



# ANNUAL REPORT 2018

GROW TO SUCCEED



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

MR. ISMAIL H. ZAKARIA	Chairman
MR. YUSUF AYOOB	Chief Executive Officer
MR. SULEMAN AYOOB	
MR. A. AZIZ AYOOB	
MR. ZIA ZAKARIA	Resident Director
MR. NOOR MOHAMMAD ZAKARIA	
MR. ZOHAIK ZAKARIA	
MR. NAEEM AHMED SHAFI	Independent Director (N.I.T. Nominee)
MR. KHURRAM AFTAB	

### BOARD AUDIT COMMITTEE

MR. NAEEM AHMED SHAFI	Chairman
MR. SULEMAN AYOOB	Member
MR. ZOHAIK ZAKARIA	Member

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. SULEMAN AYOOB	Chairman
MR. YUSUF AYOOB	Member
MR. NOOR MOHAMMAD ZAKARIA	Member

### CHIEF FINANCIAL OFFICER

MR. IQBAL UMER

### COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL  
FCMA

### AUDITORS

M/s. KRESTON HYDER BHIMJI & CO.  
Chartered Accountants

### LEGAL ADVISOR

MR. ABDUL SATTAR PINGAR  
Advocate

### REGISTERED OFFICE

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

### FACTORY

JHOK SHARIF,  
TALUKA MIRPUR BATHORO,  
DISTRICT SUJAWAL (SINDH)

### REGISTRAR & SHARE REGISTRATION OFFICE

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

### WEBSITE

[www.shahmuradsugar.co](http://www.shahmuradsugar.co)



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### *Mission Statement*

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To gain strength through industry leadership in the manufacturing and marketing of sugar and allied products and to have a strong presence in these products markets while retaining the options to diversify in other profitable ventures.

To operate, ethically while maximizing profits and satisfying customers' needs and stakeholders' interests.

To assist in the socio economic development of Pakistan especially in the rural areas through industrial expansion and development.

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### *Vision Statement*

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

## **CODE OF CONDUCT**

Shahmurad Sugar Mills Limited is guided by the following principles in its pursuit of excellence in all activities for the attainment of the Company's Objectives.

### **THE COMPANY**

- Fulfills all statutory requirements of the Regulatory Authority and follows all applicable laws of the Country together with compliance of accepted accounting principles, rules and procedures required.
- Deals with all stakeholders in an objective and transparent manner so as to meet the expectations of those who rely on the Company.
- Meet the expectations of the spectrum of the society and the Regulatory Authority by implementing an effective and fair system of financial reporting and internal controls.
- Uses all means to protect the environment and ensures health and safety of the employees.
- Activities and involvement of directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are motivated by the interest of the Company rather than their own.
- Ensures efficient and effective utilization of its resources.

### **AS DIRECTORS**

- Promote and develop attractive environment through responsive policies and guidelines to facilitate viable and timely decisions.
- Maintain organizational effectiveness for the achievement of the Company's goals.
- Support and adherence to compliance of legal and industry requirements.
- Safeguard the interest and assets of the Company to meet and honor all obligations of the Company.
- Promote a culture that supports enterprise and innovation with appropriate short-term and long term performance related rewards that are fair and achievable in motivating management and employees effectively and productively.

### **AS EXECUTIVE AND MANAGERS**

- Ensure cost effectiveness and profitability of operations.
- Provide directions and leadership for the organization and take viable and timely decisions.
- Develop and cultivate work ethics and harmony among colleagues and associates.
- Encourage initiatives and self-realization in employees through meaningful empowerment.
- Promote and develop culture of excellence, conservation and continuous improvement.
- Provide pleasant work atmosphere and ensure equitable way of working and rewarding system.
- Institute commitment to environmental, health and safety performance

### **AS EMPLOYEES AND WORKERS**

- Observe company's policies, regulations and Codes of Best Business Practices.
- Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- Make concerted struggle for excellence and quality.
- Devote productive time and continued efforts to strength the Company.
- Protect and safeguard the interest of the Company and avoid the conflict of interest. Ensure the primary interest in all respects is that of the Company.
- Maintain financial integrity and must avoid making personal gain at the Company's cost by participating in or assisting activities which compete with the Company.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 40th Annual General Meeting of SHAHMURAD SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Monday, 28th January, 2019 at 11.30 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the 39th Annual General Meeting held on 25th January, 2018.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2018 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of Cash Dividend @ 70% i.e. Rs. 7.00 per ordinary share of Rs.10/= each for the year ended 30th September 2018 as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the year ended 30th September 2019. The present Auditors M/s Kreston Hyder Bhimji & Co., Chartered Accountants, retire and offer themselves for re-appointment.

### SPECIAL BUSINESS

5. To consider and pass the following Special Resolutions in respect of related party transactions as required u/s 208 of Companies Act 2017.
  - a) "RESOLVED that the transactions carried out in normal course of business with related parties as disclosed in Note No. 37 of the audited financial statements for the year ended September 30, 2018 be and are hereby ratified and approved."
  - b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with related parties during the ensuing years and in this connection the Chief Executive Officer/Company Secretary be and are hereby authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

### OTHER BUSINESS

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

(Attached to this notice is a statement of Material Facts covering the above mentioned Special Business, as required under section 134(3) of the Companies Act, 2017)

By Order of the Board



**M. YASIN MUGHAL**  
COMPANY SECRETARY

Karachi: December 26, 2018

### NOTE:

1. The Register of the Members of the Company will remain closed from 21st January, 2019 to 30th January, 2019 (Both days inclusive) for the purpose of holding the Annual General Meeting / Transfer of shares / entitlement of cash dividend.
2. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote on his/her behalf. PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. In pursuance of Circular No.1 of SECP dated January 26, 2000 the CDC Account holders/subaccount holders are requested to bring with them their original CNICs or Passports alongwith Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced at the time of meeting. The nominee shall produce his original CNIC at the time of attending the meeting for identification.

#### 4. Submission of copies of CNIC

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

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

- (i) Pursuant to the provisions of the Finance Act, 2017 effective from July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of tax deduction for the filer(s) of income tax return 15%.
2. Rate of tax deduction for the non-filer(s) of income tax return 20%.

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Tax-payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

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

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

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

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

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

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

#### 7. Payment of Cash Dividend Electronically:

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

Standard request form has also been placed on website of the Company. The members are requested to send the information on the same at the earliest possible.

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

**8 Unclaimed Dividend / Shares :**

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

**9. Video Conference Facility :**

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

I / We, \_\_\_\_\_ of being a member of Shahmurad Sugar Mills Limited, holder of Ordinary \_\_\_\_\_ Share(s) as per Register Folio No / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
MEMBER SIGNATURE

**10 Circulation of Annual Audited Accounts through Email/CD/DVD/ USB :**

Pursuant to the directions issued by the SECP vide SRO 787(1) 2014 dated 8 September 2014 and SRO 470(1)/2016 dated 31 May 2016 whereby Securities and Exchange Commission of Pakistan (SECP) has directed and Shareholders of the company in the 38th Annual General Meeting held on January 31, 2017 approved to circulate Annual Audited Financial Statements (i.e. Annual Statement of Financial Position and Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Cash Flows, Notes to the Financial Statements, Auditors' and Directors' Report) along with notice of Annual General Meeting to its members through e-mail /CD/DVD/USB/ at their registered Addresses.

Shareholders who wish to receive the printed / hard copy of Financial Statements shall have to fill the standard request form available on the Company's website [www.shahmuradsugar.co](http://www.shahmuradsugar.co)

**11 Financial Statements and relevant reports have been placed on the website of the company which can be seen on [www.shahmuradsugar.co](http://www.shahmuradsugar.co)**

**12 Change of Address and Non-Deduction of Zakat Declaration Form:**

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

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

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

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

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



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

In view of the above, the transactions carried out during the financial year ended September 30, 2018 with related parties shown in note No. 37 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

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

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

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

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

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

## CHAIRMAN'S REVIEW

### ACHIEVEMENTS:

I feel my great pleasure to welcome you on behalf of the Board of Directors to the 40th Annual General meeting of the Company and present audited financial statement for the year ended September 30th 2018. The production volume of sugar has increased to 82,366 metric tons against the production of 72,755 metric tons produced last year. This was mainly due to higher crushing volume of sugarcane as the crop of the same was good and some cane was procured from Punjab where bumper cane crop was available. Sale volume of sugar and ethanol increased by 77 and 37 percent over previous year's achievement and in term of value the same has increased by 34 and 52 percent respectively.

### CONSTRAINTS:

It is pertinent to mention that Pakistan is the fifth largest country in the world in term of area under cultivation, 15th by production of sugar and 53rd in yield. At present there are 89 functional sugar mills in the country out of which 45 in Punjab, 37 in Sindh and 7 in Khyber Pakhtunkhwa. The sugar industry is a source of income for growers, Government, contractors, and suppliers. Beside this the sugar industry provides direct and indirect employment specifically in the rural areas of the country. The large agriculture base of Pakistan is vital for the production of sugar and ethanol which in term is vital for the continued growth of Pakistan is agriculture sector.

An important point which the sugar mills of the country are facing is the collection of sales tax on an arbitrarily fixed price by Federal Board of Revenue. Sale Tax is collected on fixed price of Rs.60/= per kg irrespective of the price of the sugar in the market. During the past three years the price of sugar in domestic and international markets has remained low due to excess production of the same and this indicates that the sugar mills are paying tax from their own revenue. We suggest that the Government should collect tax on actual sale price of the sugar.

On the matter of sugarcane price notification it is important is mention that the price is set without considering the price of the sugar in domestic and international markets. It has repeatedly been stressed that the sugarcane price may be fixed keeping in view the price of the sugar in the market. The result is apparent as the sugar mills suffered loss in spite of allowing export subsidy of Rs.20/= per kg to the exporters. Recently the Government has allowed export of one million tons of sugar without subsidy. It is apprehended that this quota would remain unutilized as the price of sugar in the international market is also depressed. The Government controls the price of the raw material but finished product prices are left open to market forces. It is suggested that the price of sugar be fixed separately for industrial, commercial and domestic consumers as bulk of sugar is consumed by industrial consumers followed by commercial consumers but the suggestion has not yet been considered by the Government. In case the proposal is not considered positively the alternate way is to fix the cane price keeping in view the price of sugar in domestic and international markets.

### ETHANOL DIVISION:

Due to uncertainty in the price of sugar in domestic and international markets the management decided to explore other avenues to supplement the earnings to improve the bottom-line. As the contribution of ethanol division was substantial the management decided to enhance the capacity of ethanol plant from 33,000 metric tons to 66,000 metric tons on annualized basis during the year. I am pleased to apprise our members that the additional plant has successfully been installed and production of ethanol has increased to 47,204 metric tons as against 30,564 metric tons produced last year. Full benefits of the capacity enhancement are expected during next year.

### CODE OF CORPORATE GOVERNANCE:

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

Karachi: 26th December 2018



ISAMIL H. ZAKARIA  
CHAIRMAN

## DIRECTORS' REPORT

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear Members Asslamu Alaikum

I take the opportunity with great pleasure to present on behalf of the Board of Directors the audited financial statements of your company for the year ended September 30, 2018. Your company has earned a profit after tax amounting to Rs.601,258 million as against a profit of Rs.7.268 million earned during the previous year. The principal activity of the company is to manufacture sugar and ethanol.

Salient comparative production and financial data are provided as under:

PRODUCTION DATA	2017-18	2016-17
Crushing of sugarcane commenced on	28-11-2017	28-11-2016
Crushing completed on	02-04-2018	18-03-2017
Duration of crushing (number of days)	126	111
Sugarcane crushed (metric tons)	744,578	672,747
Sugar produced (metric tons)	82,366	72,755
Sugar recovery rate (percentage)	11.06	10.82
Molasses produced (metric tons)	35,310	30,750
Ethanol produced (metric tons)	47,204	30,564
Operation of Distillery Plant (numbers of days)	344	323

FINANCIAL DATA	(Rupees in thousands)	
Sales	7,220,127	5,055,682
Cost of sales	(6,409,719)	(4,471,788)
Gross profit	810,408	583,894
Distribution cost	(644,558)	(279,522)
Administrative cost	(229,170)	(196,807)
Other operating expenses	(53,695)	(3,951)
Other income net of loss in associate and trading income	900,203	24,710
Financial cost	(234,939)	(202,721)
Profit / (Loss) before tax	548,249	(74,397)
Taxation	53,009	81,665
Profit after taxation	601,258	7,268
Earnings per share – Basic and diluted	Rs.28.47	Re.0.34

## PERFORMANCE REVIEW

### SUGAR DIVISION:

The crushing of sugarcane was commenced on November 28, 2017 which continued up to April 02, 2018. During the period your mills crushed 744,578 metric tons of sugarcane as against 672,747 metric tons of cane crushed during the last year's crushing season. The crushing volume increased by 10.68 percent as the cane crop was good specifically in the upper part of the Sindh and in Punjab also. The crop in the southern part of Sindh in your mills area was not good due to non-availability of water in the early stage of cane crop. Therefore the cane was also procured from Punjab where bumper crop was available, and upper part of Sindh province and heavy amount for transportation of sugarcane was paid which raised the procurement cost. The production of sugar also increased to 82,366 metric tons particularly due to high volume of crushing and slight improvement in the recovery rate which was 11.06 percent as against 10.82 percent achieved last year. For the crushing period 2017-18 the Government of Sindh notified support cane price of Rs.182/= per forty kg of cane which was the same as fixed for last crushing season. We in our quarterly and Annual Reports have repeatedly reiterated the Government should fix the sugarcane price keeping in consideration the price of the final product in the local and international markets.

