Habib Sugar Mills Limited

Annual Report 2020

Contents

Company Information

Board of Directors	Asghar D. Habib	*Chairman*
	Ali Raza D. Habib	
	Adnan Afridi	
	Murtaza Habib	
	Tyaba Muslim Habib	
	Shams Muhammad Haji	
	Farouq Habib Rahimtoola	
	Raeesul Hasan	*Chief Executive*
Audit Committee	Shams Muhammad Haji	Chairman
	Farouq Habib Rahimtoola	Member
	Tyaba Muslim Habib	Member
Human Resource & Remuneration Committee	Tyaba Muslim Habib	Chairperson
	Shams Muhammad Haji	Member
	Raeesul Hasan	Member
COO & 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 United Bank Limited	
Statutory Auditors	EY Ford Rhodes Chartered Accountants	
Share Registrar	THK Associates (Pvt.) Limited Plot No. C-32, Jami Commercial Street-2 D.H.A. Phase VII, Karachi. UAN : (+92-21) 111-000-322 Phone : (+92-21) 35310184 Fax : (+92-21) 35310191 E-mail : sfc@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 59th Annual General Meeting of Habib Sugar Mills Limited will be held on Wednesday, January 27, 2021 at 11:30 a.m. to transact the following business. Due to the current situation caused by COVID-19 pandemic, shareholders shall be entitled to attend the meeting through video conference facility managed by the Company as per the instructions given in the notes section.

Ordinary Business

1. To receive and consider the audited financial statements, the Directors' report and the Auditors' report for the year ended September 30, 2020.
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, 2020 as recommended by the Board of Directors.
3. To appoint auditors of the Company for the year ending September 30, 2021 and fix their remuneration.

By order of the Board

Karachi: December 23, 2020

Khursheed Anwer Jamal
Company Secretary

Notes:

1. **Participation in the Annual General Meeting via Video Conference Facility**

Due to current COVID-19 situation in the country, participation in the 59th Annual General Meeting proceedings are arranged through video conference facility. Shareholders who are willing to participate in the meeting through video conference facility are requested to share following information at agm2021@habibsugar.com for their confirmation and proxy's verification at least 48 hours before the time of the meeting.

Name of Shareholder	CNIC No.	Folio No.	Cell. No.	Email Address

Video conference link details and login credentials will be shared with those Shareholders whose email containing all the particulars and received at least 48 hours before the time of the meeting. Shareholders can also provide their comments and questions for the agenda items of the AGM on agm2021@habibsugar.com at least 48 hours before the meeting.

2. **Closure of Share Transfer Books**

The Share Transfer Books of the Company will remain closed from Thursday, January 14, 2021 to Wednesday, January 27, 2021 both days inclusive.

3. **Proxy**

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. In case of corporate entity, the Board of Directors, resolution/power of attorney with specimen signature of the nominee shall be provided at least 48 hours before the time of the meeting. The Proxy Form in English and Urdu is enclosed with the CD of Annual Report and also available on the Company's website (www.habibsugar.com).

4. **Change of address**

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. **Submission of Copies of Valid CNIC**

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, Plot No. 32-C, Jami Commercial Street – 2, D.H.A., Phase VII, Karachi (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. **Withholding Tax on Dividend**

As per Income Tax Ordinance 2001, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:

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

Shareholders are advised to make sure that their names are entered into Active Tax-payers List (ATL) provided on the website of FBR before the book closure of the Company, otherwise tax on their cash dividend will be deducted @ 30% instead of 15 %.

For shareholders holding their shares jointly, as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on 'Filer/Non-Filer' status of 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(s)	
			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 certificate, as the case may be, must quote company name and their respective Folio numbers.

7. **Valid tax Exemption Certificate for Exemption from Withholding Tax**

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

8. **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 receive dividends directly into their bank account, shareholders in case of physical shares, 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 shares are held in CDC, 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.

9. 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).

10. 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
Plot No. 32-C, Jami Commercial Street-2, D.H.A.
Phase VII, Karachi-75500
UAN : (+92-21) 111-000-322,
Phone : (+92-21) 35310184
Fax : (+92-21) 35310191
e.mail: sfc@thk.com.pk

Six years' review at a glance

		2020	2019	2018	2017	2016	2015
Sugar Division							
Sugarcane crushed	M. Tons	620,425	771,864	1,028,901	865,530	821,801	854,231
Average sucrose recovery	%	9.91	10.87	10.30	9.97	10.74	10.40
Sugar produced	M. Tons	61,488	83,910	106,005	86,316	88,271	88,807
Distillery Division							
Ethanol							
Molasses processed	M. Tons	134,770	162,015	184,654	182,774	175,538	163,846
Average ethanol yield	%	18.70	18.38	18.76	18.43	18.13	18.73
Ethanol produced	M. Tons	25,206	29,786	34,643	33,687	31,817	30,681
Liquidified Carbon dioxide (CO_2) produced	M. Tons	7,583	8,407	9,903	11,069	10,104	9,230
Textile Division							
Yarn / Semi finished goods consumed	Kgs.	716,804	907,431	1,074,066	584,310	650,892	890,831
Average yield	%	84.90	83.80	86.45	88.18	85.76	84.58
Finished product	Kgs.	608,561	760,385	928,557	515,253	558,194	753,449
Operating results							
Sales / Rental income	Rs. '000	10,138,211	9,873,134	7,758,520	7,134,930	8,517,094	8,197,388
Cost of sales	Rs. '000	9,038,874	8,381,862	6,484,368	6,544,790	7,499,710	7,222,293
Gross profit	Rs. '000	1,099,337	1,491,272	1,274,152	590,140	1,017,384	975,095
Profit before taxation	Rs. '000	804,295	1,342,276	958,776	497,417	970,962	970,230
Profit after taxation	Rs. '000	694,295	1,202,276	901,276	557,417	824,962	815,230
Shareholders' Equity							
Paid-up capital	Rs. '000	750,000	750,000	750,000	750,000	750,000	750,000
Reserves	Rs. '000	7,872,962	7,325,693	7,353,970	6,233,335	5,781,437	5,110,222
Shareholders' equity	Rs. '000	8,622,962	8,075,693	8,103,970	6,983,335	6,531,437	5,860,222
Break-up value per share	Rs. '000	57.49	53.84	54.03	46.56	43.54	39.07
Adjusted earnings per share	Rs.	4.63	8.02	6.01	3.72	5.50	5.43
Return on equity	%	8.05	14.89	11.12	7.98	12.63	13.91
Financial position - Assets							
Fixed assets	Rs. '000	2,495,847	2,478,920	2,645,188	2,692,170	2,161,885	1,542,980
Long–term investments	Rs. '000	2,696,602	2,299,658	2,948,619	2,403,065	2,025,968	1,711,136
Long–term loans and deposits	Rs. '000	9,402	10,717	8,727	10,598	8,139	6,975
Current assets	Rs. '000	5,904,354	5,959,710	4,857,577	4,036,776	4,428,079	4,609,485
Total assets	Rs. '000	11,106,205	10,749,005	10,460,111	9,142,609	8,624,071	7,870,576
Financial position - Liabilities							
Non-current liabilities	Rs. '000	42,948	69,000	86,000	98,500	104,000	102,000
Current liabilities	Rs '000	2,440,295	2,604,312	2,270,141	2,060,774	1,988,634	1,908,354
Total liabilities	Rs. '000	2,483,243	2,673,312	2,356,141	2,159,274	2,092,634	2,010,354
Ratios							
Current ratio		2.42	2.29	2.14	1.96	2.23	2.42
Dividends							
Cash	%	55	55	55	35	55	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

On January 27, 2020, a new Board consisting of seven (7) Directors was elected for a term of three (3) years. 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 2019-20 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 aims and objectives set-out 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 for convergence in 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 business decisions and appropriate direction 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 the best practices of Corporate Governance.

The year 2020 has been a challenging year for the world. The COVID-19 pandemic has, with alarming speed, delivered a global economic shock of enormous magnitude, leading to steep recessions in many countries.

I take pride in affirming that the Board and the management of the Company efficiently analyzed the unprecedented situation after the onslaught of COVID-19 and formulated a carefully planned strategy to ensure safety of our people and deal with the outbreak while ensuring business continuity.

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 23, 2020

Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of the Board of Directors, we are pleased to welcome you all to the 59th 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, 2020.

By the Grace of Allah, during the year under review, the operations of your Company resulted in after-tax profit of Rs. 694.30 million. The operating results and appropriations as recommended by the Board are given below:

	(Rupees in thousands)
Profit after taxation	694,295
Adjustments for:	
Actuarial loss on Gratuity Fund Valuation	(158)
Realised gain on sale of invesments	14,158
	14,000
Unappropriated profit brought forward	5,797
Profit available for appropriation	714,092
Proposed – Cash Dividend @ 55% i.e. Rs.2.75 per ordinary share of Rs.5/- each	412,500
– Transfer to General Reserve	300,000
	712,500
Unappropriated profit carried forward	1,592
Earnings per share – Basic and diluted	Rs. 4.63

Performance Review

Division-wise performance of the Company is as follows :

Sugar Division

The crushing season 2019-20 commenced on November 26, 2019 and the plant operated upto March 5, 2020 for 101 days as against 98 days in the preceding season. Sugarcane crushed during the current season was 620,425 M. Tons with average sucrose recovery of 9.91 % and sugar production of 61,488 M.Tons as compared with crushing of 771,864 M. Tons with average sucrose recovery of 10.87 % and sugar production of 83,910 M. Tons during the preceding season.

The Government of Sindh on December 9, 2019 issued notification fixing the minimum support price of sugarcane for the crushing season 2019-20 at Rs.192 per 40 kgs as against Rs. 182 per 40 kgs for crushing season 2018-19. In addition, 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 year under review, the availability of sugarcane remained low on account of reduced acreage resulted in lower crushing quantum. Due to reduced availability of sugarcane, there was an unhealthy price competition amongst the mills which compelled the mills to purchase sugarcane at higher rates. In addition, sugar production was also remained low due to lower recovery. These factors resulted in higher production cost and affected the performance of the division.

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

		2019-20	2018-19
Crushing duration	Days	101	98
Sugarcane crushed	M.Tons	620,425	771,864
	Maunds	15,510,621	19,296,602
Average sucrose recovery	%	9.91	10.87
Sugar production	M.Tons	61,488	83,910

The sugar division suffered operating loss of Rs. 146.10 million as against operating profit of Rs. 52.28 million during the previous year. The division suffered loss due to higher production cost, lower recovery and lower sugar production during the year.

Distillery Division

The division earned operating profit of Rs. 633.65 million as compared with profit of Rs. 883.74 million during the previous year. The decrease in profit was due to higher molasses cost and lower production during the year.

The liquidified carbon dioxide (CO2) unit produced 7,583 M.Tons as compared with 8,407 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 :

		2019-20	2018-19
Ethanol			
Days of operation*		346	343
Molasses processed	M.Tons	134,770	162,015
Ethanol production	"	25,206	29,786
Liquidified Carbon dioxide (CO_2)			
Days of operation		255	274
Liquidified Carbon dioxide (CO_2) production	"	7,583	8,407

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

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

Textile Division

The Textile division earned operating profit of Rs. 45.82 million as compared with operating profit of Rs. 28.76 million during the previous year. The increase in profit was mainly attributable to better selling price and duty drawback of Rs. 13.1 million received from the government on account of increased export performance.

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

		2019-20	2018-19
Days of operation		293	298
Yarn consumed	Kgs	716,804	907,431
Finished goods production	Kgs	608,561	760,385

Gas Infrastructure Development Cess (GIDC)

The Honourable Supreme Court of Pakistan on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional. The Apex court further stated that all industrial and commercial entities which consume natural gas passed on the burden to their customers, have to pay the GID Cess that become due upto 31 July 2020 w.e.f 2011.

Subsequently to the Order passed by the Apex Court, the SSGC issued GIDC bill of Rs. 5.78 million being the first installment of total GIDC arrears of Rs. 138.68 million recoverable in twenty four monthly installments. Which were later increased to forty eight installments by the Apex Court.

The demand of the SSGC was not acknowledged as liability by the Company as the company had not passed the burden to their customers/clients. The Company filed an appeal before the Honourable High court of Sindh on the ground that no burden of GIDC had been passed to its customers/clients and thus the company is not liable to pay GIDC under GIDC Act 2015. The Court was pleased to grant stay vide order dated September 22, 2020 against the demand raised by the SSGC and restrained to take any coercive action.

The profitability of the company for the year under review has been affected by Rs. 138.68 million due to retrospective applicability of GID Cess in terms of decision given by the Supreme Court of Pakistan. However, as a matter of abundant pre-caution and without prejudice to the suit filed, the Company has made aggregate provision of Rs. 138.68 million for GID Cess in the financial statements for the year ended 30 September 2020.

Trading Division

During the year under review, the division earned operating profit of Rs. 133.17 million on account of trading of sugar as against operating profit of Rs. 61.12 million during the previous year.

Future Prospects

Sugar Division

The sugar division of the Company commenced crushing operations on November 10, 2020 and upto December 22, 2020 crushed 242,751 M.Tons of sugarcane with average sucrose recovery of 9.44 % and sugar production of 22,927 M.Tons including stock in process.

The Government of Sindh on November 23 , 2020 issued a notification fixing the minimum sugarcane support price at Rs.202 per 40 kgs for the crushing season 2020 – 21 as against Rs.192 per 40 kgs for the crushing season 2019 –2020. 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 / erratic 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 22, 2020 the distillery division produced 3,960 M.Tons of ethanol and 1,112 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 MW)

HSM Energy Limited (HSMEL) is a wholly owned subsidiary of the Company which was formed to generate electricity from Bagasse and to sell electricity to the Company and National Grid. This project was on hold for a long time, due to non-clarity on the policy of the Government for bagasse based energy projects. The Board of directors in its meeting held on July 29, 2020 reviewed the situation of these projects and after considering the uncertainty regarding the tariff and dispute over the power purchasing terms with CPPA, have decided to terminate the project and wind up HSM Energy Limited.

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 of electric power through wind and to sell electricity to the National Grid. 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, 2020 invested Rs. 256.55 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 from the existing manufacturers and marketing challenges due to COVID/lockdown situation in the country, however, vigorous efforts are being made by the management of the company to achieve better in sale volume and to reduce cost.

Board and Management Committees

Audit Committee

The Company has established Audit Committee as required under the Code of Corporate Governance (Revised). The Audit Committee comprises of three members, all of them are independent non-executive directors. The Audit Committee met four times during the year. Attendance of meetings is as follows:

		No. of meetings attended
Mr. Shams Mohammad Haji	Chairman	4
" Farouq Habib Rahimtoola*	Member	3
Mrs. Tyaba Muslim Habib*	Member	3
Mr. Ali Raza D. Habib**	Member	1
" Amin Ali Abdul Hamid**	Member	1

*Elected on January 27, 2020
**Tenure completed on January 26, 2020

Human Resources (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 of the Company is also a member of the Committee. The Chairperson 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
Mrs. Tyaba Muslim Habib	Chairperson	1
Mr. Shams Mohammad Haji	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 well being of the communities, surrounding the mills. 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, 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 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 on the academics but also aims the spiritual, social, moral and physical growth of its students.

During the year, the company continued its support to Family Education Services Foundation (FESF), a non-profitable organization, to run school for deaf children at Nawabshah. Your Company has donated Rs. 16.0 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 potential and enhances their quality of life.

During the year, the Company also donated Rs. 12.0 million to different recognized charitable institutions which are providing education and financial support to needy persons and establishing positive social trends in the society.

COVID-19

On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a pandemic and alerted the world that this pandemic will infect a large population and will claim many lives across the world. Scientists across the world are conducting research to develop vaccine for the COVID-19 which is now in final stages. However, until such time vaccine is developed the only means to control the spread of virus is to implement strict social distancing and other protective measures as recommended by WHO.

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020. This situation posed a range of business and financial challenges to businesses globally and across various sectors of the economy in Pakistan. The Government in Pakistan responded well to the crisis and taken measures to reduce the spread of COVID-19. These measures have resulted in an overall economic slowdown and disruptions to various businesses.

Despite the challenging operating environment, the Company has been able to continue its operations by implementing strict measures at its offices and mills to combat and reduce the spread of the virus, as the health and well-being of the employees is of paramount importance to the Company. The Company expects that like other sectors of the economy, the sugar and allied products are also to be under pressure. However, the business and financial strategies and the operational decisions are designed to move the Company smoothly and to ensure operations in a sustainable way during this economic crisis.

Taking cognizance of its corporate social responsibility, the Company during the pandemic, conducted free tests of COVID-19 for its employees as well as borne medical expenses of the employees who were infected with COVID-19. The Company also distributed free rations to the people from the general public who had lost their livelihood during the pandemic.

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 a healthy atmosphere to its employees and the citizens of Nawabshah. Your Company continued to be conscious of its social responsibility and the management has taken appropriate steps to 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 has been completely eliminated. The Company has installed a sugar factory waste water treatment plant to remove oil, grease and total suspended solids from the waste water. The project has since been completed yielding satisfactory results. During the year, the Company completed stone pitching in its waste water treatment plant to increase its efficiency. 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. During the year, the Company added one more digester in its slop treatment plant which increases and improves the efficiency of the plant. The slop treatment plant is working on the basis of continuous stirred tank reactor system (CSTR) with energy recovery in the form of biogas.

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

Continuing the efforts to contribute in conserving the environment, the tree plantation drive which was initiated last year is continuing in the factory premises and surrounding areas to make the area greener and environment friendly. During this activity, people were also 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 a 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 atmosphere of cordial industrial relations prevailed within the Company.

Contribution to the National Exchequer

During the year under review the Company contributed an amount of Rs. 1,410.11 million to the Government treasury in the form of taxes, levies, sales-tax and excise duty in addition to precious foreign exchange earned, equivalent to Pak Rupees 3,406.42 million (US$ 21.30 million) from exports of 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 judgments.
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 controls 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, 2020 were as follows:

	Rs.'000
Provident Fund	320,834
Gratuity Fund	120,167

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
" Adnan Afridi*	3
" Murtaza H. Habib	4
Mrs. Tyaba Muslim Habib*	3
Mr. Shams Mohammad Haji	4
" Farouq Habib Rahimtoola	4
" Mushtaq Ahmed Maher**	1
" Amin Ali Abdul Hamid**	1
" Raeesul Hasan	4

*Elected on January 27, 2020
**Tenure completed on January 26, 2020

12. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 131 and 132.

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 133.

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 the Company 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 23, 2020

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Year ended September 30, 2020

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: Seven (7)
   b. Female: One (1)

2. The Composition of the Board is as follows:

I. Independent Directors	Mr. Shams Muhammad Haji Mr. Farouq Habib Rahimtoola Mrs. Tyaba Muslim Habib
II. Non-Executive Directors	Mr. Asghar D. Habib Mr. Ali Raza D. Habib Mr. Adnan Afridi
III. 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 four (4) directors are certified under the Directors Training Program:

   Mr. Asghar D. Habib
   Mr. Murtaza H. Habib
   Mr. Shams Muhammad Haji
   Mr. Adnan Afridi

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. Shams Muhammad Haji (Chairman)	Mrs. Tyaba Muslim Habib (Chairperson)
Mr. Farouq Habib Rahimtoola	Mr. Shams Muhammad Haji
Mrs. Tyaba Muslim Habib	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, 2020
    b. HR and Remuneration committee: one (1) meeting held during the year ended September 30, 2020

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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Asghar D. Habib
Chairman

Karachi: December 23, 2020

Building a better
working world

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Independent Auditors' Review Report

To the members of Habib Sugar Mills Limited

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

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2020.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: January 05, 2021

EY Ford Rhodes
Chartered Accountants
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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 2020, 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, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, 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 2020 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.

