deletions	Written down value as at Sept. 30, 2019
	(Rupees in thousands)			
Land	189,223	–	5	189,218
Buildings on freehold land	52,565	–	4,932	47,633
Buildings on leasehold land	2,254	–	225	2,029
Plant and machinery	2,323,968	57,811	235,498	2,142,721
		(20,790)	(17,230)	
Railway siding	2	–	1	1
Electric, gas and water installations	1,024	–	103	921
Furniture, fittings, electrical and office equipment	22,794	8,844	6,836	24,769
		(56)	(23)	
Tractors / trolleys and agriculture implements	39	–	7	32
Motor cars / vehicles	13,329	15,171	3,085	24,708
		(925)	(218)	
	2,605,198	81,826	250,692	2,432,032
		(21,771)	(17,471)	

3.1.4 Operating fixed assets for 2018:

	Cost as at Oct. 1, 2017	Additions / (deletions)	Cost as at Sept. 30, 2018	Accum-ulated deprec-iation / amortization as at Oct. 1, 2017	Depre-ciation / amortization charge for the year & accum-lated deprec-iation on deletions	Accum-ulated deprec-iation / amortization as at Sept. 30, 2018	Written down value as at Sept. 30, 2018	Annual rate of deprec-iation / amortiz-ation %
				(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
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	13	711	53	20
Total	4,239,693	368,483	4,555,165	1,731,221	259,394	1,949,967	2,605,198	
		(53,011)			(40,648)			

3.1.5 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.

3.1.6 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, Mangopir Road S.I.T.E Karachi	1.12 Acre
Land	60/1-B Oil Installation Area, Keamari,	4000 Sqm

3.1.7 Reconciliation of carrying values for 2018

	Written down value as at Oct. 1, 2017	Additions / (deletions)	Depreciation / amortization charge for the year & accumlated depreciation on deletions	Written down value as at Sept. 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)	

3.2 Allocation of depreciation / amortization charge for the year:

	Note	2019	2018
		(Rupees in thousands)	
Cost of Sales			
Sugar division	19	174,036	179,116
Distillery division	19	68,435	71,780
Textile division	19	4,938	5,474
		247,409	256,370
Administrative expenses			
Sugar division	21	2,556	2,260
Distillery division	21	219	194
Textile division	21	116	144
Terminal	18.1	392	426
		3,283	3,024
		250,692	259,394

3.3 Details of operating 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								
Mills Parts	12,512	10,240	2,272	2,651	379	Negotiation	Syed Azam Hussain Shah, Masjid Road, Nawabshah	None
Boller Accerories	4,712	4,214	498	508	10	"	Syed Azam Hussain Shah, Masjid Road, Nawabshah	None
DCS Control System Card	3,566	2,776	790	1,113	323	"	Al-Abbas Sugar Mills Limited Old Queens Road, Karachi	None
	20,790	17,230	3,560	4,272	712			
Furniture, fittings, electrical and office equipment								
Sugar division /. Distillery division								
Equipment	56	23	33	40	7	Negotiation	Various	None
Motor cars / vehicles								
Items having carry value of less than Rs. 50,000 each	925	218	707	7,419	6,712	Tender	Various	None
2019	21,771	17,471	4,300	11,731	7,431			
2018	53,011	40,648	12,363	18,876	6,513			

	Note	2019	2018
		(Rupees in thousands)	
3.4 Capital work-in-progress			
Plant and machinery		40,082	39,990
Advance to suppliers		5,674	–
	3.4.1	45,756	39,990
3.4.1 Movement in capital work-in-progress			
Balance at the beginning of the year		39,990	180,788
Cost incurred during the year		15,497	23,633
Charged to statement of Profit / (loss)		(4,622)	–
Transfer from Major stores and spare parts		52,702	138,064
Transfer to operating fixed assets		(57,811)	(302,495)
		5,766	(140,798)
Balance at the end of the year		45,756	39,990
3.5 Major stores and spare parts			
Stores	3.5.1	1,132	–
3.5.1 Movement in major stores and spare parts			
Balance at the beginning of the year		–	2,910
Additions during the year		53,834	135,154
		53,834	138,064
Transfer to capital work-in-progress		(52,702)	(138,064)
Balance at the end of the year		1,132	–

4. Long-term investments

Number of shares 2019	Number of shares 2018	Face value Rs.	Company's Name	Note	2019 (Rupees in thousands)	2018 (Rupees in thousands)
4.1 Investments in subsidiary company - at cost						
5,000,000	5,000,000	10	HSM Energy Limited	4.3	50,000	50,000
4.2 Fair Value through Other Comprehensive Income						
4.2.1 Investments in related parties - Quoted						
147,797	147,797	5	Balochistan Particle Board Limited		451	525
24,136,691	24,136,691	10	Bank AL Habib Limited		1,612,572	1,947,590
5,363,772	5,363,772	5	Habib Insurance Company Limited		44,251	64,097
					1,657,274	2,012,212
4.2.2 Investments in related parties - Unquoted						
1,249,999	1,249,999	10	UniEnergy Limited	4.5.1	12,408	12,500
19,367,800	10,800,000	10	Uni Food Industries Limited	4.5.2	80,764	108,000
					93,172	120,500
4.2.3 Investments in other companies - Quoted						
175,000	40,000	10	Amreli Steels Limited		3,817	2,598
50,000	–	10	Bank Alfalah Limited		2,047	–
500,160	275,160	10	Cherat Cement Company Limited		14,095	22,164
31,078	31,078	10	Dawood Lawrencepur Limited		6,262	5,283
360,000	210,000	10	D.G. Khan Cement Company Limited		17,402	21,506
88,000	80,000	10	Engro Corporation Limited		23,486	24,930
12,500	12,500	10	Frieslandcampina Engro Pakistan Limited (formerly Engro Food Limited)		731	1,059
123,200	123,200	10	Engro Fertilizer		8,406	9,300
41,098	41,098	10	Engro Polymer & Chemical		1,009	1,193
90,600	90,600	10	Faran Sugar Mills Limited		3,307	6,795
118,885	118,885	10	Fauji Fertilizer Company Limited		11,060	11,608
80,000	80,000	10	Fauji Food Limited		836	2,423
189,000	189,000	5	First Habib Modaraba		1,896	2,079
12,100	12,100	10	GlaxoSmithKline Pakistan Limited		1,164	1,789
3,630	3,630	10	GlaxoSmithKline Consumer Healthcare Pakistan Limited		761	1,262
400,000	400,000	10	Habib Metropolitan Bank Limited		11,580	18,600
108,213	108,213	10	Habib Bank Limited		12,788	16,380
13,350	13,350	10	Indus Motors Company Limited		12,901	18,672
111,100	101,000	10	International Industries Limited		7,703	21,735
335,000	115,000	10	International Steels Limited		13,313	10,462
12,815	12,815	10	Jubliee Life Insurance Co. Limited		4,037	8,009
1,410,000	1,410,000	10	K-Electric Limited		5,005	7,544
100,000	43,000	10	Lucky Cement Limited		34,213	22,056
50,000	50,000	10	MCB Bank Limited		8,479	10,061
189,896	150,116	10	Mehran Sugar Mills Limited		10,919	15,875
450	450	10	Millat Tractors Limited		315	456
14,000	14,000	10	Mirpurkhas Sugar Mills Limited		868	1,820
20,000	20,000	10	Packages Limited		5,980	8,944
5,150	5,150	10	Pak Suzuki Motor Company Limited		827	1,596
6	6	10	Pakistan Tobacco Company Limited		14	15
6,243,098	6,243,098	5	Shabbir Tiles and Ceramics Limited		49,570	117,682
711,503	711,503	5	Thal Limited		169,750	310,934
430,458	384,000	10	The Hub Power Company Limited		30,455	33,589
60,062	60,062	10	TPL Insurance Limited		1,351	1,291
43,246	43,246	10	TPL Corporation Limited		128	261
957,600	800,000	10	TPL Properties		8,331	6,600
27,220	23,670	10	The Searle Company Limited		3,762	7,478
77,000	77,000	10	United Bank Limited		10,644	11,858
					499,212	765,907
					2,299,658	2,948,619

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. The Company is in startup phase and plant will be install at District Shaheed Benazirabad, Nawabshah. Investment in subsidiary includes 1,500 shares in the name of nominee directors of the HSM Energy Limited.

4.4 The aggregate cost of the above investments is Rs.874.76 (2018: Rs.705.43) million.

4.5 Effective from July 01, 2018 IFRS 9 became applicable for the Company as explained in note 2.4.1.1, The Company was previously carrying investment in UniEnergy Limited and UniFoods Industries Limited at cost, however, under IFRS 9 all equity instruments shall be carried at fair value.

	2019	2018
	(Rupees in thousands)	
4.5.1 UniEnergy Limited (UEL)		
Movement of Investment in UEL		
Balance at the beginning of the year	12,500	12,500
Loss on remeasurement recognised in other comprehensive loss	(92)	–
	12,408	12,500

4.5.2 UniFoods Industries Limited (UFIL)

Investment in UFIL has been carried at FVOCI as it is a strategic investment of the Company. Accordingly, the Company has carried out an exercise to ascertain the fair value of investment at the year end using the asset approach and determined that the fair value amounts to Rs. 80.764 million.

Based on the above fair valuation exercise, the Company has recorded an unrealised loss of Rs.71.442 million in other comprehensive income for the year (2018: Rs.41.472 million) by using modified retrospective approch.

	Note	2019	2018
		(Rupees in thousands)	
Movement of Investment in related party - Unifood			
Balance at the beginning of the year		108,000	108,000
Impact of change in accounting policy	2.4.1.1	(41,472)	–
Balance at beginning of the year - restated		66,528	108,000
Investment made during the year		85,678	–
Loss on remeasurement recognised in other comprehensive loss		(71,442)	–
Balance at end of the year		80,764	108,000

	Note	2019	2018
		(Rupees in thousands)	

5. Long-term loans

	Note	2019	2018
Secured - considered good			
Executives	5.1 & 5.2	29	767
Other Employees		13,093	9,739
	5.3	13,122	10,506
Receivable within next twelve months shown under current asset:			
Executives	9	(29)	(767)
Other Employees	9	(6,304)	(4,940)
		(6,333)	(5,707)
		6,789	4,799

5.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs.0.70 (2018: Rs.1.34) million.

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

	2019	2018
	(Rupees in thousands)	
Balance at the beginning of the year	767	1,575
Disbursements	29	75
	796	1,650
Repayments	(767)	(883)
Balance at the end of the year	29	767

5.3 Long-term loans of Rs.13.12 (2018: Rs.10.51) million, include loans of Rs.5.10 (2018: Rs.2.26) million to workers which carry no interest as per Company policy and CBA agreement. The balance amount of loan carries interest @ 7% (2018: 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.

	Note	2019	2018
		(Rupees in thousands)	

6. Stores and spare parts

	Note	2019	2018
Stores		115,975	107,684
Provision for obsolescence and slow moving stores	6.1	(13,694)	(9,500)
		102,281	98,184
Spare parts		94,960	84,342
Provision for obsolescence and slow moving spare parts	6.2	(25,306)	(19,792)
		69,654	64,550
		171,935	162,734

	Note	2019	2018
		(Rupees in thousands)	

6.1 Provision for obsolescence and slow moving stores

Balance at the beginning of the year		9,500	9,500
Provision made during the year		6,161	–
Reversal during the year		(1,967)	–
Balance at the end of the year		13,694	9,500

6.2 Provision for obsolescence and slow moving spares

Balance at the beginning of the year		19,792	19,792
Provision made during the year		6,681	–
Reversal during the year		(1,167)	–
Balance at the end of the year		25,306	19,792

7. Stock-in-trade

Raw materials			
Distillery division		217,433	428,702
Textile division		7,878	15,163
		225,311	443,865
Work-in-process			
Sugar division		1,109	835
Textile division		42,719	45,154
		43,828	45,989
Finished goods			
Sugar division		1,405,487	2,039,530
Distillery division		120,287	206,491
Textile division		24,813	787
Trading division		2,980	2,980
		1,553,567	2,249,788
Bagasse		15,068	20,332
Fertilizers		2,631	4,121
		1,840,405	2,764,095

8. Trade debts

Considered good			
Export – Secured against export documents		22,542	363,159
Local – Unsecured		364,755	148,383
	8.1	387,297	511,542

	Note	2019	2018
		(Rupees in thousands)	
8.1 The aging of trade debts at September 30, is as follows :			
Neither yet due		355,986	504,654
up to 90 days		29,636	3,472
91 to 180 days		1,675	3,416
		387,297	511,542
9. Loans and advances - considered good			
Loans - secured			
Current maturity of long-term loans			
Executives	5	29	767
Other Employees	5	6,304	4,940
		6,333	5,707
Advances - unsecured			
Suppliers		884,519	384,763
		890,852	390,470
10. Trade deposits and short-term prepayments			
Trade deposits		796	751
Short-term prepayments		9,083	8,766
		9,879	9,517
11. Other receivables - considered good			
Duty drawback and research & development support claim		17,903	31,582
Cash freight support receivable		–	89,280
Dividend receivable		3,114	3,673
Sales tax refundable / adjustable		85,137	–
Others	11.1	9,495	3,748
		115,649	128,283

11.1 Includes Rs.9.37 (2018: Rs.3.46) 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 Rs.9.37 (2018: 50.70) million.

	Note	2019	2018
		(Rupees in thousands)	
12. Cash and bank balances			
Cash in hand		229	275
Balances with banks in:			
Current accounts		9,298	99,752
Treasury call accounts	12.1	165,057	126,848
Term Deposit Receipts	12.2	2,290,000	540,000
	12.3	2,464,355	766,600
		2,464,584	766,875

12.1 Profit rates on treasury call accounts ranged between 6.52% to 11.75% (2018: 3.75% to 6.40%) per annum.

12.2 Profit rates on Term Deposit Receipts ranged between 6.80% to 12.25% (2018: 5.80% to 6.80%) per annum. Maturity of these Term Deposit Receipts are one month.

12.3 Includes Rs.2,453.11 (2018: Rs.695.16) million kept with Bank AL Habib Limited - a related party.

13. Issued, subscribed and paid-up capital

2019	2018		2019	2018
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 25,101,432 (2018: 25,101,432) ordinary shares of Rs.5/- each 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	2019	2018
		(Rupees in thousands)	
Capital			
Share premium		34,000	34,000
Revenue			
General	14.1	4,658,500	4,173,500
Unappropriated profit		1,208,297	903,281
Unrealised gain on re-measurement of FVOCI investments		1,424,896	2,243,189
		7,291,693	7,319,970
		7,325,693	7,353,970

14.1

	2019	2018
At the beginning of the year	4,173,500	3,878,500
Transferred from unappropriated profit	485,000	295,000
	4,658,500	4,173,500

15. Deferred taxation

	2019	2018
Deferred tax liability on taxable temporary difference:		
on accelerated tax depreciation allowance on operating fixed assets	210,000	210,000
Deferred tax asset on deductible temporary difference:		
Provision for obsolescence and slow moving stores & spare parts	(9,000)	(7,000)
Unabsorbed tax depreciation allowance	(132,000)	(117,000)
	(141,000)	(124,000)
	69,000	86,000

16. Trade and other payables

	Note	2019	2018
Creditors		1,702,057	1,191,593
Accrued liabilities		213,717	219,560
(Receivable) / Payable to Employees Gratuity Fund		–	390
Sales-tax / Federal excise duty		–	22,793
Workers' Profit Participation Fund (WPPF)	16.1	71,041	50,783
Workers' Welfare Fund		17,124	14,945
Income-tax deducted at source		138	100
		2,004,077	1,500,164

	Note	2019	2018
		(Rupees in thousands)	

16.1 Workers' Profit Participation Fund (WPPF)

	Note	2019	2018
Balance at the beginning of the year		50,783	26,474
Interest on funds utilized in the Company's business		884	443
		51,667	26,917
Amount paid to the WPPF		(51,667)	(26,917)
		–	–
Allocation for the year	22	71,041	50,783
Balance at the end of the year		71,041	50,783

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 Honourable High Court of Sindh in favour of the Company. The Government has filed an appeal before the 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, 2019 is Rs.41.27 (2018: Rs.40.08) 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 Keamari, 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, 2019 is Rs.73.95 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. On November 14, 2018 the Company withdraw suit & 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.350.00 (2018: 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.1,710.82 (2018: Rs.2,021.34) 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.31.61 (2018: Rs.1.79) million.