During the last three years the production of sugar has been in excess of the requirements of the country and the same was the position internationally as well. During the period under consideration the production of sugar was about eight million metric tons as against the annual requirements of the country of less than five million metric tons.

During the crushing season in progress, it is expected that the production of sugar would be around seven million metric tons. Considerable volume of about two million metric tons of sugar would be in surplus in addition to carry over stock available with the sugar mills. Accordingly Pakistan Sugar Mills Association has requested the Government to allow export of sugar with a subsidy of Rs.20/= per kg as the price of sugar is also depressed in the international market and sugar industry in Pakistan is not in a position to bear such loss. The Government has approved a subsidy of Rs.10.70 per kg and allowed export of 1.50 million metric tons of sugar. However even after the export of this volume there would be surplus stock with the mills. To address this the Government also approved additional export of sugar to the tune of one million metric tons in order to liquidate the surplus stock of the product but without any subsidy.

#### **ETHANOL DIVISION:**

During the period under review the plant operated satisfactorily and produced 47,204 metric tons of ethanol as against 30,564 metric tons produced last year. The production is higher by 54.44 percent when compared with the production of last year. The increase during the period under review is because the capacity of the plant has been enhanced from 33,000 metric tons to 66,000 metric tons on annualized basis by installing additional plant and equipments. Trial production of new plant was commenced on May 18th 2018 and full benefits of additional plant would be depicted during the next year. Your company exported 44,312 metric tons of ethanol as against 32,281 metric tons exported last year and the company earned valuable foreign exchange for the country. Pakistan ethanol has established its good reputation in the international market in respect of standards and quality.

Keeping in view the depressed market of sugar in domestic and international market your management has focussed on enhancing the capacity of the plant by about hundred percent during the period under review. With the increase in the production ethanol division contributed towards the improvement of the bottom line of financial statements of your company. It may be added that the price of ethanol is linked with the price of crude oil in the international market. The non-fuel grade ethanol exported is further processed by the buyers to convert the same in fuel grade ethanol. During the recent past price of crude oil has registered an increase in the international markets. Under the circumstances it has been proposed that the Government should encourage the local use of fuel grade ethanol in transport system as due to shortage natural gas CNG stations are totally closed during winter season in upper parts of the country. Alternate use of ethanol may also be encouraged in disinfectants, screen wash, polish, paints industry and perfume. Ethanol has another effective use is in the domestic sector where natural gas and LPG is not available and forest trees are cut and used for cooking food. The ethanol cooking stove should be developed as has been done in India in order to save forest and environment which would be a great achievement for the country. The Pakistan Government is requested to look into the above aspect in order to assist the ethanol industry in achieving the above mentioned goals and save foreign exchange of the country.

#### **CAPITAL EXPENDITURE:**

In sugar industry upgrading and balancing is a continuous process in order to keep the plant and machinery up to date to meet the requirement of regulatory authorities. Your company has incurred an expenditure of Rs.1,317.982 million on addition and BMR in order to maintain the efficiency of the sugar Mills. Additionally this capital outlay mostly included expenditure incurred against ethanol plant capacity enhancement by about hundred percent.

#### **STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE:**

1. The Financial Statements prepared by the management of the Company present fairly its states of affairs, the results of operations, cash flow and changes in equity.
2. The Company has maintained proper books of accounts as required under the law.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the Company's ability to continue as going concern.
7. There has been no material departure from the best practices of the Code of Corporate Governance as detailed in the Listing Regulations of Pakistan Stock Exchange.
8. There have been no outstanding statutory payments; except those under normal course of business and some disputed cases which are appearing in the relevant notes to the financial statements.
9. The pattern of shareholding in the Company as on September 30, 2018 is also included in the Annual Report.
10. The Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses or minor children carried out no trade in the shares of the Company except as otherwise indicated.
11. The value of investment and balance in deposit accounts of Provident Fund based on un-audited accounts as at September 30, 2018 amounted to Rs.56.411 million.

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

#### **COMPOSITION OF BOARD OF DIRECTORS:**

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

	<u>NAME OF DIRECTORS</u>	<u>ATTENDED</u>	<u>STATUS</u>
01.	Mr. Ismail H Zakaria	4	Non-Executive
02.	Mr. Yusuf Ayoob	4	Executive
03.	Mr. Suleman Ayoob	4	Non-executive
04.	Mr. A. Aziz Ayoob	4	Executive
05.	Mr. Noor Muhammad Zakaria	3	Non-executive
06.	Mr. Zia Zakaria	4	Executive
07.	Mr. Zohair Zakaria	2	Non-executive
08.	Mr. Naeem Ahmad Shafi	4	Independent Director
09.	Mr. Khurram Aftab	3	N.I.T Nominee

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

#### **AUDIT COMMITTEE:**

The Board has also constituted an Audit Committee comprising of the following directors. During the period under consideration, four meetings of the Audit Committee were held and attendance of each director was as under:

	<u>NAME OF DIRECTORS</u>	<u>ATTENDED</u>	<u>STATUS</u>
1.	Mr. Naeem Ahmad Shafi (Chairman)	4	Independent Director
2.	Mr. Suleman Ayoob (member)	4	Non-executive
3.	Mr. Zohair Zakaria (member)	2	Non-executive

Term or Reference of the Audit Committee has also been determined by the Board in accordance with the guidelines provided in the Listing Regulations of the Pakistan Stock Exchange.

#### **HUMAN RESOURCE AND REMUNERATION COMMITTEE:**

The Board also constituted Human Resource and Remuneration Committee in accordance with the guide lines provided in the Listing Regulations of Pakistan Stock Exchange consisting of the following Directors. During the period one meeting of the Committee was held and attendance of each director was as under.

	<u>NAME OF DIRECTORS</u>		<u>ATTENDED</u>	<u>STATUS</u>
1.	Mr. Suleman Ayoob	Chairman	1	Non-executive
2.	Mr. Yusuf Ayoob	Member	1	Executive
3.	Mr. Noor Muhammad Zakaria	Member	1	Non-executive

#### **FUTURE OUTLOOK:**

##### **SUGAR DIVISION**

Sugar cane is the third major cash crop of Pakistan and its selling price to sugar mills is determined by the Provincial government. It usually happens that after an interval of two / three years there is bumper cane crop in the country. As a result of this the production of sugar is increased considerably whereas the consumption pattern remains unchanged. This situation affects the price of sugar in the markets. Crushing season 2018-19 has since been commenced and it is expected that the production of sugar would be in excess of the requirement of the country the Government of Sindh has notified the price of sugarcane at Rs.182/= per forty kg. The concern of the sugar mills is that the end price of the product is very low in the domestic and international markets due to higher production of the same but the Government continuously keeps the price of cane substantially high. The government intends to protect the interest of the growers which is highly appreciated but the sugar mills suffer due to loss sustained by the mills. Pakistan Sugar Mills Association stressed upon the government to protect the interest of the sugar mills as is being done with the growers. It is further reiterated here that the selling price of sugar for industrial, commercial and domestic consumers be notified separately as the major consumer of sugar are the industrial followed by commercial consumers.

In order to run the mill on economical scale the raw material has to be procured from far flung areas and extra cost is paid for transportation of the same which raise its cost. In case the recovery rate is reduced, the cost of production could further increase declining the possibility of improvement in the bottom line. During the crushing season in progress it is expected that the production of sugar will be more than the requirement of the country and carry forward stock available with the sugar mills will enhance the volume product available for sale. The Government has been requested through Pakistan Sugar Mills Association to determine the cost of sugarcane before commencement of crushing of each season keeping in view the price of sugar in the domestic and international markets.

##### **ETHANOL DIVISION:**

During the last more than one year the prices of crude oil has registered an increase in the international market and ethanol price is also linked with the crude oil price. Molasses is available during the crushing season in the country and it is the policy of your company to procure the same for total requirement of the next year. Company prefers to purchase molasses from those sugar mills which have not yet entered in the production of ethanol or they have molasses in excess of their requirements. As there is time gap in the procurement of molasses and production of ethanol the company has to borrow funds from the banks to purchase raw material for the year's requirement. Most of the sugar mills in the country are engaged in the production of ethanol as an alternate avenue to make the loss good suffered due to depressed price of sugar. It is apprehended that the cushion provided by ethanol may decline during the next year in light of higher molasses prices which is due to the overall deduction in sugarcane crop. It is suggested that the Government should consider evolving the alternate local use of ethanol which will not only assist the ethanol industry to flourish but also saving of valuable foreign exchange being incurred on import of LPG and LNG.

During the year your Company exported 44,312 metric tons of ethanol as against 32,281 metric tons exported last year. Export volume of ethanol has increased as the capacity of distillery has been increased by installing additional plant and machinery. The average price realized on export of ethanol was US \$736 per ton as against US \$ 732 per ton realized last year. The country is facing substantial amount of trade deficit and if the ethanol industry is encouraged and proper facilities are provided, the industry would contribute heavily in reduction of the trade deficit.

**CREDIT RATING OF THE COMPANY:**

JCR.VIS Credit Rating Company Limited has assigned initial medium to long term entity rating of 'A-/A-2' (Single A minus/A-two) to the Company an outlook on medium to long term rating as "stable".

**CORPORATE AND SOCIAL RESPONSIBILITY:**

During 1979-80 when Shahmurad Sugar Mill was established, Jhok Sharif was totally a forest area and there was a small village around the shrine of a saint. The Company being a corporate citizen undertook numbers of welfare activities .i.e. established a school up to secondary level, holding of medical camps on interval basis, financial assistance to deserving villagers, supply of free ration and medical assistance to needy persons. Schooling facility is available to all children living in the surrounding areas of the mill in addition to the children of the employees.

The Company also provides medical facilities to its employees and availed medical coverage scheme from a leading medical Takaful company. Medical cards have been provided to all executives and employees enabling them to avail medical facilities from the authorized hospitals as and when required.

In addition to above the company is encouraging employment of work force living in the surrounding areas of the mill enabling them to upgrade their living standards. The company makes excellent arrangements for civic, health and accommodation facilities for employees in order to ensure their participation in the development of the area and production of related products. Improved greenery and well maintained clean environment around the factory for better housekeeping. The company also provided assistance to the growers to improve the quality of sugarcane by providing quality seed and fertilizer on regular basis. Through these efforts, the growers get better returns which enable them to improve their living standards also.

**RELATED PARTIES TRANSACTIONS:**

All related parties transactions were placed before the Board's Audit Committee and the Board for final approval as required under the Listing Regulations of Pakistan Stock Exchange but hereinafter the related parties' transactions will also be placed before the members in the forthcoming Annual General Meeting as required under the Companies Act 2017.

**CONTRIBUTION TO NATIONAL EXCHEQUER:**

The company is also enhancing the resources of the country in the form of taxes, duties and earning foreign exchange through export of sugar and ethanol. During the period under review your company has exported 44,312 metric tons of sugar and earned foreign exchange to the tune of US \$ 32.617 million.

**MECHANISM FOR EVALUATION OF THE BOARD:**

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

**DIVIDEND:**

The Directors have recommended a final cash dividend at the rate of 70 percent .i.e. Rs. 7.00 per share of Rs.10/= each. (2017: 5 percent .i.e. Re. 0.50 per share of Rs. 10/= each)

**APPOINTMENT OF AUDITORS:**

The present Auditors, M/s Kreston Hyder Bhimji and Co, Chartered Accountants, retired with the conclusion of Annual General Meeting and being eligible offer themselves for re-appointment for the year 2018-19. Audit Committee also recommended their re-appointment for the year 2018-19 and the Board of your company also endorsed the recommendation of the Audit Committee for re-appointment of M/s Kreston Hyder Bhimji and Co, Chartered Accountants, till the conclusion of next Annual General Meeting.

**STAFF RELATIONS:**

Finally the directors place on record their appreciation for devotion of duty and hard work of the executives, staff members and workers for the smooth running of the company's affairs, meeting the objectives and targets in the current demanding environments and are confident that they will continue to demonstrate the same zeal and vigor in future under the blessing of our Creator.