Key audit matters	How our audit addressed the key audit matter
1. Existence and valuation of long-term investments	
As disclosed in note 4.2 to the accompanying unconsolidated financial statements, the Company has investments in quoted and unquoted equity instruments carried at Fair value throguh Other Comprehensive Income amounting to Rs. 2.696 billion which comprise of 24% of total assets of the Company.	Our key procedures amongst others included the following: - assessed the design and operating effectiveness of the financial reporting controls over acquisition (including board approvals), disposals and periodic valuation including model approval process; - evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 Financial Instruments;

Following are the key audit matters:

Key audit matters	How our audit addressed the key audit matter
1. Existence and valuation of long-term investments	
In view of the significance of investment in quoted and unquoted equity instruments we have identified the existence and valuation of Company's equity investments as a key audit matter.	- In relation to investments in quoted equity instruments, we performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement together with related reconcilliations and reperformance of investment valuations based on quoted market prices at the Pakistan Stock Exchange as at 30 September 2020; - In relation to investments in unquoted equity Instruments, we assessed the valuation methodology used by the Independent professional valuer (where required) to estimate the fair value of the Investment and considered whether the application of methodologies is consistent with generally accepted valuation methodologies and prior periods; - we challenged the key input and assumptoins driving the valuation of unquoted equity instruments involving our valuation subject matter specialists for review of the same where required; and - assessed the adequacy and appropriateness of disclosures for compliance with 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 67% and 33% 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 performed a range of audit procedures in relation to revenue including the following: - 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;
Key audit matter	**How our audit addressed the key audit matter**
We Identified revenue recognition and its reporting in the unconslidated financial statements as a key audit matter due to 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).	- assessed the design and operating effectiveness of the financial reporting controls over revenue recognition and reporting process for export and local sales; - 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 - assessed the adequacy of the disclosures as per the guildelines 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: January 05, 2021

Unconsolidated Statement of Financial Position
as at September 30, 2020

	Note	2020	2019
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	3	2,495,847	2,478,920
Long-term investments	4	2,696,602	2,299,658
Long-term loans	5	5,474	6,789
Long-term deposits		3,928	3,928
		5,201,851	4,789,295
Current Assets			
Stores and spare parts	6	189,864	171,935
Stock-in-trade	7	876,021	1,840,405
Trade debts	8	149,005	387,297
Loans and advances	9	520,580	890,852
Trade deposits and short-term prepayments	10	9,783	9,879
Profit accrued on bank deposits		14,637	4,767
Other receivables	11	45,961	115,649
Taxation - net		26,682	74,342
Cash and bank balances	12	4,071,821	2,464,584
		5,904,354	5,959,710
Total Assets		11,106,205	10,749,005
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2019: 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	7,872,962	7,325,693
		8,622,962	8,075,693
Non-Current Liabilities			
Deferred taxation	15	29,000	69,000
Lease Liability		13,948	–
		42,948	69,000
Current Liabilities			
Trade and other payables	16	2,027,986	2,004,077
Advance from customers		320,406	518,405
Unclaimed dividends		86,725	81,830
Current portion of lease Liability		5,178	–
		2,440,295	2,604,312
Contingencies and Commitments	17		
Total Equity and Liabilities		11,106,205	10,749,005

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, 2020

	Note	2020	2019
		(Rupees in thousands)	
Net sales and services	18	10,138,211	9,873,134
Cost of sales	19	(9,038,874)	(8,381,862)
Gross Profit		1,099,337	1,491,272
Selling and distribution expenses	20	(231,394)	(274,294)
Administrative expenses	21	(201,393)	(191,074)
Other operating expenses	22	(259,209)	(78,541)
Other income	23	122,951	260,734
		(569,045)	(283,175)
Operating Profit		530,292	1,208,097
Finance income - net	24	274,003	134,179
Profit before taxation		804,295	1,342,276
Taxation	25	(110,000)	(140,000)
Profit after taxation		694,295	1,202,276
Earnings per share - Basic and diluted (Rupees)	26	4.63	8.02

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, 2020

	2020	2019
	(Rupees in thousands)	
Profit for the year	694,295	1,202,276
Other comprehensive income :		
Items that will not be reclassified subsequently to the statement of profit or loss:		
Actuarial (loss) / gain on defined benefit plan - net	(158)	240
Profit / (Loss) on re-measurement of equity investments classified as fair value through other comprehensive income (FVOCI)	265,632	(776,821)
Total comprehensive income for the year	959,769	425,695

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, 2020

	Issued subsc-ribed and paid-up Capital	Capital Reserve	Revenue Reserves General Reserve	Revenue Reserves Unappro-priated profit	Revenue Reserves Unrealised gain / (loss) on re-measurement of AFS / FVOCI investment	Total Reserves	Total Equity
	(Rupees in thousands)						
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)	–	–	–	–	(41,472)	(41,472)	(41,472)
Balance as on October 1, 2018	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
Cash dividend for the year ended September 30, 2019 @ 55%	–	–	–	(412,500)	–	(412,500)	(412,500)
Realised gain on sale of investment	–	–	–	14,158	(14,158)	–	–
Transfer to general reserve	–	–	790,000	(790,000)	–	–	–
Total comprehensive income for the year ended September 30, 2020	–	–	–	694,137	265,632	959,769	959,769
Balance as on September 30, 2020	750,000	34,000	5,448,500	714,092	1,676,370	7,872,962	8,622,962

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, 2020

	Note	2020	2019
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	27	2,159,760	2,229,624
Finance income received - net	24.1	264,133	132,153
Income tax paid		(102,340)	(110,022)
Long-term loans		1,315	(1,990)
Net cash generated from operating activities		2,322,868	2,249,765
Cash flows from investing activities			
Fixed capital expenditure		(240,123)	(88,724)
Redemption / sale proceeds of investments		2,669,346	-
Dividend received		110,049	92,547
Purchase of investments		(2,850,658)	(169,332)
Sale proceeds of fixed assets		7,551	11,731
Net cash used in investing activities		(303,835)	(153,778)
Cash flows from financing activities			
Lease rental paid		(4,191)	-
Dividend paid		(407,605)	(398,278)
Net cash used in financing activities		(411,796)	(398,278)
Net increase in cash and cash equivalents		1,607,237	1,697,709
Cash and cash equivalents at the beginning of the year		2,464,584	766,875
Cash and cash equivalents at the end of the year	12	4,071,821	2,464,584

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, 2020

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.

1.2 Impact of COVID-19 on the unconsolidated financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

Despite the challenging operating environment, the Company has been able to continue its operations by implementing strict measures at its offices to combat and reduce the spread of virus as the health and well-being of the staff is of paramount importance to Company.

The Company expects that like other sectors of the economy, the sugar and allied products also to be under pressure. However, the business and financial strategies, and the operational decision are designed to move the Company from strength to strength, and to ensure operations in a sustainable way during these economic crisis. The management has assessed the accounting implications of these developments on these unconsolidated financial statements, including but not limited to expected credit losses and modification of financial liability under IFRS 9, 'Financial Instruments', the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets'.

The Company carried out an assessment including financial and non-financial consideration such as liquidity and funding concerns, disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issues.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in the unconsolidated financial statements.

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) Leases - determination of lease term for lease contracts with extension and termination option (Note 2.15).
f) Leases - estimating the incremental borrowing rate (Note 2.15).
g) Recognition of taxation and deferred tax (Note 2.21);
h) Impairment of financial and non financial assets (Note 2.28).
i) Contingencies and commitments (Note 17); and

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

2.4.1 Standards and amendments to accounting and reporting standards that became effective during the year and are relevant to the Company

The following standard became effective for the first time and is relevant to the Company.

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of transactions involving the legal form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over properties utilized as office premises only.

The Company adopted IFRS 16 with effect from October 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with the similar characteristics.

IFRS 16 allows two options for transition under the modified retrospective method as follows:

- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right of use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases, or;
- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right of use asset at its carrying value as if the new standard had always been applied.

In applying the standard, the Company has recognised lease liability at the date of initial application as present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments previously recognised. The present value has been determined using a single discount rate for portfolio of leases exhibiting similar characteristics based on practical expedient provided in the standard.

Lease term is the non-cancelable period for which the Company has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Company is reasonably certain to exercise and option to terminate which the Company is not reasonably certain to exercise.

The lease liabilities as at October 01, 2019 can be reconciled to the operating lease commitments as of September 30, 2019 as follows:

	(Rupees in thousands)
Operating lease commitments as at September 30, 2019	28,208
Impact of discounting	(4,891)
Lease liabilities at October 01, 2019	23,317
Incremental borrowing rate as at October 1, 2019	11.06%
The impact of adoption of IFRS 16 as at October 01, 2019 [(increase/(decrease)] is as follows:	
Assets	
Property, plant and equipment - right of use asset	23,317
Liabilities	
Lease liabilities	23,317
Unconsolidated statement of profit or loss	
Depreciation charge on right-of-use asset	5,829
Financial charges on lease liability	2,116

LONG TERM LEASE LIABILITIES

Impact of initial application of IFRS 16	
Balance as at 1 October	23,317
Mark up on lease liabilities	2,116
Less: Lease rentals paid	(6,307)
Closing balance	19,126
Current portion of long-term liabilities	5,178
Long-term lease liabilities	13,948

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

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

Standards and amendments:

IFRS 9	-	Prepayment Features with Negative Compensation (Amendments)
IFRS 14	-	Regulatory Deferral Accounts
IFRS 16	-	COVID 19 Related Rent Concessions (Amendments)
IAS 19	-	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	-	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	-	Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3	-	Business Combinations - Previously held Interests in a joint operation
IFRS 11	-	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	-	Income Taxes - Income tax consequences of payments on financial instruments.
IAS 23	-	Borrowing Costs - Borrowing costs eligible for capitalization

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

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

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

Standards and amendments		**Effective date (annual periods beginning on or after)**
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Reference to conceptual framework (Amendments)	01 January 2022
IFRS 7, IFRS 9 & IAS 39	Interest rate benchmark reforms (Amendments)	01 January 2020
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 1	Classification of liabilities as current or non-current (Amendments)	01 January 2022
IAS 16	Proceeds before intended use (Amendments)	01 January 2022
IAS 37	Onerous contracts - cost of fulfilling a contract (Amendments)	01 January 2022

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 9	Financial Instruments – Fees in the ’10 percent’ test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022

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.

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 01 January 2020 for prepares 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 prepares 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 standards have been issued by IASB which are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard or Interpretation		IASB effective date (annual periods beginning on or after)
IFRS 1	First time adoption of IFRSs	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

The Company expects that above new standards 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.

2.7.4 Right-of-use assets

The Company recognises a right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the period of lease term.

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 unconsolidated 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 unconsolidated 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 credited 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 unconsolidated 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, 2020. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	9.75 per annum
Expected rate of increase in salaries	9.50 per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2020, the fair value of gratuity scheme assets and present value of liabilities were Rs.120.17 million and Rs.120.33 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:

	2020	2019
	(Rupees in thousands)	
Net Employee Defined Benefit Asset		
Present value of defined benefit obligation	120,325	110,118
Fair value of plan assets	(120,167)	(110,358)
(Receivable) / liability recognised in the unconsolidated statement of financial position	158	(240)

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

	2020	2019
Net defined benefit obligation at the beginning of the year	(240)	390
Net charge for the year	4,394	4,020
Contribution	(4,154)	(4,410)
Remeasurement recognized in OCI during the year	158	(240)
	158	(240)

Charge for the year

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

	2020	2019
	(Rupees in thousand)	
Current service cost	4,422	3,983
Interest cost	13,466	10,290
Expected return on plan assets	(13,494)	(10,253)
	4,394	4,020

Remeasurement recognised in OCI during the year:

	2020	2019
Actuarial gain on obligation	(2,359)	(1,064)
Actuarial loss on plan asset	2,517	824
	158	(240)

	2020	2019
	(Rupees in thousand)	
The movement in present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at the beginning of the year	110,118	107,017
Current service cost	4,422	3,983
Interest cost	13,466	10,290
Benefits paid	(5,322)	(10,108)
Actuarial gain	(2,359)	(1,064)
Present value of defined benefit obligation at the end of the year	120,325	110,118
The movement in fair value of plan assets is as follows:		
Fair value of plan assets at the beginning of the year	110,358	106,627
Expected return on assets	13,494	10,253
Contributions	4,154	4,410
Benefits paid	(5,322)	(10,108)
Actuarial loss	(2,517)	(824)
Fair value of plan assets at the end of the year	120,167	110,358
Actual return on plan assets	10,977	9,429
Plan assets comprise:		
Term deposit receipts	100,000	99,000
Term Finance Certificates	254	255
Balance with Banks	19,645	10,722
Accrued interest	268	381
	120,167	110,358

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,	2020	2019	2018	2017	2016
			(Rupees in thousands)		
Present value of defined benefit Obligation	120,325	110,118	107,017	101,748	101,745
Fair value of plan assets	(120,167)	(110,358)	(106,627)	(101,472)	(101,599)
(Surplus) / Deficit	158	(240)	390	276	146
Experience adjustment on obligation	(3,627)	(2,464)	10,051	638	(4,292)
Experience adjustment on plan assets	2,517	824	2,194	88	(410)

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 %	113,844
Discount Rate -1 %	125,064
Long Term Salary Increases +1 %	123,470
Long Term Salary Increases -1 %	115,219

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 **Leases**

Lease liability is initially measured at present value of the lease payments over the period of lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassess the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

2.16 **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.

2.17 **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.

2.18 **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.

2.19 Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's unconsolidated financial statements and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by SECP vide S.R.O. 43(1) / 2007 dated May 22, 2007. Ujrah payments made under an Ijarah are charged to the unconsolidated profit or loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

2.20 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.

2.21 Taxation

2.21.1 Current

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

2.21.2 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 unconsolidated statement of financial position date.

2.22 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.

2.23 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 recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

2.24 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.

2.25 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.

2.26 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.

2.27 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.

2.27.1 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 rate (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 unconsolidated 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.

2.27.2 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.

2.28 Impairment

2.28.1 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 cash flows 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 cash flows 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.

2.28.2 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. The recoverable is the higher of an asset's fair value less cost to disposals and value in use.

2.29 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.

2.30 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.

2.31 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.

2.32 Functional and presentation currency

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

	Note	2020	2019
		(Rupees in thousands)	

3. Fixed Assets

Property, plant and equipment:	Note	2020	2019
Operating fixed assets	3.1	2,325,639	2,432,032
Capital work-in-progress	3.5	151,115	45,756
Major stores and spare parts	3.6	1,605	1,132
Right of use assets	3.7	17,488	–
		2,495,847	2,478,920

3.1 Operating fixed assets for 2020:

	Cost as at Oct. 1, 2019	Additions / (deletions)	Cost as at Sept. 30, 2020	Accumulated depreciation / amortization as at Oct. 1, 2019	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Accumulated depreciation / amortization as at Sept. 30, 2020	Written down value as at Sept. 30, 2020	Annual rate of depreciation / amortization %
				(Rupees in thousands)				
Land								
Freehold - Sugar / Distillery division	188,980	–	188,980	–	–	–	188,980	–
Leasehold - Textile division	489	–	489	251	5	256	233	1.01
Buildings on freehold land								
Sugar division	115,143	–	115,143	76,599	3,855	80,454	34,689	10
Distillery division	21,243	–	21,243	18,325	292	18,617	2,626	10
Non-factory buildings	30,228	–	30,228	24,057	309	24,366	5,862	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	17,306	203	17,509	1,826	10
Plant and machinery								
Sugar division	2,637,721	40,574 –	2,678,295	1,121,416	154,624 -	1,276,040	1,402,255	10
Distillery division - Note 3.1.1	1,306,955	82,881 –	1,389,836	722,511	64,592 –	787,103	602,733	10
Textile division	131,515	53	131,568	89,543	4,200	93,743	37,825	10
Railway siding - Sugar division	468	–	468	467	–	467	1	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,414	39	8,453	355	10
Textile division	3,601	–	3,601	3,074	53	3,127	474	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	91,289	7,801 (105)	98,985	66,836	7,283 (70)	74,049	24,936	25
Textile division	9,823	68	9,891	9,507	85	9,592	299	25
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,733	7	2,740	25	20
Motor cars / vehicles								
Sugar / Distillery division	46,093	2,860 (285)	48,668	21,427	5,023 (216)	26,234	22,434	20
Textile division	764	54	818	722	10	732	86	20
Total	4,615,220	134,291 (390)	4,749,121	2,183,188	240,580 (286)	2,423,482	2,325,639	

3.1.1 Plant and machinery of distillery division include storage tanks of the CO_2 unit having written down value of Rs.12.44 (2019: Rs.13.82) 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 2020

	Written down value as at Oct. 1, 2019	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Written down value as at Sept. 30, 2020
		(Rupees in thousands)		
Land	189,218	–	5	189,213
Buildings on freehold land	47,633	–	4,456	43,177
Buildings on leasehold land	2,029	–	203	1,826
Plant and machinery	2,142,721	123,508	223,416	2,042,813
Railway siding	1	–	–	1
Electric, gas and water installations	921	–	92	829
Furniture, fittings, electrical and office equipment	24,769	7,869	7,368	25,235
		(105)	(70)	
Tractors / trolleys and agriculture implements	32	–	7	25
Motor cars / vehicles	24,708	2,914	5,033	22,520
		(285)	(216)	
	2,432,032	134,291	240,580	2,325,639
		(390)	(286)	

3.2 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	2,637,721	972,553	166,093	1,121,416	1,516,305	10
		(20,790)			(17,230)			
Distillery division - Note 3.2.1	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)			

3.2.1 Plant and machinery of distillery division include storage tanks of the CO2 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.

3.2.2 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

3.2.3 Reconciliation of carrying values for 2019

	Written down value as at Oct. 1, 2018	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated 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)	

3.3 Allocation of depreciation / amortization charge for the year:

	Note	2020	2019
		(Rupees in thousands)	
Cost of Sales			
Sugar division	19	162,462	174,036
Distillery division	19	70,080	68,435
Textile division	19	4,461	4,938
		237,003	247,409
Administrative expenses			
Sugar division	21	2,784	2,556
Distillery division	21	239	219
Textile division	21	95	116
Terminal	18.1	459	392
		3,577	3,283
		240,580	250,692

3.4 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)					
Items having carry value of less than Rs. 50,000 each								
Sugar division / Distillery division								
Furniture, fittings, electrical and office equipment	105	70	35	10	(25)	Negotiation	Various	None
Motor cars / vehicles	285	216	69	7,541	7,472	Tender	Various	None
2020	390	286	104	7,551	7,447			
2019	21,771	17,471	4,300	11,731	7,431			

	Note	2020	2019
		(Rupees in thousands)	
3.5 Capital work-in-progress			
Plant and machinery		146,906	40,082
Advance to suppliers		4,209	5,674
	3.5.1	151,115	45,756
3.5.1 Movement in capital work-in-progress			
Balance at the beginning of the year		45,756	39,990
Cost incurred during the year		26,061	15,497
Charged to statement of Profit / (loss)		(4,449)	(4,622)
Transfer from Major stores and spare parts		207,255	52,702
Transfer to operating fixed assets		(123,508)	(57,811)
		105,359	5,766
Balance at the end of the year		151,115	45,756
3.6 Major stores and spare parts			
Stores	3.6.1	1,605	1,132
3.6.1 Movement in major stores and spare parts			
Balance at the beginning of the year		1,132	–
Additions during the year		207,728	53,834
		208,860	53,834
Transfer to capital work-in-progress		(207,255)	(52,702)
Balance at the end of the year		1,605	1,132

3.7 Right-of-use assets

	Impact of initial application of IFRS 16	Cost as at Sept. 30, 2020	Accumulated depreciation as at Oct. 1, 2019	Depreciation charge for the year	Accumulated decpreciation as at September 30, 2020	Written down value as at Sept. 30, 2020	Annual rate of depreciation %
	(Rupees in thousands)						
Rented Property	23,317	23,317	–	5,829	5,829	17,488	25

3.7.1 Reconciliation of carrying values for 2020

	Written down value as at October 1, 2019	Additions/ (delections)	Depreciation charge for the year	Written down value as at September 30, 2020
	(Rupees in thousands)			
Rented Property				
Sugar Division	–	23,317	5,829	17,488

3.7.2 Allocation of depreciation charge for the year

	2020	2019
	(Rupees in thousands)	
Administrative expenses		
Sugar division	5,829	–

4. Long-term investments

Number of shares 2019	Number of shares 2020	Face value Rs.	Company's Name	Note	2020 (Rupees in thousands)	2019 (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
			Impairment		(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		2,558	451
24,136,691	24,136,691	10	Bank AL Habib Limited		1,558,506	1,612,572
5,363,772	5,363,772	5	Habib Insurance Company Limited		49,079	44,251
					1,610,143	1,657,274
4.2.2 Investments in related parties - Unquoted						
1,249,999	1,249,999	10	UniEnergy Limited	4.4	12,555	12,408
19,367,800	25,654,560	10	Uni Food Industries Limited	4.5	109,032	80,764
					121,587	93,172

Number of shares 2019	Number of shares 2020	Face value Rs.	Company's Name	2020 (Rupees in thousands)	2019 (Rupees in thousands)