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

	2019	2018
	(Rupees in thousands)	
Year ending September 30		
2019	–	16,955
2020	20,541	13,296
2021	15,929	8,875
2022	10,084	3,447
2023	3,722	–
	50,276	42,573

18. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division 2019	Sugar Division 2018	Distillery Division 2019	Distillery Division 2018	Textile Division 2019	Textile Division 2018	Trading Division 2019	Trading Division 2018	Total 2019	Total 2018
Net sales and services											
Local sales		6,019,192	3,394,824	465,420	518,711	6,705	5,624	499,294	322,084	6,990,611	4,241,243
Less: Sales tax / Federal excise duty		564,862	260,231	65,534	73,381	717	373	59,351	40,608	690,464	374,593
		5,454,330	3,134,593	399,886	445,330	5,988	5,251	439,943	281,476	6,300,147	3,866,650
Export sales		261,997	872,741	2,799,771	2,478,649	539,159	571,068	–	–	3,600,927	3,922,458
Less: Export duty, freight and commission		–	–	12,881	5,683	27,310	32,341	–	–	40,191	38,024
		261,997	872,741	2,786,890	2,472,966	511,849	538,727	–	–	3,560,736	3,884,434
Net sales		5,716,327	4,007,334	3,186,776	2,918,296	517,837	543,978	439,943	281,476	9,860,883	7,751,084
Services											
Terminal Storage income - net	18.1	–	–	12,251	7,436	–	–	–	–	12,251	7,436
		5,716,327	4,007,334	3,199,027	2,925,732	517,837	543,978	439,943	281,476	9,873,134	7,758,520
Less: Cost of sales	19	5,385,148	3,750,687	2,160,681	1,901,556	458,159	492,371	377,874	339,754	8,381,862	6,484,368
Gross profit		331,179	256,647	1,038,346	1,024,176	59,678	51,607	62,069	(58,278)	1,491,272	1,274,152
Selling and distribution expenses	20	108,534	95,762	140,254	134,530	25,233	21,645	273	210	274,294	252,147
Administrative expenses	21	170,362	156,704	14,348	14,278	5,690	5,167	674	375	191,074	176,524
		278,896	252,466	154,602	148,808	30,923	26,812	947	585	465,368	428,671
Profit / (loss) before other operating expenses and other income		52,283	4,181	883,744	875,368	28,755	24,795	61,122	(58,863)	1,025,904	845,481
Other operating expenses	22									(78,541)	(56,883)
Impairment on long-term investments - available for sale										–	(45,445)
Other income	23									260,734	162,419
Operating profit										1,208,097	905,572

- 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.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
18.1 Services										
Terminal storage income - net	–	–	20,213	11,679	–	–	–	–	20,213	11,679
Less: Terminal expenses										
Salaries, wages and other benefits - note 18.2	–	–	4,640	2,196	–	–	–	–	4,640	2,196
Repairs and maintenance	–	–	548	443	–	–	–	–	548	443
Water, electricity and gas	–	–	439	266	–	–	–	–	439	266
Rent, rates and taxes	–	–	1,080	630	–	–	–	–	1,080	630
Depreciation - note 3.2	–	–	392	426	–	–	–	–	392	426
Travelling and vehicle running expenses	–	–	105	44	–	–	–	–	105	44
Insurance	–	–	102	55	–	–	–	–	102	55
Other expenses	–	–	656	183	–	–	–	–	656	183
	–	–	7,962	4,243	–	–	–	–	7,962	4,243
	–	–	12,251	7,436	–	–	–	–	12,251	7,436

18.2 Salaries, wages and other benefits include a sum of Rs. 0.41 (2018: Rs. 0.12) million in respect of staff retirement benefits.

	2019	2018
	(Rupees in thousands)	
18.3 Geographical Information of customers		
Revenues from customers (Country wise)		
Pakistan	6,271,771	4,011,182
Korea	–	71,036
UAE	829,394	583,400
United kingdom	799,753	701,971
Singapore	–	189,232
Japan	110,207	237,023
Canada	–	249,856
Switzerland	1,063,760	1,199,794
South Africa	137,527	126,736
Taiwan	395,350	124,814
India	–	163,203
China	261,997	–
France	–	77,197
Holland	3,375	23,076
	9,873,134	7,758,520

The revenue information above is based on the location of customers

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

(Rupees in thousands)

19. Cost of sales

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Opening stock of raw material	–	–	428,703	242,834	15,163	8,572	–	–	443,866	251,406
Purchases / Transfers	4,225,638	4,336,220	1,317,421	1,536,208	326,008	362,792	–	–	5,869,067	6,235,220
	4,225,638	4,336,220	1,746,124	1,779,042	341,171	371,364	–	–	6,312,933	6,486,626
Closing stock of raw material	–	–	(217,433)	(428,703)	(7,878)	(15,163)	–	–	(225,311)	(443,866)
Raw material consumed	4,225,638	4,336,220	1,528,691	1,350,339	333,293	356,201	–	–	6,087,622	6,042,760
Salaries, wages and other benefits - note 19.1	313,074	306,437	88,510	83,042	15,194	14,445	–	–	416,778	403,924
Research and development expenses	1,269	1,292	–	–	–	–	–	–	1,269	1,292
Process chemicals	53,111	66,169	32,975	29,888	–	–	–	–	86,086	96,057
Packing material	52,994	59,471	–	–	23,182	25,255	–	–	76,176	84,726
Dyeing, weaving and other charges	–	–	–	–	84,176	94,619	–	–	84,176	94,619
Stores and spare parts consumed	89,066	72,212	52,542	42,469	–	–	–	–	141,608	114,681
Provision for obsolescence and slow moving stores & spares -note 6.1	8,380	–	4,462	–	–	–	–	–	12,842	–
Rent, rates, taxes and lease rentals	8,460	7,393	10,048	9,034	1,408	1,507	–	–	19,916	17,934
Water, fuel and power	63,967	38,888	187,620	158,608	29,531	27,262	–	–	281,118	224,758
Repairs and maintenance	97,633	75,349	84,782	78,883	4,110	4,658	–	–	186,525	158,890
Legal and professional charges	3,241	5,212	–	–	–	–	–	–	3,241	5,212
Insurance	7,659	8,607	7,185	6,207	779	915	–	–	15,623	15,729
Postage, telephone and stationery	4,340	4,314	–	–	–	–	–	–	4,340	4,314
Depreciation / amortization - note 3.2	174,036	179,116	68,435	71,780	4,938	5,474	–	–	247,409	256,370
Other manufacturing expenses	22,031	22,073	9,227	10,087	164	279	–	–	31,422	32,439
Duty drawback / Rebate	–	–	–	–	(18,141)	(24,555)	–	–	(18,141)	(24,555)
Bagasse transferred to distillery division	(63,810)	(83,219)	–	–	–	–	–	–	(63,810)	(83,219)
Molasses transferred to distillery division	(286,919)	(376,313)	–	–	–	–	–	–	(286,919)	(376,313)
Sale of Electricity	(22,791)	(25,951)	–	–	–	–	–	–	(22,791)	(25,951)
Sale of Bagasse	–	(10,147)	–	–	–	–	–	–	–	(10,147)
	525,741	350,903	545,786	489,998	145,341	149,859	–	–	1,216,868	990,760
Manufacturing cost	4,751,379	4,687,123	2,074,477	1,840,337	478,634	506,060	–	–	7,304,490	7,033,520
Opening stock of work-in-process	835	1,390	–	–	45,154	31,588	–	–	45,989	32,978
Closing stock of work-in-process	(1,109)	(835)	–	–	(42,719)	(45,154)	–	–	(43,828)	(45,989)
	(274)	555	–	–	2,435	(13,566)	–	–	2,161	(13,011)
Cost of goods manufactured	4,751,105	4,687,678	2,074,477	1,840,337	481,069	492,494	–	–	7,306,651	7,020,509
Opening 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
Purchases	–	–	–	–	1,116	567	377,874	339,754	378,990	340,321
Closing stock of finished goods	(1,405,487)	(2,039,530)	(120,287)	(206,491)	(24,813)	(787)	(2,980)	(2,980)	(1,553,567)	(2,249,788)
	634,043	(936,991)	86,204	61,219	(22,910)	(123)	377,874	339,754	1,075,211	(536,141)
	5,385,148	3,750,687	2,160,681	1,901,556	458,159	492,371	377,874	339,754	8,381,862	6,484,368

19.1 Salaries, wages and other benefits include a sum of Rs. 9.9 (2018: Rs. 10.3) million in respect of staff retirement benefits.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
20. Selling and distribution expenses										
Salaries, wages and other benefits - note 20.1	10,784	9,992	7,097	4,835	5,687	5,053	–	–	23,568	19,880
Insurance	7,075	7,201	2,280	2,006	–	–	–	–	9,355	9,207
Rent, rates, taxes and lease rentals	1,508	1,020	856	1,040	–	–	–	–	2,364	2,060
Transport, freight, handling and forwarding expenses	89,167	77,549	125,520	119,903	6,698	6,470	273	210	221,658	204,132
Other expenses	–	–	4,501	6,746	12,848	10,122	–	–	17,349	16,868
	108,534	95,762	140,254	134,530	25,233	21,645	273	210	274,294	252,147

20.1 Salaries, wages and other benefits include a sum of Rs. 0.81 (2018: Rs. 0.90) million in respect of staff retirement benefits.

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
21. Administrative expenses										
Salaries, wages and other benefits - note 21.1	97,396	86,776	7,097	4,903	4,466	3,916	474	239	109,433	95,834
Insurance	1,188	1,262	101	94	–	–	–	–	1,289	1,356
Repairs and maintenance	2,780	2,271	425	699	211	219	–	–	3,416	3,189
Postage, telephone and stationery	4,308	4,811	518	567	217	150	–	–	5,043	5,528
Travelling and vehicle running expenses	14,866	13,771	1,301	1,464	–	–	–	–	16,167	15,235
Rent, rates, taxes and lease rentals	8,580	7,508	1,938	1,653	–	–	–	–	10,518	9,161
Water, electricity and gas	3,399	3,446	351	443	88	80	–	–	3,838	3,969
Fees, subscription and periodicals	2,855	2,665	8	10	25	34	–	–	2,888	2,709
Legal and professional charges	1,029	1,468	700	2,735	–	–	–	–	1,729	4,203
Directors' meeting fee	595	500	–	–	–	–	–	–	595	500
Depreciation - note 3.2	2,556	2,260	219	194	116	144	–	–	2,891	2,598
Auditors' remuneration - note 21.2	2,111	1,652	1,180	1,206	191	225	164	116	3,646	3,199
Other expenses - note 21.3	28,699	28,314	510	310	376	399	36	20	29,621	29,043
	170,362	156,704	14,348	14,278	5,690	5,167	674	375	191,074	176,524

21.1 Salaries, wages and other benefits include a sum of Rs. 3.24 (2018: Rs. 3.42) million in respect of staff retirement benefits.

21.2 Auditors' remuneration

	Sugar 2019	Sugar 2018	Distillery 2019	Distillery 2018	Textile 2019	Textile 2018	Trading 2019	Trading 2018	Total 2019	Total 2018
Statutory audit fee	987	864	552	630	89	117	76	60	1,704	1,671
Half yearly review fee	221	195	123	142	20	27	17	14	381	378
Tax / other services	713	457	399	334	65	62	55	32	1,232	885
Out of pocket expenses	190	136	106	100	17	19	16	10	329	265
	2,111	1,652	1,180	1,206	191	225	164	116	3,646	3,199

21.3 Sugar division's other expenses include donation of Rs.21.0 (2018: Rs. 21.0) million as per details below:

Name of Institution	2019	2018
	(Rupees in thousands)	
Al-Sayyeda Benevolent Trust	1,820	910
Habib Education Trust	1,680	840
Rehmat Bai Widows & Orphange Trust	1,000	500
Habib Medical Trust	1,680	840
Habib Poor Fund	1,820	910
Family Education Services Foundation	13,000	12,000
Diamer bhasha and Mohmand Dams Funds	–	5,000
	21,000	21,000

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
21.4.1 Segment assets	3,453,977	4,316,305	1,871,356	1,725,757	383,792	350,631	3,674	132,549	5,712,799	6,525,242
Unallocated assets									5,036,206	3,934,869
									10,749,005	10,460,111
21.4.2 Segment liabilities	2,113,152	1,882,671	193,448	173,116	106,442	95,028	4,172	216	2,417,214	2,151,031
Unallocated liabilities									256,098	205,110
									2,673,312	2,356,141
21.4.3 Capital expenditure	28,675	201,910	59,899	22,125	150	740	–	–	88,724	224,775

	Note	2019	2018
		(Rupees in thousands)	
22. Other operating expenses			
Workers' Profit Participation Fund	16.1	71,041	50,783
Workers' Welfare Fund		7,500	6,100
		78,541	56,883
23. Other income			
Income from financial assets			
Profit on redemption / sale of investments	23.1	–	871
Dividend income	23.2	91,988	108,521
Exchange gain - net		45,477	35,986
		137,465	145,378
Income from non financial assets			
Gain on disposal of fixed assets		7,431	6,513
Cash Freight Subsidy		100,741	–
Agricultural income		1,718	2,579
Scrap sale		13,379	7,949
		123,269	17,041
		260,734	162,419

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

	2019	2018
	(Rupees in thousands)	
First Habib Asset Allocation Fund	–	209
	–	209

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

	Note	2019	2018
		(Rupees in thousands)	
Bank AL Habib Limited		60,342	72,410
Habib Insurance Company Limited		4,023	4,023
		64,365	76,433

	Note	2019	2018
24. Finance income - net			
Profit on treasury call accounts	12.1	17,282	6,460
Profit on term deposits receipts	12.2	186,120	88,282
Interest on loan to employees		505	601
		203,907	95,343
Less: Mark-up / interest on:			
Short-term borrowings	24.2 & 24.3	(50,172)	(25,240)
Workers' Profit Participation Fund		(884)	(443)
Bank charges		(18,672)	(16,456)
		(69,728)	(42,139)
		134,179	53,204

		2019	2018
		(Rupees in thousands)	
24.1	Finance income received	201,881	94,153
	Finance charges paid	(69,728)	(42,139)
	Finance income received - net	132,153	52,014

24.2 The financial facilities from various commercial banks amounted to Rs.8,212 (2018: Rs.8,212) million.

24.3 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% to 11.39% (2018: 2.20%) per annum.