By order of the Board



**YUSUF AYOOB**  
CHIEF EXECUTIVE OFFICER



**ZIA ZAKARIA**  
DIRECTOR

Karachi: Dated 26th December, 2018



## متعلقہ پارٹیز کی ٹرانزیکشنز

متعلقہ پارٹیز کے ساتھ کی گئی تمام معاملات کو بورڈ کی آڈٹ کمیٹی کے روبرو پیش کیا جاتا ہے اور بورڈ اس کی حتمی منظوری دیتا ہے جیسا کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ قواعد کے تحت ضروری ہے تاہم اس کے بعد متعلقہ پارٹیز کے ساتھ ٹرانزیکشنز کے معاملات آئندہ سالانہ اجلاس عام میں ممبران کے روبرو رکھے جائیں گے جیسا کہ کمپنیز ایکٹ 2017 کے تحت لازم ہے۔

## قومی خزانے میں شراکت

کمپنی ٹیکسز، ڈیوٹیز اور چینی اور اتھنول کی برآمد کے ذریعے غیر ملکی زرمبادلہ کی صورت میں ملک کے وسائل میں بھی اضافہ کر رہی ہے۔ زیر جائزہ مدت کے دوران آپ کی کمپنی نے 44,312 میٹرک ٹن چینی برآمد کی اور \$32.617 ملین کا زرمبادلہ حاصل کیا۔

## بورڈ کی تشخیص کے لئے طریقے کار

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

## تقسیم منافع

ڈائریکٹروں کی جانب سے 70 فیصد نقد منافع تقسیم کرنے کی سفارش کی گئی ہے جو کہ 10 روپے والے حصص پر 7.00 روپے فی حصص بنتا ہے (برطابق 2017 0.50 روپے فی حصص یعنی 5 فیصد)۔

## آڈیٹرز کا تقرر

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



ضیاء ذکریا  
ڈائریکٹر

بجلم بورڈ



یوسف ایوب  
چیف ایگزیکٹو آفیسر

بمقام کراچی: بتاریخ 26 دسمبر 2018

جائے۔ کمپنی ان شوگر ملوں سے مولاسز خریدنے کو ترجیح دیتی ہے جو ابھی اتھنول کی پروڈکشن میں داخل نہیں ہوئی ہیں یا ان کے پاس اپنی ضرورت سے زائد مولاسز موجود ہیں چونکہ یہاں مولاسز کے حصول اور اتھنول کی تیاری میں ٹائم کا فرق ہے اس لئے کمپنی نے سال کی ضرورت کے لئے خام مال کی خریداری کے لئے بینکوں سے قرضہ حاصل کیا ہے۔ قرضے کے فنڈز کے عوض مالیاتی لاگت کو منافع کی شرح کے تحت جذب کیا گیا جس سے یہ مزید کم ہو گیا۔ ملک میں بیشتر شوگر ملز اتھنول کی تیاری میں مصروف عمل ہیں کیونکہ یہ چینی کے نرخوں میں کمی کے باعث ہونے والے نقصان کو کسی قدر پورا کرنے کے لئے ایک متبادل راستہ ہے۔ یہ توقع کی جاتی ہے کہ اتھنول کے ذریعے فراہم کردہ فائدہ آئندہ سال کے دوران کروڑوں کے نرخوں میں کمی کی صورت میں کم ہو جائے گا۔ یہ تجویز کیا جاتا ہے کہ حکومت اتھنول کے متبادل مقامی استعمال کے طریقوں پر غور کرے جس سے نہ صرف اتھنول کی صنعت کو سہارا ملے گا بلکہ ایل پی جی اور ایل این جی کی درآمد پر صرف ہونے والے قیمتی زرمبادلہ کو بھی بچایا جاسکے گا۔

سال کے دوران آپ کی کمپنی نے 44,312 میٹرک ٹن اتھنول برآمد کیا جبکہ گزشتہ سال 32,281 میٹرک ٹن برآمد کیا گیا تھا۔ اتھنول کا برآمدی حجم بڑھ گیا کیونکہ اضافی پلانٹ اور مشینری کی تنصیب کے ذریعے ڈسٹری کی گنجائش بڑھ گئی ہے۔ اتھنول کی برآمد پر تسلیم کردہ اوسط قیمت، 1736 امریکی ڈالر فی ٹن رہی جو اس کے مقابلے میں گزشتہ سال 732 ڈالر فی ٹن رہی تھی۔ ملک کو تجارتی سطح پر خسارے کا سامنا ہے اور اگر اتھنول کی صنعت کی حوصلہ افزائی کی جائے اور مناسب سہولتیں فراہم کی جائیں تو صنعت تجارتی خسارے میں کمی کا موثر ذریعہ بن سکتی ہے۔

### کمپنی کی کریڈٹ ریٹنگ

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

### کارپوریٹ اور سماجی ذمہ داری

1979-80 کے دوران شاہ مراد شوگر ملز جھوک شریف کے مکمل جنگلاتی علاقے میں قائم کی گئی اور یہاں ایک بزرگ کے مزار کے اطراف چھوٹا سادہ بیات آتا تھا۔ کمپنی نے اپنی سماجی ذمہ داری پوری کرتے ہوئے یہاں بہبود کے کام انجام دیئے جن میں سیکنڈری سطح تک اسکول کا قیام، وقفے وقفے سے میڈیکل کیمپوں کا انعقاد، مستحق دیہاتیوں کو مالی معاونت کی فراہمی، مفت راشن کی تقسیم اور ضرورت مند افراد کو طبی امداد کی فراہمی شامل ہیں۔ مل کے اطراف میں مقیم تمام بچوں اور ملازمین کے بچوں کو اسکول جانے کے لئے تمام سہولتیں فراہم کی گئیں۔

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

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

### انسانی وسائل اور ادائیگیوں سے متعلق کمیٹی:

مندرجہ ذیل ڈائریکٹرز پر مشتمل بورڈ نے پاکستان اسٹاک آپکچنج کے لسٹنگ قواعد میں فراہم کردہ رہنما ہدایات کے تحت انسانی وسائل اور ادائیگیوں کی کمیٹی تشکیل دی ہے۔ سال کے دوران کمیٹی کی ایک میٹنگ ہوئی اور اس کی حاضری مندرجہ ذیل ہے۔

ڈائریکٹروں کے نام	عہدہ	درجہ	حاضری
1 جناب سلیمان ایوب	چیئرمین	نان-ایگزیکٹو	1
2 جناب یوسف ایوب	ممبر	ایگزیکٹو	1
3 جناب نور محمد ذکریا	ممبر	نان-ایگزیکٹو	1

### مستقبل کا جائزہ

#### شوگر ڈویژن

گنپا پاکستان کی تیسری اہم کیش فصل ہے اور شوگر ملوں کو اس کی قیمت فروخت کا تعین صوبائی حکومت کی طرف سے کیا جاتا ہے یہ عموماً دو/تین سال کے وقفے کے بعد ہوا جب ملک میں گنے کی اچھی فصل ہوتی ہے۔ اس کے نتیجے میں چینی کی پیداوار میں بھی قابل قدر اضافہ ہوتا ہے تاہم کھپت کا رجحان تبدیل نہیں ہوا۔ اس صورتحال میں مارکیٹس میں چینی کی قیمت متاثر ہوئی۔ کرشنک سیزن 2018-19 کا چونکہ آغاز ہو چکا ہے اور توقع ہے کہ چینی کی پیداوار ملک کی ضرورت سے زائد ہوگی تاہم حکومت سندھ نے گنے کی قیمت = 182 روپے فی 40 کلوگرام کا اعلان کر دیا ہے۔ شوگر ملوں کو خدشہ ہے کہ پروڈکٹ کی حتمی قیمت مقامی اور بین الاقوامی مارکیٹوں میں بھاری پیداوار کے باعث انتہائی کم ہوگی تاہم حکومت نے گنے کے نرخ زائد رکھے ہیں۔ حکومت آبادگاروں کو تحفظ دینے کے لئے گنے کی قیمت پر اپنا کنٹرول رکھتی ہے جو کہ قابل ستائش ہے تاہم شوگر ملوں کو اس کا نقصان پہنچتا ہے۔ پاکستان شوگر ملز ایسوسی ایشن حکومت پر زور دیتی ہے کہ آبادگاروں کی طرح شوگر ملز کے مفادات کا بھی تحفظ ہو۔ اس امر کو بھی دہرایا جاتا ہے کہ صنعتی، تجارتی اور گھریلو صارفین کے لئے چینی کے نرخوں کا الگ الگ تعین کیا جائے کیونکہ صنعتی صارفین کی تعداد سب سے زیادہ ہے جس کے بعد تجارتی صارفین کا نمبر آتا ہے۔

مل کو با کفایت بیجانے پر چلانے کے لئے خام مال دور دراز علاقوں سے حاصل کیا جاتا ہے اور اس کی نقل و حمل پر اضافی اخراجات ادا کرنا پڑتے ہیں جس سے لاگت مزید بڑھ جاتی ہے۔ وصولی کے ریٹ کم کرنے کی صورت میں جو عموماً کئے جاتے ہیں، پیداواری لاگت مزید بڑھ جاتی ہے اور نجلی سطح پر بہتری کے امکانات کم ہو جاتے ہیں۔ موجودہ کرشنک سیزن کے دوران یہ توقع ہے کہ چینی کی پیداوار ملکی ضروریات سے زائد ہوگی اور شوگر ملوں کے پاس بچ جانے والے اسٹاک میں مزید اضافے سے فروخت کے لئے دستیاب پروڈکٹ کا حجم بڑھ جائے گا۔ لہذا حکومت سے درخواست کرتے ہیں کہ پاکستان شوگر ملز ایسوسی ایشن کے ذریعے ہر ایک کرشنک سیزن کے آغاز سے قبل گنے کی قیمت کا تعین مقامی اور بین الاقوامی مارکیٹوں میں چینی کی قیمتوں کو مد نظر رکھ کر کیا جائے۔

### اتھنول ڈویژن

گزشتہ ایک سال سے زائد عرصے کے دوران کروڈ آئل کے نرخوں میں بین الاقوامی مارکیٹ میں اضافہ رجسٹرڈ کیا گیا ہے اور اتھنول کے نرخ کروڈ آئل کی قیمت سے منسلک ہیں کیونکہ پاکستان سے برآمد کردہ نان-فیول گریڈ اتھنول کو فیول گریڈ اتھنول بنانے کے لئے مزید پروسس کیا جاتا ہے۔ ملک میں کرشنک سیزن کے دوران مولاسز دستیاب ہیں اور آپ کی کمپنی کی پالیسی ہے کہ اسے آئندہ سال کی مجموعی ضرورت کے لئے بھی حاصل کر لیا۔

11۔ پراویڈنٹ فنڈ کے ڈپازٹ اکاؤنٹس میں موجود غیر آڈٹ شدہ انویسٹمنٹ اور بیلنس کی قدر بمطابق 30 جون 2018 کو 60.608 ملین روپے بنتی ہے۔

گزشتہ دس سال سے متعلق اہم مالیاتی و کاروباری معلومات اور ترتیب حصص داری کی جدول کو بھی اس سالانہ رپورٹ کا حصہ بنایا گیا ہے، ڈائریکٹروں اور ان کے ازواج کی ہولڈنگ میں پہلے سے مذکورہ ہولڈنگ سے ہٹ کر کوئی خاطر خواہ تبدیلی نہیں کی گئی۔

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

نمبر شمار	ڈائریکٹرز کے نام	حاضری	عہدہ
1	جناب اسماعیل ایچ ذکریا	4	نان۔ ایگزیکٹو
2	جناب یوسف ایوب	4	ایگزیکٹو
3	جناب سلیمان ایوب	4	نان۔ ایگزیکٹو
4	جناب عزیز ایوب	4	ایگزیکٹو
5	جناب نور محمد ذکریا	3	نان۔ ایگزیکٹو
6	جناب ضیاء ذکریا	4	ایگزیکٹو
7	جناب ذوہیر ذکریا	2	نان۔ ایگزیکٹو
8	جناب نعیم احمد شفیع	4	انڈیپنڈنٹ ڈائریکٹر
9	جناب خرم آفتاب	3	NIT نامزد کردہ

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی تفصیلات مالیاتی حسابات کے متعلقہ نوٹ میں فراہم کر دی گئی ہیں جیسا کہ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز کے تحت درکار ہے۔ نان ایگزیکٹو ڈائریکٹر کو ماسوائے میٹنگ فیس کے علاوہ کوئی معاوضہ نہیں دیا گیا۔

## آڈٹ کمیٹی

بورڈ نے درج ذیل ڈائریکٹرز پر مشتمل بورڈ آڈٹ کمیٹی بھی بنائی ہے۔ دوران سال زیر غور آڈٹ کمیٹی کی 4 میٹنگ ہوئی اور ہر ایک ممبر کی حاضری سے متعلق تفصیلات درج ذیل ہیں۔

نمبر شمار	ڈائریکٹروں کے نام	حاضری	عہدہ
1	جناب نعیم احمد شفیع (چیرمین)	4	انڈیپنڈنٹ ڈائریکٹر
2	جناب سلیمان ایوب (ممبر)	4	نان۔ ایگزیکٹو
3	جناب ذوہیر ذکریا (ممبر)	2	نان۔ ایگزیکٹو