4.2.3 Investments in other companies - Quoted

2019	2020	Face value Rs.	Company's Name	2020	2019
175,000	340,000	10	Amreli Steels Limited	14,882	3,817
-	50,000	10	Aisha Steels Limited	786	–
50,000	50,000	10	Bank Alfalah Limited	1,739	2,047
500,160	735,176	10	Cherat Cement Company Limited	85,839	14,095
-	70,000	10	Cherat Packaging	12,454	–
31,078	31,078	10	Dawood Lawrencepur Limited	5,905	6,262
360,000	325,000	10	D.G. Khan Cement Company Limited	33,511	17,402
88,000	68,000	10	Engro Corporation Limited	20,470	23,486
12,500	12,500	10	Frieslandcampina Engro Pakistan Limited (formerly Engro Food Limited)	981	731
123,200	103,200	10	Engro Fertilizer	6,277	8,406
41,098	41,098	10	Engro Polymer & Chemical	1,655	1,009
90,600	90,600	10	Faran Sugar Mills Limited	4,530	3,307
118,885	100,885	10	Fauji Fertilizer Company Limited	10,895	11,060
80,000	80,000	10	Fauji Food Limited	1,282	836
189,000	189,000	5	First Habib Modaraba	2,192	1,896
12,100	12,100	10	GlaxoSmithKline Pakistan Limited	2,222	1,164
3,630	3,630	10	GlaxoSmithKline Consumer Healthcare Pakistan Limited	1,051	761
400,000	400,000	10	Habib Metropolitan Bank Limited	13,404	11,580
108,213	150,213	10	Habib Bank Limited	19,639	12,788
13,350	10,350	10	Indus Motors Company Limited	13,249	12,901
111,100	111,100	10	International Industries Limited	16,103	7,703
335,000	450,000	10	International Steels Limited	34,668	13,313
12,815	14,096	10	Jubliee Life Insurance Co. Limited	6,260	4,037
1,410,000	1,810,000	10	K-Electric Limited	7,620	5,005
100,000	125,000	10	Lucky Cement Limited	80,884	34,213
50,000	50,000	10	MCB Bank Limited	8,691	8,479
189,896	263,380	10	Mehran Sugar Mills Limited	19,530	10,919
450	506	10	Millat Tractors Limited	438	315
14,000	54,900	10	Mirpurkhas Sugar Mills Limited	4,502	868
-	19,500	10	National Food Limited	5,569	–
-	410,000	10	OGDCL	42,476	–
20,000	25,000	10	Packages Limited	12,558	5,980
5,150	3,150	10	Pak Suzuki Motor Company Limited	635	827
6	6	10	Pakistan Tobacco Company Limited	10	14
-	200,000	10	Pakistan International Bulk Terminal Limited	2,472	–
-	30,000	10	Pakistan Oil Fields Limited	12,639	–
6,243,098	6,243,098	5	Shabbir Tiles and Ceramics Limited	79,974	49,570
-	110,000	10	Shah Murad Sugar Mills Limited	11,003	–
711,503	711,503	5	Thal Limited	299,066	169,750
430,458	435,458	10	The Hub Power Company Limited	34,166	30,455
60,062	60,062	10	TPL Insurance Limited	1,747	1,351
43,246	43,246	10	TPL Corporation Limited	247	128
957,600	-	10	TPL Properties	–	8,331
27,220	52,220	10	The Searle Company Limited	13,384	3,762
77,000	150,000	10	United Bank Limited	17,267	10,644
				964,872	499,212
				2,696,602	2,299,658

4.3 HSM Energy Limited is a wholly owned subsidiary of the Habib Sugar Mills Limited which was formed to generate electricity from Bagasse and to sale electricity to company and National Grid. The Bagasse Based project of the Company was on hold for a long time, due to non-clarity on the policy of the Government for bagasse based energy projects. The Board members in their meeting held on July 29, 2020, reviewed the situation of these projects and after considering the uncertainty regarding the tariff and dispute over the power purchasing terms with Central Power Purchasing Agency, have decided to discontinue the project and wind up HSM Energy Limited.

	2020	2019
	(Rupees in thousands)	
4.4 UniEnergy Limited (UEL)		
Movement of Investment in UEL		
Balance at the beginning of the year	12,408	12,500
Gain / (Loss) on remeasurement recognised in other comprehensive loss	147	(92)
Balance at the end of the year	12,555	12,408

4.5 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. 109.03 million.

Based on the above fair valuation exercise, the Company has recorded an unrealised loss of Rs.34.60 million in other comprehensive income for the year (2019: Rs.71.44 million) by using modified retrospective approch.

	2020	2019
	(Rupees in thousands)	
Movement of Investment in related party - Unifood		
Balance at the beginning of the year	80,764	108,000
Impact of change in accounting policy	–	(41,472)
Balance at beginning of the year - restated	80,764	66,528
Investment made during the year	62,868	85,678
Loss on remeasurement recognised in other comprehensive loss	(34,600)	(71,442)
Balance at end of the year	109,032	80,764

4.6 The aggregate cost of the above investments is Rs.1,020.23 (2019: Rs.874.76) million.

	Note	2020	2019
		(Rupees in thousands)	
5. Long-term loans			
Secured - considered good			
Executives	5.1 & 5.2	–	29
Other Employees		12,231	13,093
	5.3	12,231	13,122
Receivable within next twelve months shown under current asset:			
Executives	9	–	(29)
Other Employees	9	(6,757)	(6,304)
		(6,757)	(6,333)
		5,474	6,789

5.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs.0.03 (2019: Rs.0.70) million.

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

	2020	2019
	(Rupees in thousands)	
Balance at the beginning of the year	29	767
Disbursements	–	29
	29	796
Repayments	(29)	(767)
Balance at the end of the year	–	29

5.3 Long-term loans of Rs.12.23 (2019: Rs.13.12) million, include loans of Rs.3.83 (2019: Rs.5.10) million to workers which carry no interest as per Company policy and CBA agreement. The balance amount of loan carries interest @ 7% (2019: 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	2020	2019
		(Rupees in thousands)	
6. Stores and spare parts			
Stores		128,178	115,975
Provision for obsolescence and slow moving stores	6.1	(13,694)	(13,694)
		114,484	102,281
Spare parts		100,686	94,960
Provision for obsolescence and slow moving spare parts	6.2	(25,306)	(25,306)
		75,380	69,654
		189,864	171,935

	Note	2020	2019
		(Rupees in thousands)	

6.1 Provision for obsolescence and slow moving stores

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

6.2 Provision for obsolescence and slow moving spares

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

7. Stock-in-trade

Raw materials			
Distillery division		165,788	217,433
Textile division		22,091	7,878
		187,879	225,311
Work-in-process			
Sugar division		1,211	1,109
Textile division		28,930	42,719
		30,141	43,828
Finished goods			
Sugar division		277,448	1,405,487
Distillery division		342,810	120,287
Textile division		29,970	24,813
Trading division		–	2,980
		650,228	1,553,567
Bagasse		7,105	15,068
Fertilizers		668	2,631
		876,021	1,840,405

8. Trade debts

Considered good			
Export – Secured against export documents		16,318	22,542
Local – Unsecured		132,687	364,755
	8.1	149,005	387,297

	Note	2020	2019
		(Rupees in thousands)	
8.1 The aging of trade debts at September 30, is as follows :			
Neither yet due		130,292	355,986
up to 90 days		10,528	29,636
91 to 180 days		8,185	1,675
		149,005	387,297
9. Loans and advances - considered good			
Loans - secured			
Current maturity of long-term loans			
Executives	5	–	29
Other Employees	5	6,757	6,304
		6,757	6,333
Advances - unsecured			
Suppliers		513,823	884,519
		520,580	890,852
10. Trade deposits and short-term prepayments			
Trade deposits		751	796
Short-term prepayments		9,032	9,083
		9,783	9,879
11. Other receivables - considered good			
Duty drawback and research & development support claim		9,827	17,903
Dividend receivable		741	3,114
Sales tax refundable / adjustable		33,537	85,137
Others	11.1	1,856	9,495
		45,961	115,649

11.1 Includes Rs.Nil (2019: Rs.9.37) 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.9.89 (2019: 9.37) million. During the year, the Company has written off receivables from HSM Energy Limited amounting to Rs. 9.89 million (2019: Rs. Nil).

	Note	2020	2019
		(Rupees in thousands)	
12. Cash and bank balances			
Cash in hand		125	229
Balances with banks in:			
Current accounts		17,302	9,298
Treasury call accounts	12.1	154,394	165,057
Term Deposit Receipts	12.2	3,900,000	2,290,000
	12.3	4,071,696	2,464,355
		4,071,821	2,464,584

12.1 Profit rates on treasury call accounts ranged between 5.50% to 11.75 % (2019: 6.52% to 11.75%) per annum.

12.2 Profit rates on Term Deposit Receipts ranged between 6.70% to 12.75% (2019: 6.80% to 12.25%) per annum.
Maturity of these Term Deposit Receipts are one month.

12.3 Includes Rs. 4,055.68 (2019: Rs.2,453.11) million kept with Bank AL Habib Limited - a related party.

			2020	2019
			(Rupees in thousands)	

13. Issued, subscribed and paid-up capital

2020	2019			
Number of shares				
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 25,176,241 (2019: 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	2020	2019
		(Rupees in thousands)	
Capital			
Share premium		34,000	34,000
Revenue			
General	14.1	5,448,500	4,658,500
Unappropriated profit		714,092	1,208,297
Unrealised gain on re-measurement of FVOCI investments		1,676,370	1,424,896
		7,838,962	7,291,693
		7,872,962	7,325,693

14.1 At the beginning of the year	4,658,500	4,173,500
Transferred from unappropriated profit	790,000	485,000
	5,448,500	4,658,500

15. Deferred taxation

	2020	2019
Deferred tax liability on taxable temporary difference:		
on accelerated tax depreciation allowance on operating fixed assets	208,000	210,000
Deferred tax asset on deductible temporary difference:		
Provision for obsolescence and slow moving stores & spare parts	(9,000)	(9,000)
Deferred tax assets carry forward on minimum tax under section 113	(9,000)	–
Deferred tax assets on impairment of investments	(14,500)	–
Deferred tax assets on lease liability	(5,500)	–
Deferred tax credit on provision for GIDG	(8,000)	–
Unabsorbed tax depreciation allowance	(133,000)	(132,000)
	(179,000)	(141,000)
	29,000	69,000

	Note	2020	2019
		(Rupees in thousands)	

16. Trade and other payables

	Note	2020	2019
Creditors		1,508,826	1,702,057
Accrued liabilities		313,799	213,717
Payable to Employees Gratuity Fund		158	–
Gas Infrastructure Development Cess	16.1	138,681	–
Workers' Profit Participation Fund (WPPF)	16.2	42,858	71,041
Workers' Welfare Fund		23,416	17,124
Income-tax deducted at source		248	138
		2,027,986	2,004,077

16.1 The Honourable Supreme Court of Pakistan on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional. The Apex court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers, have to pay the GID Cess that become due upto 31 July 2020 w.e.f 2011.

Subsequently to the Order passed by the Apex Court, the SSGC issued GIDC bill of Rs. 5.78 million being the first installment of total GIDC arrears of Rs. 138.68 million which are to be recovered in forty eight monthly installments.

The above demand of the SSGC was not acknowledged as liability by the Company as the company had not passed the burden to their customers/clients. The Company filed an appeal before the Honourable High court of Sindh on the ground that no burden of GIDC had been passed to its customers/clients and thus the company is not liable to pay GIDC under GIDC Act 2015.

The Court was pleased to grant stay vide order dated September 22, 2020 against the demand raised by the SSGC and restrained to take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company has made aggregate provision of Rs. 138.68 million for GID Cess in the financial statements for the year ended 30 September 2020.

16.2 Workers' Profit Participation Fund (WPPF)

	Note	2020	2019
Balance at the beginning of the year		71,041	50,783
Interest on funds utilized in the Company's business		1,592	884
		72,633	51,667
Amount paid to the WPPF		(72,633)	(51,667)
		–	–
Allocation for the year	22	42,858	71,041
Balance at the end of the year		42,858	71,041

17. Contingencies and commitments

17.1 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, 2020 is Rs.81.41 (2019:

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.

17.2 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.

17.3 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 these financial statement in this regard.

17.4 The Company has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.400.00 (2019: Rs.350.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.588.71 (2019: Rs.1,710.82) 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.

17.5 Commitments for capital expenditure amounting to Rs.32.27 (2019: Rs.31.61) million.

17.6 Lease rentals under Ijarah agreements in respect of vehicles, payable over the following next four years, are as follows:

	2020	2019
	(Rupees in thousands)	
Year ending September 30		
2020	–	20,541
2021	16,415	15,929
2022	10,868	10,084
2023	4,947	3,722
2024	385	–
	32,615	50,276

18. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division 2020	Sugar Division 2019	Distillery Division 2020	Distillery Division 2019	Textile Division 2020	Textile Division 2019	Trading Division 2020	Trading Division 2019	Total 2020	Total 2019
Net sales and services											
Local sales		5,970,913	6,019,192	433,121	465,420	4,838	6,705	1,329,580	499,294	7,738,452	6,990,611
Less: Sales tax / Federal excise duty		734,306	564,862	56,207	65,534	806	717	193,286	59,351	984,605	690,464
		5,236,607	5,454,330	376,914	399,886	4,032	5,988	1,136,294	439,943	6,753,847	6,300,147
Export sales		–	261,997	2,918,086	2,799,771	489,891	539,159	–	–	3,407,977	3,600,927
Less: Export duty, freight and commission		–	–	11,865	12,881	27,092	27,310	–	–	38,957	40,191
		–	261,997	2,906,221	2,786,890	462,799	511,849	–	–	3,369,020	3,560,736
Net sales		5,236,607	5,716,327	3,283,135	3,186,776	466,831	517,837	1,136,294	439,943	10,122,867	9,860,883
Services											
Terminal Storage income - net	18.1	–	–	15,344	12,251	–	–	–	–	15,344	12,251
		5,236,607	5,716,327	3,298,479	3,199,027	466,831	517,837	1,136,294	439,943	10,138,211	9,873,134
Less: Cost of sales	19	5,147,805	5,385,148	2,501,028	2,160,681	390,667	458,159	999,374	377,874	9,038,874	8,381,862
Gross profit		88,802	331,179	797,451	1,038,346	76,164	59,678	136,920	62,069	1,099,337	1,491,272
Selling and distribution expenses	20	54,822	108,534	149,143	140,254	24,581	25,233	2,848	273	231,394	274,294
Administrative expenses	21	180,080	170,362	14,656	14,348	5,762	5,690	895	674	201,393	191,074
		234,902	278,896	163,799	154,602	30,343	30,923	3,743	947	432,787	465,368
Profit / (loss) before other operating expenses and other income		(146,100)	52,283	633,652	883,744	45,821	28,755	133,177	61,122	666,550	1,025,904
Other operating expenses	22									(259,209)	(78,541)
Other income	23									122,951	260,734
Operating profit										530,292	1,208,097

- 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 / bagasse as and when opportunity occurs.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
18.1 Services										
Terminal storage income - net	–	–	23,471	20,213	–	–	–	–	23,471	20,213
Less: Terminal expenses										
Salaries, wages and other benefits - note 18.2	–	–	4,619	4,640	–	–	–	–	4,619	4,640
Repairs and maintenance	–	–	1,091	548	–	–	–	–	1,091	548
Water, electricity and gas	–	–	310	439	–	–	–	–	310	439
Rent, rates and taxes	–	–	1,136	1,080	–	–	–	–	1,136	1,080
Depreciation - note 3.2	–	–	459	392	–	–	–	–	459	392
Travelling and vehicle running expenses	–	–	112	105	–	–	–	–	112	105
Insurance	–	–	86	102	–	–	–	–	86	102
Other expenses	–	–	314	656	–	–	–	–	314	656
	–	–	8,127	7,962	–	–	–	–	8,127	7,962
	–	–	15,344	12,251	–	–	–	–	15,344	12,251

18.2 Salaries, wages and other benefits include a sum of Rs. 0.46 (2019: Rs. 0.41) million in respect of staff retirement benefits.

	2020	2019
	(Rupees in thousands)	

18.3 Geographical Information of customers

Revenues from customers (Country wise)		
Pakistan	6,769,191	6,271,771
South Korea	50,573	–
UAE	1,425,889	829,394
United kingdom	907,921	799,753
Singapore	97,851	–
Japan	–	110,207
Switzerland	517,082	1,063,760
South Africa	145,594	137,527
Taiwan	195,903	395,350
China	–	261,997
Holland	28,207	3,375
	10,138,211	9,873,134

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Opening stock of raw material	–	–	217,433	428,703	7,878	15,163	–	–	225,311	443,866
Purchases / Transfers	3,545,650	4,225,638	2,120,122	1,317,421	282,645	326,008	–	–	5,948,417	5,869,067
	3,545,650	4,225,638	2,337,555	1,746,124	290,523	341,171	–	–	6,173,728	6,312,933
Closing stock of raw material	–	–	(165,788)	(217,433)	(22,091)	(7,878)	–	–	(187,879)	(225,311)
Raw material consumed	3,545,650	4,225,638	2,171,767	1,528,691	268,432	333,293	–	–	5,985,849	6,087,622
Salaries, wages and other benefits - note 19.1	336,366	313,074	86,250	88,510	15,309	15,194	–	–	437,925	416,778
Research and development expenses	1,447	1,269	–	–	–	–	–	–	1,447	1,269
Process chemicals	45,961	53,111	31,685	32,975	–	–	–	–	77,646	86,086
Packing material	41,433	52,994	–	–	19,154	23,182	–	–	60,587	76,176
Dyeing, weaving and other charges	–	–	–	–	64,323	84,176	–	–	64,323	84,176
Stores and spare parts consumed	89,299	89,066	40,118	52,542	–	–	–	–	129,417	141,608
Provision for obsolescence and slow moving stores & spares -note 6.1	–	8,380	–	4,462	–	–	–	–	–	12,842
Rent, rates, taxes and lease rentals	8,341	8,460	10,744	10,048	1,854	1,408	–	–	20,939	19,916
Water, fuel and power	64,658	63,967	213,787	187,620	33,045	29,531	–	–	311,490	281,118
Repairs and maintenance	113,752	97,633	85,556	84,782	5,920	4,110	–	–	205,228	186,525
Legal and professional charges	4,812	3,241	–	–	–	–	–	–	4,812	3,241
Insurance	7,610	7,659	6,980	7,185	812	779	–	–	15,402	15,623
Postage, telephone and stationery	5,055	4,340	–	–	–	–	–	–	5,055	4,340
Depreciation / amortization - note 3.2	162,462	174,036	70,080	68,435	4,461	4,938	–	–	237,003	247,409
Other manufacturing expenses	32,854	22,031	6,584	9,227	221	164	–	–	39,659	31,422
Duty drawback / Rebate	–	–	–	–	(31,496)	(18,141)	–	–	(31,496)	(18,141)
Bagasse transferred to distillery division	(38,425)	(63,810)	–	–	–	–	–	–	(38,425)	(63,810)
Molasses transferred to distillery division	(394,624)	(286,919)	–	–	–	–	–	–	(394,624)	(286,919)
Sale of Electricity	(6,783)	(22,791)	–	–	–	–	–	–	(6,783)	(22,791)
	474,218	525,741	551,784	545,786	113,603	145,341	–	–	1,139,605	1,216,868
Manufacturing cost	4,019,868	4,751,379	2,723,551	2,074,477	382,035	478,634	–	–	7,125,454	7,304,490
Opening stock of work-in-process	1,109	835	–	–	42,719	45,154	–	–	43,828	45,989
Closing stock of work-in-process	(1,211)	(1,109)	–	–	(28,930)	(42,719)	–	–	(30,141)	(43,828)
	(102)	(274)	–	–	13,789	2,435	–	–	13,687	2,161
Cost of goods manufactured	4,019,766	4,751,105	2,723,551	2,074,477	395,824	481,069	–	–	7,139,141	7,306,651
Opening 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
Purchases	–	–	–	–	–	1,116	996,394	377,874	996,394	378,990
Closing stock of finished goods	(277,448)	(1,405,487)	(342,810)	(120,287)	(29,970)	(24,813)	–	(2,980)	(650,228)	(1,553,567)
	1,128,039	(634,043)	(222,523)	86,204	(5,157)	(22,910)	999,374	377,874	1,899,733	1,075,211
	5,147,805	5,385,148	2,501,028	2,160,681	390,667	458,159	999,374	377,874	9,038,874	8,381,862

19.1 Salaries, wages and other benefits include a sum of Rs. 11.68 (2019: Rs. 9.93) million in respect of staff retirement benefits.

(Rupees in thousands)

20. Selling and distribution expenses

	Sugar Division 2020	Sugar Division 2019	Distillery Division 2020	Distillery Division 2019	Textile Division 2020	Textile Division 2019	Trading Division 2020	Trading Division 2019	Total 2020	Total 2019
Salaries, wages and other benefits - note 20.1	7,095	10,784	6,178	7,097	5,748	5,687	–	–	19,021	23,568
Insurance	2,344	7,075	2,225	2,280	62	–	–	–	4,631	9,355
Rent, rates, taxes and lease rentals1,605	1,508	661	856	–	–	–	–	2,266	2,364	
Transport, freight, handling and forwarding expenses	43,778	89,167	135,971	125,520	4,935	6,698	2,848	273	187,532	221,658
Other expenses	–	–	4,108	4,501	13,836	12,848	–	–	17,944	17,349
	54,822	108,534	149,143	140,254	24,581	25,233	2,848	273	231,394	274,294

20.1 Salaries, wages and other benefits include a sum of Rs. 1.05 (2019: Rs. 0.81) million in respect of staff retirement benefits.