		Note	2019	2018
			(Rupees in thousands)	
25.	**Taxation**			
	Income tax - current		157,000	70,000
	Deferred tax		(17,000)	(12,500)
		25.1	140,000	57,500
25.1	**Reconciliation of tax charge for the year**			
	Accounting profit		1,342,276	958,776
	Corporate tax rate		29%	29%
	Tax on accounting profit at applicable rate		389,260	278,045
	Tax effect of timing differences		(17,000)	(12,500)
	Tax effect of lower tax rates on export and certain income		(235,053)	(245,151)
	Tax effect of income exempt from tax		(29,713)	(748)
	Tax effect of tax credit		–	(36,138)
	Tax effect of expenses that are inadmissible in determining taxable income		32,506	73,992
			(249,260)	(220,545)
			140,000	57,500

25.2 The income tax return for the Tax year 2019 (financial year ended September 30, 2018) has been filed.

	2019	2018
	(Rupees in thousands)	

26. Earnings per share - Basic and diluted

	2019	2018
Profit after taxation	1,202,276	901,276
	Number of shares	
Number of ordinary shares of Rs. 5/- each	150,000,000	150,000,000
Earnings per share - Basic and diluted (Rupees)	8.02	6.01

27. Cash generated from / (used in) operations

	2019	2018
Profit before taxation	1,342,276	958,776
Adjustment for non-cash charges and other items		
Depreciation / amortization	250,692	259,394
Provision for obsolescence and slow moving stores	12,842	–
Gain on disposal of fixed assets	(7,431)	(6,513)
Profit on redemption / sale of investments	–	(871)
Finance income - net	(134,179)	(53,204)
Impairment on long term investment - available for sale	–	45,445
Dividend income	(91,988)	(108,521)
	29,936	135,730
Working capital changes - note 27.1	857,412	(752,725)
	2,229,624	341,781

27.1 Working capital changes

	2019	2018
(Increase) / Decrease in current assets		
Stores and spare parts	(22,043)	(42,999)
Stock-in-trade	923,690	(1,090,483)
Trade debts	124,245	(257,162)
Loans and advances	(500,382)	412,962
Trade deposits and short-term prepayments	(362)	232
Other receivables	12,075	23,873
	537,223	(953,577)
Increase / (decrease) in current liabilities		
Trade and other payables	504,153	190,403
Advance from customers	(183,964)	10,449
	320,189	200,852
Net changes in working capital	857,412	(752,725)

28. Remuneration of Chief Executive, Directors and Executives

	2019				2018			
	Chief Execu-tive	Direc-tors	Execu-tives	Total	Chief Execu-tive	Direc-tors	Execu-tives	Total
	(Rupees in thousands)							
Managerial remuneration	12,000	7,800	76,667	96,467	12,000	14,132	72,905	99,037
Perquisites								
Telephone	41	15	376	432	42	39	375	456
Bonus	–	–	12,033	12,033	–	–	8,677	8,677
Medical	283	242	5,029	5,554	190	714	3,709	4,613
Utilities	–	564	–	564	–	627	–	627
Entertainment	–	645	–	645	–	305	–	305
Retirement benefits	850	571	5,620	7,041	850	1,036	5,143	7,029
	13,174	9,837	99,725	122,736	13,082	16,853	90,809	120,744
Number of persons	1	1	24	26	1	2	24	27

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.0.60 million (2018: Rs.0.50 million for five Directors).

29 Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk, market risk, liquidity risk, equity price risk and operational 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:

	2019	2018
	(Rupees in thousands)	
Long-term loans	6,789	4,799
Long-term deposits	3,928	3,928
Trade debts	387,297	511,542
Loans and advances	890,852	390,470
Trade deposits	796	751
Profit accrued on bank deposits	4,767	2,741
Other receivables	115,649	128,283
Bank balances	2,464,355	766,600
	3,874,433	1,809,114

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:

	2019	2018
	(Rupees in thousands)	
29.1.1 Trade debts		
Customers with no defaults in the past one year	387,297	511,542
Customers with some defaults in past one year which have been fully recovered	–	–
Customers with default in past one year which have not yet been recovered	–	–
	387,297	511,542
29.1.2 Bank Balances		
A1+	2,463,560	766,407
A2	795	193
	2,464,355	766,600

29.2 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of the Company's Investments carried at fair value through other comprehensive income. Under market risk the Company is exposed to interest rate risk, currency risk and equity price risk.

29.2.1 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.2,455.06 (2018: Rs.666.85) 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. 17.43 (2018: Rs.4.74) million higher / lower if interest rates have been 1% higher / lower while holding all other variables constant.

29.2.2 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:

		2019	2018
		(Respective Currency)	
Trade debts	$	57,660	2,676,190
"	£	70,383	189,470
Adavance from customers	$	594,549	242,134

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

		2019	2018
Exchange rates	buying $	156.35	124.20
	selling $	156.55	124.40
	buying £	192.19	162.44
	selling £	192.44	162.69

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, 2019	+10	7,053	7,076
	-10	(7,053)	(7,076)
September 30, 2018	+10	33,304	32,941
	-10	(33,304)	(32,941)

29.2.3 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.2,223.22 (2018: Rs.2,898.62) million.

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, 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Trade and other payables	–	532,499	1,471,578	–	–	2,004,077
Advance from customers	–	518,405	–	–	–	518,405
	–	1,050,904	1,471,578	–	–	2,522,482

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

29.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

29.5 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 (2018: 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.

29.6 FINANCIAL INSTRUMENTS BY CATEGORY

29.6.1 Financial assets as per statement of financial position

	2019	2018
	(Rupees in thousands)	
Fair value trough other comprehensive income		
Investments in related parties - Quoted	1,657,274	2,012,212
Investments in related parties - Unquoted	93,172	120,500
Investments in other companies - Quoted	499,212	765,907
	2,249,658	2,898,619
At amortised cost		
- Loans and advances	13,122	10,506
- Deposits	4,724	4,679
- Trade debts	387,297	511,542
- Other receivables	30,512	128,283
- Cash and bank balance	2,464,584	766,875
	2,900,239	1,421,885
	5,149,897	4,320,504

29.6.2 Financial liabilities as per statement of financial position

	2019	2018
At amortised cost		
- Trade and other payables	2,004,077	1,500,164
- Unclaimed dividend	81,830	67,608
	2,085,907	1,567,772

29.6.3 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.

	2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	2,156,486	–	93,172	2,249,658
	2,156,486	–	93,172	2,249,658

	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

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

	2019			2018		
	Quantity		Working days	Quantity		Working days
30.1 Sugar division						
Crushing capacity	11,000	M.Tons Per Day		11,000	M. Tons Per Day	
Crushing based on actual working days	1,078,000	M. Tons	98	1,540,000	M. Tons	140
Actual crushing	771,864	M. Tons	98	1,028,901	M. Tons	140
Sucrose recovery	10.87	%		10.30	%	
Sugar production	83,910	M. Tons		106,005	M. Tons	

Sugar unit operated below capacity due to lesser availability of sugarcane.

		2019 Quantity		2019 Working days	2018 Quantity		2018 Working days
30.2	**Distillery division**						
a)	**Ethanol**						
	Capacity	34,000	M. Tons	300	34,000	M. Tons	300
	Actual production	29,786	M. Tons	343	34,643	M. Tons	335

During the year, plants operated below capacity due to lower availability of Molasses.

		2019 Quantity		2019 Working days	2018 Quantity		2018 Working days
b)	**Liquidified carbon dioxide (CO_2)**						
	Capacity	18,000	M. Tons	300	18,000	M. Tons	300
	Actual production	8,407	M. Tons	274	9,903	M. Tons	285

c) During the year CO_2 plants operated below capacity due to lower demand.

		2019 Quantity		2019 Working days	2018 Quantity		2018 Working days
30.3	**Textile division**						
	Capacity	560,000	Kgs.	300	560,000	Kgs.	300
	Actual production	760,385	Kgs.	298	928,557	Kgs.	297

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:

	2019	2018
	(Rupees in thousands)	
Size of the fund - Total assets	327,529	307,631
Fair value of investments	312,681	292,175
Percentage of investments made	95.47	94.98

31.1 The cost of above investments amounted to Rs. 305.78 million (2018: Rs. 253.18 million).

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

	2019	2018	2019	2018
	Percentage		(Rupees in thousands)	
National savings scheme	91.75	93.65	286,900	273,618
Bank deposits	8.21	6.31	25,664	18,438
Debt securities	0.04	0.04	117	119
	100.00	100.00	312,681	292,175

31.3 The investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act 2017 and the rules formulated for this purpose.

	2019	2018
	(Number)	

32. Number of Employees

	2019	2018
Number of employees including contractual employees at September 30,	536	553
Average number of employees including contractual employees during the year	538	542

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:

Name of related parties and relationship with the Company	Nature of transactions	2019	2018
		(Rupees in thousands)	
Subsidiary			
HSM Energy Limited	Purchase of Investment	–	49,900
	Payment on behalf of Company	5,910	37,649
	Amount received	–	49,568
Related Parties			
Bank Al Habib Limited			
	Profit on Treasury call acccount	202,131	94,527
	Dividend Received	60,342	72,410
	Dividend Paid	25,892	16,477
	Bank Charges	1,073	955
Habib Insurance	Insurance Premium Paid	26,325	25,784
	Insurance Claim Received	1,555	200
	Dividend Received	4,023	4,023
	Dividend Paid	12,234	7,785
First Habib Assets Allocation Fund	Purchase of Investment	–	50,000
	Sale of Investment	–	50,209
Uni Food Industries Limited	Purchase of Investment	85,678	62,000
Habib Mercantile Company Limited	Dividend Paid	1,404	894
Habib Sons (Pvt.) Limited	Dividend Paid	1,433	912
Hasni Textile (Pvt.) Limited	Dividend Paid	–	15,520

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
UniEnergy Limited	Key Management Personnel is a director	12.5
UniFood Industries Limited	Key Management Personnel are directors	18.88

34. Dividend

The Board of Directors of the Company in their meeting held on December 18, 2019 have proposed a final cash dividend of Rs.2.75 per share (55%) for the year ended September 30, 2019. 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 27, 2020.

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 Company has proposed 55% dividend for the year ended September 30, 2019 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, 2019.

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 18, 2019 by the Board of Directors of the Company.

35.3 Corresponding figures have been reclassified wherever necessary for better presentation.

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

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INDEPENDENT AUDITOR'S REPORT

To the members of Habib Sugar Mills Limited

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 2019 and the consolidated statement of profit or loss and consolidated statement of other comprehensive income, the consolidated statement of changes in equity and 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 2019, and of 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 matters	How our audit addressed the key audit matter
1. Valuation of Company's unquoted equity investments	
As referred to in note 2.4 and 4 to the accompanying consolidated financial statements, IFRS 9 'Financial Instruments' became effective during the year for the Group which replaces IAS 39 'Financial Instruments: Recognition and Measurement'. Management has determined that the most significant impact of the new standard on the Group's consolidated financial statements relates to the valuation of Group's unquoted equity investments at fair value. The Group has applied the requirements of IFRS 9 from the date of initial application i.e. October 01, 2018, on the applicable financial assets, the financial impacts of which are detailed in note 2.4 to the consolidated financial statements. We considered the above as key audit matter due to first time application of IFRS 9 on the consolidated financial statements, which included use of significant judgements and estimates by the management.	Our audit procedures amongst others included: - reviewed management's process for compliance with the requirements of IFRS 9; - evaluated key decisions made by the Group with respect to accounting policies, estimates and judgements in relation to adoption of IFRS 9 and assessed its appropriateness based on our understanding of the Group's business and its operations; - reviewed fair valuation model for valuation of unquoted equity investments, prepared by the management's expert. As part of the review, we tested key inputs in the models and assessed the reasonableness of assumptions used and involved our valuation subject matter specialists for review of the same, where required; and - assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.
2. Revenue recognition	
The Group's revenue comprises of both local and export sales. Local and export sales constitutes of 64% and 36% respectively of total revenue of the Group. Further, the Group earns revenue from multiple business lines which operate as distinct business units with significant volume of revenue transactions. We identified revenue recognition and its reporting in the consolidated financial statements as a key audit matter due to significant increase in revenue from last year by 27%, significant volume of transactions, and the amount of audit efforts in relation to this area. (Refer to note 18 for relevant disclosures in respect of revenue).	We performed a range of audit procedures in relation to revenue including the following: - We reviewed the terms and conditions of distinct sale transactions for both export and local sales and assessed the appropriateness of revenue recognition policies and practices followed by the Group; - We tested controls over revenue recognition and reporting process for export and local sales; - We performed analytical review procedures and other test of details over various revenue streams including the cut-off procedures to check that revenue has been recognised in the appropriate accounting period; and - We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.

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.

Responsibility 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(XIX of 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.

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

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

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

- Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 estimate and related disclosure 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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure 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 auditor's 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 finding, 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.

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

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: December 30, 2019

Consolidated Statement of Financial Position as at September 30, 2019

	Note	2019	2018
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	3	2,525,316	2,691,676
Long-term investments	4	2,249,658	2,898,619
Long-term loans	5	6,789	4,799
Long-term deposits		3,928	3,928
		4,785,691	5,599,022
Current Assets			
Stores and spare parts	6	171,935	162,734
Stock-in-trade	7	1,840,405	2,764,095
Trade debts	8	387,297	511,542
Loans and advances	9	890,852	390,470
Trade deposits and short-term prepayments	10	9,879	9,517
Profit accrued on bank deposits		4,767	2,741
Other receivables	11	106,279	124,823
Taxation - net		74,339	121,243
Cash and bank balances	12	2,464,979	767,781
		5,950,732	4,854,946
Total Assets		10,736,423	10,453,968
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2018: 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	7,313,051	7,347,677
Total Equity		8,063,051	8,097,677
Non-Current Liabilities			
Deferred taxation	15	69,000	86,000
Current Liabilities			
Trade and other payables	16	2,004,137	1,500,314
Advance from customers		518,405	702,369
Unclaimed dividends		81,830	67,608
		2,604,372	2,270,291
Contingencies and Commitments	17		
Total Equity and Liabilities		10,736,423	10,453,968

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, 2019

	Note	2019	2018
		(Rupees in thousands)	
Net sales and services	18	9,873,134	7,758,520
Cost of sales	19	(8,381,862)	(6,484,368)
Gross Profit		1,491,272	1,274,152
Selling and distribution expenses	20	(274,294)	(252,147)
Administrative expenses	21	(197,446)	(183,021)
Other operating expenses	22	(78,541)	(56,883)
Impairment on long-term investment - available for sale		–	(45,445)
Other income	23	260,734	162,419
		(289,547)	(375,077)
Operating Profit		1,201,725	899,075
Finance income - net	24	134,211	53,630
Profit before taxation		1,335,936	952,705
Taxation	25	(140,009)	(57,624)
Profit after taxation		1,195,927	895,081
Earnings per share - Basic and diluted (Rupees)	26	7.97	5.97

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, 2019

	2019	2018
	(Rupees in thousands)	
Profit for the year	1,195,927	895,081
Other comprehensive income :		
Items that will not be reclassified subsequently to the statement of profit or loss:		
Actuarial gain / (loss) on defined benefit plan - net	240	(390)
Loss on re-measurement of equity investments classified as fair value through other comprehensive (FVOCI)	(776,821)	–
	419,346	894,691
Items that may be reclassified subsequently to the statement of profit or loss:		
Unrealised gain on re-measurement of equity investments at fair value	–	483,120
Reclassification adjustments included in the statement of profit or loss for: Gain on sale of investments	–	(871)
	–	482,249
Total comprehensive income for the year	419,346	1,376,940

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, 2019

	Issued, subscribed and paid-up Capital	Capital Reserve	Revenue Reserves: General Reserve	Revenue Reserves: Unappropriated profit	Revenue Reserves: Unrealised gain / (loss) on re-measurement of AFS / FVOCI investment	Total Reserves	Total Equity
	(Rupees in thousands)						
Balance as on October 1, 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)	–	–	–
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
Effect of change in accounting policy - note 4.3.2	–	–	–	–	(41,472)	(41,472)	(41,472)
Balance as on October 01, 2018 - restated	750,000	34,000	4,173,500	896,988	2,201,717	7,306,205	8,056,205
Cash dividend for the year ended September 30, 2018 @ 55%	–	–	–	(412,500)	–	(412,500)	(412,500)
Transfer to general reserve	–	–	485,000	(485,000)	–	–	–
Total comprehensive income for the year ended September 30, 2019	–	–	–	1,196,167	(776,821)	419,346	419,346
Balance as on September 30, 2019	750,000	34,000	4,658,500	1,195,655	1,424,896	7,313,051	8,063,051

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Consolidated Statement of Cash Flows
for the year ended September 30, 2019

	Note	2019	2018
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	27	2,229,164	323,550
Finance income received - net	24.1	132,185	52,440
Income tax paid		(110,105)	(93,075)
Long-term loans		(1,990)	1,771
Long-term deposits		–	100
Net cash generated from operating activities		2,249,254	284,786
Cash flows from investing activities			
Fixed capital expenditure		(88,724)	(256,017)
Redemption / sale proceeds of investments		–	85,537
Dividend received		92,547	108,184
Purchase of investments		(169,332)	(143,516)
Sale proceeds of fixed assets		11,731	18,876
Net cash used in investing activities		(153,778)	(186,936)
Cash flows from financing activities			
Dividend paid		(398,278)	(254,375)
Net cash used in financing activities		(398,278)	(254,375)
Net decrease in cash and cash equivalents		1,697,198	(156,525)
Cash and cash equivalents at the beginning of the year		767,781	924,306
Cash and cash equivalents at the end of the year	12	2,464,979	767,781

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

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Notes to the Consolidated Financial Statements for the year ended September 30, 2019

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 (CO_2), 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 (the Company), a wholly owned subsidiary of Habib Sugar Mills Limited (the Parent Company) was incorporated in Pakistan as a public unlisted company on May 16, 2017. The Registered office of the Company is situated at 3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

The 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 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, Keamari, Karachi.