یہ واضح کرنا بھی ضروری ہے کہ اتھنول کی قیمت عالمی مارکیٹ میں خام تیل کی قیمتوں سے منسلک ہے۔ کیونکہ برآمد کردہ نان فیول گریڈ اتھنول کو فیول گریڈ میں تبدیل کرنے کے لئے مزید پروسیز کیا جاتا ہے۔ خام تیل کی زیادہ قیمت کے باعث زیر غور سال کے دوران اتھنول کی بھی قیمت میں اضافہ واقع ہوا۔ اتھنول کو مقامی مارکیٹ میں کھپانے کا قوی امکان موجود ہے جس کے لئے اس کی ضرورتوں کا معقول انداز میں کھوج لگانا ہوگا جب کہ اس ضمن میں حکومتی سرپرستی بھی درکار ہے۔ اتھنول کا متوقع استعمال فیول ڈسٹریکٹیشن، اسکرین واش، پالش اور پیٹنڈ انڈسٹری، انک انڈسٹری اور عطریات میں کیا جاسکتا ہے۔ فیول گریڈ اتھنول کا استعمال وہاں پر بھی موثر انداز میں کیا جاسکتا ہے۔ جہاں پر قدرتی گیس موجود نہیں اور اسے گھریلو استعمال یعنی کوکنگ کے لئے بذریعہ اتھنول اسٹور، LPG کی جگہ بروئے کار لایا جاسکتا ہے جیسا کہ ہندوستان میں ہو رہا ہے۔ پاکستان میں اتھنول برنز کے استعمال کو ترجیحی طور پر پروان چڑھایا جائے تاکہ جنگلات کو محفوظ کیا جاسکے جو شمالی علاقہ جات میں کوکنگ کی ضروریات کے کاٹے جاتے ہیں۔ کوکنگ کے مقصد کے لئے اتھنول کا استعمال جنگلات کو کٹائی سے بچایا جاسکتا ہے۔ جو کہ ماحول کو بچانے کے لئے پاکستان کا ایک بڑا کارنامہ سمجھا جائے گا۔ فیول گریڈ اتھنول کا ایک متبادل استعمال چھوٹی گاڑیوں میں بطور فیول استعمال کرنا ہے جس سے لوگوں کا وقت بچے گا جو فیول اسٹیشن پر CNG کے حصول کے لئے بھی قطاریں لگا کر انتظار کر رہے ہوتے ہیں۔ ملک میں قدرتی گیس کی قلت ہے۔ جو خصوصاً موسم سرما میں گیس کی لوڈ شیڈنگ اور سندھ میں ہر دوسرے روز CNG اسٹیشن بند رہتے ہیں جبکہ پنجاب اور خیبر پختونخوا میں انہیں مکمل طور پر بند رکھا جاتا ہے۔ حکومت پاکستان سے التماس ہے کہ مندرجہ بالا امور زیر غور لائے اور درجہ بالا مقاصد کے حصول کے لئے اتھنول انڈسٹری کی معاونت کرے۔

### سرمایہ کاری

شوگر کی صنعت میں مشینری اور پلانٹ کو ریگولیٹری حکام کی شرائط کے مطابق بہترین حالت میں برقرار رکھنے کے ضمن میں اس کی اپگریدنگ ایک مسلسل عمل ہے۔ زیر غور سال کے دوران کمپنی کو پلانٹ کی کارکردگی کو برقرار رکھنے کے لئے اضافے اور MBR پر کئے جانے والے اخراجات 1,317.982 ملین تھے۔ سرمائے میں زیادہ تر اخراجات اتھنول پلانٹ کی گنجائش سو فیصد تک بڑھانے پر خرچ ہوئے۔

### کوڈ آف کارپوریٹ گورننس کی پاسداری سے متعلق بیانیہ:

- 1۔ مینجمنٹ کی جانب سے تیار شدہ مالیاتی دستاویزات کمپنی کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقوم اور حصص میں رد و بدل سے متعلق معاملات کی صحیح ترجمانی کرتی ہیں۔
- 2۔ کمپنی کی جانب سے متعلقہ ریکارڈز کو باقاعدہ قواعد کے مطابق کھاتوں میں درج کیا گیا ہے۔
- 3۔ تمام تر مالیاتی دستاویزات کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر عمل کیا گیا ہے، نیز تمام تر مالیاتی تخمینے معقول اور قرین قیاس ہیں۔
- 4۔ مالیاتی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مستعمل بین الاقوامی محاسبی معیارات کی مکمل پاسداری کی گئی ہے۔
- 5۔ اندرونی طور پر کنٹرول کا نظام انتہائی منظم اور جامع ہے اور اسے مؤثر انداز سے نافذ کیا گیا ہے اور اس پر مکمل نظر رکھی جاتی ہے۔
- 6۔ ایسی کوئی وجہ نظر نہیں آتی جس کی بنیاد پر کمپنی کو ختم کرنے سے متعلق کوئی سوال پیدا ہوتا ہو کہ کمپنی اپنا وجود برقرار نہ رکھ پائے۔
- 7۔ پاکستان اسٹاک ایکسچینجر کے لسٹنگ قواعد میں مذکور کارپوریٹ گورننس کی بہترین پالیسیوں سے کوئی ایسا انحراف نہیں کیا گیا جو کہ قابل غور ہو۔
- 8۔ قانوناً کمپنی کو کوئی قابل ذکر ادائیگیاں نہیں کرنا پڑیں ماسوائے ان ادائیگیوں کے جو کہ کاروبار میں معمول کا حصہ ہیں اور ماسوائے ان چند تنازعات کے جن کا ذکر مالیاتی دستاویزات کے اندر متعلقہ نوٹس میں کیا جا چکا ہے۔
- 9۔ کمپنی کی بابت ترتیب حصص داری کی جدول برائے 30 ستمبر 2018 کو بھی سالانہ رپورٹ کا حصہ بنایا گیا ہے۔
- 10۔ کمپنی کے ڈائریکٹروں، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی کے سیکرٹری اور ان کے اذواج اور نابالغ بچوں کی جانب سے کمپنی کے حصص میں ماسوائے اس لین دین کے کہ جس کا ذکر کیا جا چکا ہے کسی قسم کی کوئی اور لین دین نہیں کی گئی۔

## کارکردگی کا جائزہ شوگر ڈویژن

ملوں میں پائی کاغذ 28 نومبر 2017 کو کیا جو 02 اپریل 2018 تک جاری رہا۔ اس مدت کے دوران مل نے گزشتہ کرشنک سیزن کے دوران کرشن کردہ 672,747 میٹرک ٹن کے مقابلے میں 744,578 میٹرک ٹن گنا کرشن کیا۔ دوران حالیہ سیزن گنے کی صوبہ پنجاب کے بالائی علاقوں میں اچھی فصل کے باعث کرشنک حجم میں 10.68 فیصد کا اضافہ ہوا۔ صوبے کے جنوبی حصے میں پانی کی عدم دستیابی کے باعث فصل اچھی نہیں رہی تھی۔ گنے کو پنجاب سے بھی حاصل کیا گیا جہاں پر شاندار فصل دستیاب تھی اور صوبہ سندھ کے بالائی علاقے میں بھی اچھی فصل رہی اور گنے کی ٹرانسپورٹیشن کے لئے بھاری اخراجات صرف ہونے کی وجہ سے لاگت میں خاطر خواہ اضافہ ہو گیا۔ چینی کی پیداوار بھی خصوصی طور پر 82,366 میٹرک ٹن تک بڑھ گئی جس کی وجہ کرشنک کا بھاری حجم اور وصولیابی کی شرح میں قدرے بہتری تھی جو گزشتہ سال کے 10.82 کے مقابلے میں 11.06 فیصد رہی۔ 2017-18 کی کرشنک مدت کے لئے حکومت سندھ نے گنے کی امدادی قیمت -/182 روپے فی 40 کلوگرام مقرر کی تھی جو گزشتہ کرشنک سیزن میں برقرار رہی۔ ہم اپنی سہ ماہی اور سالانہ رپورٹس میں بارہا حکومت سے یہ درخواست کر چکے ہیں کہ گنے کی قیمت مقامی اور انٹرنیشنل مارکیٹوں میں حتمی پروڈکٹ کے نرخوں کو مد نظر رکھ کر طے کی جائے۔

گزشتہ تین برسوں کے دوران چینی کی پیداوار ملک کی طلب سے زائد رہی اور یہی صورتحال دنیا بھر میں بھی تھی۔ زیر جائزہ مدت کے دوران چینی کی پیداوار لگ بھگ 8 ملین میٹرک ٹن تھی جبکہ اس کے برخلاف ملک کی سالانہ ضرورت پانچ ملین میٹرک ٹن سے بھی کم ہے۔

حالیہ کرشنک سیزن کے دوران یہ توقع تھی کہ چینی کی پیداوار تقریباً سات ملین میٹرک ٹن ہوگی اور لگ بھگ 2 ملین میٹرک ٹن چینی کا اضافی حجم شوگر ملوں کے پاس دستیاب آگے لے جانے والے اسٹاک میں اضافی ہوگا۔ پاکستان شوگر ملز ایسوسی ایشن نے حکومت سے درخواست کی کہ چینی کی برآمد کی اجازت -/20 روپے فی کلوگرام کی سبسڈی کے ساتھ دی جائے کیونکہ بین الاقوامی مارکیٹ میں بھی چینی کے نرخوں میں کمی آئی ہے اور پاکستان میں چینی کی صنعت اس نقصان کو برداشت کرنے کی پوزیشن میں نہیں ہے۔ حکومت نے 10.70 روپے فی کلوگرام کی سبسڈی منظور کی اور 1.50 ملین میٹرک ٹن چینی کی برآمد کی اجازت دی۔ اور اتنی مقدار میں چینی کی برآمد کے باوجود ملوں کے پاس اضافی اسٹاک رہا۔ حکومت نے چینی کے اضافی اسٹاک کو ٹھکانے لگانے کی غرض سے مزید ایک ملین ٹن چینی کی اضافی برآمد کی اجازت دی تاہم اس کے لئے سبسڈی منظور نہیں کی گئی۔

## اینتھنول ڈویژن

زیر تجزیہ سال کے دوران پلانٹ کی کارکردگی اطمینان بخش رہی۔ گزشتہ سال 30,564 میٹرک ٹن اینتھنول کے مقابلے میں 47,204 میٹرک ٹن اینتھنول پیدا کیا۔ پیداوار گزشتہ سال کے مقابلے میں قدرے بہتر ہو کر 54.44 فیصد رہی۔ زیر جائزہ مدت کے دوران پیداوار زائد رہی کیونکہ پلانٹ کی گنجائش اضافی پلانٹ اور ایکوئپمنٹس کی تنصیب کے ذریعے 33,000 میٹرک ٹن سے بڑھا کر سالانہ بنیاد پر 66,000 میٹرک ٹن کر دی گئی۔ نئے پلانٹ کی تجرباتی پیداوار کا آغاز 18 مئی 2018 کو کیا گیا اور اضافی پلانٹ کے مکمل فوائد آئندہ سال کے دوران حاصل کئے جاسکیں گے۔ آپ کی کمپنی نے گزشتہ سال برآمد کردہ 32,281 میٹرک ٹن اینتھنول کے مقابلے میں 44,312 میٹرک ٹن اینتھنول کی برآمد کیں اور خاطر خواہ زرمبادلہ کمایا جس کی ملک کو بہت زیادہ ضرورت ہے۔ پاکستان کے اینتھنول نے عالمی منڈی میں معیار اور کوالٹی کے حساب سے عمدہ شہرت حاصل کی۔

مقامی اور بین الاقوامی مارکیٹ میں چینی کی چلی مارکیٹ کو مد نظر رکھتے ہوئے انتظامیہ نے کامیابی کے ساتھ زیر جائزہ مدت کے دوران پلانٹ کی گنجائش میں لگ بھگ سو فیصد تک اضافہ کیا۔ اینتھنول ڈویژن کی پیداوار میں اضافے سے آپ کی کمپنی کے مالیاتی حسابات کی چلی سطح پر بہتری آئی۔

## ڈائریکٹرز رپورٹ برائے ممبران

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

معزز ممبران  
السلام علیکم!

میں بورڈ آف ڈائریکٹرز کی جانب سے آپ کو سال کے اختتام 30 ستمبر 2018 پر خوش آمدید کہتا ہوں اور آپ کی کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس بمسرت آپ کے سامنے پیش کر رہا ہوں۔ آپ کی کمپنی کو دوران گزشتہ سال 7.268 ملین کے مقابلے میں بعد از ٹیکس 601.258 ملین منافع ہوا ہے۔ کمپنی کی بنیادی سرگرمی چینی اور استھانول کو بنانا ہے۔

مخصوص تقابلی پیداوار اور فائنٹشل ڈیٹا درج ذیل ہیں۔

2016-17	2017-18	پیداواری معلومات
28-11-2016	28-11-2017	تاریخ آغاز پسائی
18-03-2017	02-04-2018	پسائی کی تکمیل کی تاریخ
111	126	پسائی کا کل عرصہ (دنوں میں)
672,747	744,578	گنے کی پسائی (میٹرک ٹن میں)
72,755	82,366	چینی کی پیداوار (میٹرک ٹن میں)
10.82	11.06	چینی کی ریکوری کی شرح - فیصد میں
30,750	35,310	راب کی پیداوار (میٹرک ٹن میں)
30,564	47,204	استھانول کی پیداوار (میٹرک ٹن میں)
323	344	ڈسٹری پلانٹ کے آپریشنز کا دورانیہ (دنوں میں)
(روپے ہزاروں میں)	(روپے ہزاروں میں)	مالیاتی معلومات
5,055,682	7,220,127	فروختگی
(4,471,788)	(6,409,719)	لاگت برائے فروختگی
583,894	810,408	خام منافع
(279,522)	(644,558)	ڈسٹری بیوٹن کے اخراجات
(196,807)	(229,170)	انتظامی اخراجات
(3,951)	(53,695)	دیگر آپریٹنگ لاگت
24,710	900,203	دیگر آمدن بشمول ایسوی ایٹس
(202,721)	(234,939)	لاگت برائے تمویل
(74,397)	548,249	منافع / نقصان قبل از ادائیگی ٹیکس
81,665	53,009	پروویژن برائے ٹیکس
7,268	601,258	منافع بعد از ادائیگی ٹیکس
Re.0.34	Rs.28.47	آمدن فی حصص - بنیادی و تحلیلی



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

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

The total number of directors are nine as per following:

- |    |        |      |
|----|--------|------|
| a) | Male   | Nine |
| b) | Female | Nil  |