21. Administrative expenses

	Sugar Division 2020	Sugar Division 2019	Distillery Division 2020	Distillery Division 2019	Textile Division 2020	Textile Division 2019	Trading Division 2020	Trading Division 2019	Total 2020	Total 2019
Salaries, wages and other benefits - note 21.1	98,311	97,396	7,101	7,097	4,372	4,466	524	474	110,308	109,433
Insurance	1,355	1,188	108	101	–	–	–	–	1,463	1,289
Repairs and maintenance	3,453	2,780	717	425	167	211	–	–	4,337	3,416
Postage, telephone and stationery	4,695	4,308	551	518	186	217	–	–	5,432	5,043
Travelling and vehicle running expenses	15,219	14,866	1,470	1,301	–	–	–	–	16,689	16,167
Rent, rates, taxes and lease rentals	2,700	8,580	2,074	1,938	–	–	–	–	4,774	10,518
Water, electricity and gas	3,470	3,399	248	351	69	88	–	–	3,787	3,838
Fees, subscription and periodicals	2,659	2,855	28	8	19	25	–	–	2,706	2,888
Legal and professional charges	996	1,029	664	700	360	–	–	–	2,020	1,729
Directors' meeting fee	730	595	–	–	–	–	–	–	730	595
Depreciation - note 3.2	8,613	2,556	239	219	95	116	–	–	8,947	2,891
Auditors' remuneration - note 21.2	1,712	2,111	1,078	1,180	151	191	371	164	3,312	3,646
Other expenses - note 21.3	36,167	28,699	378	510	343	376	–	36	36,888	29,621
	180,080	170,362	14,656	14,348	5,762	5,690	895	674	201,393	191,074

21.1 Salaries, wages and other benefits include a sum of Rs. 3.70 (2019: Rs. 3.24) million in respect of staff retirement benefits.

21.2 Auditors' remuneration

	Sugar Division 2020	Sugar Division 2019	Distillery Division 2020	Distillery Division 2019	Textile Division 2020	Textile Division 2019	Trading Division 2020	Trading Division 2019	Total 2020	Total 2019
Statutory audit fee	925	987	582	552	82	89	201	76	1,790	1,704
Half yearly review fee	197	221	124	123	17	20	43	17	381	381
Tax / other services	417	713	263	399	37	65	90	55	807	1,232
Out of pocket expenses	173	190	109	106	15	17	37	16	334	329
	1,712	2,111	1,078	1,180	151	191	371	164	3,312	3,646

21.3 Sugar division's other expenses include donation of Rs.28.0 (2019: Rs. 21.0) million as per details below:

Name of Institution	2020	2019
	(Rupees in thousands)	
Al-Sayyeda Benevolent Trust	3,000	1,820
Habib Education Trust	–	1,680
Rehmat Bai Widows & Orphange Trust	3,000	1,000
Habib Medical Trust	3,000	1,680
Habib Poor Fund	3,000	1,820
Family Education Services Foundation	16,000	13,000
	28,000	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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
21.4.1 Segment assets	2,162,019	3,453,977	1,703,705	1,871,356	429,230	383,792	4,304	3,674	4,299,257	5,712,799
Unallocated assets									6,806,948	5,036,206
									11,106,205	10,749,005
21.4.2 Segment liabilities	1,666,690	2,113,152	467,058	193,448	119,274	106,442	7,241	4,172	2,260,263	2,417,214
Unallocated liabilities									222,980	256,098
									2,483,243	2,673,312
21.4.3 Capital expenditure	199,276	28,675	40,793	59,899	53	150	–	–	240,122	88,724

	Note	2020	2019
		(Rupees in thousands)	

22. Other operating expenses

	Note	2020	2019
Workers' Profit Participation Fund	16.2	42,858	71,041
Workers' Welfare Fund		10,000	7,500
Exchange loss - net		7,783	–
Provision for Gas Infrastructure Development Cess	16.1	138,681	–
Impairment - Investment in HSM Energy	4.1	50,000	–
Receivable from HSM Energy - written off		9,887	–
		259,209	78,541

23. Other income

	Note	2020	2019
Income from financial assets			
Dividend income	23.1	107,675	91,988
Exchange gain - net		–	45,477
		107,675	137,465
Income from non financial assets			
Gain on disposal of fixed assets		7,447	7,431
Cash Freight Subsidy		–	100,741
Agricultural income		2,642	1,718
Scrap sale		5,187	13,379
		15,276	123,269
		122,951	260,734

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

	Note	2020	2019
		(Rupees in thousands)	
Bank AL Habib Limited		84,478	60,342
Habib Insurance Company Limited		2,682	4,023
		87,160	64,365

24. Finance income - net

	Note	2020	2019
Profit on treasury call accounts	12.1	28,533	17,282
Profit on term deposits receipts	12.2	237,970	186,120
Government Securities		70,956	–
Interest on loan to employees		536	505
		337,995	203,907
Less: Mark-up / interest on:			
Short-term borrowings	24.2 & 24.3	(47,069)	(50,172)
Workers' Profit Participation Fund		(1,592)	(884)
Lease Liability		(2,116)	–
Bank charges		(13,215)	(18,672)
		(63,992)	(69,728)
		274,003	134,179

	2020	2019
	(Rupees in thousands)	
24.1 Finance income received	328,125	201,881
Finance charges paid	(63,992)	(69,728)
Finance income received - net	264,133	132,153

24.2 The financial facilities from various commercial banks amounted to Rs.7,637 (2019: 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 0.50% to 15.35% (2019: 2.20% to 11.39%) per annum.

	Note	2020	2019
		(Rupees in thousands)	
25. Taxation			
Income tax - current		150,000	157,000
Deferred tax		(40,000)	(17,000)
	25.1	110,000	140,000

25.1 Reconciliation of tax charge for the year

	2020	2019
Accounting profit	804,295	1,342,276
Corporate tax rate	29%	29%
Tax on accounting profit at applicable rate	233,246	389,260
Tax effect of timing differences	(40,000)	(17,000)
Tax effect of lower tax rates on export and certain income	(97,808)	(235,053)
Tax effect of income exempt from tax	(766)	(29,713)
Tax effect of expenses that are inadmissible in determining taxable income	15,328	32,506
	(123,246)	(249,260)
	110,000	140,000

25.2 The income tax return for the Tax year 2020 (financial year ended September 30, 2019) has been filed.

	2020	2019
	(Rupees in thousands)	

26. Earnings per share - Basic and diluted

	2020	2019
Profit after taxation	694,295	1,202,276
	Number of shares	
Number of ordinary shares of Rs. 5/- each	150,000,000	150,000,000
Earnings per share - Basic and diluted (Rupees)	4.63	8.02

27. Cash generated from / (used in) operations

	2020	2019
Profit before taxation	804,295	1,342,276
Adjustment for non-cash charges and other items		
Depreciation / amortization	246,409	250,692
Provision for obsolescence and slow moving stores	–	12,842
Gain on disposal of fixed assets	(7,447)	(7,431)
Impairment on investment	50,000	–
Finance income - net	(274,003)	(134,179)
Dividend income	(107,675)	(91,988)
	(92,716)	29,936
Working capital changes - note 27.1	1,448,181	857,412
	2,159,760	2,229,624

27.1 Working capital changes

	2020	2019
(Increase) / Decrease in current assets		
Stores and spare parts	(17,929)	(22,043)
Stock-in-trade	964,384	923,690
Trade debts	238,292	124,245
Loans and advances	370,272	(500,382)
Trade deposits and short-term prepayments	96	(362)
Other receivables	67,314	12,075
	1,622,429	537,223
Increase / (decrease) in current liabilities		
Trade and other payables	23,751	504,153
Advance from customers	(197,999)	(183,964)
	(174,248)	320,189
Net changes in working capital	1,448,181	857,412

28. Remuneration of Chief Executive, Directors and Executives

	2020				2019			
	Chief Execu-tive	Direc-tors	Execu-tives	Total	Chief Execu-tive	Direc-tors	Execu-tives	Total
	(Rupees in thousands)							
Managerial remuneration	13,632	8,616	90,228	112,476	12,000	7,800	76,667	96,467
Perquisites								
Telephone	44	18	407	469	41	15	376	432
Bonus	–	–	10,942	10,942	–	–	12,033	12,033
Medical	338	341	3,448	4,127	283	242	5,029	5,554
Utilities	–	606	–	606	–	564	–	564
Entertainment	–	238	–	238	–	645	–	645
Retirement benefits	971	635	7,102	8,708	850	571	5,620	7,041
	14,985	10,454	112,127	137,566	13,174	9,837	99,725	122,736
Number of persons	1	1	27	29	1	1	24	26

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.0.73 million (2019: Rs.0.60 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:

	2020	2019
	(Rupees in thousands)	
Long-term loans	5,474	6,789
Long-term deposits	3,928	3,928
Trade debts	149,005	387,297
Loans and advances	520,580	890,852
Trade deposits	751	796
Profit accrued on bank deposits	14,637	4,767
Other receivables	45,961	115,649
Bank balances	4,071,696	2,464,355
	4,812,032	3,874,433

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:

	2020	2019
	(Rupees in thousands)	
29.1.1 Trade debts		
Customers with no defaults in the past one year	149,005	387,297
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	–	–
	149,005	387,297
29.1.2 Bank Balances		
A1+	4,070,708	2,463,560
A2	988	795
	4,071,696	2,464,355

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.4,054.39 (2019: 2,455.06) 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.28.79 (2019: Rs.17.43) 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:

		2020	2019
		(Respective Currency)	
Trade debts	$	–	57,660
"	£	76,608	70,383
Advance from customers	$	969,418	594,549

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

		2020	2019
Exchange rates	buying $	165.90	156.35
	selling $	166.10	156.55
	buying £	213.00	192.19
	selling £	213.26	192.44

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, 2020	+10	14,468	14,484
	-10	(14,468)	(14,484)
September 30, 2019	+10	7,053	7,076
	-10	(7,053)	(7,076)

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.2,694.40 (2019: Rs.2,223.22) 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, 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Trade and other payables	–	314,205	1,713,781	–	–	2,027,986
Advance from customers	–	320,406	–	–	–	320,406
Lease Liability	–	2,519	2,659	13,948	–	19,126
	–	637,130	1,716,440	13,948	–	2,367,518

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
Lease Liability	–	–	–	–	–	–
	–	1,050,904	1,471,578	–	–	2,522,482

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 (2019: 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

	2020	2019
	(Rupees in thousands)	
Fair value through other comprehensive income		
Investments in related parties - Quoted	1,610,143	1,657,274
Investments in related parties - Unquoted	121,587	93,172
Investments in other companies - Quoted	964,872	499,212
	2,696,602	2,249,658
At amortised cost		
- Loans and advances	12,231	13,122
- Deposits	4,679	4,724
- Trade debts	149,005	387,297
- Profit accrued on bank deposits	14,637	4,767
- Other receivables	12,424	30,512
- Cash and bank balance	4,071,821	2,464,584
	4,264,797	2,905,006
	6,961,399	5,154,664

29.6.2 Financial liabilities as per statement of financial position

	2020	2019
At amortised cost		
- Trade and other payables	2,027,986	2,004,077
- Unclaimed dividend	86,725	81,830
	2,114,711	2,085,907

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.

	2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	2,575,015	–	121,587	2,696,602
	2,575,015	–	121,587	2,696,602

	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

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

	2020			2019		
	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	1,111,000	M. Tons	101	1,078,000	M. Tons	98
Actual crushing	620,425	M. Tons	101	771,864	M. Tons	98
Sucrose recovery	9.91	%		10.87	%	
Sugar production	61,488	M. Tons		83,910	M. Tons	

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

		2020			2019		
	Quantity		Working days	Quantity		Working days
30.2 Distillery division						
a) Ethanol						
Capacity	34,000	M. Tons	300	34,000	M. Tons	300
Actual production	25,206	M. Tons	346	29,786	M. Tons	343

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

b) Liquidified carbon dioxide (CO_2)						
Capacity	18,000	M. Tons	300	18,000	M. Tons	300
Actual production	7,583	M. Tons	255	8,407	M. Tons	274

c) During the year CO_2 plants operated below capacity due to lower availability of raw gas.

30.3 Textile division						
Capacity	560,000	Kgs.	300	560,000	Kgs.	300
Actual production	608,561	Kgs.	293	760,385	Kgs.	298

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:

	2020	2019
	(Rupees in thousands)	
Size of the fund - Total assets	336,039	327,529
Fair value of investments	320,834	312,681
Percentage of investments made	95.48	95.47

31.1 The cost of above investments amounted to Rs. 290.71 million (2019: Rs. 305.78 million).

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

	2020	2019	2020	2019
	Percentage		(Rupees in thousands)	
National savings scheme	84.17	91.75	270,057	286,900
Bank deposits	15.79	8.21	50,660	25,664
Debt securities	0.04	0.04	117	117
	100.00	100.00	320,834	312,681

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

	2020	2019
	(Number)	

32. Number of Employees

	2020	2019
Number of employees including contractual employees at September 30,	520	536
Average number of employees including contractual employees during the year	526	538

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	2020	2019
		(Rupees in thousands)	
Subsidiary			
HSM Energy Limited	Payment on behalf of Company	518	5,910
Related Parties			
Bank Al Habib Limited	Profit on Treasury call account	262,607	202,131
	Dividend Received	84,478	60,342
	Dividend Paid	25,892	25,892
	Bank Charges	204	1,073
Habib Insurance	Insurance Premium Paid	21,282	26,325
	Insurance Claim Received	9,120	1,555
	Dividend Received	2,682	4,023
	Dividend Paid	12,234	12,234
Uni Food Industries Limited	Investment in shares	62,868	85,678
Habib Mercantile Company Limited	Dividend Paid	1,404	1,404
Habib Sons (Pvt.) Limited	Dividend Paid	1,433	1,433
Retirement benefit funds	Contribution to retirement funds	16,077	13,260

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	2.17
Habib Insurance Company Limited	Common directorship	4.32
Habib Mercantile Company (Pvt.) Limited	Common directorship	-
Habib Sons (Pvt.) Limited	Common directorship	-
Habib Assets Management Limited	Common directorship	-
Hasni Textile (Pvt.) Limited	Common directorship	-
HSM Energy Limited	Subsidiary	100.00
UniEnergy Limited	Key Management Personnel is a director	12.50
UniFood Industries Limited	Key Management Personnel are directors	19.45
Habib Sugar Mills Limited - Employees Gratuity Fund	Retirement benefit fund	-
Habib Sugar Mills Limited - Staff Provident Fund	Retirement benefit fund	-

34. Dividend

The Board of Directors of the Company in their meeting held on December 23, 2020 have proposed a final cash dividend of Rs. 2.75 per share (55%) for the year ended September 30, 2020. 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, 2021.

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 23, 2020 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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Habib Sugar Mills Limited (the Holding Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 September 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 2020, 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.

Key audit matters	How the matter was addressed in our audit
1. Existence and Valuation of long-term investments	
As disclosed in note 4.2 to the accompanying consolidated financial statements, the Group has investments in quoted and unquoted equity instruments carried at Fair value through Other Comprehensive income amounting to Rs.2.694 billion which comprise of 24% of total assets of the Group. In view of the significance of investment in quoted and unquoted equity instruments, we have identified the existence and valuation of Group's equity investments as a key audit matter.	Our key procedures amongst others included the following: - assessed the design and operating effectiveness of the financial reporting controls over acquisition (Including board approvals), disposals and periodic valuation including model approval process; - evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 Financial instruments;

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Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
	- in relation to investments in quoted equity instruments, we performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement together with related reconsiderations and re-performance of investment valuations based on quoted market prices at the Pakistan Stock Exchange as at 30 September 2020; - in relation to investments in unquoted equity instruments, we assessed the valuation methodology used by the independent professional valuer (where required) to estimate the fair value of the investments and considered whether the application of methodologies is consistent with generally accepted valuation methodologies and prior periods; - we challenged the key inputs and assumptions driving the valuation of unquoted equity instruments involving 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 67% and 33% 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 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: - 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; - assessed the design and operating effectiveness of the financial reporting controls over revenue recognition and reporting process for export and local sales; - 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 - 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 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.

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- 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: January 05, 2021

Consolidated Statement of Financial Position as at September 30, 2020

	Note	2020	2019
		(Rupees in thousands)	
Assets			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	3	2,495,847	2,525,316
Long-term investments	4	2,696,602	2,249,658
Long-term loans	5	5,474	6,789
Long-term deposits		3,928	3,928
		5,201,851	4,785,691
Current Assets			
Stores and spare parts	6	189,864	171,935
Stock-in-trade	7	876,021	1,840,405
Trade debts	8	149,005	387,297
Loans and advances	9	520,580	890,852
Trade deposits and short-term prepayments	10	9,783	9,879
Profit accrued on bank deposits		14,637	4,767
Other receivables	11	45,961	106,279
Taxation - net		26,683	74,339
Cash and bank balances	12	4,072,254	2,464,979
		5,904,788	5,950,732
Total Assets		11,106,639	10,736,423
Equity and Liabilities			
Share Capital and Reserves			
Share Capital			
Authorised			
150,000,000 (2019: 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	7,873,186	7,313,051
		8,623,186	8,063,051
Non-Current Liabilities			
Deferred taxation	15	29,000	69,000
Lease Liability		13,948	–
		42,948	69,000
Current Liabilities			
Trade and other payables	16	2,028,196	2,004,137
Advance from customers		320,406	518,405
Unclaimed dividends		86,725	81,830
Current portion of lease Liability		5,178	–
		2,440,505	2,604,372
Contingencies and Commitments	17		
Total Equity and Liabilities		11,106,639	10,736,423

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 Profit or Loss for the year ended September 30, 2020

	Note	2020	2019
		(Rupees in thousands)	
Net sales and services	18	10,138,211	9,873,134
Cost of sales	19	(9,038,874)	(8,381,862)
Gross Profit		1,099,337	1,491,272
Selling and distribution expenses	20	(231,394)	(274,294)
Administrative expenses	21	(202,093)	(197,446)
Other operating expenses	22	(245,650)	(78,541)
Other income	23	122,951	260,734
		(556,186)	(289,547)
Operating Profit		543,151	1,201,725
Finance income - net	24	274,013	134,211
Profit before taxation		817,164	1,335,936
Taxation	25	(110,003)	(140,009)
Profit after taxation		707,161	1,195,927
Earnings per share - Basic and diluted (Rupees)	26	4.71	7.97

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, 2020

	2020	2019
	(Rupees in thousands)	
Profit for the year	707,161	1,195,927
Other comprehensive income :		
Items that will not be reclassified subsequently to the statement of profit or loss:		
Actuarial (loss) / gain on defined benefit plan - net	(158)	240
Profit / (Loss) on re-measurement of equity investments classified as fair value through other comprehensive income (FVOCI)	265,632	(776,821)
Total comprehensive income for the year	972,635	419,346

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 Changes in Equity
for the year ended September 30, 2020

	Issued subsc-ribed and paid-up Capital	Capital Reserve	Revenue Reserves: General Reserve	Revenue Reserves: Unappro-priated profit	Unrealised gain / (loss) on re-measurement of AFS / FVOCI investment	Total Reserves	Total Equity
	(Rupees in thousands)						
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)	–	–	–	–	(41,472)	(41,472)	(41,472)
Balance as on October 1, 2018	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 / (loss) 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
Balance as on October 01, 2019 - restated	750,000	34,000	4,658,500	1,195,655	1,424,896	7,313,051	8,063,051
Cash dividend for the year ended September 30, 2019 @ 55%	–	–	–	(412,500)	–	(412,500)	(412,500)
Realised gain on sale of investment	–	–	–	14,158	(14,158)	–	–
Transfer to general reserve	–	–	790,000	(790,000)	–	–	–
Total comprehensive income for the year ended September 30, 2020	–	–	–	707,003	265,632	972,635	972,635
Balance as on September 30, 2020	750,000	34,000	5,448,500	714,316	1,676,370	7,873,186	8,623,186

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, 2020

	Note	2020	2019
		(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations	27	2,159,795	2,229,164
Finance income received - net		264,143	132,185
Income tax paid		(102,347)	(110,105)
Long-term loans		1,315	(1,990)
Net cash generated from operating activities		2,322,906	2,249,254
Cash flows from investing activities			
Fixed capital expenditure		(240,123)	(88,724)
Redemption / sale proceeds of investments		2,669,346	-
Dividend received		110,049	92,547
Purchase of investments		(2,850,658)	(169,332)
Sale proceeds of fixed assets		7,551	11,731
Net cash used in investing activities		(303,835)	(153,778)
Cash flows from financing activities			
Lease rental paid		(4,191)	-
Dividend paid		(407,605)	(398,278)
Net cash used in financing activities		(411,796)	(398,278)
Net increase in cash and cash equivalents		1,607,275	1,697,198
Cash and cash equivalents at the beginning of the year		2,464,979	767,781
Cash and cash equivalents at the end of the year	12	4,072,254	2,464,979

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, 2020

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 Bagasse Based project of the Company was on hold for a long time, due to non-clarity on the policy of the Government for bagasse based energy projects. The Board of Directors of Habib Sugar Mills Limited in their meeting held on July 29, 2020, reviewed the situation of these projects and after considering the uncertainty regarding the tariff and dispute over the power purchasing terms with CPPA, have decided to discontinue the project and wind up HSM Energy Limited.