2. Summary of significant accounting policies

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; (the Act) and :
- Islamic financial accounting standard (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under Companies Act, 2017 (the Act)
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

2.2 Basis of preparation

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 IFRS-9 "Financial Instruments".

2.2.1 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 financial statements of Subsidiary 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 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. Any surplus or deficit arising on the loss of control is recognised in 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 judgments, assumption 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 judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions 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, assumption and judgments 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 2.11);
d) Accounting for staff retirement benefits (Note 2.14);
e) Recognition of taxation and deferred tax (Note 2.19);
f) Contingencies and commitments (Note 17); and
g) Impairment of financial and non financial assets (Note 2.26).

2.4 Initial application of standards, amendments or an interpretation to existing standards

2.4.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

The following standards, amendments and interpretations to accounting and reporting standards that became effective for the first time and are relevant to the Group.

IFRS 9 - 'Financial Instruments'; and
IFRS 15 - 'Revenue from Contracts with Customers'

2.4.1.1 IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 bringing together aspects of the accounting for financial instruments: classification, measurement and impairment.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Group has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in un-appropriated profit as of October 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below:

Classification and measurement

The Group initially measures a financial asset at its fair value plus, in case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, Financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

At transition date to IFRS 9, the Group had financial assets measured at amortised cost, investment in quoted equity instruments as Available For Sale (AFS) and unquoted equity instruments at cost. The new classification and measurement of the Company's financial assets are as follows:

- Debt instrument at amortised cost for the financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet SPPI criterion.
- Equity instruments at FVOCI, with no recycling of gains or losses to statement of profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its quoted and unquoted equity instruments as equity instruments at FVOCI.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

The adoption of IFRS 9 resulted in following:

Reserves	
As at September 30, 2018	7,347,677
IFRS 9 impact:	
Decrease due to loss on remeasurement of equity investment held at FVOCI (Note 4.3.2)	(41,472)
As at October 01, 2018 - restated	7,306,205
Long-term investment	
As at September 30, 2018	2,898,619
IFRS 9 impact:	
Decrease due to loss on remeasurement of equity investment held at FVOCI (Note 4.3.2)	(41,472)
As at October 01, 2018 - restated	2,857,147

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking Expected Credit Loss ('ECL') approach. IFRS 9 requires the Group to record an allowance for ECL for all financial assets other than debt instruments classified as FVPL and equity instruments classified as FVOCI. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowance of the Company's debt financial assets.

2.4.1.2 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts which are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all relevant facts and circumstances when applying steps of the model to contracts with their customers.

The Group is engaged in sale of goods and providing bulk storage facilities. The Group has assessed that significant performance obligations in contracts with customers for sale of goods is based on transfer of control of related goods and is discharged at that point of time. The Group's transfer of goods takes place upon delivery of goods to customers and in case of export when risk and rewards are transferred as per shipping terms. Performance obligation in contracts with customers for bulk storage facilities is discharged over the period of commitment with relevant customers.

The adoption of IFRS 15 does not have any significant impact on these consolidated financial statements of the Group. However, related changes to the accounting policies have been made in these consolidated financial statements.

2.4.2 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year but are not relevant

The Group has adopted the following amendments, improvements to accounting standards and interpretations of IFRSs which became effective for the current year:

- IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

- IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

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

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments, improvements and interpretations of IFRSs did not have any effect on the financial statements of the Group.

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

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, amendments and interpretations	Effective date (accounting periods beginning on or after)
IFRS 3 Definition of a Business	January 1, 2020
IFRS 3 Business Combinations: Previously held interests in a joint operation	January 1, 2019
IFRS 9 Prepayment Features with Negative Compensation	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	Not yet finalised
IFRS 11 Joint Arrangements: Previously held interests in a joint operation	January 1, 2019
IFRS 16 Leases	January 1, 2019
IAS 1/ IAS 8 Definition of Material	January 1, 2020
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 1, 2019
IAS 19 Plan Amendment, Curtailment or Settlement	January 1, 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	January 1, 2019
IAS 28 Long-term Interests in Associates and Joint Ventures	January 1, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019

The above standards, amendments and interpretations are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Group is currently evaluating the impact of this standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. 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.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

2.6 Further, the following new standard have been issued by IASB and relevant to the Group which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	**IASB Effective date (accounting periods beginning on or after)**
IFRS 1 - First time adoption of IFRSs	July 01, 2009
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 - Insurance contracts	January 01, 2021

The Group expects that above new standard will not have any material impact on the Group's consolidated financial statements in the period of initial application.

2.7 Fixed assets

2.7.1 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortization / impairment (if any),

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 are 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 Fair value through other comprehensive income

Equity 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).

All gains or losses from change in the fair value of equity investments are recognised directly in other comprehensive income.

2.8.2 Fair Value through profit or loss

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

2.9 Deposits, advances, prepayments and other receivables

Deposits, advances, prepayments and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss.

2.10 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.

2.11 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

2.12 Trade debts

These are recognised and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses the life time expected loss allowance for trade debts.

2.13 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.

2.14 Staff retirement benefits

2.14.1 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 Group. 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, 2019. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	12.50% per annum
Expected rate of increase in salaries	12.25% per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2019, the fair value of gratuity scheme assets and present value of liabilities were Rs.110.35 million and Rs.110.12 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:

	2019	2018
	(Rupees in thousands)	
Net Employee Defined Benefit Asset		
Present value of defined benefit obligation	110,118	107,017
Fair value of plan assets	(110,358)	(106,627)
(Receivable) / liability recognised in the consolidated statement of financial position	(240)	390

The movement in net defined benefit obligation / asset is as follows:

Net defined benefit obligation at the beginning of the year	390	275
Net charge for the year	4,020	3,917
Contribution	(4,410)	(4,192)
Remeasurement recognized in OCI during the year	(240)	390
	(240)	390

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

	2019	2018
	(Rupees in thousand)	
Current service cost	3,983	3,896
Interest cost	10,290	7,721
Expected return on plan assets	(10,253)	(7,700)
	4,020	3,917

Remeasurement recognised in OCI during the year:

Acturial gain on obligation	(1,064)	(1,804)
Acturial loss on plan asset	824	2,194
	(240)	390

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

Present value of defined benefit obligation at the beginning of the year	107,017	101,748
Current service cost	3,983	3,896
Interest cost	10,290	7,720
Benefits paid	(10,108)	(4,543)
Actuarial gain	(1,064)	(1,804)
Present value of defined benefit obligation at the end of the year	110,118	107,017

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

Fair value of plan assets at the beginning of the year	106,627	101,472
Expected return on assets	10,253	7,700
Contributions	4,410	4,192
Benefits paid	(10,108)	(4,543)
Actuarial loss	(824)	(2,194)
Fair value of plan assets at the end of the year	110,358	106,627
Actual return on plan assets	9,429	5,506

Plan assets comprise:

Term deposit receipts	99,000	99,000
Term Finance Certificates	255	259
Balance with Banks	10,722	6,987
Accrued interest	381	381
	110,358	106,627

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,	2019	2018	2017	2016	2015
			(Rupees in thousands)		
Present value of defined benefit Obligation	110,118	107,017	101,748	101,745	92,164
Fair value of plan assets	(110,358)	(106,627)	(101,472)	(101,599)	(92,336)
(Surplus) / Deficit	(240)	390	276	146	(172)
Experience adjustment on obligation	(2,464)	10,051	638	(4,292)	3,257
Experience adjustment on plan assets	824	2,194	88	(410)	(3,322)

Sensitivity analysis

Significant assumption for the determination of the defined obligation are at 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 %	105,488
Discount Rate -1 %	115,323
Long Term Salary Increases +1 %	113,913
Long Term Salary Increases -1 %	106,711

2.14.2 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.

2.15 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.

2.16 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.

2.17 Advance from customers (Contract Liability)

Contract liability is an obligation of the Group to transfer goods and services to a customer for which the Group has received consideration from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when payment is made. Contract liabilities are recognised in revenue when Group fulfils the performance obligation under the contract.

2.18 Unclaimed dividend

The Group recognises unclaimed dividend which was declared and remained unclaimed from the date it was due and payable. The dividend declared and remained unpaid from the date it was due and payable is recognised as unpaid dividend.

2.19 Taxation

2.19.1 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.

2.19.2 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 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.

2.20 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.

2.21 Contingencies

Contingencies are disclosed when Group has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

2.22 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.

2.23 Revenue recognition

Revenue is recognised when control of the asset is transferred to the customer. Revenue is measured at fair value of the consideration received or receivable and is recognised on the following basis:

- Revenue from sale of goods is recognised when or as control of goods have been transferred to a customer and the performance obligations are met. The credit limit in contract with customers ranges from 2 to 90 days.
- Storage income is recorded when services are rendered.
- Profit on bank accounts is recognised on accrual basis.
- Dividend income is recognised when the right to receive such payment is established.
- Other revenues are accounted when performance obligations are met.

2.24 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.

2.25 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.25.1 Financial assets

Initial recognition and measurement

Financial assets are classified at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Group classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through Other Comprehensive Income (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss (FVPL).

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established. The Group has not designated any financial asset as at FVPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.25.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

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

2.26 Impairment

2.26.1 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Group applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Group applies a simplified approach where applicable in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.26.2 Impairment of non-financial assets

The carrying amounts of the Group's non financial 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.

2.27 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.

2.28 Dividend and appropriation to reserves

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

2.29 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.30 Functional and presentation currency

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

	Note	2019	2018
		(Rupees in thousands)	

3. Fixed Assets

Property, plant and equipment:

	Note	2019	2018
Operating fixed assets	3.1	2,432,307	2,605,565
Capital work-in-progress	3.4	91,877	86,111
Major stores and spare parts	3.5	1,132	–
		2,525,316	2,691,676

3.1 Operating fixed assets for 2019:

	Cost as at Oct. 1, 2018	Additions / (deletions)	Cost as at Sept. 30, 2019	Accumulated depreciation / amortization as at Oct. 1, 2018	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Accumulated depreciation / amortization as at Sept. 30, 2019	Written down value as at Sept. 30, 2019	Annual rate of depreciation / amortization %
	(Rupees in thousands)							
Land								
Freehold - Sugar / Distillery division	188,980	–	188,980	–	–	–	188,980	–
Leasehold - Textile division	489	–	489	246	5	251	238	1.01
Buildings on freehold land								
Sugar division	115,143	–	115,143	72,316	4,283	76,599	38,544	10
Distillery division	21,243	–	21,243	18,001	324	18,325	2,918	10
Non-factory buildings	30,228	–	30,228	23,732	325	24,057	6,171	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	17,081	225	17,306	2,029	10
Plant and machinery								
Sugar division	2,603,425	55,086 (20,790)	2,637,721	972,553	166,093 (17,230)	1,121,416	1,516,305	10
Distillery division - Note 3.1.1	1,304,380	2,575 –	1,306,955	657,756	64,755 –	722,511	584,444	10
Textile division	131,365	150	131,515	84,893	4,650	89,543	41,972	10
Railway siding - Sugar division	468	–	468	466	1	467	1	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,370	44	8,414	394	10
Textile division	3,601	–	3,601	3,015	59	3,074	527	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	82,501	8,844 (56)	91,289	60,128	6,731 (23)	66,836	24,453	25
Textile division	9,823	–	9,823	9,402	105	9,507	316	25
HSM Energy Limited	452	–	452	85	92	177	275	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,726	7	2,733	32	20
Motor cars / vehicles								
Sugar / Distillery division	31,847	15,171 (925)	46,093	18,571	3,074 (218)	21,427	24,666	20
Textile division	764	–	764	711	11	722	42	20
Total	4,555,617	81,826 (21,771)	4,615,672	1,950,052	250,784 (17,471)	2,183,365	2,432,307	

3.1.1 Plant and machinery of distillery division include storage tanks of the CO_2 unit having written down value of Rs.13.82 (2018: Rs.15.35) 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, Mangopir Road S.I.T.E Karachi	1.12 Acre
Land	60/1-B Oil Installation Area, Keamari,	4000 Sqm

3.1.3 Reconciliation of carrying values for 2019

	Written down value as at Oct. 1, 2018	Additions / (deletions)	Depreciation / amortization charge for the year & accumlated depreciation on deletions	Written down value as at Sept. 30, 2019
	(Rupees in thousands)			
Land	189,223	–	5	189,218
Buildings on freehold land	52,565	–	4,932	47,633
Buildings on leasehold land	2,254	–	225	2,029
Plant and machinery	2,323,968	57,811	235,498	2,142,721
		(20,790)	(17,230)	
Railway siding	2	–	1	1
Electric, gas and water installations	1,024	–	103	921
Furniture, fittings, electrical and office equipment	23,161	8,844	6,928	25,044
		(56)	(23)	
Tractors / trolleys and agriculture implements	39	–	7	32
Motor cars / vehicles	13,329	15,171	3,085	24,708
		(925)	(218)	
	2,605,565	81,826	250,784	2,432,307
		(21,771)	(17,471)	

3.1.4 Operating fixed assets for 2018:

	Cost as at Oct. 1, 2017	Additions / (deletions)	Cost as at Sept. 30, 2018	Accum- ulated deprec- iation / amortization as at Oct. 1, 2017	Depre- ciation / amortization charge for the year & accum- lated deprec- iation on deletions	Accum- ulated deprec- iation / amortization as at Sept. 30, 2018	Written down value as at Sept. 30, 2018	Annual rate of deprec- iation / amortiz- ation %
				(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
HSM Energy Limited	–	452	452	–	85	85	367	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	368,935 (53,011)	4,555,617	1,731,221	259,479 (40,648)	1,950,052	2,605,565	

3.1.5 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.