2. The composition of Board is as follow:

- |     |                         |      |                           |
|-----|-------------------------|------|---------------------------|
| (a) | Independent director    | i)   | Mr. Naeem Ahmad Shafi     |
| (b) | Non-Executive directors | i)   | Mr. Ismail H. Zakaria     |
|     |                         | ii)  | Mr. Suleman Ayoob         |
|     |                         | iii) | Mr. Noor Mohammad Zakaria |
|     |                         | iv)  | Mr. Zohair Zakaria        |
|     |                         | v)   | Mr. Khurram Aftab         |
| (c) | Executive directors     | i)   | Mr. Yusuf Ayoob           |
|     |                         | ii)  | Mr. A. Aziz Ayoob         |
|     |                         | iii) | Mr. Zia Zakaria           |

3. The directors have confirmed that none of them is serving as director on more than five listed companies, including this Company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Since Chairman and all the directors have prescribed education and experience required for exemption under clause 20(2) of the CCG Regulations according they are exempted from attending directors training program pursuant to clause 20(2) of the CCG Regulations. However one of the directors has acquired the required certification from the Pakistan Institute of Corporate Governance.
10. The Board has approved the appointment of Chief Financial Officer (CFO) including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulation. The remuneration, terms and condition of the employment CFO, Company Secretary and Head of Internal Audit and any changes thereto have been approved by the Board.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below



**a) Audit Committee:**

Mr. Naeem Ahmad Shafi	Chairman
Mr. Suleman Ayoob	Member
Mr. Zohair Zakaria	Member

**b) HR and Remuneration committee:**

Mr. Suleman Ayoob	Chairman
Mr. Yusuf Ayoob	Member
Mr. Noor Muhammad Zakaria	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following.
- |    |                               |                         |
|----|-------------------------------|-------------------------|
| a) | Audit Committee               | Four quarterly meetings |
| b) | HR and remuneration Committee | one annual meeting      |
15. The Board has set up an effective Internal Audit function in the Company managed by qualified and experience professional, who are conversant with the policies and procedures of the Company and the industry's best practices. They are involved in the internal audit functions on full time basis. The head of internal audit department functionally reports to the Board's Audit Committee.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and Auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirmed that all other requirements of the Regulations have been complied with,



**ISMAIL H ZAKARIA**  
CHAIRMAN



**YUSUF AYOOB**  
CHIEF EXECUTIVE OFFICER

Karachi: December, 26th 2018

## KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
------	------	------	------	------	------	------	------	------	------

### FINANCIAL POSITION:

Share Capital	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187
Revenue Reserves	1,750,761	920,125	937,213	858,025	736,114	521,769	442,188	296,930	208,586	184,529
Surplus on revaluation of fixed assets	1,582,959	546,707	568,724	587,964	611,888	416,220	431,487	451,986	473,701	496,561
Long Term Financing	1,659,686	1,542,234	756,942	774,675	761,669	726,251	817,157	914,113	741,021	973,916
Deferred Taxation	(68,700)	(81,034)	53,862	56,458	28,842	24,831	70,877	128,364	173,525	182,822
Current Liabilities	4,925,666	3,456,917	1,428,785	2,642,076	2,318,096	1,901,805	2,336,772	2,878,103	1,502,702	1,011,608
Operating Assets	5,315,321	3,052,313	2,541,075	2,424,275	2,425,608	2,141,973	2,149,828	2,044,741	1,957,988	1,918,684
Long Term Deposits	2,429	2,429	2,428	2,395	2,390	2,390	2,532	2,708	2,570	2,462
Long Term Investment	1,815	2,673	3,097	3,759	5,101	4,346	4,130	2,909	4,601	4,362
Current Assets	4,529,303	3,537,186	1,407,923	2,696,867	2,229,376	1,646,273	2,150,986	2,828,149	1,344,912	1,135,115

### FINANCIAL PERFORMANCE

Turnover	7,220,127	5,055,682	5,909,743	5,199,162	5,353,972	5,642,437	5,362,004	4,392,083	4,440,856	2,887,436
Gross Profit	810,408	583,894	670,379	805,191	884,146	606,322	695,891	754,349	582,289	603,637
Operating Profit	783,430	128,636	343,522	541,563	616,908	395,721	462,591	550,887	409,360	444,042
Profit/(Loss) before Tax	548,249	(74,397)	170,136	262,783	243,411	84,281	111,079	88,526	67,308	115,012
Profit after Tax	601,258	7,268	125,148	184,723	226,741	91,611	145,344	89,717	32,248	102,794
Earning Per Share	28.47	0.34	5.93	8.75	10.74	4.34	6.88	4.25	1.53	4.87
Cash Dividend	70%	5%	24%	35%	43%	15%	15%	10%	10%	15%

### SUGAR PRODUCTION

Cane Crushed (M.Tons)	744,578	672,747	496,109	596,006	666,887	561,083	566,077	654,892	521,062	482,166
Sugar Produced (M.Tons)	82,366	72,755	52,578	65,791	71,473	59,343	57,077	60,775	49,565	47,690
Recovery (%)	11.06%	10.82%	10.60%	11.02%	10.72%	10.58%	10.09%	9.27%	9.51%	9.85%

## **To the members of SHAHMURAD MILLS LIMITED Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

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

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

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

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

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

*Kreston Hyder Bhimji & Co*

Chartered Accountants  
Place: Karachi  
Date: 26th December 2018

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHAHMURAD SUGAR MILLS LIMITED Report on the Audit of the Financial Statements

### Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2018 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

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

S.No.	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Property, Plant and Equipment (Additions and revaluations)</b></p> <p>During the year the Company has added a new distillery plant to its manufacturing facilities which has commenced commercial production and in addition other significant capital expenditures were incurred during the year as disclosed in note 6 of the annexed financial statements. The Company has also carried out revaluation of certain items of property, plant and equipment which are carried at revalued amount as per accounting policy.</p> <p>These were considered as key audit matter due to their financial significance and impact on the financial position of the Company and also there are a number of areas where significant management's estimates and judgments are involved including:</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Examining, on sample basis, vendors' agreements, invoices and payments made for acquisition, installations of the operating assets capitalized during the year in order to assess the nature, occurrence and volume of the costs.</li> <li>Evaluating whether the cost accumulated meets the criteria for capitalization in accordance with IAS-16 "Property, Plant and Equipment" and whether the cost has been accumulated completely and accurately.</li> <li>Ensuring that addition in property plant and equipment has been made in accordance with the capitalization policy and reviewing completion certificate / progress reports in order to confirm the date of capitalisation and commencement of depreciation.</li> </ul>

S.No.	Key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>Determining costs that should be capitalised in accordance with criteria specified in International Accounting Standard - 16, 'Property, Plant and Equipment';</li> <li>Determining the date on which assets were available for intended use and the respective dates from which their depreciation should commence; and</li> <li>The estimation of economic useful lives and residual values assigned to property, plant and equipment.</li> <li>Determining the fair value of items of property, plant and equipment carried under revaluation model and accounting for the revaluation surplus in the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>Evaluating the management's estimation of economic useful lives, residual values by considering our knowledge of the business and practices adopted in the local industries.</li> <li>Ensuring that, in case of revaluation, the entire class of assets has been revalued and revaluation is properly accounted for in the financial statements.</li> <li>Obtaining revaluation report and evaluating reasonableness of the fair values. Performing procedures for evaluation of the competence, capabilities and objectivity of expert, obtaining understanding of the work of expert and evaluation of appropriateness of using that expert's work as audit evidence for the relevant assertion.</li> <li>In addition performed other relevant audit procedures including assessing whether the adequate disclosures have been made in the accompanying financial statements.</li> </ul>
<b>2.</b>	<b>Contingencies</b>	
	<p>The Company is under litigations in respect of various matters including industry wide matters as well as pending tax matters and other miscellaneous claims in respect of the assets/ payables of the Company as disclosed in note 26 of the annexed financial statements. These contingencies require management's judgment and estimates in relation to the interpretation of relevant laws, notifications, regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the annexed financial statements. Therefore, these are considered as key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessing management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee.</li> <li>Review of the relevant information including case proceedings, related industry information and correspondences in respect of the ongoing litigations.</li> <li>Obtaining confirmation from the legal counsel of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsel thereon.</li> <li>Examining legal and professional expenses to confirm that all pending legal matters are identified and disclosed.</li> <li>Re-computing the amounts of obligations and recorded liabilities based on available underlying information and confronted parameters.</li> <li>Assessing the appropriateness of the related disclosures made in the accompanying financial statements in light of IAS-37 "Provisions and Contingencies".</li> </ul>

S.No.	Key audit matter	How the matter was addressed in our audit
3.	<p><b>Companies Act, 2017</b></p> <p>The Companies Act, 2017 (the Act) has become effective for the preparation of the Company's annual financial statements for the year ended 30 September 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and its fourth schedule amongst others, prescribes the nature and content of disclosures in relation to various items of the financial statements.</p> <p>In view of first time application, the extensive impacts in the financial statements and also because failure to comply with the requirements of the Act, could have financial and reputational impacts leading to regulatory actions, therefore same is considered as a key audit matter.</p>	<p>Our audit procedures in this respect included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the provisions of the Act and its fourth schedule applicable to the Company.</li> <li>• Discussing the applicable changes with the Company's management, evaluating their view point with respect to applicable provisions of the Act.</li> <li>• Testing on sample basis the supporting documents and underlying information used for the disclosures required by the Act and ensuring their appropriateness.</li> <li>• Ensuring that all material disclosures as required by the Act have been made in the financial statements and evaluating the internal consistency of such disclosures with other elements of the financial statements.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report thereon

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

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

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

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

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

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

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

*Kreston Hyder Bhimji & Co*

Chartered Accountants

Place: Karachi

Date: 26th December 2018




# STATEMENT OF FINANCIAL POSITION

## AS AT SEPTEMBER 30, 2018

	Note	2018	2017 Restated	2016
(Rupees in thousand)				
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	6	5,315,321	3,052,313	2,541,075
Intangible asset	7	-	-	-
Long term investment under equity method	8	1,815	2,673	3,097
Long term loans	9	1,504	1,535	2,190
Long term deposits	10	2,429	2,429	2,428
Deferred taxation	11	68,700	81,034	-
		5,389,769	3,139,984	2,548,790
<b>CURRENT ASSETS</b>				
Stores, spare parts and loose tools	12	213,993	166,501	189,625
Stock-in-trade	13	2,568,492	2,359,550	991,768
Trade debts	14	387,967	454,573	31,455
Loans and advances	15	662,935	483,153	119,958
Trade deposits and short term prepayments		716	5,903	213
Other receivables	16	524,422	-	-
Income tax refundable-net		125,326	29,014	17,541
Cash and bank balances	17	45,452	38,492	57,363
		4,529,303	3,537,186	1,407,923
		9,919,072	6,677,170	3,956,713
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorised capital 25,000,000 ordinary shares of Rs. 10 each		250,000	250,000	250,000
Issued, subscribed and paid-up capital	18	211,187	211,187	211,187
Revenue reserve				
General reserve	19	80,000	80,000	80,000
Share of associate's unrealised loss on remeasurement of its investment		(2,501)	(1,885)	(1,813)
Unappropriated profit		1,462,075	842,010	859,026
Capital reserve				
Revaluation surplus on property, plant and equipment	20	1,582,959	546,707	568,724
		3,333,720	1,678,019	1,717,124
<b>NON CURRENT LIABILITIES</b>				
Long term financing	21	1,659,686	1,542,234	756,942
Deferred taxation	11	-	-	53,862
		1,659,686	1,542,234	810,804
<b>CURRENT LIABILITIES</b>				
Trade and other payables	22	1,012,970	325,217	562,567
Accrued finance cost	23	54,977	37,956	21,378
Short term borrowings	24	3,452,943	2,722,820	452,295
Loan from related parties	25	167,336	194,836	209,836
Unclaimed dividend		3,968	3,866	3,312
Current portion of long term financing	21	233,472	172,222	179,397
		4,925,666	3,456,917	1,428,785
<b>CONTINGENCIES AND COMMITMENTS</b>				
	26	-	-	-
		9,919,072	6,677,170	3,956,713

The annexed notes 01 to 49 form an integral part of these financial statements.

  
YUSUF AYOOB  
Chief Executive Officer


  
ZIA ZAKARIA  
Director

  
IQBAL UMER  
Chief Financial Officer

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

	Note	2018 (Rupees in thousand)	2017
Sales	27	7,220,127	5,055,682
Cost of sales	28	(6,409,719)	(4,471,788)
Gross profit		810,408	583,894
Profit from trading activities	29	368	2,280
		810,776	586,174
Less:			
Distribution cost	30	(644,558)	(279,522)
Administrative cost	31	(229,170)	(196,807)
Other operating cost	32	(53,695)	(3,951)
		(927,423)	(480,280)
Other income	33	900,077	22,742
Operating profit		783,430	128,636
Finance cost	34	(234,939)	(202,721)
		548,491	(74,085)
Share of loss in associate	8	(242)	(312)
Profit / (Loss) before taxation		548,249	(74,397)
Taxation	35	53,009	81,665
Profit after taxation		601,258	7,268
Earning per share - Basic and diluted	36	28.47	0.34

The annexed notes 01 to 49 form an integral part of these financial statements.