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.

1.4 Impact of COVID-19 on the Consolidated financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

Despite the challenging operating environment, the Group has been able to continue its operations by implementing strict measures at its offices to combat and reduce the spread of virus as the health and well-being of the staff is of paramount importance to Group.

The Group expects that like other sectors of the economy, the sugar and allied products also to be under pressure, However, the business and financial strategies, and the operational decision are designed to move the Group from strength to strength, and to ensure operations in a sustainable way during these economic crisis. The management has assessed the accounting implications of these developments on these consolidated financial statements, including but not limited to expected credit losses and modification of financial liability under IFRS 9, 'Financial Instruments', the impairment of tangible assets under IAS 36, 'Impairment of non-financial assets'.

The Group carried out an assessment including financial and non-financial consideration such as liquidity and funding concerns, disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issues.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in the consolidated financial statements.

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".

2.3 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 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 (Notes 2.11);
d) Accounting for staff retirement benefits (Note 2.14);
e) Leases - determination of lease term for lease contracts with extension and termination option (Note 2.15).
f) Leases - estimating the incremental borrowing rate (Note 2.15).
g) Recognition of taxation and deferred tax (Note 2.21);
h) Impairment of financial and non financial assets (Note 2.28).
i) Contingencies and commitments (Note 17); and

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

2.4.1 Standards and amendments to accounting and reporting standards that became effective during the year and are relevant to the Company

The following standard became effective for the first time and is relevant to the Company.

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of transactions involving the legal form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Group comprises of lease arrangements giving it the right-of-use over properties utilized as office premises only.

The Group adopted IFRS 16 with effect from October 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Group elected to use the transition practical expedient allowing the Group to use a single discount rate to a portfolio of leases with the similar characteristics.

IFRS 16 allows two options for transition under the modified retrospective method as follows:

- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right of use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases, or;

- recognize the lease liability at the date of initial application for operating leases at the present value of remaining lease payments and a right of use asset at its carrying value as if the new standard had always been applied.

In applying the standard, the Group has recognised lease liability at the date of initial application as present value of remaining lease payments and a right-of-use asset equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments previously recognised. The present value has been determined using a single discount rate for portfolio of leases exhibiting similar characteristics based on practical expedient provided in the standard.

Lease term is the non-cancelable period for which the Group has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Group is reasonably certain to exercise and option to terminate which the Group is not reasonably certain to exercise.

The lease liabilities as at October 01, 2019 can be reconciled to the operating lease commitments as of September 30, 2019 as follows:

	Rupees in thousands
Operating lease commitments as at September 30, 2019	28,208
Impact of discounting	(4,891)
Lease liabilities at October 01, 2019	23,317
Incremental borrowing rate as at October 1, 2019	11.06%

The impact of adoption of IFRS 16 as at October 01, 2019 [(increase/ (decrease)] is as follows:

Assets	
Property, plant and equipment- right of use asset	23,317
Liabilities	
Lease liabilities	23,317
Consolidated condensed interim statement of profit or loss	
Depreciation charge on right-of-use asset	5,829
Financial charges on lease liability	2,116

LONG TERM LEASE LIABILITIES

Impact of initial application of IFRS 16	
Balance as at 1 October	23,317
Mark up on lease liabilities	2,116
Less: Lease rentals paid	(6,307)
Closing balance	19,126
Current portion of long-term lease liabilities	5,178
Long-term lease liabilities	13,948

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

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

Standards and amendments:

IFRS 9 - Prepayment Features with Negative Compensation (Amendments)
IFRS 14 - Regulatory Deferral Accounts
IFRS 16 - COVID 19 Related Rent Concessions (Amendments)
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23 - Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 - Business Combinations - Previously held Interests in a joint operation
IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation
IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments
IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization

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

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

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

Standards and amendments		**Effective date (annual periods beginning on or after)**
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Reference to conceptual framework (Amendments)	01 January 2022
IFRS 7, IFRS 9 & IAS 39	Interest rate benchmark reforms (Amendments)	01 January 2020
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 1	Classification of liabilities as current or non-current (Amendments)	01 January 2022
IAS 16	Proceeds before intended use (Amendments)	01 January 2022
IAS 37	Onerous contracts - cost of fulfilling a contract (Amendments)	01 January 2022

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 9	Financial Instruments – Fees in the ’10 percent’ test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022

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.

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 01 January 2020 for prepares 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 prepares 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 standards have been issued by IASB which are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.**

Standard or Interpretation		**IASB effective date (annual periods beginning on or after)**
IFRS 1	First time adoption of IFRSs	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

The Group expects that above new standards 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 is derecognised.

2.7.2 Capital work-in-progress

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

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

2.7.3 Major stores and spare parts

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

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

2.7.4 Right-of-use assets

The Company recognises a right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the period of lease term.

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 Group applies the IFRS 9 simplified approach to measure the expected credited 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, 2020. The projected unit credit method, using the following significant assumptions, have been used for actuarial valuation.

Discount rate	9.75 per annum
Expected rate of increase in salaries	9.50 per annum

Based on the actuarial valuation of gratuity scheme as of September 30, 2020, the fair value of gratuity scheme assets and present value of liabilities were Rs.120.17 million and Rs.120.33 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:

	2020	2019
	(Rupees in thousands)	
Net Employee Defined Benefit Asset		
Present value of defined benefit obligation	120,325	110,118
Fair value of plan assets	(120,167)	(110,358)
(Receivable) / liability recognised in the consolidated statement of financial position	158	(240)

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

Net defined benefit obligation at the beginning of the year	(240)	390
Net charge for the year	4,394	4,020
Contribution	(4,154)	(4,410)
Remeasurement recognized in OCI during the year	158	(240)
	158	(240)

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

	2020	2019
	(Rupees in thousand)	
Current service cost	4,422	3,983
Interest cost	13,466	10,290
Expected return on plan assets	(13,494)	(10,253)
	4,394	4,020

Remeasurement recognised in OCI during the year:

Actuarial gain on obligation	(2,359)	(1,064)
Actuarial loss on plan asset	2,517	824
	158	(240)

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

Present value of defined benefit obligation at the beginning of the year	110,118	107,017
Current service cost	4,422	3,983
Interest cost	13,466	10,290
Benefits paid	(5,322)	(10,108)
Actuarial gain	(2,359)	(1,064)
Present value of defined benefit obligation at the end of the year	120,325	110,118

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

Fair value of plan assets at the beginning of the year	110,358	106,627
Expected return on assets	13,494	10,253
Contributions	4,154	4,410
Benefits paid	(5,322)	(10,108)
Actuarial loss	(2,517)	(824)
Fair value of plan assets at the end of the year	120,167	110,358
Actual return on plan assets	10,977	9,429

Plan assets comprise:		
Term deposit receipts	100,000	99,000
Term Finance Certificates	254	255
Balance with Banks	19,645	10,722
Accrued interest	268	381
	120,167	110,358

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,	2020	2019	2018	2017	2016
			(Rupees in thousands)		
Present value of defined benefit Obligation	120,325	110,118	107,017	101,748	101,745
Fair value of plan assets	(120,167)	(110,358)	(106,627)	(101,472)	(101,599)
(Surplus) / Deficit	158	(240)	390	276	146
Experience adjustment on obligation	(3,627)	(2,464)	10,051	638	(4,292)
Experience adjustment on plan assets	2,517	824	2,194	88	(410)

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 %	113,844
Discount Rate -1 %	125,064
Long Term Salary Increases +1 %	123,470
Long Term Salary Increases -1 %	115,219

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 Leases

Lease liability is initially measured at present value of the lease payments over the period of lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Group reassess the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

2.16 **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.

2.17 **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.

2.18 **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.

2.19 **Ijarah**

Leased assets which are obtained under Ijarah agreement are not recognized in the Group's consolidated financial statements and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by SECP vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ujrah payments made under an Ijarah are charged to the consolidated profit or loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

2.20 **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.

2.21 **Taxation**

2.21.1 **Current**

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

2.21.2 **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.

2.22 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.

2.23 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 recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

2.24 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 Consolidated statement of financial position date. Exchange gains and losses are included in Consolidated statement of profit or loss.

2.25 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.

2.26 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.

2.27 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.

2.27.1 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 Company 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 rate (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 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 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 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.

2.27.2 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.

2.28 Impairment

2.28.1 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 cash flows due in accordance with the contract and all the cash flows that the Group expect to receive discounted at the approximation of the original effective interest rate. The expected cash flows 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 Company 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 Company 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.

2.28.2 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.

2.29 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.

2.30 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.

2.31 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.

2.32 Functional and presentation currency

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

	Note	2020	2019
		(Rupees in thousands)	

3. Fixed Assets

Property, plant and equipment:

	Note	2020	2019
Operating fixed assets	3.1	2,325,639	2,432,307
Capital work-in-progress	3.5	151,115	91,877
Major stores and spare parts	3.6	1,605	1,132
Right of use assets	3.7	17,488	–
		2,495,847	2,525,316

3.1 Operating fixed assets for 2020:

	Cost as at Oct. 1, 2019	Additions / (deletions)	Cost as at Sept. 30, 2020	Accumulated depreciation / amortization as at Oct. 1, 2019	Depreciation / amortization / impairment charge for the year & accumlated depreciation on deletions	Accumulated depreciation / amortization as at Sept. 30, 2020	Written down value as at Sept. 30, 2020	Annual rate of depreciation / amortization %
				(Rupees in thousands)				
Land								
Freehold - Sugar / Distillery division	188,980	–	188,980	–	–	–	188,980	–
Leasehold - Textile division	489	–	489	251	5	256	233	1.01
Buildings on freehold land								
Sugar division	115,143	–	115,143	76,599	3,855	80,454	34,689	10
Distillery division	21,243	–	21,243	18,325	292	18,617	2,626	10
Non-factory buildings	30,228	–	30,228	24,057	309	24,366	5,862	5
Buildings on leasehold land								
Textile division	19,335	–	19,335	17,306	203	17,509	1,826	10
Plant and machinery								
Sugar division	2,637,721	40,574	2,678,295	1,121,416	154,624	1,276,040	1,402,255	10
		–			-			
Distillery division - Note 3.1.1	1,306,955	82,881	1,389,836	722,511	64,592	787,103	602,733	10
		–			–			
Textile division	131,515	53	131,568	89,543	4,200	93,743	37,825	10
Railway siding - Sugar division	468	–	468	467	–	467	1	10
Electric, gas and water installations								
Sugar / Distillery division	8,808	–	8,808	8,414	39	8,453	355	10
Textile division	3,601	–	3,601	3,074	53	3,127	474	10
Furniture, fittings, electrical and office equipment								
Sugar / Distillery division	91,289	7,801	98,985	66,836	7,283	74,049	24,936	25
		(105)			(70)			
Textile division	9,823	68	9,891	9,507	85	9,592	299	25
HSM Energy Limited	452	–	452	177	69	452	–	25
					206			
Tractors / trolleys and agriculture implements								
Sugar division	2,765	–	2,765	2,733	7	2,740	25	20
Motor cars / vehicles								
Sugar / Distillery division	46,093	2,860	48,668	21,427	5,023	26,234	22,434	20
		(285)			(216)			
Textile division	764	54	818	722	10	732	86	20
Total	4,615,672	134,291	4,749,573	2,183,365	240,855	2,423,934	2,325,639	
		(390)			(286)			

3.1.1 Plant and machinery of distillery division include storage tanks of the CO_2 unit having written down value of Rs.12.44 (2019: Rs.13.82) 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 2020

	Written down value as at Oct. 1, 2019	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated depreciation on deletions	Written down value as at Sept. 30, 2020
	(Rupees in thousands)			
Land	189,218	–	5	189,213
Buildings on freehold land	47,633	–	4,456	43,177
Buildings on leasehold land	2,029	–	203	1,826
Plant and machinery	2,142,721	123,508	223,416	2,042,813
Railway siding	1	–	–	1
Electric, gas and water installations	921	–	92	829
Furniture, fittings, electrical and office equipment	24,769	7,869	7,368	25,235
		(105)	(70)	
Tractors / trolleys and agriculture implements	32	–	7	25
Motor cars / vehicles	24,708	2,914	5,033	22,520
		(285)	(216)	
	2,432,032	134,291	240,580	2,325,639
		(390)	(286)	

3.2 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	2,637,721	972,553	166,093	1,121,416	1,516,305	10
		(20,790)			(17,230)			
Distillery division - Note 3.2.1	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
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	46,093	18,571	3,074	21,427	24,666	20
		(925)			(218)			
Textile division	764	–	764	711	11	722	42	20
Total	4,555,617	81,826	4,615,672	1,950,052	250,784	2,183,365	2,432,307	
		(21,771)			(17,471)			

3.2.1 Plant and machinery of distillery division include storage tanks of the CO2 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.

3.2.2 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

3.2.3 Reconciliation of carrying values for 2019

	Written down value as at Oct. 1, 2018	Additions / (deletions)	Depreciation / amortization charge for the year & accumulated 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)	

3.3 Allocation of depreciation / amortization charge for the year:

	Note	2020	2019
		(Rupees in thousands)	
Cost of Sales			
Sugar division	19	162,462	174,036
Distillery division	19	70,080	68,435
Textile division	19	4,461	4,938
		237,003	247,409
Administrative expenses			
Sugar division	21	2,784	2,556
Distillery division	21	239	219
Textile division	21	95	116
Terminal	18.1	459	392
Subsidiary Company		69	92
		3,646	3,375
		240,649	250,784

3.4 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)							
Items having carry value of less than Rs. 50,000 each								
Sugar division /. Distillery division Equipment								
Furniture, fittings, electrical and office equipment	105	70	35	10	(25)	Negotiation	Various	None
Motor cars / vehicles	285	216	69	7,541	7,472	Tender	Various	None
2020	390	286	104	7,551	7,447			
2019	21,771	17,471	4,300	11,731	7,431			

	Note	2020	2019
		(Rupees in thousands)	
3.5 Capital work-in-progress			
Plant and machinery		146,906	40,082
Consultancy, advisory fees and others		–	46,121
Advance to suppliers		4,209	5,674
	3.5.1	151,115	91,877
3.5.1 Movement in capital work-in-progress			
Balance at the beginning of the year		91,877	39,990
Cost incurred during the year		26,061	61,618
Charged to statement Profit or (loss)		(50,570)	(4,622)
Transfer from Major stores and spare parts		207,255	52,702
Transfer to operating fixed assets		(123,508)	(57,811)
		59,238	51,887
Balance at the end of the year		151,115	91,877
3.6 Major stores and spare parts			
Stores	3.6.1	1,605	1,132
3.6.1 Movement in major stores and spare parts			
Balance at the beginning of the year		1,132	–
Additions during the year		207,728	53,834
		208,860	53,834
Transfer to capital work-in-progress		(207,255)	(52,702)
Balance at the end of the year		1,605	1,132

3.7 Right-of-use assets

	Impact of initial application of IFRS 16	Cost as at Sept. 30, 2020	Accumulated depreciation as at Oct. 1, 2019	Depreciation charge for the year	Accumulated decpreciation as at September 30, 2020	Written down value as at Sept. 30, 2020	Annual rate of depreciation %
	(Rupees in thousands)						
Rented Property	23,317	23,317	–	5,829	5,829	17,488	25

3.7.1 Reconciliation of carrying values for 2020

	Written down value as at October 1, 2019	Additions/ (delections)	Depreciation charge for the year	Written down value as at September 30, 2020
	(Rupees in thousands)			
Rented Property				
Sugar Division	–	23,317	5,829	17,488

3.7.2 Allocation of depreciation charge for the year

	2020	2019
	(Rupees in thousands)	
Administrative expenses		
Sugar division	5,829	–

4. Long-term investments

Number of shares 2019	Number of shares 2020	Face value Rs.	Company's Name	Note	2020 (Rupees in thousands)	2019 (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		2,558	451
24,136,691	24,136,691	10	Bank AL Habib Limited		1,558,506	1,612,572
5,363,772	5,363,772	5	Habib Insurance Company Limited		49,079	44,251
					1,610,143	1,657,274
4.1.2 Investments in related parties - Unquoted						
1,249,999	1,249,999	10	UniEnergy Limited	4.2	12,555	12,408
19,367,800	25,654,560	10	Uni Food Industries Limited	4.3	109,032	80,764
					121,587	93,172

Number of shares 2019	Number of shares 2020	Face value Rs.	Company's Name	Note	2020 (Rupees in thousands)	2019 (Rupees in thousands)
4.1.3 Investments in other companies - Quoted						
175,000	340,000	10	Amreli Steels Limited		14,882	3,817
-	50,000	10	Aisha Steels Limited		786	–
50,000	50,000	10	Bank Alfalah Limited		1,739	2,047
500,160	735,176	10	Cherat Cement Company Limited		85,839	14,095
-	70,000	10	Cherat Packaging		12,454	–
31,078	31,078	10	Dawood Lawrencepur Limited		5,905	6,262
360,000	325,000	10	D.G. Khan Cement Company Limited		33,511	17,402
88,000	68,000	10	Engro Corporation Limited		20,470	23,486
12,500	12,500	10	Frieslandcampina Engro Pakistan Limited (formerly Engro Food Limited)		981	731
123,200	103,200	10	Engro Fertilizer		6,277	8,406
41,098	41,098	10	Engro Polymer & Chemical		1,655	1,009
90,600	90,600	10	Faran Sugar Mills Limited		4,530	3,307
118,885	100,885	10	Fauji Fertilizer Company Limited		10,895	11,060
80,000	80,000	10	Fauji Food Limited		1,282	836
189,000	189,000	5	First Habib Modaraba		2,192	1,896
12,100	12,100	10	GlaxoSmithKline Pakistan Limited		2,222	1,164
3,630	3,630	10	GlaxoSmithKline Consumer Healthcare Pakistan Limited		1,051	761
400,000	400,000	10	Habib Metropolitan Bank Limited		13,404	11,580
108,213	150,213	10	Habib Bank Limited		19,639	12,788
13,350	10,350	10	Indus Motors Company Limited		13,249	12,901
111,100	111,100	10	International Industries Limited		16,103	7,703
335,000	450,000	10	International Steels Limited		34,668	13,313
12,815	14,096	10	Jubliee Life Insurance Co. Limited		6,260	4,037
1,410,000	1,810,000	10	K-Electric Limited		7,620	5,005
100,000	125,000	10	Lucky Cement Limited		80,884	34,213
50,000	50,000	10	MCB Bank Limited		8,691	8,479
189,896	263,380	10	Mehran Sugar Mills Limited		19,530	10,919
450	506	10	Millat Tractors Limited		438	315
14,000	54,900	10	Mirpurkhas Sugar Mills Limited		4,502	868
-	19,500	10	National Food Limited		5,569	–
-	410,000	10	OGDCL		42,476	–
20,000	25,000	10	Packages Limited		12,558	5,980
5,150	3,150	10	Pak Suzuki Motor Company Limited		635	827
6	6	10	Pakistan Tobacco Company Limited		10	14
-	200,000	10	Pakistan International Bulk Terminal Limited		2,472	–
-	30,000	10	Pakistan Oil Fields Limited		12,639	–
6,243,098	6,243,098	5	Shabbir Tiles and Ceramics Limited		79,974	49,570
-	110,000	10	Shah Murad Sugar Mills Limited		11,003	–
711,503	711,503	5	Thal Limited		299,066	169,750
430,458	435,458	10	The Hub Power Company Limited		34,166	30,455
60,062	60,062	10	TPL Insurance Limited		1,747	1,351
43,246	43,246	10	TPL Corporation Limited		247	128
957,600	-	10	TPL Properties		–	8,331
27,220	52,220	10	The Searle Company Limited		13,384	3,762
77,000	150,000	10	United Bank Limited		17,267	10,644
					964,872	499,212
					2,696,602	2,249,658

	2020	2019
	(Rupees in thousands)	

4.2 UniEnergy Limited (UEL)

	2020	2019
Movement of Investment in UEL		
Balance at the beginning of the year	12,408	12,500
Profit / (loss) on remeasurement recognised in other comprehensive loss	147	(92)
Balance at the end of the year	12,555	12,408

4.3 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.109.03 million.