3.1.6 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, Mangopir Road S.I.T.E Karachi	1.12 Acre
Land	60/1-B Oil Installation Area, Keamari,	4000 Sqm

3.1.7 Reconciliation of carrying values for 2018

	Written down value as at Oct. 1, 2017	Additions / (deletions)	Depreciation / amortization charge for the year & accumlated depreciation on deletions	Written down value as at Sept. 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 (52,337)	244,316 (40,301)	2,323,968
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 (231)	6,089 (223)	23,161
Tractors / trolleys and agriculture implements	49	–	10	39
Motor cars / vehicles	16,096	785 (443)	3,233 (124)	13,329
	2,508,472	368,935 (53,011)	259,479 (40,648)	2,605,565

	Note	2019	2018
		(Rupees in thousands)	
3.2 Allocation of depreciation / amortization charge for the year:			
Cost of Sales			
Sugar division	19	174,036	179,116
Distillery division	19	68,435	71,780
Textile division	19	4,938	5,474
		247,409	256,370
Administrative expenses			
Sugar division	21	2,556	2,260
Distillery division	21	219	194
Textile division	21	116	144
Terminal	18.1	392	426
Subsidary Company		92	85
		3,375	3,109
		250,784	259,479

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								
Mills Parts	12,512	10,240	2,272	2,651	379	Negotiation	Syed Azam Hussain Shah, Masjid Road, Nawabshah	None
Boller Accerories	4,712	4,214	498	508	10	"	Syed Azam Hussain Shah, Masjid Road, Nawabshah	None
DCS Control System Card	3,566	2,776	790	1,113	323	"	Al-Abbas Sugar Mills Limited Old Queens Road, Karachi	None
	20,790	17,230	3,560	4,272	712			
Furniture, fittings, electrical and office equipment								
Sugar division /. Distillery division Equipment	56	23	33	40	7	Negotiation	Various	None
Motor cars / vehicles								
Items having carry value of less than Rs. 50,000 each	925	218	707	7,419	6,712	Tender	Various	None
2019	21,771	17,471	4,300	11,731	7,431			
2018	53,011	40,648	12,363	18,876	6,513			

	Note	2019	2018
		(Rupees in thousands)	
3.4 Capital work-in-progress			
Plant and machinery		40,082	39,990
Consultancy, advisory fees and others		46,121	46,121
Advance to suppliers		5,674	–
	3.4.1	91,877	86,111
3.4.1 Movement in capital work-in-progress			
Balance at the beginning of the year		39,990	180,788
Cost incurred during the year		61,618	69,754
Charged to Profit / (loss) account		(4,622)	–
Transfer from Major stores and spare parts		52,702	138,064
Transfer to operating fixed assets		(57,811)	(302,495)
		51,887	(94,677)
Balance at the end of the year		91,877	86,111
3.5 Major stores and spare parts			
Stores	3.5.1	1,132	–
3.5.1 Movement in major stores and spare parts			
Balance at the beginning of the year		–	2,910
Additions during the year		53,834	135,154
		53,834	138,064
Transfer to capital work-in-progress		(52,702)	(138,064)
Balance at the end of the year		1,132	–

4. Long-term investments

Number of shares 2019	Number of shares 2018	Face value Rs.	Company's Name	Note	2019 (Rupees in thousands)	2018 (Rupees in thousands)
4.1 Fair Value through Other Comprehensive Income						
4.1.1 Investments in related parties - Quoted						
147,797	147,797	5	Balochistan Particle Board Limited		451	525
24,136,691	24,136,691	10	Bank AL Habib Limited		1,612,572	1,947,590
5,363,772	5,363,772	5	Habib Insurance Company Limited		44,251	64,097
					1,657,274	2,012,212
4.1.2 Investments in related parties - Unquoted						
1,249,999	1,249,999	10	UniEnergy Limited	4.3.1	12,408	12,500
19,367,800	10,800,000	10	Uni Food Industries Limited	4.3.2	80,764	108,000
					93,172	120,500
4.1.3 Investments in other companies Quoted						
175,000	40,000	10	Amreli Steels Limited		3,817	2,598
50,000	–	10	Bank Alfalah Limited		2,047	–
500,160	275,160	10	Cherat Cement Company Limited		14,095	22,164
31,078	31,078	10	Dawood Lawrencepur Limited		6,262	5,283
360,000	210,000	10	D.G. Khan Cement Company Limited		17,402	21,506
88,000	80,000	10	Engro Corporation Limited		23,486	24,930
12,500	12,500	10	Frieslandcampina Engro Pakistan Limited (formerly Engro Food Limited)		731	1,059
123,200	123,200	10	Engro Fertilizer		8,406	9,300
41,098	41,098	10	Engro Polymer & Chemical		1,009	1,193
90,600	90,600	10	Faran Sugar Mills Limited		3,307	6,795
118,885	118,885	10	Fauji Fertilizer Company Limited		11,060	11,608
80,000	80,000	10	Fauji Food Limited		836	2,423
189,000	189,000	5	First Habib Modaraba		1,896	2,079
12,100	12,100	10	GlaxoSmithKline Pakistan Limited		1,164	1,789
3,630	3,630	10	GlaxoSmithKline Consumer Healthcare Pakistan Limited		761	1,262
400,000	400,000	10	Habib Metropolitan Bank Limited		11,580	18,600
108,213	108,213	10	Habib Bank Limited		12,788	16,380
13,350	13,350	10	Indus Motors Company Limited		12,901	18,672
111,100	101,000	10	International Industries Limited		7,703	21,735
335,000	115,000	10	International Steels Limited		13,313	10,462
12,815	12,815	10	Jubliee Life Insurance Co. Limited		4,037	8,009
1,410,000	1,410,000	10	K-Electric Limited		5,005	7,544
100,000	43,000	10	Lucky Cement Limited		34,213	22,056
50,000	50,000	10	MCB Bank Limited		8,479	10,061
150,116	150,116	10	Mehran Sugar Mills Limited		10,919	15,875
450	450	10	Millat Tractors Limited		315	456
14,000	14,000	10	Mirpurkhas Sugar Mills Limited		868	1,820
20,000	20,000	10	Packages Limited		5,980	8,944
5,150	5,150	10	Pak Suzuki Motor Company Limited		827	1,596
6	6	10	Pakistan Tobacco Company Limited		14	15
6,243,098	6,243,098	5	Shabbir Tiles and Ceramics Limited		49,570	117,682
711,503	711,503	5	Thal Limited		169,750	310,934
430,458	384,000	10	The Hub Power Company Limited		30,455	33,589
60,062	60,062	10	TPL Insurance Limited		1,351	1,291
43,246	43,246	10	TPL Corporation Limited		128	261
800,000	800,000	10	TPL Properties		8,331	6,600
23,670	23,670	10	The Searle Company Limited		3,762	7,478
77,000	77,000	10	United Bank Limited		10,644	11,858
					499,212	765,907
					2,249,658	2,898,619

4.2 The aggregate cost of the above investments is Rs.824.76 (2018: Rs.655.43) million.

4.3 Effective from July 01, 2018 IFRS 9 became applicable for the Group as explained in note 2.4.1.1, The Group was previously carrying investment in UniEnergy Limited and UniFoods Industries Limited at cost, however, under IFRS 9 all equity instruments shall be carried at fair value.

	2019	2018
	(Rupees in thousands)	
4.3.1 UniEnergy Limited (UEL)		
Movement of Investment in UEL		
Balance at the beginning of the year	12,500	12,500
Loss on remeasurement recognised in other comprehensive loss	(92)	–
Balance at the end of the year	12,408	12,500

4.3.2 UniFoods Industries Limited (UFIL)

Investment in UFIL has been carried at FVOCI as it is a strategic investment of the Group. Accordingly, the Group has carried out an exercise to ascertain the fair value of investment at the year end using the asset approach and determined that the fair value amounts to Rs. 80.764 million.

Based on the above fair valuation exercise, the Group has recorded an unrealised loss of Rs.71.442 million in other comprehensive income for the year (2018: Rs.41.472 million by using modified retrospective approch).

	Note	2019	2018
		(Rupees in thousands)	
Movement of Investment in related party - Unifood			
Balance at the beginning of the year		108,000	108,000
Impact of change in accounting policy	2.4.1.1	(41,472)	–
Balance at beginning of the year - restated		66,528	108,000
Investment made during the year		85,678	–
Loss on remeasurement recognised in other comprehensive loss		(71,442)	–
Balance at the end of the year		80,764	108,000

5. Long-term loans

	Note	2019	2018
Secured - considered good			
Executives	5.1 & 5.2	29	767
Other Employees		13,093	9,739
	5.3	13,122	10,506
Receivable within next twelve months shown under current asset:			
Executives	9	(29)	(767)
Other Employees	9	(6,304)	(4,940)
		(6,333)	(5,707)
		6,789	4,799

5.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs.0.70 (2018: Rs.1.34) million.

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

	2019	2018
	(Rupees in thousands)	
Balance at the beginning of the year	767	1,575
Disbursements	29	75
	796	1,650
Repayments	(767)	(883)
Balance at the end of the year	29	767

5.3 Long-term loans of Rs.13.12 (2018: Rs.10.51) million, include loans of Rs.Nil (2018: Rs.Nil) million and Rs.5.10 (2018: Rs.2.26) 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% (2018: 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.

6. Stores and spare parts

	Note	2019	2018
		(Rupees in thousands)	
Stores		115,975	107,684
Provision for obsolescence and slow moving stores	6.1	(13,694)	(9,500)
		102,281	98,184
Spare parts		94,960	84,342
Provision for obsolescence and slow moving spare parts	6.2	(25,306)	(19,792)
		69,654	64,550
		171,935	162,734

6.1 Provision for obsolescence and slow moving stores

	2019	2018
Balance at the beginning of the year	9,500	9,500
Provision made during the year	6,161	–
Reversal during the year	(1,967)	–
Balance at the end of the year	13,694	9,500

6.2 Provision for obsolescence and slow moving spares

	2019	2018
Balance at the beginning of the year	19,792	19,792
Provision made during the year	6,681	–
Reversal during the year	(1,167)	–
Balance at the end of the year	25,306	19,792

	Note	2019	2018
		(Rupees in thousands)	
7. Stock-in-trade			
Raw materials			
Distillery division		217,433	428,702
Textile division		7,878	15,163
		225,311	443,865
Work-in-process			
Sugar division		1,109	835
Textile division		42,719	45,154
		43,828	45,989
Finished goods			
Sugar division		1,405,487	2,039,530
Distillery division		120,287	206,491
Textile division		24,813	787
Trading division		2,980	2,980
		1,553,567	2,249,788
Bagasse		15,068	20,332
Fertilizers		2,631	4,121
		1,840,405	2,764,095

	Note	2019	2018
8. Trade debts			
Considered good			
Export – Secured against export documents		22,542	363,159
Local – Unsecured		364,755	148,383
	8.1	387,297	511,542
8.1 The aging of trade debts at September 30, is as follows :			
Not yet due		382,544	504,654
up to 90 days		3,078	3,472
91 to 180 days		1,675	3,416
		387,297	511,542

	Note	2019	2018
9. Loans and advances - considered good			
Loans - secured			
Current maturity of long-term loans			
Executives	5	29	767
Other Employees	5	6,304	4,940
		6,333	5,707
Advances - unsecured			
Suppliers		884,519	384,763
		890,852	390,470

	Note	2019	2018
10. Trade deposits and short-term prepayments			
Trade deposits		796	751
Short-term prepayments		9,083	8,766
		9,879	9,517

	Note	2019	2018
		(Rupees in thousands)	
11. Other receivables - Considered good			
Duty drawback and research & development support claim		17,903	31,582
Cash freight support receivable		–	89,280
Dividend receivable		3,114	3,673
Sales tax refundable / adjustable		85,137	–
Others		125	288
		106,279	124,823
12. Cash and bank balances			
Cash in hand		229	275
Balances with banks in:			
Current accounts		9,298	100,658
Treasury call accounts	12.1	165,452	126,848
Term Deposit Receipts	12.2	2,290,000	540,000
	12.3	2,464,750	767,506
		2,464,979	767,781

12.1 Profit rates on treasury call accounts ranged between 6.52% to 11.75% (2018: 3.75% to 6.40%) per annum.

12.2 Profit rates on Term Deposit Receipts ranged between 6.80% to 12.25% (2018: 5.80% to 6.80%) per annum. Maturity of these Term Deposit Receipts are one month.

12.3 Includes Rs.2,453.11 (2018: Rs.695.16) million kept with Bank AL Habib Limited - a related party.

13. Issued, subscribed and paid-up capital

2019	2018		2019	2018
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 25,101,432 (2018: 25,101,432) ordinary shares of Rs.5/- each 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	2019	2018
		(Rupees in thousands)	
14. Reserves			
Capital			
Share premium		34,000	34,000
Revenue			
General	14.1	4,658,500	4,173,500
Unappropriated profit		1,195,655	896,988
Unrealised gain on investments - available for sale		1,424,896	2,243,189
		7,279,051	7,313,677
		7,313,051	7,347,677
14.1 At the beginning of the year		4,173,500	3,878,500
Transferred from unappropriated profit		485,000	295,000
		4,658,500	4,173,500
15. Deferred taxation			
Deferred tax liability on taxable temporary difference:			
on accelerated tax depreciation allowance on operating fixed assets		210,000	210,000
Deferred tax asset on deductible temporary difference:			
Provision for obsolescence and slow moving stores & spare parts		(9,000)	(7,000)
Unabsorbed tax depreciation allowance		(132,000)	(117,000)
		(141,000)	(124,000)
		69,000	86,000
16. Trade and other payables			
Creditors		1,702,057	1,191,593
Accrued liabilities		213,777	219,710
(Receivable) / Payable to Employees Gratuity Fund		–	390
Sales-tax / Federal excise duty		–	22,793
Workers' Profit Participation Fund (WPPF)	16.1	71,041	50,783
Workers' Welfare Fund		17,124	14,945
Income-tax deducted at source		138	100
		2,004,137	1,500,314
16.1 Workers' Profit Participation Fund (WPPF)			
Balance at the beginning of the year		50,783	26,474
Interest on funds utilized in the Company's business		884	443
		51,667	26,917
Amount paid to the WPPF		(51,667)	(26,917)
		–	–
Allocation for the year	22	71,041	50,783
Balance at the end of the year		71,041	50,783

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 Group 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 Honourable High Court of Sindh in favour of the Group. The Government has filed an appeal before the Honourable High Court of Sindh, where the Group was not made party to such litigation. Currently, GID Cess is not being charged to the Group by SSGC.

The Financial exposure of the Group upto September 30, 2019 is Rs.41.27 (2018: 40.08) 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 Group 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, 2019 is Rs.73.95 million. In view of the advice of legal counsel, the Group 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 Group 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 Group 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 Group 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. On November 14, 2018 the Group withdraw suit & 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 Group 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 Group 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 Group 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 Group. 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 Group has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs. 350.00 (2018: 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.1,710.82 (2018: 2,021.34) million against guarantees issued by banks in favour of third parties on behalf of the Group. 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.31.61 (2018: 1.79) million.

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

	2019	2018
	(Rupees in thousands)	
Year ending September 30		
2019	–	16,955
2020	20,541	13,296
2021	15,929	8,875
2022	10,084	3,447
2023	3,722	–
	50,276	42,573

18. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division 2019	Sugar Division 2018	Distillery Division 2019	Distillery Division 2018	Textile Division 2019	Textile Division 2018	Trading Division 2019	Trading Division 2018	Subsidary Company 2019	Subsidary Company 2018	Total 2019	Total 2018
Net sales and services													
Local sales		6,019,192	3,394,824	465,420	518,711	6,705	5,624	499,294	322,084	–	–	6,990,611	4,241,243
Less: Sales tax / Federal excise duty		564,862	260,231	65,534	73,381	717	373	59,351	40,608	–	–	690,464	374,593
		5,454,330	3,134,593	399,886	445,330	5,988	5,251	439,943	281,476	–	–	6,300,147	3,866,650
Export sales		261,997	872,741	2,799,771	2,478,649	539,159	571,068	–	–	–	–	3,600,927	3,922,458
Less: Export duty, freight and commission		–	–	12,881	5,683	27,310	32,341	–	–	–	–	40,191	38,024
		261,997	872,741	2,786,890	2,472,966	511,849	538,727	–	–	–	–	3,560,736	3,884,434
Net sales		5,716,327	4,007,334	3,186,776	2,918,296	517,837	543,978	439,943	281,476	–	–	9,860,883	7,751,084
Services													
Terminal Storage income - net	18.1	–	–	12,251	7,436	–	–	–	–	–	–	12,251	7,436
		5,716,327	4,007,334	3,199,027	2,925,732	517,837	543,978	439,943	281,476	–	–	9,873,134	7,758,520
Less: Cost of sales	19	5,385,148	3,750,687	2,160,681	1,901,556	458,159	492,371	377,874	339,754	–	–	8,381,862	6,484,368
Gross profit		331,179	256,647	1,038,346	1,024,176	59,678	51,607	62,069	(58,278)	–	–	1,491,272	1,274,152
Selling and distribution expenses	20	108,534	95,762	140,254	134,530	25,233	21,645	273	210	–	–	274,294	252,147
Administrative expenses	21	170,362	156,704	14,348	14,278	5,690	5,166	674	375	6,372	6,497	197,446	183,021
		278,896	252,466	154,602	148,808	30,923	26,811	947	585	6,372	6,497	471,740	435,168
Profit / (loss) before other operating expenses and other income		52,283	4,181	883,744	875,368	28,755	24,796	61,122	(58,863)	(6,372)	(6,497)	1,019,532	838,984
Other operating expenses	22											(78,541)	(56,883)
Impairment on long-term investments - available for sale												–	(45,445)
Other income	23											260,734	162,419
Operating profit												1,201,725	899,075

- 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.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
18.1 Services										
Terminal storage income - net	–	–	20,213	11,679	–	–	–	–	20,213	11,679
Less: Terminal expenses										
Salaries, wages and other benefits - note 18.2	–	–	4,640	2,196	–	–	–	–	4,640	2,196
Repairs and maintenance	–	–	548	443	–	–	–	–	548	443
Water, electricity and gas	–	–	439	266	–	–	–	–	439	266
Rent, rates and taxes	–	–	1,080	630	–	–	–	–	1,080	630
Depreciation - note 3.2	–	–	392	426	–	–	–	–	392	426
Travelling and vehicle running expenses	–	–	105	44	–	–	–	–	105	44
Insurance	–	–	102	55	–	–	–	–	102	55
Other expenses	–	–	656	183	–	–	–	–	656	183
	–	–	7,962	4,243	–	–	–	–	7,962	4,243
	–	–	12,251	7,436	–	–	–	–	12,251	7,436

18.2 Salaries, wages and other benefits include a sum of Rs. 0.41 (2018: Rs. 0.12) million in respect of staff retirement benefits.