  
YUSUF AYOOB  
Chief Executive Officer


  
ZIA ZAKARIA  
Director

  
IQBAL UMER  
Chief Financial Officer

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

	Note	2018 (Rupees in thousand)	2017
Profit after taxation		601,258	7,268
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss account			
Surplus on revaluation of property, plant and equipment during the year - net		1,130,961	-
Related deferred tax		(77,893)	-
		1,053,068	-
Share of associate's unrealised loss on remeasurement of its investment	8.2	(616)	(72)
<b>Total comprehensive income for the year</b>		<b>1,653,710</b>	<b>7,196</b>

The annexed notes 01 to 49 form an integral part of these financial statements.

  
**YUSUF AYOOB**  
Chief Executive Officer


  
**ZIA ZAKARIA**  
Director

  
**IQBAL UMER**  
Chief Financial Officer

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

Note	Issued, Subscribed & paid up capital	General reserves	Revenue Reserve Share of associate's unrealized (loss)/ Gain on remeasurement of investment	Un-appropriated profit	Capital Reserve  Revaluation surplus on property, plant and equipment	Total
Rupees in thousand						
Balance as at October 01, 2016 - as previously reported	211,187	80,000	(1,813)	859,026	-	1,148,400
Impact of change in accounting policy - net of tax Revaluation surplus on property, plant and equipment	5	-	-	-	568,724	568,724
Balance as at October 01, 2016 - as restated	211,187	80,000	(1,813)	859,026	568,724	1,717,124
<b>During the year ended September 30, 2017</b>						
<b>Transaction with owners</b>						
Final Dividend for 30-September-2016 @ 2.40 per Share	-	-	-	(50,685)	-	(50,685)
<b>Total comprehensive income for the year</b>	-	-	(72)	7,268	-	7,196
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax	-	-	-	26,209	(26,209)	-
Transfer from revaluation surplus on account of disposal of property, plant and equipment net of deferred tax	-	-	-	219	(219)	-
Share of associate's share in its associates' depreciation on account of revaluation of property plant incremental and equipment net of deferred tax	-	-	-	(31)	-	(31)
Share of associate's share in its associates' incremental depreciation on account of revaluation of property plant and equipment net of deferred tax	-	-	-	4	-	4
Deferred tax adjustment due to change in tax rate directly credited of revaluation surplus	-	-	-	-	4,411	4,411
<b>Balance as at September 30, 2017 - restated</b>	<b>211,187</b>	<b>80,000</b>	<b>(1,885)</b>	<b>842,010</b>	<b>546,707</b>	<b>1,678,019</b>
Balance as at September 30, 2017 - as originally reported	211,187	80,000	(1,885)	842,010	-	1,131,312
Impact of change in accounting policy - net of tax Revaluation surplus on property, plant and equipment	-	-	-	-	546,707	546,707
<b>Balance as at September 30, 2017 - restated</b>	<b>211,187</b>	<b>80,000</b>	<b>(1,885)</b>	<b>842,010</b>	<b>546,707</b>	<b>1,678,019</b>
<b>During the year ended September 30, 2018</b>						
<b>Transaction with owners</b>						
Final dividend for 30-September-2017 @ 0.50 per Share	-	-	-	(10,559)	-	(10,559)
<b>Total comprehensive income for the year</b>	-	-	(616)	601,258	1,053,068	1,653,710
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax	-	-	-	28,904	(28,904)	-
Transfer from revaluation surplus on account of disposal of property, plant and equipment net of deferred tax	-	-	-	462	(462)	-
Deferred tax adjustment due to change in tax rate directly credited of revaluation surplus	-	-	-	-	12,550	12,550
<b>Balance as at September 30, 2018</b>	<b>211,187</b>	<b>80,000</b>	<b>(2,501)</b>	<b>1,462,075</b>	<b>1,582,959</b>	<b>3,333,720</b>

The annexed notes 01 to 49 form an integral part of these financial statements.

  
**YUSUF AYOOB**  
Chief Executive Officer

  
**ZIA ZAKARIA**  
Director


  
**IQBAL UMER**  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Note	2018 (Rupees in thousand)	2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		548,249	(74,397)
Adjustment for:			
Depreciation	6.1.1	181,747	133,288
Net gain on disposal of property, plant and equipment	6.1.2	(3,091)	(2,422)
Provision for obsolescence and slow moving store and spares	12.1	10,300	2,530
Finance cost	34	234,939	202,721
Share of loss in associate	8	242	312
		424,137	336,429
<b>Cash generated before working capital changes</b>		972,386	262,032
<b>(Increase) / decrease in current assets</b>			
Stores, spare parts and loose tools		(57,792)	20,594
Stock in trade		(208,942)	(1,367,782)
Trade debts		66,606	(423,118)
Loans & advances		(179,782)	(363,195)
Trade deposits and short term prepayments		5,187	(5,690)
Other receivables		(524,422)	-
		(899,145)	(2,139,191)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		687,753	(236,796)
Short term borrowings		730,123	2,270,525
		1,417,876	2,033,729
		1,491,117	156,570
<b>Receipts / (payments) for</b>			
Income tax		(96,312)	(60,280)
Finance cost		(217,918)	(186,143)
Long term loans		31	655
Long term deposits		-	(1)
		(314,199)	(245,769)
<b>Net cash inflows / (outflows) from operating activities</b>		1,176,918	(89,199)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(1,317,982)	(649,147)
Sale proceeds from disposal of property, plant and equipment		7,279	7,043
<b>Net cash outflow from investing activities</b>		(1,310,703)	(642,104)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		350,924	1,535,289
Repayment of long term financing		(172,222)	(757,172)
Repayment of loans from related parties		(27,500)	(15,000)
Dividend paid		(10,457)	(50,685)
<b>Net cash inflows from financing activities</b>		140,745	712,432
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		6,960	(18,871)
Cash and cash equivalents at the beginning of the year		38,492	57,363
<b>Cash and cash equivalents at the end of year</b>		45,452	38,492

The annexed notes 01 to 49 form an integral part of these financial statements.

  
**YUSUF AYOOB**  
 Chief Executive Officer

  
**ZIA ZAKARIA**  
 Director

  
**IQBAL UMER**  
 Chief Financial Officer

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

### 1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company on April 9, 1979. Its shares are quoted at the Pakistan Stock Exchange Limited. The registered office of the Company is located at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi, Sindh.

The Company owns and operates Sugar and Ethanol manufacturing units which are located at Jhok, District Sujawal in the Province of Sindh. The total area of industry land which includes the main factory is spread over 333.32 Acres.

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

- 2.1 During the year, capacity of the ethanol plant has been enhanced by adding new distillery plant at an aggregate cost of Rs. 1,550.083 million. Newly installed plant and machinery commenced trial production on May 18, 2018 and has also started commercial production. In addition to this the Company made capital expenditure of Rs. 110.708 million for balancing and modernization of existing manufacturing facilities to increase efficiency. These have added to the profitability of the Company for the year and will also add in future.
- 2.2 During the year the Company carried out fresh revaluation of its property, plant and equipment which has resulted in surplus of Rs. 1,131.933 million. Further due to changes in Companies Act, 2017 the presentation of revaluation surplus has been changed and is made part of equity as result the equity of the Company increased and its gearing ratio has improved.
- 2.3 During the year decline in sugar price locally and internationally due to surplus production has significantly affected the performance / profitability of sugar division. Furthermore the cost of sugar production increased as the Government of Sindh fixed minimum sugar cane price at Rs. 182 / 40 kg against which the Company along with other sugar mills filed petition as disclosed in note 26.12. However, the Government announced export subsidy during the year which has supported to some extent but its realization is awaited.
- 2.4 Due to first time application of financial reporting requirements under the Companies Act, 2017 (the Act) including disclosure and presentation requirements of fourth schedule of the Act, some of the amounts reported for the previous period have been reclassified as detailed in note 46 of these financial statements.

### 3 BASIS OF PREPARATION

#### 3.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the 'historical cost convention' except certain items of property, plant and equipment, stated at revalued amount, long term investment in associates accounted for under equity method and stock in trade when valued at net realizable value. The Company uses accrual basis of accounting except for cash flow statement.

#### 3.2 STATEMENT OF COMPLIANCE

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

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

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

### 3.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

### 3.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods as appropriate. In the process of applying the accounting policies, management makes following estimates and judgments which are significant to the financial statements:

#### a) Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment. In making these estimates, the Company uses technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation and impairment.

#### b) Stock-in-trade

The Company reviews the net realizable value of stock in trade to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

#### c) Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and decision by appellate authorities on certain issues in past. Due weightage is given to past history while determining the ratio of future export sales for the purposes of calculating deferred taxation.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

#### d) Impairment

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

#### e) Stores, spare parts and loose tools with respect to provision for obsolescence and slow moving items

The estimates of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameters i.e. age analysis, physical condition, obsolescence, etc. as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is given as and when it takes place.

#### f) Trade debts, loans and receivables

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

**g) Contingencies**

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

**3.5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS**

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

The following Standards, interpretations and amendments to published approved accounting standards became effective during the year.

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

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

**Companies Act, 2017**

During the year Companies Act, 2017 have become effective, which has brought certain additional disclosure requirements and changes in presentation of certain items. Few disclosure requirements of fourth schedule to the repealed Companies Ordinance 1984 have been deleted to remove duplications and to make the disclosure in line with the requirements of IFRS. Therefore the Company has made certain additional disclosures, changes and have also made certain reclassifications in order to comply with the requirements of the Companies Act, 2017. Further more the Companies Act 2017 has not carried forward provisions related to accounting of revaluation surplus on property, plant and equipment accordingly the Company has now accounted for this revaluation surplus in accordance with the requirements of IAS -16 "Property, Plant and Equipment" as disclosed in note 4.1 (a) and note 5.1.

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

The following standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each of them.

		Effective dates as determined by relevant IFRS
IAS-12	Income Taxes – (Amendments)	January 1, 2019
IAS-19	Employee Benefits - (Amendments)	January 1, 2019
IAS-23	Borrowing Costs - (Amendments)	January 1, 2019
IAS-28	Investments in Associates and Joint Ventures amendments resulting from Annual Improvements 2014-2016 Cycle clarifying certain fair value measurements	January 1, 2018
IAS-40	Investment Property: Transfers of Investment Property (Amendments)	January 1, 2018
IFRS-2	Classification and Measurement of Share based Payments Transactions (Amendments)	January 1, 2018
IFRS-3	Business Combinations and IFRS 11 Joint Arrangements (Amendments)	January 1, 2018
IFRS-4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts – (Amendments)	January 1, 2018



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

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

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

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

		IASB Effective Date "Effective for the period beginning on or after
IFRS – 1	First Time Adoption of IFRS	January 1, 2004
IFRS -14	Regulatory Deferral Accounts	January 1, 2016
IFRS – 17	Insurance Contracts	January 1, 2021

## 4 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below:

### 4.1 Property Plant & Equipment

#### a) Operating assets

##### Owned

##### Recognition/measurement

Operating fixed assets except furniture, fixture & fittings and vehicles are stated at revalued amounts less accumulated depreciation and impairment, if any. Furniture, fixture & fittings and vehicles are stated at cost less accumulated depreciation and impairment, if any.

##### Depreciation

Depreciation is charged to income applying the reducing balance method over the expected useful lives of the assets at the rates specified in assets note no. 6.1. Depreciation on addition including assets after revaluations is charged from the quarter in which the assets are put to use while no Depreciation is charged in the quarter in which the assets are disposed off.

##### Subsequent cost

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company. The costs of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

### Revaluation surplus

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

During the year the Company changed its accounting policy in respect of the accounting and presentation of revaluation of property, plant and equipment. Previously, the Company's accounting policy was in accordance with the provisions of section 235 of the repealed Companies Ordinance 1984 which were not in alignment with the accounting treatment and presentation of revaluation of property, plant and equipment as prescribed in IAS 16 'Property, Plant and Equipment'. However, the Companies Act, 2017 has not carried forward the said section, accordingly the Company has changed the accounting policy to bring it in conformity with the accounting treatment and presentation of revaluation of property, plant and equipment as specified in IAS 16 'Property, plant and equipment'. The detailed information and impact of this change in policy is provided in Note 5 to these financial statements.

### Derecognition

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

#### b) Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the reporting date less impairment if any and represents costs / expenditures incurred on property, plant and equipment during the course of construction, installation and implementation, etc. These are transferred to specific assets as and when assets are available for intended use.

#### 4.2 Intangible Asset

Intangible assets acquired by the company are stated at cost less accumulated amortization and impairment if any. Amortization is charged to income over the period of three years on straight line basis.

#### 4.3 Investment in Associates

The Investment in associates, where the company has significant influence, is accounted for under equity method. Under this method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the statement of profit or loss. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held.

Investment is de-recognized when the Company has transferred substantially all risks and rewards of ownership and rights to receive cash flows from the investment has expired or has been transferred.

#### 4.4 Stores, Spare parts and Loose Tools

Stores, spare parts and loose tools are valued at cost, using weighted average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon up to the reporting date. Adequate provision is made for obsolescence and slow moving items as and when required based on parameters set out by management and as stated in note 3.4 (e).

#### 4.5 Stock-in-Trade

These are stated at lower of weighted average cost and net realizable value.

Cost in relation to finished goods and semi finished goods represents cost of raw material and an appropriate portion of manufacturing overheads. Cost in respect of semi finished goods is adjusted to an appropriate stage of completion of process.

Cost in relation to stock of molasses held by Ethanol Division is valued at average cost.