Based on the above fair valuation exercise, the Company has recorded an unrealised loss of Rs.34.60 million in other comprehensive income for the year (2019: Rs.71.442 million) by using modified retrospective approch.

	Note	2020	2019
		(Rupees in thousands)	
Movement of Investment in related party - Unifood			
Balance at the beginning of the year		80,764	108,000
Impact of change in accounting policy		–	(41,472)
Balance at beginning of the year - restated		80,764	66,528
Investment made during the year		62,868	85,678
Loss on remeasurement recognised in other comprehensive loss		(34,600)	(71,442)
Balance at the end of the year		109,032	80,764

4.4 The aggregate cost of the above investments is Rs.1,020.23 (2019: Rs.874.76) million.

5. Long-term loans

Secured - considered good

	Note	2020	2019
Executives	5.1 & 5.2	–	29
Other Employees		12,231	13,093
	5.3	12,231	13,122
Receivable within next twelve months shown under current asset:			
Executives	9	–	(29)
Other Employees	9	(6,757)	(6,304)
		(6,757)	(6,333)
		5,474	6,789

5.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs.0.03 (2019: Rs.0.70) million.

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

	2020	2019
	(Rupees in thousands)	
Balance at the beginning of the year	29	767
Disbursements	–	29
	29	796
Repayments	(29)	(767)
Balance at the end of the year	–	29

5.3 Long-term loans of Rs.12.23 (2019: Rs.13.12) million, include loans of Rs.3.83 (2019: Rs.5.10) million to workers which carry no interest as per Group policy and CBA agreement. The balance amount of loan carries interest @ 7% (2019: 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	2020	2019
		(Rupees in thousands)	

6. Stores and spare parts

	Note	2020	2019
Stores		128,178	115,975
Provision for obsolescence and slow moving stores	6.1	(13,694)	(13,694)
		114,484	102,281
Spare parts		100,686	94,960
Provision for obsolescence and slow moving spare parts	6.2	(25,306)	(25,306)
		75,380	69,654
		189,864	171,935

6.1 Provision for obsolescence and slow moving stores

	2020	2019
Balance at the beginning of the year	13,694	9,500
Provision made during the year	–	6,161
Reversal during the year	–	(1,967)
Balance at the end of the year	13,694	13,694

6.2 Provision for obsolescence and slow moving spares

	2020	2019
Balance at the beginning of the year	25,306	19,792
Provision made during the year	–	6,681
Reversal during the year	–	(1,167)
Balance at the end of the year	25,306	25,306

	Note	2020	2019
		(Rupees in thousands)	
7. Stock-in-trade			
Raw materials			
Distillery division		165,788	217,433
Textile division		22,091	7,878
		187,879	225,311
Work-in-process			
Sugar division		1,211	1,109
Textile division		28,930	42,719
		30,141	43,828
Finished goods			
Sugar division		277,448	1,405,487
Distillery division		342,810	120,287
Textile division		29,970	24,813
Trading division		–	2,980
		650,228	1,553,567
Bagasse		7,105	15,068
Fertilizers		668	2,631
		876,021	1,840,405

	Note	2020	2019
8. Trade debts			
Considered good			
Export – Secured against export documents		16,318	22,542
Local – Unsecured		132,687	364,755
	8.1	149,005	387,297

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

		2020	2019
Not yet due		130,292	355,986
up to 90 days		10,528	29,636
91 to 180 days		8,185	1,675
		149,005	387,297

	Note	2020	2019
9. Loans and advances - considered good			
Loans - secured			
Current maturity of long-term loans			
Executives	5	–	29
Other Employees	5	6,757	6,304
		6,757	6,333
Advances - unsecured			
Suppliers		513,823	884,519
		520,580	890,852

	Note	2020	2019
10. Trade deposits and short-term prepayments			
Trade deposits		751	796
Short-term prepayments		9,032	9,083
		9,783	9,879

	Note	2020	2019
		(Rupees in thousands)	

11. Other receivables - Considered good

Duty drawback and research & development support claim		9,827	17,903
Dividend receivable		741	3,114
Sales tax refundable / adjustable		33,537	85,137
Others		1,856	125
		45,961	106,279

12. Cash and bank balances

Cash in hand		125	229
Balances with banks in:			
Current accounts		17,735	9,298
Treasury call accounts	12.1	154,394	165,452
Term Deposit Receipts	12.2	3,900,000	2,290,000
	12.3	4,072,129	2,464,750
		4,072,254	2,464,979

12.1 Profit rates on treasury call accounts ranged between 5.50% to 11.75 % (2019: 6.52% to 11.75%) per annum.

12.2 Profit rates on Term Deposit Receipts ranged between 6.70% to 12.75% (2019: 6.80% to 12.25%) per annum. Maturity of these Term Deposit Receipts are one month.

12.3 Includes Rs. 4,055.68 (2019: Rs.2,453.11) million kept with Bank AL Habib Limited - a related party.

	2019	2018
	(Rupees in thousands)	

13. Issued, subscribed and paid-up capital

2020	2019			
Number of shares				
10,136,700	10,136,700	Ordinary shares of Rs. 5/- each fully paid in cash	50,684	50,684
139,863,300	139,863,300	Ordinary shares of Rs. 5/- each issued as bonus shares	699,316	699,316
150,000,000	150,000,000		750,000	750,000

13.1 Issued, subscribed and paid-up capital of the Group includes 25,176,241 (2019: 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	2020	2019
		(Rupees in thousands)	
14. Reserves			
Capital			
Share premium		34,000	34,000
Revenue			
General	14.1	5,448,500	4,658,500
Unappropriated profit		714,316	1,195,655
Unrealised gain on re-measurement of FVOCI investments		1,676,370	1,424,896
		7,839,186	7,279,051
		7,873,186	7,313,051
14.1 At the beginning of the year		4,658,500	4,173,500
Transferred from unappropriated profit		790,000	485,000
		5,448,500	4,658,500

15. Deferred taxation

		2020	2019
Deferred tax liability on taxable temporary difference:			
on accelerated tax depreciation allowance on operating fixed assets		208,000	210,000
Deferred tax asset on deductible temporary difference:			
Provision for obsolescence and slow moving stores & spare parts		(9,000)	(9,000)
Deferred tax assets carry forward on minimum tax under section 113		(9,000)	–
Deferred tax assets on impairment of investments		(14,500)	–
Deferred tax assets on lease liability		(5,500)	–
Deferred tax credit on provision for GIDG		(8,000)	–
Unabsorbed tax depreciation allowance		(133,000)	(132,000)
		(179,000)	(141,000)
		29,000	69,000

16. Trade and other payables

	Note	2020	2019
Creditors		1,508,826	1,702,057
Accrued liabilities		314,009	213,777
Payable to Employees Gratuity Fund		158	–
Gas Infrastructure Development Cess	16.1	138,681	–
Workers' Profit Participation Fund (WPPF)	16.2	42,858	71,041
Workers' Welfare Fund		23,416	17,124
Income-tax deducted at source		248	138
		2,028,196	2,004,137

16.1 The Honourable Supreme Court of Pakistan on August 13, 2020 decided the Gas Infrastructure Development Cess (GIDC) case and held that the levy of GIDC under the GIDC Act 2015 is constitutional. The Apex court further stated that all industrial and commercial entities which consume natural gas pass on the burden to their customers, have to pay the GID Cess that become due upto 31 July 2020 w.e.f 2011.

Subsequently to the Order passed by the Apex Court, the SSGC issued GIDC bill of Rs. 5.78 million being the first installment of total GIDC arrears of Rs. 138.68 million which are to be recovered in forty eight monthly installments.

The above demand of the SSGC was not acknowledged as liability by the Company as the company had not passed the burden to their customers/clients. The Company filed an appeal before the Honourable High court of Sindh on the ground that no burden of GIDC had been passed to its customers/clients and thus the company is not liable to pay GIDC under GIDC Act 2015.

The Court was pleased to grant stay vide order dated September 22, 2020 against the demand raised by the SSGC and restrained to take any coercive action.

However, as a matter of abundant caution and without prejudice to the suit filed, the Company has made aggregate provision of Rs. 138.68 million for GID Cess in the financial statements for the year ended 30 September 2020.

16.1 Workers' Profit Participation Fund (WPPF)

Balance at the beginning of the year		71,041	50,783
Interest on funds utilized in the Company's business		1,592	884
		72,633	51,667
Amount paid to the WPPF		(72,633)	(51,667)
		–	–
Allocation for the year	22	42,858	71,041
Balance at the end of the year		42,858	71,041

17. Contingencies and commitments

17.1 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, 2020 is Rs.81.41 (2019: 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.

17.2 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.

17.3 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 these financial statement in this regard.

17.4 The Group has provided counter guarantees to Bank AL Habib Limited, a related party, amounting to Rs.400.00 (2019: Rs.350.00) million against agriculture finance facilities to the growers supplying sugarcane to the mills and counter guarantees to other banks amounting to Rs.588.71 (2019: Rs.1,710.82) 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.

17.5 Commitments for capital expenditure amounting to Rs.32.27 (2019: Rs.31.61) million.

17.6 Lease rentals under Ijarah agreements in respect of vehicles, payable over the following next four years, are as follows:

	2020	2019
	(Rupees in thousands)	
Year ending September 30		
2020	–	20,541
2021	16,415	15,929
2022	10,868	10,084
2023	4,947	3,722
2024	385	–
	32,615	50,276

18. Segment operating results and related information

(Rupees in thousands)

	Note	Sugar Division 2020	Sugar Division 2019	Distillery Division 2020	Distillery Division 2019	Textile Division 2020	Textile Division 2019	Trading Division 2020	Trading Division 2019	Subsidiary Company 2020	Subsidiary Company 2019	Total 2020	Total 2019
Net sales and services													
Local sales		5,970,913	6,019,192	433,121	465,420	4,838	6,705	1,329,580	499,294	–	–	7,738,452	6,990,611
Less: Sales tax / Federal excise duty		734,306	564,862	56,207	65,534	806	717	193,286	59,351	–	–	984,605	690,464
		5,236,607	5,454,330	376,914	399,886	4,032	5,988	1,136,294	439,943	–	–	6,753,847	6,300,147
Export sales		–	261,997	2,918,086	2,799,771	489,891	539,159	–	–	–	–	3,407,977	3,600,927
Less: Export duty, freight and commission		–	–	11,865	12,881	27,092	27,310	–	–	–	–	38,957	40,191
		–	261,997	2,906,221	2,786,890	462,799	511,849	–	–	–	–	3,369,020	3,560,736
Net sales		5,236,607	5,716,327	3,283,135	3,186,776	466,831	517,837	1,136,294	439,943	–	–	10,122,867	9,860,883
Services													
Terminal Storage income - net	18.1	–	–	15,344	12,251	–	–	–	–	–	–	15,344	12,251
		5,236,607	5,716,327	3,298,479	3,199,027	466,831	517,837	1,136,294	439,943	–	–	10,138,211	9,873,134
Less: Cost of sales	19	5,147,805	5,385,148	2,501,028	2,160,681	390,667	458,159	999,374	377,874	–	–	9,038,874	8,381,862
Gross profit		88,802	331,179	797,451	1,038,346	76,164	59,678	136,920	62,069	–	–	1,099,337	1,491,272
Selling and distribution expenses	20	54,822	108,534	149,143	140,254	24,581	25,233	2,848	273	–	–	231,394	274,294
Administrative expenses	21	180,080	170,362	14,656	14,348	5,762	5,690	895	674	700	6,372	202,093	197,446
		234,902	278,896	163,799	154,602	30,343	30,923	3,743	947	700	6,372	433,487	471,740
Profit / (loss) before other operating expenses and other income		(146,100)	52,283	633,652	883,744	45,821	28,755	133,177	61,122	(700)	(6,372)	665,850	1,019,532
Other operating expenses	22											(245,650)	(78,541)
Other income	23											122,951	260,734
Operating profit												543,151	1,201,725

- 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 2020	Sugar Division 2019	Distillery Division 2020	Distillery Division 2019	Textile Division 2020	Textile Division 2019	Trading Division 2020	Trading Division 2019	Total 2020	Total 2019
18.1 Services										
Terminal storage income - net	–	–	23,471	20,213	–	–	–	–	23,471	20,213
Less: Terminal expenses										
Salaries, wages and other benefits - note 18.2	–	–	4,619	4,640	–	–	–	–	4,619	4,640
Repairs and maintenance	–	–	1,091	548	–	–	–	–	1,091	548
Water, electricity and gas	–	–	310	439	–	–	–	–	310	439
Rent, rates and taxes	–	–	1,136	1,080	–	–	–	–	1,136	1,080
Depreciation - note 3.2	–	–	459	392	–	–	–	–	459	392
Travelling and vehicle running expenses	–	–	112	105	–	–	–	–	112	105
Insurance	–	–	86	102	–	–	–	–	86	102
Other expenses	–	–	314	656	–	–	–	–	314	656
	–	–	8,127	7,962	–	–	–	–	8,127	7,962
	–	–	15,344	12,251	–	–	–	–	15,344	12,251

18.2 Salaries, wages and other benefits include a sum of Rs. 0.46 (2019: Rs. 0.41) million in respect of staff retirement benefits.

18.3 Geographical Information of customers

	2020	2019
	(Rupees in thousands)	
Revenues from customers (Country wise)		
Pakistan	6,769,191	6,271,771
South Korea	50,573	–
UAE	1,425,889	829,394
United kingdom	907,921	799,753
Singapore	97,851	–
Japan	–	110,207
Switzerland	517,082	1,063,760
South Africa	145,594	137,527
Taiwan	195,903	395,350
China	–	261,997
Holland	28,207	3,375
	10,138,211	9,873,134

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Opening stock of raw material	–	–	217,433	428,703	7,878	15,163	–	–	225,311	443.866
Purchases / Transfers	3,545,650	4,225,638	2,120,122	1,317,421	282,645	326,008	–	–	5,948,417	5,869,067
	3,545,650	4,225,638	2,337,555	1,746,124	290,523	341,171	–	–	6,173,728	6,312,933
Closing stock of raw material	–	–	(165,788)	(217,433)	(22,091)	(7,878)	–	–	(187,879)	(225,311)
Raw material consumed	3,545,650	4,225,638	2,171,767	1,528,691	268,432	333,293	–	–	5,985,849	6,087,622
Salaries, wages and other benefits - note 19.1	336,366	313,074	86,250	88,510	15,309	15,194	–	–	437,925	416,778
Research and development expenses	1,447	1,269	–	–	–	–	–	–	1,447	1,269
Process chemicals	45,961	53,111	31,685	32,975	–	–	–	–	77,646	86,086
Packing material	41,433	52,994	–	–	19,154	23,182	–	–	60,587	76,176
Dyeing, weaving and other charges	–	–	–	–	64,323	84,176	–	–	64,323	84,176
Stores and spare parts consumed	89,299	89,066	40,118	52,542	–	–	–	–	129,417	141,608
Provision for obsolescence and slow moving stores & spares -note 6.1	–	8,380	–	4,462	–	–	–	–	–	12,842
Rent, rates, taxes and lease rentals	8,341	8,460	10,744	10,048	1,854	1,408	–	–	20,939	19,916
Water, fuel and power	64,658	63,967	213,787	187,620	33,045	29,531	–	–	311,490	281,118
Repairs and maintenance	113,752	97,633	85,556	84,782	5,920	4,110	–	–	205,228	186,525
Legal and professional charges	4,812	3,241	–	–	–	–	–	–	4,812	3,241
Insurance	7,610	7,659	6,980	7,185	812	779	–	–	15,402	15,623
Postage, telephone and stationery	5,055	4,340	–	–	–	–	–	–	5,055	4,340
Depreciation / amortization - note 3.2	162,462	174,036	70,080	68,435	4,461	4,938	–	–	237,003	247,409
Other manufacturing expenses	32,854	22,031	6,584	9,227	221	164	–	–	39,659	31,422
Duty drawback / Rebate	–	–	–	–	(31,496)	(18,141)	–	–	(31,496)	(18,141)
Bagasse transferred to distillery division	(38,425)	(63,810)	–	–	–	–	–	–	(38,425)	(63,810)
Molasses transferred to distillery division	(394,624)	(286,919)	–	–	–	–	–	–	(394,624)	(286,919)
Sale of Electricity	(6,783)	(22,791)	–	–	–	–	–	–	(6,783)	(22,791)
Sale of Bagasse	–	–	–	–	–	–	–	–	–	–
	474,218	525,741	551,784	545,786	113,603	145,341	–	–	1,139,605	1,216,868
Manufacturing cost	4,019,868	4,751,379	2,723,551	2,074,477	382,035	478,634	–	–	7,125,454	7,304,490
Opening stock of work-in-process	1,109	835	–	–	42,719	45,154	–	–	43,828	45,989
Closing stock of work-in-process	(1,211)	(1,109)	–	–	(28,930)	(42,719)	–	–	(30,141)	(43,828)
	(102)	(274)	–	–	13,789	2,435	–	–	13,687	2,161
Cost of goods manufactured	4,019,766	4,751,105	2,723,551	2,074,477	395,824	481,069	–	–	7,139,141	7,306,651
Opening 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
Purchases	–	–	–	–	–	1,116	996,394	377,874	996,394	378,990
Closing stock of finished goods	(277,448)	(1,405,487)	(342,810)	(120,287)	(29,970)	(24,813)	–	(2,980)	(650,228)	(1,553,567)
	1,128,039	634,043	(222,523)	86,204	(5,157)	(22,910)	999,374	377,874	1,899,733	1,075,211
	5,147,805	5,385,148	2,501,028	2,160,681	390,667	458,159	999,374	377,874	9,038,874	8,381,862

19.1 Salaries, wages and other benefits include a sum of Rs. 11.68 (2019: Rs. 9.93) million in respect of staff retirement benefits.

19.1 Salaries, wages and other benefits include a sum of Rs. 11.68 (2019: Rs. 9.93) million in respect of staff retirement benefits.

(Rupees in thousands)

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
20. Selling and distribution expenses												
Salaries, wages and other benefits - note 20.1	7,095	10,784	6,178	7,097	5,748	5,687	–	–	–	–	19,021	23,568
Insurance	2,344	7,075	2,225	2,280	62	–	–	–	–	–	4,631	9,355
Rent, rates, taxes and lease rentals	1,605	1,508	661	856	–	–	–	–	–	–	2,266	2,364
Transport, freight, handling and forwarding expenses	43,778	89,167	135,971	125,520	4,935	6,698	2,848	273	–	–	187,532	221,658
Other expenses	–	–	4,108	4,501	13,836	12,848	–	–	–	–	17,944	17,349
	54,822	108,534	149,143	140,254	24,581	25,233	2,848	273	–	–	231,394	274,294

20.1 Salaries, wages and other benefits include a sum of Rs. 1.05 (2019: Rs. 0.81) million in respect of staff retirement benefits.

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
21. Administrative expenses	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Salaries, wages and other benefits - note 21.1	98,311	97,396	7,101	7,097	4,372	4,466	524	474	400	4,966	110,708	114,399
Insurance	1,355	1,188	108	101	–	–	–	–	–	–	1,463	1,289
Repairs and maintenance	3,453	2,780	717	425	167	211	–	–	–	11	4,337	3,427
Postage, telephone and stationery	4,695	4,308	551	518	186	217	–	–	10	69	5,442	5,112
Travelling and vehicle running expenses	15,219	14,866	1,470	1,301	–	–	–	–	72	720	16,761	16,887
Rent, rates, taxes and lease rentals	2,700	8,580	2,074	1,938	–	–	–	–	–	–	4,774	10,518
Water, electricity and gas	3,470	3,399	248	351	69	88	–	–	–	–	3,787	3,838
Fees, subscription and periodicals	2,659	2,855	28	8	19	25	–	–	89	433	2,795	3,321
Legal and professional charges	996	1,029	664	700	360	–	–	–	–	–	2,020	1,729
Directors' meeting fee	730	595	–	–	–	–	–	–	–	–	730	595
Depreciation - note 3.2	8,613	2,556	239	219	95	116	–	–	69	92	9,016	2,983
Auditors' remuneration - note 21.2	1,712	2,111	1,078	1,180	151	191	371	164	60	69	3,372	3,715
Other expenses - note 21.3	36,167	28,699	378	510	343	376	–	36	–	12	36,888	29,633
	180,080	170,362	14,656	14,348	5,762	5,690	895	674	700	6,372	202,093	197,446

21.1 Salaries, wages and other benefits include a sum of Rs. 3.70 (2019: Rs. 3.24) million in respect of staff retirement benefits.