18.3 Geographical Information of customers

	2019	2018
	(Rupees in thousands)	
Revenues from customers (Country wise)		
Pakistan	6,271,771	4,011,182
Korea	–	71,036
UAE	829,394	583,400
United kingdom	799,753	701,971
Singapore	–	189,232
Japan	110,207	237,023
Canada	–	249,856
Switzerland	1,063,760	1,199,794
South Africa	137,527	126,736
Taiwan	395,350	124,814
India	–	163,203
China	261,997	–
France	–	77,197
Holland	3,375	23,076
	9,873,134	7,758,520

The revenue information above is based on the location of customers

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

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
19. Cost of sales										
Opening stock of raw material	–	–	428,703	242,834	15,163	8,572	–	–	443,866	251,406
Purchases / Transfers	4,225,638	4,336,220	1,317,421	1,536,208	326,008	362,792	–	–	5,869,067	6,235,220
	4,225,638	4,336,220	1,746,124	1,779,042	341,171	371,364	–	–	6,312,933	6,486,626
Closing stock of raw material	–	–	(217,433)	(428,703)	(7,878)	(15,163)	–	–	225,311	(443,866)
Raw material consumed	4,225,638	4,336,220	1,528,691	1,350,339	333,293	356,201	–	–	6,087,622	6,042,760
Salaries, wages and other benefits - note 19.1	313,074	306,437	88,510	83,042	15,194	14,445	–	–	416,778	403,924
Research and development expenses	1,269	1,292	–	–	–	–	–	–	1,269	1,292
Process chemicals	53,111	66,169	32,975	29,888	–	–	–	–	86,086	96,057
Packing material	52,994	59,471	–	–	23,182	25,255	–	–	76,176	84,726
Dyeing, weaving and other charges	–	–	–	–	84,176	94,619	–	–	84,176	94,619
Stores and spare parts consumed	89,066	72,212	52,542	42,469	–	–	–	–	141,608	114,681
Provision for obsolescence and slow moving stores and spare - note 6.1	8,380	–	4,462	–	–	–	–	–	12,842	–
Rent, rates, taxes and lease rentals	8,460	7,393	10,048	9,034	1,408	1,507	–	–	19,916	17,934
Water, fuel and power	63,967	38,888	187,620	158,608	29,531	27,262	–	–	281,118	224,758
Repairs and maintenance	97,633	75,349	84,782	78,883	4,110	4,658	–	–	186,525	158,890
Legal and professional charges	3,241	5,212	–	–	–	–	–	–	3,241	5,212
Insurance	7,659	8,607	7,185	6,207	779	915	–	–	15,623	15,729
Postage, telephone and stationery	4,340	4,314	–	–	–	–	–	–	4,340	4,314
Depreciation / amortization - note 3.2	174,036	179,116	68,435	71,780	4,938	5,474	–	–	247,409	256,370
Other manufacturing expenses	22,031	22,073	9,227	10,087	164	279	–	–	31,422	32,439
Duty drawback / Rebate	–	–	–	–	(18,141)	(24,555)	–	–	(18,141)	(24,555)
Bagasse transferred to distillery division	(63,810)	(83,219)	–	–	–	–	–	–	(63,810)	(83,219)
Molasses transferred to distillery division	(286,919)	(376,313)	–	–	–	–	–	–	(286,919)	(376,313)
Sale of Electricity	(22,791)	(25,951)	–	–	–	–	–	–	(22,791)	(25,951)
Sale of Bagasse	–	(10,147)	–	–	–	–	–	–	–	(10,147)
	525,741	350,903	545,786	489,998	145,341	149,859	–	–	1,216,868	990,760
Manufacturing cost	4,751,379	4,687,123	2,074,477	1,840,337	478,634	506,060	–	–	7,304,490	7,033,520
Opening stock of work-in-process	835	1,390	–	–	45,154	31,588	–	–	45,989	32,978
Closing stock of work-in-process	(1,109)	(835)	–	–	(42,719)	(45,154)	–	–	(43,828)	(45,989)
	(274)	555	–	–	2,435	(13,566)	–	–	2,161	(13,011)
Cost of goods manufactured	4,751,105	4,687,678	2,074,477	1,840,337	481,069	492,494	–	–	7,306,651	7,020,509
Opening 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
Purchases	–	–	–	–	1,116	567	377,874	339,754	378,990	340,321
Closing stock of finished goods	(1,405,487)	(2,039,530)	(120,287)	(206,491)	(24,813)	(787)	(2,980)	(2,980)	(1,553,567)	(2,249,788)
	634,043	(936,991)	86,204	61,219	(22,910)	(123)	377,874	339,754	1,075,211	(536,141)
	5,385,148	3,750,687	2,160,681	1,901,556	458,159	492,371	377,874	339,754	8,381,862	6,484,368

19.1 Salaries, wages and other benefits include a sum of Rs. 9.9 (2018: Rs. 10.3) million in respect of staff retirement benefits.

(Rupees in thousands)

20. Selling and distribution expenses

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidary Company		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Salaries, wages and other benefits - note 20.1	10,784	9,992	7,097	4,835	5,687	5,053	–	–	–	–	23,568	19,880
Insurance	7,075	7,201	2,280	2,006	–	–	–	–	–	–	9,355	9,207
Rent, rates, taxes and lease rentals	1,508	1,020	856	1,040	–	–	–	–	–	–	2,364	2,060
Transport, freight, handling and forwarding expenses	89,167	77,549	125,520	119,903	6,698	6,470	273	210	–	–	221,658	204,132
Other expenses	–	–	4,501	6,746	12,848	10,122	–	–	–	–	17,349	16,868
	108,534	95,762	140,254	134,530	25,233	21,645	273	210	–	–	274,294	252,147

20.1 Salaries, wages and other benefits include a sum of Rs. 0.81 (2018: Rs. 0.90) million in respect of staff retirement benefits.

21. Administrative expenses

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidary Company		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Salaries, wages and other benefits - note 21.1	97,396	86,776	7,097	4,903	4,466	3,916	474	239	4,966	4,761	114,399	100,595
Insurance	1,188	1,262	101	94	–	–	–	–	–	–	1,289	1,356
Repairs and maintenance	2,780	2,271	425	699	211	219	–	–	11	14	3,427	3,203
Postage, telephone and stationery	4,308	4,811	518	567	217	150	–	–	69	74	5,112	5,602
Travelling and vehicle running expenses	14,866	13,771	1,301	1,464	–	–	–	–	720	1,381	16,887	16,616
Rent, rates, taxes and lease rentals	8,580	7,508	1,938	1,653	–	–	–	–	–	–	10,518	9,161
Water, electricity and gas	3,399	3,446	351	443	88	80	–	–	–	–	3,838	3,969
Fees, subscription and periodicals	2,855	2,665	8	10	25	34	–	–	433	–	3,321	2,709
Legal and professional charges	1,029	1,468	700	2,735	–	–	–	–	–	–	1,729	4,203
Directors' meeting fee	595	500	–	–	–	–	–	–	–	–	595	500
Depreciation - note 3.2	2,556	2,260	219	194	116	144	–	–	92	85	2,983	2,683
Auditors' remuneration - note 21.2	2,111	1,652	1,180	1,206	191	224	164	116	69	62	3,715	3,261
Other expenses - note 21.3	28,699	28,314	510	310	376	399	36	20	12	120	29,633	29,163
	170,362	156,704	14,348	14,278	5,690	5,166	674	375	6,372	6,497	197,446	183,021

21.1 Salaries, wages and other benefits include a sum of Rs. 3.24 (2018: Rs. 3.42) million in respect of staff retirement benefits.

21.2 Auditors' remuneration

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidary Company		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Statutory audit fee - Holding Company	987	864	552	630	89	117	76	60	–	–	1,704	1,672
Annual Audit fee - Subsidary Company	–	–	–	–	–	–	–	–	69	62	69	62
Half yearly review fee	221	195	123	142	20	27	17	14	–	–	381	378
Tax / other services	713	457	399	334	65	62	55	32	–	–	1,232	885
Out of pocket expenses	190	136	106	100	17	18	16	10	–	–	329	264
	2,111	1,652	1,180	1,206	191	224	164	116	69	62	3,715	3,261

21.3 Sugar division's other expenses include donation of Rs.21.0 (2018: Rs. 21.0) million as per details below:

Name of Institution	2019	2018
	(Rupees in thousands)	
Al-Sayyeda Benevolent Trust	1,820	910
Habib Education Trust	1,680	840
Rehmat Bai Widows & Orphange Trust	1,000	500
Habib Medical Trust	1,680	840
Habib Poor Fund	1,820	910
Family Education Services Foundation	13,000	12,000
Diamer bhasha and Mohmand Dms Funds	–	5,000
	21,000	21,000

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
21.4.1 Segment assets	3,453,977	4,316,305	1,871,356	1,725,757	383,792	350,631	3,674	132,549	5,712,799	6,525,242
Subsidary Company									46,791	46,488
Unallocated assets									4,976,833	3,882,238
									10,736,423	10,453,968
21.4.2 Segment liabilities	2,113,152	1,882,671	193,448	173,116	106,442	95,028	4,172	216	2,417,214	2,151,031
Subsidary Company									60	150
Unallocated liabilities									256,098	205,110
									2,673,372	2,356,291
21.4.3 Capital expenditure	28,675	201,910	59,899	22,125	150	740	–	–	88,724	224,775
Unallocated assets									–	31,242
									88,724	256,017

	Note	2019	2018
		(Rupees in thousands)	

22. Other operating expenses

	Note	2019	2018
Workers' Profit Participation Fund	16.1	71,041	50,783
Workers' Welfare Fund		7,500	6,100
		78,541	56,883

23. Other income

	Note	2019	2018
Income from financial assets			
Profit on redemption / sale of investments	23.1	–	871
Dividend income	23.2	91,988	108,521
Exchange gain - net		45,477	35,986
		137,465	145,378
Income from non financial assets			
Gain on disposal of fixed assets		7,431	6,513
Cash Freight Subsidy		100,741	–
Agricultural income		1,718	2,579
Gain on sale of obsolescence and slow moving stores and spares		3,014	–
Scrap sale		10,365	7,949
		123,269	17,041
		260,734	162,419

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

	2019	2018
	(Rupees in thousands)	
First Habib Asset Allocation Fund	–	209
	–	209

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

	Note	2019	2018
		(Rupees in thousands)	
Bank AL Habib Limited		60,342	72,410
Habib Insurance Company Limited		4,023	4,023
		64,365	76,433

24. Finance income - net

	Note	2019	2018
Profit on treasury call accounts	12.1	17,345	6,931
Profit on term deposits receipts	12.2	186,120	88,282
Interest on loan to employees		505	601
		203,970	95,814
Less: Mark-up / interest on:			
Short-term borrowings	24.2 & 24.3	(50,172)	(25,240)
Workers' Profit Participation Fund		(884)	(443)
Bank charges		(18,703)	(16,501)
		(69,759)	(42,184)
		134,211	53,630

		2019	2018
		(Rupees in thousands)	
24.1	Finance income received	201,944	94,624
	Finance charges paid	(69,759)	(42,184)
	Finance income received - net	132,185	52,440

24.2 The financial facilities from various commercial banks amounted to Rs.8,212 (2018: Rs.8,212) million.

24.3 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% to 11.39% (2018: 2.20%) per annum.

	Note	2019	2018
		(Rupees in thousands)	

25. Taxation

	Note	2019	2018
Income tax - current		157,009	70,124
Deferred tax		(17,000)	(12,500)
	25.1	140,009	57,624

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

	2019	2018
Accounting profit	1,335,936	952,705
Corporate tax rate	29%	29%
Tax on accounting profit at applicable rate	387,421	276,284
Tax effect of timing differences	(17,000)	(12,500)
Tax effect of lower tax rates on export and certain income	(235,053)	(243,266)
Tax effect of income exempt from tax	(29,713)	(748)
Tax effect of tax credit	–	(36,138)
Tax effect of expenses that are inadmissible in determining taxable income	34,354	73,992
	(247,412)	(218,660)
	140,009	57,624

25.2 The income tax return for the Tax year 2019 (financial year ended September 30, 2018) has been filed.

	2019	2018
	(Rupees in thousands)	

26. Earnings per share - Basic and diluted

	2019	2018
Profit after taxation	1,195,927	895,081
	Number of shares	
Number of ordinary shares of Rs. 5 each	150,000,000	150,000,000
Earnings per share - Basic and diluted (Rupees)	7.97	5.97

27. Cash generated from / (used in) operations

	2019	2018
Profit before taxation	1,335,936	952,705
Adjustment for non-cash charges and other items		
Depreciation / amortization	250,784	259,479
Provision for obsolescence and slow moving stores	12,842	–
Gain on disposal of fixed assets	(7,431)	(6,513)
Profit on redemption / sale of investments	–	(871)
Finance income - net	(134,211)	(53,630)
Impairment on long term investment - available for sale	–	45,445
Dividend income	(91,988)	(108,521)
	29,996	135,389
Working capital changes - note 27.1	863,232	(764,544)
	2,229,164	323,550

27.1 Working capital changes

	2019	2018
(Increase) / Decrease in current assets		
Stores and spare parts	(22,043)	(42,999)
Stock-in-trade	923,690	(1,090,483)
Trade debts	124,245	(257,162)
Loans and advances	(500,382)	412,962
Trade deposits and short-term prepayments	(362)	232
Other receivables	17,985	11,954
	543,133	(965,496)
Increase / (decrease) in current liabilities		
Trade and other payables	504,063	190,503
Advance from customers	(183,964)	10,449
	320,099	200,952
Net changes in working capital	863,232	(764,544)

28. Remuneration of Chief Executive, Directors and Executives

	2019				2018			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	12,000	7,800	81,467	101,267	12,000	14,132	77,563	103,695
Perquisites								
Telephone	41	15	403	459	42	39	404	485
Bonus	–	–	12,033	12,033	–	–	8,677	8,677
Medical	283	242	5,047	5,572	190	714	3,727	4,631
Utilities	–	564	–	564	–	627	–	627
Entertainment	–	645	–	645	–	305	–	305
Retirement benefits	850	571	5,620	7,041	850	1,036	5,143	7,029
	13,174	9,837	104,570	127,581	13,082	16,853	95,514	125,449
Number of persons	1	1	25	27	1	2	25	28

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.0.60 million (2018: Rs.0.50 million for five Directors).

29 Financial Risk Management Objectives and Policies

The main risks arising from the Group's financial instruments are credit risk, market risk, liquidity risk, equity price risk and operational 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 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:

	2019	2018
	(Rupees in thousands)	
Long-term loans	6,789	4,799
Long-term deposits	3,928	3,928
Trade debts	387,297	511,542
Loans and advances	890,852	390,470
Trade deposits	796	751
Profit accrued on bank deposits	4,767	2,741
Other receivables	106,279	124,823
Bank balances	2,464,750	767,506
	3,865,458	1,806,560

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:

	2019	2018
	(Rupees in thousands)	

29.1.1 Trade debts

Customers with no defaults in the past one year	387,297	511,542
Customers with some defaults in past one year which have been fully recovered	–	–
Customers with default in past one year which have not yet been recovered	–	–
	387,297	511,542

29.1.2 Bank Balances

A1+	2,463,955	767,313
A2	795	193
	2,464,750	767,506

29.2 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Group's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of the Group's Investments carried at fair value through other comprehensive income. Under market risk the Group is exposed to interest rate risk, currency risk and equity price risk.