#### 4.6 Trade Debts

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

#### 4.7 Employees post employment benefits

##### Defined Contribution Plan

The Company operates an approved provident fund scheme for all its employees eligible to the benefit and equal monthly contributions thereto are made both by the Company and the employees in accordance with the terms of the scheme @ 10% of the basic salary plus applicable cost of living allowances.

##### Defined Benefit Plan

The Company was operating unfunded gratuity scheme covering all its permanent employees eligible to the benefit under the scheme. However, in accordance with the award of Labor Court No. 6, Hyderabad the scheme has been discontinued effective from October 1, 2004 and balance amount have been shown under "Trade and Other Payable".

#### 4.8 Compensated unavailed leaves

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

#### 4.9 Taxation

##### a) Current Income Tax

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax and alternate corporate tax under section 113 of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Company also falls under the final tax regime under section 154 and 169 of the Income Tax Ordinance, 2001 to the extent of export sales.

##### b) Deferred taxation

Deferred tax is recognized using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan (ICAP), if considered material.

##### c) Sales tax and Federal Excise Duty

Revenues, expenses and assets are recognized net off amount of sales tax / federal excise duty (FED) except:

- i) Where sales tax / FED incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- ii) Receivables or payables that are stated with the amount of sales tax included.
- iii) The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### 4.10 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### 4.11 Borrowings and their costs

Borrowings are recorded at the amount of proceeds received which is usually their fair value.

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

#### 4.12 Provisions and contingencies

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

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

#### 4.13 Financial Instruments

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

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, or amortized cost, as the case may be as disclosed in the respective notes.

#### 4.14 Offsetting of Financial Assets and Liabilities

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

#### 4.15 Impairment of assets

##### Financial assets

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

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

##### Non-Financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of such assets is estimated. Recoverable amount is higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognized as expense in the statement of profit or loss for the amount by which asset's carrying amount exceeds its recoverable amount.

#### 4.16 Revenue Recognition

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

- Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding at the rate applicable.
- Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of mark-up on loans considered doubtful is deferred.
- Dividend income is recognized when the Company's right to receive the payment is established.

#### 4.17 Foreign currency transactions and translation:

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

#### 4.18 Cash and Cash Equivalents

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

#### 4.19 Segment Reporting

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

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and other debts. Segment liabilities comprise of operating liabilities and exclude items that are common to all operating segments.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in this note. Inter-segment transactions are recorded at fair value. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

The Company has following reportable segments on the basis of product characteristics and the criteria defined by the "IFRS 8 Segment Reporting".

Sugar Division - Manufacturing and sale of Refined Sugar  
Ethanol Division - Manufacturing and sale of Ethyl Ethanol.

#### 4.20 Dividends and other appropriations

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

### 5 CHANGE IN ACCOUNTING POLICY / ESTIMATE

#### 5.1 Change in Accounting Policy

Effective from 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment as not been carried forward in the Act. The said section of the repealed Ordinance specified the presentation and accounting treatment relating to the

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

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

#### Statement of Financial Position

Retrospective impact of change in accounting policy

	As at 1 October 2016			As at 30 September 2017		
	As previously reported on 30 September 2016	Adjustments Increase/ (Decrease)	As restated on 1 October 2016	As previously reported on 30 September 2017	Adjustments Increase/ (Decrease)	As restated on 1 October 2017
Revaluation surplus on property, plant and equipment (within equity)	-	568,724	568,724	-	546,707	546,707
Revaluation surplus on property, plant and equipment (below equity)	568,724	(568,724)	-	546,707	(546,707)	-

#### 5.2 Change in Accounting Estimate

The Board of Directors has evaluated the useful life and estimated depreciation rate for ethanol plant and considering different factors and useful life they have decided to change depreciation on ethanol plant and machinery at the rate of 7.5% instead of 5% using reducing balance method. The change in accounting estimate has been applied prospectively in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had this estimate not been changed, the value of Property, Plant and Equipment would have been higher by Rs. 31.784 million and the profit before tax for the year would have been higher by Rs. 31.784 million.

	Note	2018 (Rupees in thousand)	2017
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	5,073,393	2,467,576
Capital work in progress	6.2	241,928	584,737
		<b>5,315,321</b>	<b>3,052,313</b>

6.1 OPERATING FIXED ASSETS

2018												
PARTICULARS	NET CARRYING VALUE							GROSS CARRYING VALUE			DEPRECIATION RATE PER ANNUM	
	AS ON OCTOBER 1, 2017	DIRECT ADDITIONS	TRANSFER FROM CWIP	DISPOSAL	REVALUATION SURPLUS/ WRITE OFF	DEPRECIATION	AS ON SEPTEMBER 30, 2018	COST	ACCUMULATED DEPRECIATION	NET CARRYING VALUE AT SEP 30, 2018		
..... Rupees in thousand .....												
FREEHOLD LAND												
Cost	31,575	-	-	-	-	-	31,575	31,575	-	31,575	-	-
Revaluation	81,024	-	-	-	100,732	-	181,756	181,756	-	181,756	-	-
FACTORY BUILDING												
Cost	56,344	-	-	-	-	5,634	50,710	145,072	94,362	50,710	10%	10%
Revaluation	27,102	-	-	-	46,962	2,710	71,354	71,354	-	71,354	10%	10%
NON FACTORY BUILDING												
Cost	71,480	-	7,414	-	-	3,700	75,194	132,742	57,548	75,194	5%	5%
Revaluation	72,747	-	-	-	90,233	3,637	159,343	159,343	-	159,343	5%	5%
RES QTR FOR LABOUR												
Cost	4,450	-	-	-	-	445	4,005	30,308	26,303	4,005	10%	10%
Revaluation	5,352	-	-	-	5,516	535	10,333	12,695	2,362	10,333	10%	10%
PLANT & MACHINERY												
Cost	1,583,625	-	1,630,853	404	-	128,586	3,085,488	4,438,536	1,353,048	3,085,488	5% & 7.5%	5% & 7.5%
Revaluation	484,904	-	-	633	888,492	27,754	1,345,009	1,345,009	-	1,345,009	5% & 7.5%	5% & 7.5%
FURNITURE, FIXTURE AND FITTINGS												
Cost	3,584	282	-	-	-	373	3,493	10,474	6,981	3,493	10%	10%
OFFICE EQUIPMENT												
Cost	23,319	3,517	-	-	-	2,511	24,325	52,786	28,461	24,325	10%	10%
Revaluation	1,082	-	-	-	(974)	108	-	3,812	3,812	-	10%	10%
VEHICLES												
Cost	20,988	18,725	-	3,151	-	5,754	30,808	70,152	39,344	30,808	20%	20%
TOTAL												
Cost	1,795,365	22,524	1,638,267	3,555	-	147,003	3,305,598	4,911,645	1,606,047	3,305,598		
Revaluation	672,211	-	-	633	1,130,961	34,744	1,767,795	1,773,969	6,174	1,767,795		
	2,467,576	22,524	1,638,267	4,188	1,130,961	181,747	5,073,393	6,685,614	1,612,221	5,073,393		



2017										
PARTICULARS	NET CARRYING VALUE						GROSS CARRYING VALUE			DEPRECIATION RATE PER ANNUM
	AS ON OCTOBER 1, 2016	DIRECT ADDITIONS	TRANSFER FROM CWIP	DISPOSAL	REVALUATION SURPLUS / WRITE OFF	DEPRECIATION SEPTEMBER 30, 2017	COST	ACCUMULATED DEPRECIATION	NET CARRYING VALUE AT SEP 30, 2017	
..... Rupees in thousand .....										
FREEHOLD LAND										
Cost	31,575	-	-	-	-	-	31,575	-	31,575	-
Revaluation	81,024	-	-	-	-	-	81,024	-	81,024	-
FACTORY BUILDING										
Cost	62,604	-	-	-	-	6,260	145,072	88,728	56,344	10%
Revaluation	30,113	-	-	-	-	3,011	37,177	10,075	27,102	10%
NON FACTORY BUILDING										
Cost	53,006	-	21,902	-	-	3,428	125,328	53,848	71,480	5%
Revaluation	76,576	-	-	-	-	3,829	88,990	16,243	72,747	5%
RES QTR FOR LABOUR										
Cost	4,945	-	-	-	-	495	30,308	25,858	4,450	10%
Revaluation	5,946	-	-	-	-	594	12,695	7,343	5,352	10%
PLANT & MACHINERY										
Cost	1,577,988	-	88,158	332	-	82,189	2,810,083	1,226,458	1,583,625	5%
Revaluation	510,744	-	-	318	-	25,522	639,358	154,454	484,904	5%
FURNITURE, FIXTURE AND FITTINGS										
Cost	3,570	386	-	-	-	372	10,192	6,608	3,584	10%
OFFICE EQUIPMENT										
Cost	22,503	3,224	-	-	-	2,408	49,269	25,950	23,319	10%
Revaluation	1,202	-	-	-	-	120	4,786	3,704	1,082	10%
VEHICLES										
Cost	21,549	8,470	-	3,971	-	5,060	54,578	33,590	20,988	20%
TOTAL										
Cost	1,777,740	12,080	110,060	4,303	-	100,212	3,256,405	1,461,040	1,795,365	
Revaluation	705,605	-	-	318	-	33,076	864,030	191,819	672,211	
	2,483,345	12,080	110,060	4,621	-	133,288	4,120,435	1,652,859	2,467,576	

### 6.1.1 Allocation of Depreciation

Depreciation has been allocated as follows:

	2018			2017		
	SUGAR	ETHANOL	TOTAL	SUGAR	ETHANOL	TOTAL
	----- (Rupees in thousand) -----			----- (Rupees in thousand) -----		
<b>Manufacturing</b>	<b>62,280</b>	<b>102,404</b>	<b>164,684</b>	63,273	53,709	116,982
<b>Administration</b>	<b>11,899</b>	<b>5,164</b>	<b>17,063</b>	11,934	4,372	16,306
	<b>74,179</b>	<b>107,568</b>	<b>181,747</b>	75,207	58,081	133,288

### 6.1.2 DISPOSAL OF FIXED ASSETS

Description	Sold to	Original Cost	Accumulated Depreciation	Net Carrying Value	Sale proceeds	Gain on Disposal	Mode of Disposal
----- (Rupees in thousand) -----							
<b>Plant &amp; Machinery</b>							
Rota Filters	Thal Industries Ltd.	2,400	1,996	404			
	2D-1, Gulberg III Lahore. Related revaluation	1,318	685	633			
		3,718	2,681	1,037	3,550	2,513	Negotiation
<b>Vehicles</b>							
Toyota Corolla Model 2017	Toyota Central Motors 3, Main Sharah-e-Faisal, Karachi, 75350	1,998	300	1,698	1,973	275	Negotiation
Toyota Corolla Model 2017	Syed Afzal Hussain s/o Syed Iftikhar Hussain House No. 95/1, Saba Avenue, Phase V, DHA Karachi	1,642	246	1,396	1,511	115	Negotiation
Suzuki Cultus Model 2007	Syed Muhammad Rizwan s/o Syed Muhammad Aqil B-6, 401, Block-13-D, Gulshan-e-Iqbal, Karachi	660	603	57	245	188	Negotiation
		4,300	1,149	3,151	3,729	578	
<b>2018</b>		<b>8,018</b>	<b>3,830</b>	<b>4,188</b>	<b>7,279</b>	<b>3,091</b>	
2017		7,776	3,155	4,621	7,043	2,422	

## 6.2 CAPITAL WORK-IN-PROGRESS

ON THE WAY TO PROGRESS

	Note	Balance as at beginning of the year	During the year			Balance as at close of the year
			Adjustment	Capital expenditure incurred	Transferred to operating fixed assets	
( Rupees in thousand)						
<b>2018</b>						
Civil Works	6.2.1	158,093	(152,009)	1,330	(7,414)	-
Plant & Machinery		426,644	152,009	1,294,128	(1,630,853)	241,928
		584,737	-	1,295,458	(1,638,267)	241,928
<b>2017</b>						
Civil Works		21,120	-	158,875	(21,902)	158,093
Plant & Machinery		36,610	-	478,192	(88,158)	426,644
		57,730	-	637,067	(110,060)	584,737

**6.2.1** Additions to plant and machinery under installation includes borrowing cost of Rs. 30.86 millions (2017: Rs. 8.716 millions) capitalized at the effective rate of 6M KIBOR / SBP rate + 0.5 / 0.75 % p.a. (2017: 6M KIBOR / SBP rate + 0.5 / 0.75 % p.a.).

	Note	2018 (Rupees in thousand)	2017
<b>7 INTANGIBLE ASSET</b>			
<b>Software - SAP Application</b>			
Cost		5,917	5,917
Accumulated Amortization		(5,917)	(5,917)
		<b>-</b>	<b>-</b>

The cost of software has been fully amortized over the period of three years in accordance with the accounting policy of the Company. However, the software is still in use of the Company.

## 8 LONG TERM INVESTMENT UNDER EQUITY METHOD

Investment in associate - Al-Noor Modaraba Management (Pvt.) Ltd.