	Sugar Division		Distillery Division		Textile Division		Trading Division		Subsidiary Company		Total	
21.2 Auditors' remuneration	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Statutory audit fee	925	987	582	552	82	89	201	76	–	–	1,790	1,704
Annual Audit fee - Subsidiary Company–	–	–	–	–	–	–	–	60	69	60	69	
Half yearly review fee	197	221	124	123	17	20	43	17	–	–	381	381
Tax / other services	417	713	263	399	37	65	90	55	–	–	807	1,232
Out of pocket expenses	173	190	109	106	15	17	37	16	–	–	334	329
	1,712	2,111	1,078	1,180	151	191	371	164	60	69	3,372	3,715

21.3 Sugar division's other expenses include donation of Rs.28.0 (2019: Rs. 21.0) million as per details below:

	2020	2019
	(Rupees in thousands)	
Name of Institution		
Al-Sayyeda Benevolent Trust	3,000	1,820
Habib Education Trust	-	1,680
Rehmat Bai Widows & Orphange Trust	3,000	1,000
Habib Medical Trust	3,000	1,680
Habib Poor Fund	3,000	1,820
Family Education Services Foundation	16,000	13,000
	28,000	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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
21.4.1 Segment assets	2,162,019	3,453,977	1,703,704	1,871,356	429,230	383,792	4,304	3,674	4,299,257	5,712,799
Subsidiary Company									434	46,791
Unallocated assets									6,806,948	4,976,833
									11,106,639	10,736,423
21.4.2 Segment liabilities	1,666,690	2,113,152	467,058	193,448	119,274	106,442	7,241	4,172	2,260,263	2,417,214
Subsidiary Company									210	60
Unallocated liabilities									222,980	256,098
									2,483,453	2,673,372
21.4.3 Capital expenditure	199,276	28,675	40,793	59,899	53	150	–	–	240,122	88,724

	Note	2020	2019
		(Rupees in thousands)	
22. Other operating expenses			
Workers' Profit Participation Fund	16.2	42,858	71,041
Workers' Welfare Fund		10,000	7,500
Exchange loss - net		7,783	–
Provision for Gas Infrastructure Development Cess	16.1	138,681	–
Assets written of - Subsidiary Company		46,328	–
		245,650	78,541

23. Other income

	Note	2020	2019
Income from financial assets			
Dividend income	23.1	107,675	91,988
Exchange gain - net		–	45,477
		107,675	137,465
Income from non financial assets			
Gain on disposal of fixed assets		7,447	7,431
Cash Freight Subsidy		–	100,741
Agricultural income		2,642	1,718
Scrap sale		5,187	13,379
		15,276	123,269
		122,951	260,734

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

	Note	2020	2019
		(Rupees in thousands)	
Bank AL Habib Limited		84,478	60,342
Habib Insurance Company Limited		2,682	4,023
		87,160	64,365

24. Finance income - net

	Note	2020	2019
Profit on treasury call accounts	12.1	28,543	17,345
Profit on term deposits receipts	12.2	237,970	186,120
Government Securities		70,956	–
Interest on loan to employees		536	505
		338,005	203,970
Less: Mark-up / interest on:			
Short-term borrowings	24.1 & 24.2	(47,069)	(50,172)
Workers' Profit Participation Fund		(1,592)	(884)
Lease Liability		(2,116)	–
Bank charges		(13,215)	(18,703)
		(63,992)	(69,759)
		274,013	134,211

		2020	2019
		(Rupees in thousands)	
24.1	Finance income received	328,135	201,944
	Finance charges paid	(63,992)	(69,759)
	Finance income received - net	264,143	132,185

24.2 The financial facilities from various commercial banks amounted to Rs.7,637 (2019: 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 0.50% to 15.35% (2019: 2.20% to 11.39%) per annum.

		Note	2020	2019
			(Rupees in thousands)	
25.	**Taxation**			
	Income tax - current		150,003	157,009
	Deferred tax		(40,000)	(17,000)
		25.1	110,003	140,009

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

	2020	2019
Accounting profit	817,164	1,335,936
Corporate tax rate	29%	29%
Tax on accounting profit at applicable rate	236,978	387,421
Tax effect of timing differences	(40,000)	(17,000)
Tax effect of lower tax rates on export and certain income	(101,537)	(235,053)
Tax effect of income exempt from tax	(766)	(29,713)
Tax effect of expenses that are inadmissible in determining taxable income	15,328	34,354
	(126,975)	(247,412)
	110,003	140,009

25.2 The income tax return for the Tax year 2020 (financial year ended September 30, 2019) has been filed.

		2020	2019
		(Rupees in thousands)	
26.	**Earnings per share - Basic and diluted**		
	Profit after taxation	707,161	1,195,927
		Number of shares	
	Number of ordinary shares of Rs. 5 each	150,000,000	150,000,000
	Earnings per share - Basic and diluted (Rupees)	4.71	7.97

	2020	2019
	(Rupees in thousands)	

27. Cash generated from / (used in) operations

	2020	2019
Profit before taxation	817,164	1,335,936
Adjustment for non-cash charges and other items		
Depreciation / amortization	246,478	250,784
Provision for obsolescence and slow moving stores	–	12,842
Gain on disposal of fixed assets	(7,447)	(7,431)
Assets written of - Subsidiary Company	46,327	–
Finance income - net	(274,013)	(134,211)
Dividend income	(107,675)	(91,988)
	(96,330)	29,996
Working capital changes - note 27.1	1,438,961	863,232
	2,159,795	2,229,164

27.1 Working capital changes

	2020	2019
(Increase) / Decrease in current assets		
Stores and spare parts	(17,929)	(22,043)
Stock-in-trade	964,384	923,690
Trade debts	238,292	124,245
Loans and advances	370,272	(500,382)
Trade deposits and short-term prepayments	96	(362)
Other receivables	57,944	17,985
	1,613,059	543,133
Increase / (decrease) in current liabilities		
Trade and other payables	23,901	504,063
Advance from customers	(197,999)	(183,964)
	(174,098)	320,099
Net changes in working capital	1,438,961	863,232

28. Remuneration of Chief Executive, Directors and Executives

	2020				2019			
	Chief Execu-tive	Direc-tors	Execu-tives	Total	Chief Execu-tive	Direc-tors	Execu-tives	Total
	(Rupees in thousands)							
Managerial remuneration	13,632	8,616	90,228	112,476	12,000	7,800	81,467	101,267
Perquisites								
Telephone	44	18	407	469	41	15	403	459
Bonus	–	–	10,942	10,942	–	–	12,033	12,033
Medical	338	341	3,448	4,127	283	242	5,047	5,572
Utilities	–	606	–	606	–	564	–	564
Entertainment	–	238	–	238	–	645	–	645
Retirement benefits	972	635	7,109	8,716	850	571	5,620	7,041
	14,986	10,454	112,134	137,574	13,174	9,837	104,570	127,581
Number of persons	1	1	27	29	1	1	25	27

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.0.73 million (2019: Rs.0.60 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:

	2020	2019
	(Rupees in thousands)	
Long-term loans	5,474	6,789
Long-term deposits	3,928	3,928
Trade debts	149,005	387,297
Loans and advances	520,580	890,852
Trade deposits	751	796
Profit accrued on bank deposits	14,637	4,767
Other receivables	45,961	106,279
Bank balances	4,072,129	2,464,750
	4,812,465	3,865,458

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:

	2020	2019
	(Rupees in thousands)	

29.1.1 Trade debts

	2020	2019
Customers with no defaults in the past one year	149,005	387,297
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	–	–
	149,005	387,297

29.1.2 Bank Balances

	2020	2019
A1+	4,071,141	2,463,955
A2	988	795
	4,072,129	2,464,750

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.4,054.39 (2019: 2,455.06) 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.28.79 (2019: Rs.17.43) 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:

		2020	2019
		(Respective Currency)	
Trade debts	$	–	57,660
“	£	76,608	70,383
Advance from customers	$	969,261	594,549

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

Exchange rates	buying $	165.90	156.35
	selling $	166.10	156.55
	buying £	213.00	192.19
	selling £	213.26	192.44

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, 2020	+10	14,468	14,484
	-10	(14,468)	(14,484)
September 30, 2019	+10	7,053	7,076
	-10	(7,053)	(7,076)

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.2,694.40 (2019: Rs.2,223.22) million.

29.3 Liquidity risk

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

Year ended September 30, 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
			(Rupees in thousands)			
Trade and other payables	–	314,416	1,713,780	–	–	2,028,196
Advance from customers	–	320,406	–	–	–	320,406
Lease Liability	–	2,519	2,659	13,948	–	19,126
	–	637,341	1,716,439	13,948	–	2,367,728

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
Lease Liability	–	–	–	–	–	–
	–	1,050,964	1,471,578	–	–	2,522,542

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 (2019: 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

	2020	2019
	(Rupees in thousands)	
Fair value through other comprehensive income		
Investments in related parties - Quoted	1,610,143	1,657,274
Investments in related parties - Unquoted	121,587	93,172
Investments in other companies - Quoted	964,872	499,212
	2,696,602	2,249,658
At amortised cost		
- Loans and advances	12,231	13,122
- Deposits	4,679	4,724
- Trade debts	149,005	387,297
- Profit Accrued	14,637	4,767
- Other receivables	12,424	21,142
- Cash and bank balances	4,072,254	2,464,979
	4,265,230	2,896,031
	6,961,832	5,145,689

29.6.2 Financial liabilities as per statement of financial position

	2020	2019
At amortised cost		
- Trade and other payables	2,028,196	2,004,137
- Unclaimed dividend	86,725	81,830
	2,114,921	2,085,967

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.

	2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)			
Long-term investments	2,575,015	–	121,587	2,696,602
	2,575,015	–	121,587	2,696,602

	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

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

	2020			2019		
	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	1,111,000	M. Tons	101	1,078,000	M. Tons	98
Actual crushing	620,425	M. Tons	101	771,864	M. Tons	98
Sucrose recovery	9.91	%		10.87	%	
Sugar production	61,488	M. Tons		83,910	M. Tons	

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

		2020			2019		
		Quantity		Working days	Quantity		Working days
30.2	**Distillery division**						
a)	**Ethanol**						
	Capacity	34,000	M. Tons	300	34,000	M. Tons	300
	Actual production	25,206	M. Tons	346	29,786	M. Tons	343

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

		2020			2019		
b)	**Liquidified carbon dioxide (CO_2)**						
	Capacity	18,000	M. Tons	300	18,000	M. Tons	300
	Actual production	7,583	M. Tons	255	8,407	M. Tons	274

c) During the year CO_2 plants operated below capacity due to lower availability of raw gas.

		2020			2019		
30.3	**Textile division**						
	Capacity	560,000	Kgs.	300	560,000	Kgs.	300
	Actual production	686,420	Kgs.	293	760,385	Kgs.	298

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:

	2020	2019
	(Rupees in thousands)	
Size of the fund - Total assets	336,039	327,529
Fair value of investments	320,834	312,681
Percentage of investments made	95.48	95.47

31.1 The cost of above investments amounted to Rs. 290.71 million (2019: Rs. 305.78 million).

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

	2020	2019	2020	2019
	Percentage		(Rupees in thousands)	
National savings scheme	84.17	91.75	270,057	286,900
Bank deposits	15.79	8.21	50,660	25,664
Debt securities	0.04	0.04	117	117
	100.00	100.00	320,834	312,681

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.

	2020	2019
	(Number)	

32. Number of Employees

	2020	2019
Number of employees including contractual employees at September 30,	520	536
Average number of employees including contractual employees during the year	526	538

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**	**2020**	**2019**
		(Rupees in thousands)	
Related Parties			
Bank Al Habib Limited	Profit on Treasury call account	262,607	202,131
	Dividend Received	84,478	60,342
	Dividend Paid	25,892	25,892
	Bank Charges	204	1,073
Habib Insurance	Insurance Premium Paid	21,282	26,325
	Insurance Claim Received	9,120	1,555
	Dividend Received	2,682	4,023
	Dividend Paid	12,234	12,234
Uni Food Industries Limited	Investment in shares	62,868	85,678
Habib Mercantile Company Limited	Dividend Paid	1,404	1,404
Habib Sons (Pvt.) Limited	Dividend Paid	1,433	1,433
Retirement benefit funds	Contribution to retirement funds	16,077	13,260

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

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

Name	Basis of association	Percentage of shareholding
Bank Al Habib Limited	Common directorship	2.17
Habib Insurance Company Limited	Common directorship	4.32
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	12.50
UniFood Industries Limited	Key Management Personnel are directors	19.45
Habib Sugar Mills Limited - Employees Gratuity Fund	Retirement Benefit Fund	-
Habib Sugar Mills Limited - Staff Provident Fund	Retirement Benefit Fund	-

34. Dividend

The Board of Directors of the Group in their meeting held on December 23, 2020 have proposed a final cash dividend of Rs.2.75 per share (55%) for the year ended September 30, 2020. 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, 2021.

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 23, 2020 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, 2020

Number of Shareholders	Size of Shareholding From		To	Total Number of Shares held
1,548	1	...	100	34,490
839	101	...	500	246,302
499	501	...	1,000	391,215
1,284	1,001	...	5,000	2,989,312
249	5,001	...	10,000	1,817,946
126	10,001	...	15,000	1,573,721
75	15,001	...	20,000	1,326,791
51	20,001	...	25,000	1,151,816
28	25,001	...	30,000	773,577
18	30,001	...	35,000	591,667
14	35,001	...	40,000	530,323
13	40,001	...	45,000	546,944
14	45,001	...	50,000	676,073
17	50,001	...	55,000	897,237
5	55,001	...	60,000	285,373
10	60,001	...	65,000	634,548
5	65,001	...	70,000	336,282
6	70,001	...	75,000	434,650
7	75,001	...	80,000	547,335
2	80,001	...	85,000	165,000
4	85,001	...	90,000	345,858
5	90,001	...	95,000	457,769
2	95,001	...	100,000	197,500
1	100,001	...	105,000	100,403
1	105,001	...	110,000	107,000
2	110,001	...	115,000	227,875
1	115,001	...	120,000	120,000
1	120,001	...	125,000	122,000
1	125,001	...	130,000	125,757
4	130,001	...	135,000	528,324
1	135,001	...	140,000	138,002
3	140,001	...	145,000	425,385
2	150,001	...	155,000	309,648
1	165,001	...	170,000	166,125
1	170,001	...	175,000	174,988
2	175,001	...	180,000	356,251
1	185,001	...	190,000	185,779
1	190,001	...	195,000	190,559
2	195,001	...	200,000	400,000
3	200,001	...	205,000	606,230
1	205,001	...	210,000	205,156
1	225,001	...	230,000	226,846
1	235,001	...	240,000	236,276
1	245,001	...	250,000	250,000
2	250,001	...	255,000	505,000
1	255,001	...	260,000	256,500
2	280,001	...	285,000	567,330
1	285,001	...	290,000	289,337
1	295,001	...	300,000	300,000
1	300,001	...	305,000	304,940
3	305,001	...	310,000	921,146
1	310,001	...	315,000	315,000
2	320,001	...	325,000	641,446
3	325,001	...	330,000	982,617
1	340,001	...	345,000	340,740
1	355,001	...	360,000	359,970
1	380,001	...	385,000	384,000
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	475,001	...	480,000	477,000
1	490,001	...	495,000	491,000
1	510,001	...	515,000	510,668

Pattern of Shareholding as at September 30, 2020

Number of Shareholders	Size of Shareholding From		To	Total Number of Shares held
2	520,001	…	525,000	1,046,263
2	535,001	…	540,000	1,080,000
1	570,001	…	575,000	572,918
1	595,001	…	600,000	597,032
2	775,001	…	780,000	1,559,134
1	880,001	…	885,000	880,825
1	920,001	…	925,000	922,000
1	970,001	…	975,000	970,127
1	990,001	…	995,000	992,368
1	1,035,001	…	1,040,000	1,039,422
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	1,245,001	…	1,250,000	1,250,000
1	1,265,001	…	1,270,000	1,266,939
3	1,285,001	…	1,290,000	3,866,686
1	1,365,001	…	1,370,000	1,369,000
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	1,520,001	…	1,525,000	1,523,450
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	2,525,001	…	2,530,000	2,530,000
1	3,580,001	…	3,585,000	3,581,018
1	3,820,001	…	3,825,000	3,821,357
1	4,445,001	…	4,450,000	4,448,758
1	5,825,001	…	5,830,000	5,825,357
1	6,550,001	…	6,555,000	6,554,075
1	6,630,001	…	6,635,000	6,631,596
1	7,835,001	…	7,840,000	7,837,753
1	9,415,001	…	9,420,000	9,415,312
1	26,510,001	…	26,515,000	26,513,125
4,928				150,000,000

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
General Public (Local)	4,740	55,127,665	36.75
General Public (Forigen)	105	4,713,679	3.14
Insurance Companies	4	10,530,785	7.02
Joint Stock Companies	49	39,378,364	26.25
Financial Institutions	7	23,881,540	15.92
Modaraba Companies	2	1,521,068	1.02
Charitable Trusts	17	14,822,922	9.88
Societies	3	23,976	0.02
Corporate Law Authority	1	1	0.00
	4,928	150,000,000	100.00

Pattern of Shareholding as at September 30, 2020

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	7,837,753
Investment Corporation of Pakistan		1	731
Directors, CEO and their spouses and minor children			
Asghar D. Habib	Chairman	1	3,821,357
Ali Raza D. Habib	Director	1	445,536
Adnan Arfidi (NIT Nominee)	"	–	–
Murtaza Habib	"	1	3,581,018
Shams Muhammad Haji	"	1	5,000
Farouq Habib Rahimtoola	"	1	5,000
Tyaba Muslim Habib	"	1	10,000
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		1	49
Public Sector Companies and Corporations		47	38,346,433
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful Modarabas and Pension Funds		9	14,230,839
General Public			
a) Local		4,730	44,937,425
b) Foreign		105	4,713,679
Others			
Charitable & Other Trusts		17	14,822,922
Socieities		3	23,976
Government Institution		1	1
		4,928	150,000,000

Shareholders holding 10% or more voting rights

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

۱۲۔شیئر ہولڈنگ کے طریقہ اوراس سے متعلق اضافی معلومات صفحہ نمبر 132-131 پر دی گئی ہے۔

۱۳۔ڈائریکٹرز CEO،CFO، کمپنی سیکریٹری اوران کی فیملیز کے شیئر ہولڈنگ میں تبدیلی جو کہ شیئر ہولڈنگ کی نوعیت صفحہ نمبر 133 پر دی گئی ہے۔

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 اوران 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 23 دسمبر 2020ء

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

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک سے متعلق اسٹیٹمنٹ:

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

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

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

۴۔ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز جو کہ پاکستان میں نافذ العمل ہے اس پر مالیاتی حسابات کی تیاری پر لاگو کیا گیا ہے اور کسی بھی تبدیلی اور تخمینہ کو مناسب طور پر وضاحت کی گئی ہے۔

۵۔ داخلی کنٹرول کا نظام مستحکم ہے اور مئوثر 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۔

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 گریجوئٹی کا ڈیپازٹ / کرنٹ اکاؤنٹ میں بیلنس 30 ستمبر 2021 کو درج ذیل ہے۔

	(روپے ہزاروں میں)
پروویڈنٹ فنڈ	320,834
گریجوئٹی فنڈ	120,167

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 عدنان آفریدی*	3
جناب مرتضیٰ ایچ حبیب	4
محترمہ طیبہ مسلم حبیب*	3
جناب شمس محمد حاجی	4
جناب فاروق حبیب رحیم تولا	4
جناب مشتاق احمد مہر**	1
جناب امین علی عبدالحمید**	1
جناب رئیس الحسن	4

* 27 جنوری 2020 کو منتخب ہوئے

** 26 جنوری 2020 کو مدت پوری ہوگئی

کے کاروباری اور مالی حکمت عملی کی وجہ سے ان بحرانی حالات میں آسانی سے کمپنی چلانے کو یقینی بنایا گیا ہے۔
اپنی کارپوریٹ معاشرتی ذمہ داری کا جائزہ لیتے ہوئے، اس وبائی مرض کے دوران، کمپنی نے اپنے ملازمین کے لئے COVID-19 کے مفت ٹیسٹ کے ساتھ ساتھ COVID-19 سے متاثر ملازمین کے طبی اخراجات برداشت کیے۔ کمپنی نے وبائی امراض کے دوران اپنی روزی روٹی سے محروم افراد اور عام لوگوں کو مفت راشن تقسیم کیا۔

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 یو 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 جاسکے۔ یہ پروجیکٹ مکمل ہونے کے بعد کامیابی سے اطمینان بخش نتائج حاصل کر رہا ہے اسی طرح RCC پائپنگ کے ساتھ کھلے ہوئے ڈرین چینلز کی تبدیلی بھی کی گئی ہے تاکہ سیپیج کو دور کیا جاسکے اور آس پاس کے علاقے متاثر نہ ہوں۔