29.2.1 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.2,455.06 (2018: Rs.666.85) 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.17.43 (2018: Rs.4.74) million higher / lower if interest rates have been 1% higher / lower while holding all other variables constant.

29.2.2 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:

		2019	2018
		(Respective Currency)	
Trade debts	$	57,660	2,676,190
“	£	70,383	189,470
Advance from customers	$	594,549	242,134

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

		2019	2018
Exchange rates	buying $	156.35	124.20
	selling $	156.55	124.40
	buying £	192.19	162.44
	selling £	192.44	162.69

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 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, 2019	+10	7,053	7,076
	-10	(7,053)	(7,076)
September 30, 2018	+10	33,304	32,941
	-10	(33,304)	(32,941)

29.2.3 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 statement of financial position, the exposure to investments held as available for sale was Rs.2,223.22 (2018: Rs.2,898.62) million.

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, 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Trade and other payables	–	532,559	1,471,578	–	–	2,004,137
Advance from customers	–	518,405	–	–	–	518,405
	–	1,050,964	1,471,578	–	–	2,522,542

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	955,610	–	–	1,500,314
Advance from customers	–	702,369	–	–	–	702,369
	–	1,247,073	955,610	–	–	2,202,683

29.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

29.5 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 (2018: 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.

29.6 FINANCIAL INSTRUMENTS BY CATEGORY

29.6.1 Financial assets as per statement of financial position

	2019	2018
	(Rupees in thousands)	
Fair value trough other comprehensive income		
Investments in related parties - Quoted	1,657,274	2,012,212
Investments in related parties - Unquoted	93,172	120,500
Investments in other companies - Quoted	499,212	765,907
	2,249,658	2,898,619
At amortised cost		
- Loans and advances	13,122	10,506
- Deposits	4,724	4,679
- Trade debts	387,297	511,542
- Other receivables	21,142	124,823
- Cash and bank balances	2,464,979	767,781
	2,891,264	1,419,331
	5,140,922	4,317,950

29.6.2 Financial liabilities as per statement of financial position

	2019	2018
At amortised cost		
- Trade and other payables	2,004,137	1,500,314
- Unclaimed dividend	81,830	67,608
	2,085,967	1,567,922

29.6.3 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.

	2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	2,156,486	–	93,172	2,249,658
	2,156,486	–	93,172	2,249,658

	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

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

30.1 Sugar division

	2019			2018		
	Quantity		Working days	Quantity		Working days
Crushing capacity	11,000	M.Tons Per Day		11,000	M. Tons Per Day	
Crushing based on actual working days	1,078,000	M. Tons	98	1,540,000	M. Tons	140
Actual crushing	771,864	M. Tons	98	1,028,901	M. Tons	140
Sucrose recovery	10.87	%		10.30	%	
Sugar production	83,910	M. Tons		106,005	M. Tons	

Sugar unit operated below capacity due to lesser availability of sugarcane.

		2019			2018		
	Quantity		Working days	Quantity		Working days

30.2 Distillery division

a) Ethanol

	2019 Quantity		2019 Working days	2018 Quantity		2018 Working days
Capacity	34,000	M. Tons	300	34,000	M. Tons	300
Actual production	29,786	M. Tons	343	34,643	M. Tons	335

During the year, plants operated below capacity due to lower availability of Molasses.

b) Liquidified carbon dioxide (CO_2)

	2019 Quantity		2019 Working days	2018 Quantity		2018 Working days
Capacity	18,000	M. Tons	300	18,000	M. Tons	300
Actual production	8,407	M. Tons	274	9,903	M. Tons	248

c) During the year CO_2 plants operated below capacity due to lower demand.

30.3 Textile division

	2019 Quantity		2019 Working days	2018 Quantity		2018 Working days
Capacity	560,000	Kgs.	300	560,000	Kgs.	300
Actual production	760,385	Kgs.	298	928,557	Kgs.	297

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:

	2019	2018
	(Rupees in thousands)	
Size of the fund - Total assets	327,529	307,631
Fair value of investments	312,681	292,175
Percentage of investments made	95.47	94.98

31.1 The cost of above investments amounted to Rs. 305.78 million (2018: Rs. 253.18 million).

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

	2019	2018	2019	2018
	Percentage		(Rupees in thousands)	
National savings scheme	91.75	93.65	286,900	273,618
Bank deposits	8.21	6.31	25,664	18,438
Debt securities	0.04	0.04	117	119
	100.00	100.00	312,681	292,175

31.3 The investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act 2017 and the rules formulated for this purpose.

	2019	2018
	(Number)	

32. Number of Employees

	2019	2018
Number of employees including contractual employees at September 30,	536	554
Average number of employees including contractual employees during the year	538	542

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:

Name of related parties and relationship with the Company	Nature of transactions	2019	2018
		(Rupees in thousands)	
Related Parties			
Bank Al Habib Limited			
	Profit on Treasury call account	202,131	94,527
	Dividend Received	60,342	72,410
	Dividend Paid	25,892	16,477
	Bank Charges	1,073	955
Habib Insurance	Insurance Premium Paid	26,325	25,784
	Insurance Claim Received	1,555	200
	Dividend Received	4,023	4,023
	Dividend Paid	12,234	7,785
First Habib Assets Allocation Fund	Purchase of Investment	–	50,000
	Sale of Investment	–	50,210
Uni Food Industries Limited	Purchase of Investment	85,678	62,000
Habib Mercantile Company Limited	Dividend Paid	1,404	894
Habib Sons (Pvt.) Limited	Dividend Paid	1,433	912
Hasni Textile (Pvt.) Limited	Dividend Paid	–	15,520

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
UniEnergy Limited	Key Management Personnel is a director	12.5
UniFood Industries Limited	Key Management Personnel are directors	18.88

34. Dividend

The Board of Directors of the Group in their meeting held on December 18, 2019 have proposed a final cash dividend of Rs.2.75 per share (55%) for the year ended September 30, 2019. The approval of the members for the proposed final cash dividend will be obtained at the Annual General Meeting of the Group to be held on January 27, 2020.

Under Section 5A of the Income Tax Ordinance, 2001, a tax on every public Group 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 Group 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 Group has proposed 55% dividend for the year ended September 30, 2019 which exceeds the above prescribed minimum dividend requirement, the Group believes that it would not eventually be liable to pay tax on its undistributed profits as of September 30, 2019.

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 18, 2019 by the Board of Directors of the Group.

35.3 Corresponding figures have been reclassified wherever necessary for better presentation.

Amir Bashir Ahmed
Chief Financial Officer

Raeesul Hasan
Chief Executive

Murtaza H. Habib
Director

Pattern of Shareholding as at September 30, 2019

Number of Shareholders	Size of Shareholding From		To	Total Number of Shares held
1,606	1	...	100	35,181
817	101	...	500	234,505
486	501	...	1,000	377,381
1,230	1,001	...	5,000	2,795,552
259	5,001	...	10,000	1,872,062
120	10,001	...	15,000	1,503,269
70	15,001	...	20,000	1,242,701
46	20,001	...	25,000	1,032,781
22	25,001	...	30,000	607,632
15	30,001	...	35,000	498,502
15	35,001	...	40,000	567,823
16	40,001	...	45,000	680,789
11	45,001	...	50,000	527,773
12	50,001	...	55,000	627,749
5	55,001	...	60,000	281,648
11	60,001	...	65,000	696,048
3	65,001	...	70,000	200,282
5	70,001	...	75,000	356,650
6	75,001	...	80,000	467,667
4	85,001	...	90,000	345,858
5	90,001	...	95,000	458,269
1	95,001	...	100,000	100,000
1	105,001	...	110,000	108,500
2	110,001	...	115,000	227,875
1	120,001	...	125,000	122,000
2	125,001	...	130,000	251,757
5	130,001	...	135,000	663,324
1	135,001	...	140,000	138,002
3	140,001	...	145,000	425,385
4	150,001	...	155,000	615,318
2	165,001	...	170,000	333,471
1	170,001	...	175,000	174,988
2	175,001	...	180,000	356,251
1	180,001	...	185,000	181,000
2	185,001	...	190,000	372,279
2	190,001	...	195,000	381,329
3	200,001	...	205,000	606,230
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
2	280,001	...	285,000	567,330
1	285,001	...	290,000	289,337
1	300,001	...	305,000	304,940
2	305,001	...	310,000	615,646
1	320,001	...	325,000	320,446
3	325,001	...	330,000	982,617
1	340,001	...	345,000	340,740
1	345,001	...	350,000	348,000
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	405,001	...	410,000	409,546
1	420,001	...	425,000	421,146
1	435,001	...	440,000	439,737
1	445,001	...	450,000	445,536
2	460,001	...	465,000	926,233
1	480,001	...	485,000	481,000
1	490,001	...	495,000	492,500
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	730,001	...	735,000	734,000
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	1,080,889
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	1,266,939
3	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	1,825,001	...	1,830,000	1,827,819
1	1,865,001	...	1,870,000	1,866,906
1	1,995,001	...	2,000,000	1,997,171
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	3,580,001	...	3,585,000	3,581,018
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	5,825,001	...	5,830,000	5,825,357
1	6,135,001	...	6,140,000	6,140,000
1	6,545,001	...	6,550,000	6,554,075
1	9,415,001	...	9,420,000	9,415,312
1	9,775,001	...	9,780,000	9,779,253
1	26,510,001	...	26,515,000	26,513,125
4,864				150,000,000

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
General Public (Local)	4,703	56,477,423	37.65
General Public (Forigen)	83	2,357,069	1.57
Insurance Companies	4	11,008,285	7.34
Joint Stock Companies	46	38,761,379	25.84
Financial Institutions	7	25,825,127	17.22
Modaraba Companies	2	1,521,068	1.01
Charitable Trusts	16	14,039,672	9.36
Societies	2	9,976	0.01
Corporate Law Authority	1	1	0.00
	4,864	150,000,000	100.00

Pattern of Shareholding as at September 30, 2019

Additional Information

Shareholders' Category		Number of Shareholders	Number of Shares Held
Associated Companies, undertakings and related parties			
Habib Mercantile Company (Pvt) Limited		1	510,668
Habib & Sons (Pvt) Limited		1	521,263
Bank AL Habib Limited		1	9,415,312
Habib Insurance Co. Ltd.		1	4,448,758
NIT and ICP			
National Investment (Unit) Trust (NIT)		1	9,779,253
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
Mushtaq Ahmed Maher (NIT Nominee)	"	–	–
Murtaza H. Habib	"	1	3,581,018
Shams Mohammad Haji	"	1	5,000
Amin Ali Abdul Hamid	"	1	23,971
Farouq Habib Rahimtoola	"	1	5,000
Raeesul Hasan	Chief Executive	1	31
Mrs. Tahira Asghar D. Habib w/o Mr. Asghar D. Habib		1	1,997,171
Mrs. Razia w/o Mr. Ali Raza D. Habib		1	325,078
Executives		2	1,269
Public Sector Companies and Corporations		44	37,724,663
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful Modarabas and Pension Funds		9	14,708,339
General Public			
a) Local		4,692	46,276,777
b) Foreign		83	2,357,069
Others			
Charitable & Other Trusts		16	14,039,672
Socieities		2	9,976
Government Institution		1	1
		4,864	150,000,000

Shareholders holding 10% or more voting rights

ICOM Industrie Und Handels, Schaan Principality of Liechtenstein	26,513,125

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

Name	Date	Gift Received No. of shares	Gift Given No. of Shares
Mrs. Tahira Ali Asghar - Spouse of Chairman	11.03.2019	173,494	Purchased
Mr. Murtaza H. Habib - Director	11.03.2019	173,494	Sell

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 18 دسمبر 2019ء

۸۔ چھ سال کے مالیاتی اعداد وشمار اور آپریشن کے متعلق معلومات صفحہ نمبر 9 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 30 ستمبر 2019 کو درج ذیل ہے۔

	(روپے ہزاروں میں)
پروویڈنٹ فنڈ	312,681
گریجویٹی فنڈ	110,358

۱۱۔ سال کے دوران بورڈ کے چار اجلاس منعقد کئے 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	2
جناب محمد نواز تشنا*	1
جناب مرتضٰی ایچ حبیب	4
جناب امین علی عبدالحمید	4
جناب شمس محمد حاجی	4
جناب فاروق حبیب رحیم تولا	4
جناب رئیس الحسن	4

*جناب محمد نواز تشنا (NIT کے نامذد کردہ) 10 جون 2019 کو رحلت فرما گئے اور ان کی جگہ جناب مشتاق احمد مہر کو 2 دسمبر 2019 میں NIT سے نامذد کردہ ڈائریکٹر کی حیثیت سے شامل کیا گیا۔
۱۲۔ شیئر ہولڈنگ کے طریقہ اور اس سے متعلق اضافی معلومات صفحہ نمبر 128 اور 129 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 129 پر دی گئی ہے۔
ڈائریکٹرز کے الیکشن:

موجودہ ڈائریکٹرز کی مدت 29 جنوری 2020ء کو ختم ہو رہی ہے لہٰذا تین سالوں کے لئے ڈائریکٹرز کے الیکشن کمپنی کی 58 ویں سالانہ جنرل میٹنگ میں 27 جنوری 2020ء کو منعقد کی جائے گی جیسا کہ کمپنی ایکٹ 2017ء کے سیکشن (1)-159 کے تحت دیا گیا ہے۔ کمپنی کے ڈائریکٹرز کی تعداد جو کہ بورڈ آف ڈائریکٹرز نے 7 مقرر کی ہے۔ ریٹائر ہونے والے ڈائریکٹرز کی اصغر ڈی حبیب، علی رضا ڈی حبیب، مشتاق احمد مہر، مرتضٰی ایچ حبیب، امین علی عبدالحمید، فاروق حبیب رحیم تولا اور شمس محمد حاجی شامل ہیں اور یہ لوگ دوبارہ الیکشن کے لئے اہل ہیں۔

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 اعلیٰ معیار قائم کیا جائے۔ کمپنی با قاعدگی 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 فراہم 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 جارہا ہے۔

قومی خزانے میں حصہ داری:

آپ کی کمپنی نے ٹیکسز، محصولات، سیلز ٹیکس اور ایکسائز کی مد میں 927.33 ملین روپے قومی خزانے میں جمع کرائے ہیں اس کے علاوہ قیمتی زرمبادلہ بھی حاصل کیا جو کہ مبلغ 3,896.07 ملین روپے (27.37 $ US ملین) کے مساوی ہیں جو کہ زیر نظر سال کے دوران شکر، ایتھانول اور گھریلو ٹیکسٹائل کی ایکسپورٹ سے حاصل کیا۔

آڈیٹرز:

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

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

کارپوریٹ اور مالیاتی رپوٹنگ فریم ورک سے متلق اسٹیٹمنٹ:

ا۔ 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 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 وظاہر 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 نہیں ہے۔

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

کمیونٹی کی سرمایہ کاری اور ویلفیئر اسکیم:

ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے کمپنی نے با قاعدہ 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 اور 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۔ گزشتہ کئی سالوں سے HSM اسکول اپنے ملازمین کے بچوں کو بہترین تعلیم فراہم کررہا ہے۔ اسکول میں بہت صحتمندانہ، محفوظ اور تعلیمی فروغ کا ماحول ہے۔ اسکول میں طالب علموں کو نہ صرف تعلیم پر زور دیا جاتا ہے بلکہ معاشرتی تہذیب اور جسمانی افزائش کی بھی تربیت ہوتی 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 13.0 ملین روپے کا عطیہ دیا ہے۔ اس وقت اسکول میں 178 طالب علم داخل ہیں اور یہ واحد ادارہ ہے جو کہ نوابشاہ 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 مزید 8 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۔

ماحولیات:

HSML کی انتظامیہ اس بات پر یقین رکھتی ہے کہ ماحولیاتی آلودگی سے بچنے کے 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 ماحول فراہم کیا جائے۔

ملز کے بوائلر میں رکھ 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 ہو گئے 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 جا سکے۔ 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 سیپیج کو دور کیا جا سکے اور آس پاس کے علاقے متاثر نہ ہوں۔