SLOP ٹریٹمنٹ پلانٹ اور کاربن ڈائی کسائیڈ فیکوری پلانٹس کی تنصیب ہماری معاشری زمہ داری ہے جو کہ ہمارے نکاسی کے عمل سے گرین ہاؤس گیسز کو کم کرنے میں مددگار ہوسکتا 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۔ پچھلے سال کی طرح اس سال بھی آلودگی سے بچاؤ کی مسلسل کوششوں کو جاری رکھتے ہوئے فیکٹری کے اطراف مُن پودے لگائے گئے ہیں تاکہ علاقہ زیادہ سے زیادہ سرسبز رہے اور اس کے فوائد کی لوگوں میں آگاہی بھی کی گئی ہے۔

صحت حفاظت اور سیکیورٹی:

ایم 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 باقاعدگی سے آس پاس رہنے والے لوگوں کی طبی ضروریات اور امداد فراہم کرتی ہے اور اس حوالے سے کلینکس اور ویلفیئر اداروں کو طبی اور دیگر سہولیات فراہم کرنے کے لئے 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 کیا کیا جارہا ہے۔

قومی خزانے میں حصہ داری:

زیرہ جائزہ سال کے دوران آپ کی کمپنی نے ٹیکسز، محصولات، سیلز ٹیکس اور ایکسائز کی مد میں 1410.11 ملین روپے خزانے میں جمع کرائے ہیں اس کے علاوہ قیمتی زرمبادلہ بھی حاصل کیا جو کہ مبلغ 3406.42 ملین روپے (US $ 21.30 ملین) کے مساوی ہیں شکر، ایتھانول اور گھریلو ٹیکسٹائل کی ایکسپورٹ سے حاصل کیا۔

آڈیٹرز:

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

HRاور 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 کی ممبر ہے۔ کمیٹی کی چیئر پرسن 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
محترمہ طیبہ مسلم حبیب	چیئر پرسن	1
جناب شمس محمد حاجی	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۔

کمیونٹی کی سرمایہ کاری اور ویلفیئر اسکیم:

ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے کمپنی نے باقاعدہ بنیاد پر کئی ویلفیئر سرگرمیوں میں حصہ لیا اور اس حوالے سے سیکنڈری سطح تک اسکول چلانا، آنکھوں کے کیمپ کا قیام، ملز کے آس پاس ایریا میں رہنے والوں کو مالی تعاون اور مفت راشن اور میڈیکل کی معاونت 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 کررہا ہے جو کہ نواب شاہ میں بہروں کا اسکول چلا رہے ہیں۔ آپ کی کمپنی نے اس سال کے دوران مبلغ 16.0 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 12 ملین روپے مختلف رجسٹرڈ خیراتی اداروں کو عطیہ دیا۔ جو کہ تعلیم اور مالی تعاون اور ضرورت مند لوگوں کو مہیا کرتے ہیں جو کہ معاشرے میں خدمات کا مثبت رجحان ہے۔

COVID 19:

۱۱ مارچ ۲۰۲۰ کو عالمی ادارہ صحت (ڈبلیو ایچ او) نے COVID-19 کو عالمی وباء قرار دے دیا اور انتباہ کیا کہ یہ وباء ایک بڑی آبادی پر اثر انداز ہوگی اور کئی ہلاکتوں کا باعث ہوگی۔ دنیا کے سائنسدانوں نے COVID-19 کے تریاق کے لئے ویکسین بنانے پر تحقیقات کررہے ہیں جو کہ آخری مراحل میں ہے تاہم جب تک اس کے وائرس کے پھیلاؤ کو روکنے کے لئے سخت سماجی فاصلے اور عالمی ادارہ صحت کے بتائے ہوئے احتیاطی تدابیر کے اصولوں کے مطابق عمل کرنا ہے۔

وبائی امراض COVID-19 نے دوران مدت مارچ سے معاشرتی اور معاشی سرگرمیوں میں غیر معمولی رکاوٹ کا باعث بنا۔ اس وبائی صورتحال نے پاکستان میں اور عالمی سطح پر معیشت کے مختلف شعبوں میں کاروباری اور مالی چیلنجوں کا سامنا کیا پاکستان میں حکومت نے اس بحران سے بچاؤ کے لئے بھرپور اقدامات کئے کہ COVID-19 کے پھیلاؤ کو کم کرنے کے لئے اچھے اقدامات اٹھائے۔ ان اقدامات سے مجموعی طور پر معاشی سست روی اور متعدد کاروباری میں حالات کے رکاوٹ میں کمی آئی۔

مشکل کام کرنے کے حالات کے باوجود، کمپنی نے وائرس کے پھیلاؤ سے نمٹنے اور اسے کم کرنے کے لئے اپنے دفاتر اور ملوں پر سخت اقدامات نافذ کرکے اپنے عمل کو جاری رکھنے میں کامیاب رہی ہے، کیونکہ ملازمین کی صحت و بہبود کمپنی کے لئے خاصی اہمیت کا حامل ہے۔ کمپنی کو توقع ہے کہ معیشت کے دیگر شعبوں کی طرح شکر اور اس سے منسلک مصنوعات بھی دباؤ میں ائیں گی۔ تاہم، کمپنی

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

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

HSM انرجی لمیٹڈ (HSMEL) کمپنی کا ایک مکمل ملکیتی ماتحت ادارہ ہے جو کہ بگاس سے بجلی بنا کر کمپنی کو اور قومی گرڈ کو بیچنے کے لئے بنایا گیا۔
یہ منصوبہ گورنمنٹ کی جانب سے بگاس پربنی توانائی کے منصوبوں پر غیر واضح صورتحال کی وجہ سے ایک طویل عرصے سے رکا ہوا ہے۔ بورڈ آف ڈائریکٹرز کی 29 جولائی 2020 کی میٹنگ میں ان منصوبوں کی صورتحال کا جائزہ لیا گیا اور بجلی خریدنے کے ٹیرف اور اس کے خریدنے کے طریقہ کار CPPA سے اختلاف کو سوچتے سمجھتے ہوئے اس منصوبہ کو ختم کرنے کا فیصلہ کیا ہے۔

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 پیدا کرے گی اور قومی گریڈ کو بیچے گی۔ اور متعلقہ کاروباری سرگرمیوں کو انجام دے گی۔
حکومت سندھ نے لیٹر آف انٹینٹ (LOI) جاری کیا ہے اور جھمپیر ضلع ٹھٹھہ میں پروجیکٹ لگانے کے لئے زمین الاٹ کی ہے۔ حکومت حالیہ طور پر ٹیرف کی بنیاد کے طریقہ کار پر نظر ثانی کر رہی ہے۔ آئندہ کا لائحہ عمل حکومت کی وضاحت کے بعد کیا جائے گا۔

فوڈ بزنس میں سرمایہ کاری:
کمپنی کی بصارت کے حوالے سے کمپنی کے ڈائریکٹران نے یونی فوڈ انڈسٹریز لمیٹڈ میں 30 ستمبر 2020ء تک 256.56 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 کر دی ہے۔ آج کل کمپنی کو دوسرے مینوفیکچررز سے سخت مقابلہ ہے اور ملک میں Covid/لاک ڈاؤن کی صورتحال کی وجہ سے مارکیٹ چیلنجز کا سامنا ہے۔ تاہم انتظامیہ کی انتہائی کوشش ہے کہ فروخت کے حجم میں بہتری رہے اور لاگت میں کمی کی جائے۔

بورڈ اینڈ منیجمنٹ کمیٹی:
آڈٹ کمیٹی:
کمپنی نے کوڈ آف کارپوریٹ گورننس (تبدیل شدہ) کے تحت آڈٹ کمپنی تشکیل دی ہے۔ یہ آڈٹ کمپنی تین ممبران پر مشتمل ہے اور یہ سب انڈیپنڈینٹ نان ایگزیکیٹو ڈائریکٹرز ہیں۔ آڈٹ کمپنی سال کے دوران چار اجلاس منعقد کرتی ہے۔ ان اجلاسوں میں شرکت کی تعداد درج ذیل ہے:

		اجلاس میں شرکت کی تعداد
جناب شمس محمد حاجی	چیئرمین	4
جناب فاروق حبیب رحیم ٹولہ *	ممبر	3
محترمہ طیبہ مسلم حبیب *	ممبر	3
جناب علی رضا ڈی حبیب **	ممبر	1
جناب امین علی عبدالحمید **	ممبر	1

* 27 جنوری 2020 کو منتخب کیا گیا

** 26 جنوری 2020 کو مدت پوری ہوگئی

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2019-20	2018-19
آپریشن کی مدت	ایام	293	298
سوت کی مقدار	کلوگرام	716,804	907,431
تیار مال کی پیداوار	"	608,561	760,385

گیس انفرااسٹرکچرڈویلپمنٹ سیس:(GIDC)

عزت مآب سپریم کورٹ آف پاکستان نے 13 اگست 2020 کو گیس انفرااسٹرکچرڈویلپمنٹ سیس (GIDC) کے مقدمہ کا فیصلہ کیا کہ GIDC ایکٹ 2015 کے تحت GIDC سیس قانونی ہے۔ عدالتِ عظمیٰ نے مزید بیان کیا کہ تمام انڈسٹریل اور کمرشل ادارے جو قدرتی گیس استعمال کرتے ہیں انہوں نے اپنے صارفین کو یہ بوجھ منتقل کردیا ہے تو ان کو جی آئی ڈی سیس 2011ء سے 31 جولائی 2020 تک واجب الادا ہے۔

عدالتِ عظمیٰ کے فیصلہ کے بعد SSGC نے GIDC کے تمام بقایاجات 138.68 ملین روپے جو کہ 24 قسطوں میں ادا کرنے ہیں کی پہلی قسط 5.78 ملین روپے کا بل جاری کردیا۔ بعدازاں عدالتِ عظمیٰ نے قسطوں کی تعداد بڑھا کر اڑتالیس کردی۔

کمپنی نے SSGC کے اس مطالبہ کو تسلیم نہیں کیا کیونکہ کمپنی نے اپنے خریداروں / صارفین کو یہ بوجھ منتقل نہیں کیا ہے۔ کمپنی نے عزت مآب ہائی کورٹ میں اسی بنیاد پر ایک اپیل دائر کی کہ GIDC کا بوجھ خریداروں / صارفین کو منتقل نہیں کیا اس لئے کمپنی GIDC ایکٹ 2015 کے تحت GIDC ادا کرنے کا ذمہ دار نہیں ہے۔ کورٹ نے اپنے 22 دسمبر 2020 کے فیصلے میں SSGC کے مطالبہ کے خلاف روک دیا اور اس کو کوئی بھی کاروائی کرنے پر پابندی لگادی۔

زیرِ جائزہ سال کا منافع 138.68 ملین روپے سے اثر انداز ہوا ہے جو کہ GIDC کا گذشتہ سالوں کا سپریم کورٹ کے فیصلہ میں لاگو کرنے کے فیصلے کی وجہ سے ہوا۔ تاہم کمپنی نے حفظ ماتقدم کے طور پر GIDC کی مجموعی رقم 138.68 ملین روپے 30 ستمبر 2020 کو ختم ہونے والے مالیاتی حسابات میں فراہم کردیا ہے۔

ٹریڈنگ ڈویژن:

زیرِ نظر مدت کے دوران 133.17 ملین روپے کا منافع شکر کی تجارت پر ہوا۔ جس کا موازنہ گزشتہ سال کے دوران 61.12 ملین روپے کے منافع سے کیا جاسکتا ہے۔

مستقبل کا پروگرام:

شوگر ڈویژن:

کمپنی کے شوگر ڈویژن نے کرشنگ 10 نومبر 2020 سے شروع کردی اور 22 دسمبر 2020 تک گنے کی کل کرشنگ 242,751 میٹرک ٹن تھی جبکہ اوسط ریکوری کا تناسب 9.44 فیصد اور شکر کی پیداوار 22,927 میٹرک ٹن بشمول شکر ان پراسس تھی۔

حکومت سندھ نے 23 دسمبر 2020ء کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 21-2020 کے نوٹیفکیشن کا اجراء کیا جس میں گنے کی قیمت 202 روپے فی 40 کلوگرام مقرر کی گئی۔ اس کے مقابلتاً سیزن 20-2019 کے 192 روپے فی 40 کلوگرام تھی۔ علاوہ ازیں ملز کوالٹی پریمیئم شکر کی اوسط ریکوری کے بنچ مارک 8.70 فیصد سے زائد ہر 0.10 فیصد پر 0.50 پیسے فی 40 کلو گرام 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 22 دسمبر 2020 تک ایتھانول کی پیداوار 3,960 میٹرک ٹن ہوئی اور لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ کی پیداوار 1,112 میٹرک ٹن ہوئی شیرے کی قیمتوں میں اضافے کی وجہ سے ڈویژن کے منافع پر اثر انداز ہوگا۔

ڈویژن کے آپریشن کی تفصیلات کا موازنہ درج ذیل ہے:

		2019-20	2018-19
کرشنگ کی مدت	ایام	101	98
گنے کی کرشنگ	میٹرک ٹن	620,425	771,864
	40 kgs	15,510,621	19,296,602
شکر کی اوسط ریکوری	%	9.91	10.87
شکر کی پیداوار	میٹرک ٹن	61,488	83,910

زیرِ جائزہ سال کے دوران ڈویژن نے 146.10 ملین روپے کا خسارہ کیا۔ اس کے مقابلتاً گزشتہ سال 52.28 ملین روپے کا منافع ہوا تھا۔ ڈویژن کے نقصان کی وجہ پیداواری لاگت میں اضافہ، ریکوری میں کمی اور چینی کی پیداوار میں کمی کی وجہ سے ہوا۔

ڈسٹلری ڈویژن:

اس ڈویژن نے مبلغ 633.65 ملین روپے منافع حاصل کیا جس کا موازنہ گزشتہ سال کے منافع کی رقم 883.74 ملین روپے سے کیا جاسکتا ہے۔ منافع میں کمی کی وجہ شیرے کی زیادہ قیمت خرید اور پیداوار میں کمی کی وجہ سے ہوا۔

لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ (CO_2) یونٹ 7,583 میٹرک ٹن پیداوار ہوئی ہے جس کا موازنہ گزشتہ سال کی پیداوار 8,407 میٹرک ٹن سے کیا جاسکتا ہے۔ یونٹ حاصل کردہ آپریٹنگ منافع ڈویژن کے منافع میں شامل ہے۔

ڈویژن کے آپریشن کی تفسیلات کا موازنہ درج ذیل ہے:

ایتھانول		2019-20	2018-19
آپریشن کی مدت*	ایام	346	343
شیرے کی مقدار	میٹرک ٹن	134,770	162,015
ایتھانول کی پیداوار	"	25,206	29,786
لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ(CO_2)			
آپریشن کی مدت**	ایام	255	274
لیکوئیڈ فائڈ کاربن ڈائی آکسائیڈ(CO_2) کی پیداوار**	میٹرک ٹن	7,583	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 45.82 ملین روپے ہوا جس کا موازنہ گزشتہ سال کے منافع 28.76 ملین روپے سے کیا جاسکتا ہے۔ منافع میں اضافہ بہتر قیمت فروخت اور ڈیوٹی ڈرابیک کی مد میں 13.1 ملین روپے حکومت کی طرف سے برآمدات میں اضافہ کی کارکردگی پر ملا۔

ڈائریکٹرز کی رپورٹ

محترم ممبران ۔السلام علیکم

بورڈ آف ڈائریکٹرز اور اپنی جانب سے ہم آپ لوگوں کو کمپنی کی 59 ویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہیں اور 30 ستمبر 2020ء کو ختم ہونے والے سال کیلئے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی حسابات پیش کرتے ہیں۔

اللہ کے فضل و کرم سے زیرِ جائزہ سال کے دوران آپ کی کمپنی کے آپریشن کی وجہ سے منافع بعد از ٹیکس کی رقم مبلغ 694.30 ملین روپے رہا۔ کمپنی کی کارکردگی کے نتائج اور بورڈ کی سفارش کے مطابق تصرفات درج ذیل ہیں۔

	(روپے ہزاروں میں)
منافع بعد از ٹیکس	694,295
ایڈجسٹمنٹس	
ایکچوریئل خسارے گریچوئٹی فنڈ کے تخمینہ پر	(158)
سرمایہ کاری کی فروخت پر منافع حاصل کیا	14,158
	14,000
غیر منقسمہ منافع براڈ فارورڈ	5,797
تصرف کیلئے دستیاب منافع	714,092
مجوزہ - کیش ڈویڈنڈ 2.75 55% جو کہ مبلغ روپے بحساب 5 روپے فی عام شیئر	412,500
- جنرل ریزرو کو منتقلی	300,000
	712,500
غیر منقسمہ منافع کیری فارورڈ	1,592
آمدنی فی شیئر ۔ بنیادی اور معتدل	4.63

کارکردگی کا جائزہ:

ڈویژن وائز کارکردگی درج ذیل ہے:

شکر ڈویژن

گنے کی کرشنگ کا سیزن 2020-2019 26 نومبر 2019 کو شروع ہوا اور 5 مارچ 2020 تک 101 دن پلانٹ کو چلایا گیا۔ جبکہ گزشتہ سیزن 98 دن کا تھا۔ موجودہ سیزن کے دوران گنے کی کرشنگ 620,425 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری کا تناسب 9.91 فیصد رہا اور شکر کی پیداوار 61,488 میٹرک ٹن ہوئی۔ مقابلتاً گزشتہ سیزن میں گنے کی کرشنگ 771,864 میٹرک ٹن رہی جبکہ شکر کی اوسط ریکوری 10.87 فیصد تھی اور شکر کی پیداوار 83,910 میٹرک ٹن تھی۔ حکومت سندھ نے 9 دسمبر 2019 کو گنے کی کم از کم سپورٹ پرائس برائے سیزن 2020-2019 کے نوٹفکیشن کا اجراء کیا جس میں گنے کی قیمت -/192 روپے فی 40 کلوگرام 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۔

زیرِ جائزہ سال کے دوران گنے کی کم کاشت کے نتیجہ میں کرشنگ میں کمی واقع ہوئی۔ گنے کی دستیابی میں کمی کی وجہ سے گنے کی خریداری کی قیمت میں ملوں میں آپس میں مسابقت رہی اور ملوں کو مجبوراً زیادہ قیمت پر گنا خریدنا پڑا اس کے علاوہ چینی کی پیداوار میں کمی ریکوری کی کمی کی وجہ سے ہوئی۔ ان سب عوامل کے نتیجے میں پیداواری لاگت میں اضافے کی وجہ سے ڈویژن کی کارکردگی متاثر ہوئی۔

چیئرمین کی رپورٹ

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 کررہا ہوں۔
حبیب شوگر ملز نے ایک مضبوط اور منظم لائحِ 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۔
27 جنوری 2020 کو 7 ڈائریکٹرز پر مشتمل نیا بورڈ 3 سال کی مدت کے لئے منتخب ہوا۔ مالی سال 20-2019 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۔
دوران سال بورڈ آف ڈائریکٹرز (بورڈ) کی کارکردگی اطمینان بخش رہی۔ بورڈ قانون اور کمپنی کے آرٹیکلز کے تحت منظم ہے جس میں اس کے فرائض، ذمہ داریاں اور حقوق کی وضاحت کی گئی ہے۔

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 انڈیپنڈینٹ 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 لائحِ 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۔

سال 2020 دنیا کے لئے ایک چیلنجنگ سال رہا Covid-19 وبائی بیماری نے خطرناک رفتار اور وسعت کے ساتھ بہت سارے ممالک کو معاشی تنزلی کا سامنا ہوا۔

مجھے یہ تصدیق کرنے پر فخر ہے کہ بورڈ اور کمپنی کی انتظامیہ نے Covid-19 کے حملے کے بعد غیر معمولی صورتحال کا موثر انداز میں تجزیہ کیا اور اپنے لوگوں کی حفاظت کو یقینی بنانے اور اس وباء سے نمٹنے کے لئے ایک جامع حکمت عملی بنائی اور کاروبار کے تسلسل کو یقینی بنایا۔

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 23 دسمبر 2020ء

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
59th Annual General Meeting of the Company to be held on Wednesday, January 27, 2021
and at any adjournment thereof.

As witness my / our hand this..day of..................................2021

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 ہٰذا ____________
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 ۲۰۲۱ء کو منعقد کئے جانے والے کمپنی کے ۵۹ 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 ____________
نام ____________
پتہ ____________
شناختی کارڈ نمبر ____________
پاسپورٹ نمبر ____________

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

نوٹ:

۱) ہر وہ ممبر جسے اجلاسِ ہٰذا 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۔