SLOP ٹریٹمنٹ پلانٹ اور کاربن ڈائی کسائیڈ فیکوری پلانٹس کی تنصیب ہماری معاشرتی ذمہ داری ہے جو کہ ہمارے نکاسی کے عمل سے گرین ہاؤس گیسز کو کم کرنے میں مددگار ہو سکتا ہے۔ اسکی اہمیت کے پیش نظر کمپنی نے فلاحی کاموں میں حصہ لینے پر بہت زور دیا۔ SLOP ٹریٹمنٹ پلانٹ CSTR نظام کے تحت کام کر رہا ہے جو کہ بائیو گیس کی شکل میں توانائی کے حصول سے متعلق ہے۔

اللہ تعالیٰ 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۔
آلودگی سے بچاؤ کی مسلسل کوششوں کو جاری رکھتے ہوئے فیکٹری کے اطراف میں 5000 پودے لگائے گئے ہیں تاکہ علاقہ زیادہ سے زیادہ سرسبز رہے اور اس کے فوائد کی لوگوں میں اگاہی بھی کی گئی ہے

IFRS9 کا اطلاق:

پہلے یونی فوڈ اور یونی انرجی کے شیئرز میں سرمایہ کاری قیمت خرید پر اندراج کئے جاتے تھے تاہم IFRS9 کے اطلاق کے بعد اب یہ فیئر ویلیو پر انجدراج کئے جائیں گے۔اور اس وجہ سے کنسلٹینٹ کو فیئر ویلیو نکالنے کے لئے رکھ لیا گیا ہے۔

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 چیئر مین اور ایک انڈیپنڈینٹ نان ایگزیکٹیو ڈائریکٹرز ہیں۔آڈٹ کمیٹی سال کے دوران چار اجلاس منعقد کرتی ہے۔ان اجلاسوں میں شرکت کی تعداد درج زیل ہے:

		اجلاس میں شرکت کی تعداد
جناب امین علی عبدالحمید	چیئر مین	4
جناب علی رضا ڈی حبیب	ممبر	2
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 چیئر مین 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	چیئر مین	1
جناب امین علی عبدالحمید	ممبر	1
جناب رئیس الحسن	ممبر	1

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۔کمیٹی کا CSR پورٹ فولیو سالوں پر محیط ہے جس میں سوشل ویلفیئر، تعلیم، صحت کی حفاظت، انفراسٹرکچر کی ترقی اور دیگر امور شامل ہیں۔

حکومت سندھ نے 9 دسمبر 2019ء کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 20-2019 کے نوٹیفکیشن کا اجراء کیا جس میں گنے کی قیمت -/192 روپے فی 40 کلوگرام مقرر کی گئی۔ اس کے مقابلتاً سیزن 19-2018 کے -/182 روپے فی 40 کلوگرام تھی۔ علاوہ ازیں ملز کوالٹی پریمیئم شکر کی اوسط ریکوری کے بینچ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 پیسے فی 40 کلوگرام ادا کرے گی۔ گنے کی دستیابی / رسد میں کمی کی وجہ شوگر ملوں میں گنے کی خریداری کی قیمت میں آپس میں مسابقت رہے گی۔ چینی کی پیداواری لاگت میں خاطر خواہ اضافہ اور منافع پر تشویشناک منفی اثرات ہونگے۔

ڈسٹلری ڈویژن:

ڈسٹلری ڈویژن میں 17 دسمبر 2019 تک ایتھانول کی پیداوار 4,547 میٹرک ٹن ہوئی اور لیکوئیڈ فائڈ کاربن ڈائی اکسائیڈ کی پیداوار 1,485 میٹرک ٹن ہوئی شیرے کی قیمتوں میں اضافے کی وجہ سے ڈویژن کے منافے پر اثر انداز ہوگا۔

ٹیکسٹائل ڈویژن:

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

بگاس پر مبنی کو جنریشن 26.5 میگاواٹ (ایم ڈبلیو) منصوبہ میں سرمایہ کاری:

بگاس پر مبنی ہائی پریشر کو جنریشن منصوبہ گورنمنٹ کی جانب سے بگاس پر مبنی 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 سی پی پی اے (CPPA) کی نظر ثانی درخواست مسترد کردی۔ سی پی پی اے (CPPA) نے معزز ہائی کورٹ آف اسلام آباد میں درخواست دی ہے جو کہ پیشی کے لئے زیرِ التواء ہے۔ اس کیس کے نتائج اس منصوبہ کے لئے فیصلہ کن ہیں انتظامیہ حالات کا جائزہ لے رہی ہے اور اپنا ہدف اور لائحہ عمل فیصلہ آنے کے بعد کرے گی۔

ونڈ پاور پروجیکٹ میں سرمایہ کاری:

کمپنی نے یونی انرجی لمیٹڈ میں 12.5 ملین روپے کی سرمایہ کاری کی ہے اور یہ 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۔

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 نظرثانی کر رہی ہے۔ آئندہ کا لائحہ عمل حکومت کی وضاحت کے بعد کیا جائے گا۔

فوڈ بزنس میں سرمایہ کاری:

کمپنی کی بصارت کے حوالے سے کمپنی کے ڈائریکٹران نے یونی فوڈ انڈسٹریز لمیٹڈ میں 30 ستمبر 2019ء تک 193.68 ملین روپے کی 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 کردی ہے۔ تاہم انتظامیہ کی انتہائی کوشش ہے کہ فروخت کے حجم میں اضافہ رہے لاگت میں کمی کی جائے۔ حالیہ کمپنی کو دوسرے مینوفیکچررز سے مارکیٹ میں سخت مقابلہ ہے۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

ایتھانول		2017-18	2018-19
آپریشن کی مدت*	ایام	335	343
شیرے کی مقدار	میٹرن ٹن	184,654	162,015
ایتھانول کی پیداوار	"	34,643	29,786
لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ(CO_2)			
آپریشن کی مدت	ایام	248	274
لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ(CO_2) کی پیداوار**	میٹرک ٹن	9,903	8,407

*شیرے کی کمی کی وجہ سے پلانٹ کو صلاحیت سے کم پر چلایا گیا۔

**مانگ میں کمی کی وجہ سے پلانٹ کو صلاحیت سے کم پر چلایا گیا۔

ٹیکسٹائل ڈویژن:

ٹیکسٹائل ڈویژن کا منافع 28.76 ملین روپے ہوا جس کا موازنہ گزشتہ سال کے منافع 24.80 ملین روپے سے کیا جا سکتا ہے۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2017-18	2018-19
آپریشن کی مدت	ایام	297	298
سوت کی مقدار	کلوگرام	1,074,066	907,431
تیار مال کی پیداوار	"	928,557	760,385

ٹریڈنگ ڈویژن:

زیرِ نظر مدت کے دوران ڈویژن کو 61.12 ملین روپے کا منافع شکر کی تجارت پر ہوا۔ جس کا موازنہ گزشتہ سال کے دوران 58.86 ملین روپے کے خسارے سے کیا جا سکتا ہے۔

مستقبل کا پروگرام:

شوگر ڈویژن:

کمپنی کے شوگر ڈویژن نے کرشنگ 26 نومبر 2019 سے شروع کر دی اور 17 دسمبر 2019 تک گنے کی کل کرشنگ 156,906 میٹرک ٹن تھی جبکہ اوسط ریکوری کا تناسب 9.38 فیصد اور شکر کی پیداوار 14,727 میٹرک ٹن بشمول شکران پراسس تھی۔

مقرر کی گئی۔ علاوہ ازیں ملز کوالٹی پریمیئم 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۔ موجودہ سیزن کے دوران گنے کی دستیابی میں کمی کے نتیجہ میں گنے کی خریداری کی قیمت میں ملوں میں آپس میں مسابقت رہی اور کاشتکاروں نے گنے کی سپورٹ پرائس سے زیادہ قیمت مانگی جس کے نتیجے میں شکر کی پیداواری لاگت بڑھ گئی۔ دوسری طرف مالی سال کے شروع میں قومی اور بین الاقوامی منڈیوں میں شکر کی قیمت فروخت میں مندی تھی۔ بہرحال مالی سال کے بعد میں آنے والی مدت میں ملکی منڈیوں میں قیمتوں میں اضافہ کی وجہ سے اس ڈویژن کے منافع میں مثبت اثرات مرتب ہوئے۔ دسمبر 2018 میں ملک میں شکر کے ذخائر کو ملحوظ رکھتے ہوئے اکنامک کوآرڈینیشن کمیٹی آف کیبنیٹ (ای سی سی) نے 1,100,000 ٹن شکر کی برآمد کرنے کی اجازت بغیر کسی مالی معاونت اور اندرون ملک کرائے کی مد میں سبسڈی کے دی۔ بین الاقوامی منڈیوں میں شکر کی مستقل گرتی ہوئی قیمتوں کی وجہ سے شکر کی برآمد کمپنی کے لئے قابل عمل نہیں تھی۔ مالی سال کے دوران پاکستان اور چائنا کے درمیان ایک آزادانہ تجارتی معاہدہ پر دستخط کیا گیا۔ جس میں 300,000 ٹن شکر برآمد کی منظوری ہوئی۔ اور آپ کی کمپنی کو 4,000 ٹن کا کوٹہ مختص ہوا اور قابل عمل سمجھتے ہوئے برآمد کیا گیا۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2017-18	2018-19
کرشنگ کی مدت	ایام	140	98
گنے کی کرشنگ	میٹرک ٹن	1,028,901	771,864
شکر کی اوسط ریکوری	%	10.30	10.87
شکر کی پیداوار	میٹرک ٹن	106,005	83,910

زیرِ جائزہ سال کے دوان ڈویژن نے 52.28 ملین روپے کا منافع کمایا اس کے مقابلتاً گزشتہ سال 4.18 ملین روپے کا منافع ہوا تھا۔ منافع حجم فروخت میں اضافہ کی وجہ سے ہوا۔

ڈسٹلری ڈویژن:

ڈسٹلری ڈویژن کی کارکردگی الحمدللہ اطمینان بخش رہی اور اس ڈویژن نے مبلغ 883.74 ملین روپے منافع حاصل کیا جس کا موازنہ گزشتہ سال کے منافع کی رقم 875.37 ملین روپے سے کیا جا سکتا ہے۔ سال کے دوران شیرے کی دستیابی میں کمی کے نتیجے میں اس کی قیمتوں میں اضافہ ایتھانول کی پیداوار میں کمی اور پیداواری لاگت میں اضافہ ہوا۔ بہرحال دوسری طرف سال کے دوران ایتھانول کی بہتر قیمت فروخت اور روپے کے مقابلے میں بین الاقوامی زرِ مبادلہ کی قدر میں اضافے کی وجہ سے منافع کو استحکام رکھنے میں مدد ملی۔

لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ (CO_2) یونٹ کی 8,407 میٹرک ٹن پیداوار ہوئی ہے جس کا موازنہ گزشتہ سال کی پیداوار 9,903 میٹرک ٹن سے کیا جا سکتا ہے۔ یونٹ حاصل کردہ آپریٹنگ منافع ڈویژن کے منافع میں شامل ہے۔

ڈائریکٹرز کی رپورٹ

محترم ممبران ۔ السلام علیکم

بورڈ آف ڈائریکٹرز اور اپنی جانب سے ہم آپ لوگوں کو کمپنی کی 58 ویں سالانہ جنرل میٹینگ میں خوش آمدید کہتے ہیں اور 30 ستمبر 2019ء 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 بعداز ٹیکس کی رقم مبلغ 1202.28 ملین روپے رہا۔ کمپنی کی کارکردگی کے نتائج اور بورڈ کی سفارش کے مطابق تصرفات درج ذیل ہیں۔

		(روپے ہزاروں میں)
منافع بعداز ٹیکسیشن		1,202,276
دیگر کل آمدنی کی ایڈجسٹمنٹ		240
غیر منقسمہ منافع براڈ فارورڈ		5,781
		6,021
تصرف کیلئے دستیاب منافع		1,208,297
مجوزہ	- کیش ڈویڈنڈ 55% جو کہ مبلغ 2.75 روپے بحساب 5 روپے فی عام شیئر	412,500
	- جنرل ریزرو کو منتقلی	790,00
		1,202,500
غیر منقسمہ منافع کیری فارورڈ		5,797
آمدنی فی شیئر ۔ بنیادی اور معتدل		8.02

کارکردگی کا جائزہ:

ڈویژن وائز کارکردگی درج ذیل ہے:

شکر ڈویژن

گنے کی کرشنگ کا سیزن 2018-2019 10 دسمبر 2018 کو شروع ہوا اور 16 مارچ 2019 تک 98 دن پلانٹ کو چلایا گیا۔ جبکہ گزشتہ سیزن 140 دن کا تھا۔ موجودہ سیزن کے دوران گنے کی دستیابی میں کمی کی وجہ سے گنے کی کرشنگ 771,864 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 10.87 فیصد رہا اور شکر کی پیداوار 83,910 میٹرک ٹن ہوئی۔ مقابلتاً گزشتہ سیزن میں گنے کی کرشنگ 1028901 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 10.30 فیصد تھی اور شکر کی پیداوار 106,005 میٹرک ٹن تھی۔ گنے کی دستیابی میں کمی کی وجہ سے گنے کی کرشنگ کی مقدار اور شکر کی پیداوار گزشتہ سیزن کے مقابلے میں کم رہی۔ حکومت سندھ نے 7 دسمبر 2018 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2018-2019 کے نوٹیفکیشن کا اجراء کیا جس میں گنے کی قیمت -/182 روپے فی 40 کلوگرام

چیئرمین کی رپورٹ

۱۔ میں بخوشی کمپنی کے شیئر ہولڈرز کو بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور انکی کمپنی کے مقصد اور نتائج حاصل کرنے میں رہنمائی کی رپورٹ پیش کر رہا ہوں۔

۲۔ حبیب شوگر ملز نے ایک مضبوط اور منظّم لائح عمل وضع کیا ہے جسکی وجہ سے انتظامیہ کمپنی کے معاملات بہتر طور پر انجام دینے میں مدد ملتی ہے اور کمپنی کی طویل المدت ترقی ممکن ہے۔

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

۔

مالی سال 19-2018 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 کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور اسکے مئوثر ہونے کو جانچا جائے اور کمپنی کے مقاصد کے تناظر میں توقعات کو پورا کیا جائے۔

بورڈ اپنے اور اپنی کمیٹیوں میں سی سی جی کے تحت نان ایگزیکٹو اور انڈیپینڈینٹ ڈائریکٹرز کی مناسب نمائندگی کو یقینی بناتا ہے۔ بورڈ کے ارکان اور اس کی متعلقہ کمیٹیاں اپنی ذمہ داریوں کو سر انجام 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۔ جن معاملات میں بہتری کی ضرورت تھی اسکو مدنظر رکھتے ہوئے لائح عمل اختیار کیا۔

بورڈ نے خود تشخیص کے طریقہ کار اور اندرونی آڈٹ کی سرگرمیوں کے ذریعہ مئوثر 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 18 دسمبر 2019ء

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 /or CDC Participant's

I.D. Numbers ....

and Account / Sub-Account No. ....

hereby appoint ....of.......................................

or failing him...of.......................................

another member of the Company to vote for me / us and on my / our behalf at the 58th Annual General Meeting of the Company to be held on Monday, January 27, 2020 and at any adjournment thereof.

As witness my / our hand this..day of..................................2020

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 attend and vote at this meeting must bring his / her National Identity Card, Account and Participant's ID Numbers to prove his / her identity, 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 usual documents as required for such purpose.

The instrument 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 شیئر رجسٹر فولیو نمبر ________ اور/یا سی ڈی سی پارٹیسپنٹس 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 تا کہ وہ ۲۷ جنوری ۲۰۲۰ء کو منعقد کئے جانے والے کمپنی کے ۵۸ ویں سالانہ اجلاسِ 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 اجلاسِ 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/ کر سکتی ہے

۲) سی ڈی سی شیئر 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 وقتِ انعقاد سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔ پراکسی کو کمپنی کا رکن ہونا ضروری ہے۔

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Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
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