Opening balance		2,673	3,097
Share of (loss) for the year		(242)	(312)
Share of associate's unrealized (loss) on remeasurement of associate's available for sale investment	8.2	(616)	(82)
Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment.		-	(35)
Share of associate's share in its associates' incremental depreciation on account of revaluation of property plant and equipment.		-	5
		<b>(858)</b>	<b>(424)</b>
		<b>1,815</b>	<b>2,673</b>

- 8.1 The Company holds 500,000 (14.29%) fully paid ordinary shares of Al-Noor Modaraba Management (Pvt.) Ltd (ANMM) originally acquired at cost of Rs. 5.0 million. ANMM is a group company of Al-Noor Group and it is an associate by virtue of common directorship. The principal activity of ANMM is to float and manage MODARABA and its principal place of business is 96-A, S.M.C.H.S. Karachi. Chief Executive of ANMM is Mr. Jalaluddin Ahmed. Break-up value per share is Rs. 3.63 (2017 : Rs. 5.34) and aggregate breakup value of the Company's investment is Rs. 1,815 thousands (2017: Rs. 2,673 thousands). This investment has been made in accordance with the requirements of the Companies Act, 2017.

This strategic investment is measured using equity method. In view of regulatory framework applicable in Pakistan the financial year end of ANMM is June 30 and since there are no significant changes in the associate's financial affairs up to September 30, therefore, the financial results of ANMM as of June 30, 2018 have been used for the purpose of application of equity method. The summarized financial information of ANMM based on its audited financial statements for the year ended June 30, 2018 is as under:

	Note	2018 (Rupees in thousand)	2017
<b>Assets and Liabilities of ANMM</b>			
<b>Assets</b>			
Tangible & intangible fixed assets		706	884
Long Term Investments		12,600	20,162
Other non current assets		13	13
Current assets		2,005	3,068
		15,324	24,127
<b>Liabilities</b>			
Non - current liabilities		(1,550)	(4,398)
Current liabilities		(1,080)	(1,029)
		(2,630)	(5,427)
Net Assets		12,694	18,700
Share of Shahmurad Sugar Mills Limited		1,815	2,673
<b>Profit and loss of ANMM</b>			
Income		505	2,633
Expenses		(3,568)	(6,352)
		(3,063)	(3,719)
Unrealised profit on remeasurement & impairment loss on investment at fair value through profit and loss.		(1,865)	(1)
Other income		3,310	1,513
Share of profit from associates		-	74
Loss for the year before taxation		(1,618)	(2,133)
Taxation		(77)	(52)
Loss for the year after taxation		(1,695)	(2,185)
Share of Shahmurad Sugar Mills Limited		(242)	(312)
<b>Items transferred directly through equity</b>			
Share of associate's share in reversal of its associates' incremental depreciation on account of revaluation of property plant and equipment.		-	247
Share of Shahmurad Sugar Mills Limited		-	35
Equity share of associate incremental depreciation on revaluation of revaluation of property plant and equipment.		-	39
Share of Shahmurad Sugar Mills Limited		-	5

	Note	2018 (Rupees in thousand)	2017
<b>8.2 Share of Associate's unrealized loss on re-measurement of its investment</b>			
Opening balance		1,885	1,813
Unrealized loss on re-measurement of investment for the year		616	82
Less: Effect of deferred tax effect		-	(10)
		616	72
Closing balance		2,501	1,885
<b>9 LONG TERM LOANS</b>			
- <b>Unsecured &amp; Interest free</b>			
Considered Good			
- Due from executives	9.2 & 9.3	1,633	2,261
- Due from non- executive employees		4,799	1,523
		6,432	3,784
Less: Current Portion of:			
- Due from executives		(1,500)	(968)
- Due from non- executive employees		(3,428)	(1,281)
		(4,928)	(2,249)
		1,504	1,535
<b>9.1</b>	Loans and advances have been given in accordance with the terms of employment and are recoverable, in monthly instalments, within three years following the reporting date. These interest free loans are carried at cost since the effect of amortization is immaterial.		
<b>9.2 Movement of loans to executives</b>			
Balance at the beginning of the year		2,261	3,434
Transfer from executive to non-executive due to change in definition		(1,628)	-
Disbursed during the year		1,950	630
Recovered during the year		(950)	(1,803)
Balance at the end of the year		1,633	2,261
<b>9.3</b>	The maximum aggregate amount due from executives at any month end during the year was Rs. 1.767 million (2017: 3.434 million). During the year the Company paid loan of more than one million rupees to Mr. Muhammad Iqbal.		
<b>10 LONG TERM DEPOSITS</b>			
<b>Guarantee margin</b>		-	-
Unsecured & Interest free			
Utilities		1,039	1,039
Others		1,390	1,390
		2,429	2,429

	Note	2018 (Rupees in thousand)	2017
<b>11 DEFERRED TAXATION</b>			
Opening balance		(81,034)	53,862
Credited to statement of profit or loss		(53,009)	(130,472)
Debited / (credited) to other comprehensive income / equity		77,893	(13)
Deferred tax related change in tax rate credited to revaluation surplus		(12,550)	(4,411)
Closing balance		(68,700)	(81,034)
<b>Deferred tax arises due to:</b>			
<b>Taxable temporary differences in respect of</b>			
Accelerated tax depreciation		131,674	130,525
Revaluation of property, plant & equipment		184,836	125,504
		316,510	256,029
<b>Deductible temporary differences in respect of</b>			
Provisions / impairment allowances / others		(17,178)	(14,900)
Unabsorbed business loss/ tax depreciation		(313,164)	(322,163)
Tax credit under section 65-B carried forward		(54,868)	-
		(385,210)	(337,063)
		(68,700)	(81,034)
<b>12 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		97,022	58,101
Spare parts & loose tools		160,953	142,802
Stores and spare parts in transit		909	189
		258,884	201,092
Less: Provision for obsolescence and slow moving items	12.1	(44,891)	(34,591)
		213,993	166,501
<b>12.1 Provision for obsolescence and slow moving items</b>			
Opening Balance		34,591	32,061
Provision for the year		10,300	2,530
Closing balance		44,891	34,591
<b>13 STOCK-IN-TRADE</b>			
Raw Material - Molasses	13.1	1,020,559	565,121
Sugar in process	13.2	4,977	6,180
Bagasse		-	23,147
Trading stock of fertilizers		3,340	2,168
Finished goods			
Sugar	13.1 & 13.2	1,227,074	1,582,542
Ethanol		312,542	180,392
		1,539,616	1,762,934
		2,568,492	2,359,550

- 13.1** Stock of finished goods pledged against short term finances under mark-up arrangement as referred in note No. 22 amounted to Rs. 1,435 million (2017: Rs. 1,650 million).
- 13.2** Stock of finished goods and sugar in process costing Rs. 1,355.019 million (2017: Rs. 1,807.738 million) has been written down by Rs. 122.967 million (2017: Rs. 170.883 million) to its net realizable value of Rs. 1,232.052 million (2017: Rs. 1,636.855 million).

	Note	2018 (Rupees in thousand)	2017
<b>14 TRADE DEBTS</b>			
Export sales - against irrevocable letters of credit and contracts		<b>281,332</b>	453,999
Local sales - Unsecured, considered good		<b>106,635</b>	574
		<b>387,967</b>	<b>454,573</b>

**14.1 Information of trade debts considered good**

	2018			2017		
	L/C	Contracts	Total	L/C	Contracts	Total
	-----Rupees in thousand-----					
Pakistan	-	106,635	106,635	-	574	574
Malaysia	-	-	-	50,636	-	50,636
Switzerland	62,320	-	62,320	103,674	-	103,674
Hongkong	-	53,959	53,959	-	29,043	29,043
United Kingdom	-	17,948	17,948	-	980	980
Thailand	-	7,550	7,550	-	8,679	8,679
United Arab Emirates	-	116,112	116,112	30,502	146,539	177,041
Netherland	-	9,782	9,782	-	9,523	9,523
Saudi Arab	-	-	-	-	1,260	1,260
Germany	-	-	-	-	26,023	26,023
Singapore	-	13,346	13,346	47,124	-	47,124
Others	-	315	315	-	16	16
<b>Grand Total</b>	<b>62,320</b>	<b>325,647</b>	<b>387,967</b>	<b>231,936</b>	<b>222,637</b>	<b>454,573</b>

	Note	2018 (Rupees in thousand)	2017
<b>15 LOANS AND ADVANCES</b>			
Unsecured - Considered Good			
Current portion of long term loans	9	<b>4,928</b>	2,249
Advances against purchases and services	15.1	<b>653,311</b>	473,809
Advances against expenses		<b>4,696</b>	7,095
		<b>662,935</b>	<b>483,153</b>
Considered doubtful			
Loan to growers	15.2	<b>25,018</b>	25,018
Less impairment allowance		<b>(25,018)</b>	(25,018)
		<b>-</b>	-
		<b>662,935</b>	<b>483,153</b>

- 15.1** This includes Rs. 37.5 Million advance to Al- Noor Sugar Mills Limited, an associate company, for purchase of molasses.
- 15.2** These loans were given to farmers/growers for sugar cane cultivation and development carrying interest @ 10% subject to realization of principal. These are adjustable against purchase of sugarcane from respective growers. However, an impairment allowance has been made in respect of loans against which future adjustment through purchase of sugarcane is considered doubtful and hence as a matter of prudence no interest is accrued thereon.

	Note	2018 (Rupees in thousand)	2017
<b>16 OTHER RECEIVABLES</b>			
- Unsecured Considered Good			
Associated undertaking - Reliance Insurance Company Limited	16.1	9,485	-
State Bank of Pakistan - Export subsidy		454,673	-
Government of Sindh - Export subsidy		60,264	-
		<b>524,422</b>	-
- Considered Doubtful			
Export freight subsidy	16.2	47,005	47,005
Less: Impairment allowance against export freight subsidy		(47,005)	(47,005)
		-	-
		<b>524,422</b>	-

- 16.1** This represents receivable against an insurance claim for damage to sugar stock and is outstanding for not more than 30 days. Maximum aggregate amount due at any month end during the year amounted to Rs. 9.485 million (2017: Nil).
- 16.2** This represents freight subsidy on sugar exports receivable from Trade Development Authority of Pakistan. However, due to uncertainties regarding the recoverability of the subsidy, provision has been made as a matter of prudence.

**17 CASH AND BANK BALANCES**

Cash in hand		3,005	1,096
Cash at banks			
In current accounts			
Local currency		42,124	37,068
Foreign currency		32	27
		<b>42,156</b>	<b>37,095</b>
In saving accounts	17.1	291	301
		<b>45,452</b>	<b>38,492</b>

- 17.1** This carry profit at the rate ranging between 3.75% to 3.85% (2017: 3.75% to 4.0%) p.a.
- 17.2** Bank balances include Rs. 0.478 million (2017: Rs. 7.097 million) with shariah compliant financial institutions.



			2018	2017
			(Rupees in thousand)	
		Note		
18	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
	2018	2017		
	No. of Shares			
	11,730,368	11,730,368	Ordinary shares of Rs.10 each allotted for consideration paid in cash	117,304
	9,388,295	9,388,295	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	93,883
	21,118,663	21,118,663		211,187

**18.1** Associated companies hold 4,900,900 (23.20%) shares of the Company (2017: 4,022,401 i.e. 19.05%).

**19 GENERAL RESERVE**

This represents amount appropriated out of profit in past years and retained in order to meet future exigencies.

**20 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT**

Opening balance - Gross	<b>672,211</b>	705,605
Transfer to equity on account of incremental depreciation		
Incremental depreciation - net of deferred tax	<b>(28,904)</b>	(26,209)
Deferred tax on incremental depreciation	<b>(5,840)</b>	(6,867)
	<b>(34,744)</b>	(33,076)
Transfer to equity on account of disposal		
Revaluation surplus related to item disposed of net of deferred tax	<b>(462)</b>	(219)
Related deferred tax	<b>(171)</b>	(99)
	<b>(633)</b>	(318)
Revaluation surplus during the year arising on fresh revaluation	<b>1,130,961</b>	-
Closing balance - Gross	<b>1,767,795</b>	672,211
Related deferred tax liability	<b>(184,836)</b>	(125,504)
Revaluation surplus net of deferred tax	<b>1,582,959</b>	546,707

**20.1** The Company carries its land, building and plant and machinery on revaluation model in accordance with IAS -16 "Property, Plant and Equipment". During the year an independent valuer carried out revaluation and issued report on September 28, 2018. Forced sale value has been determined by the valuer using discount factor, i.e., Disposition Value (DV) Factor for Land and Building and Orderly Liquidation Value (OLV) factor for plant and machinery as follows;

	Discount Factor %		Revalued Amount	Forced Sale Value
	DV	OLV		
Freehold Land	20%	-	213,331	170,665
Building including factory/ non-factor and other building	20%	-	370,936	296,749
Plant & Machinery	-	25% / 30%	4,430,497	3,340,206

**20.2** The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to shareholders of the company in accordance with the section 241 of the Companies Act 2017.

**21 LONG TERM FINANCING**  
Financial institutions  
Banks

	2018	2017
	(Rupees in thousand)	
	132,536	100,695
	1,527,150	1,441,539
	<b>1,659,686</b>	<b>1,542,234</b>

21.1

	FINANCIAL INSTITUTION					BANKS					TOTAL	
	Pak Oman Investment Co. Ltd.	PAK Brunei Investment Co. Ltd.	Pak Oman Investment Co. Ltd.	TOTAL	Standard Chartered Bank (Pakistan) Ltd.	Faysal Bank (Islamic) Ltd.	Bank Alfalah Ltd.	Meezan Bank Ltd.	TOTAL		2018	2017
Opening balance	112,500	66,667	-	179,167	500,000	300,000	235,289	500,000	1,535,289	1,714,456	936,339	
Addition	-	-	110,313	110,313	-	-	240,611	-	240,611	350,924	1,535,289	
Repayment	(56,250)	(22,222)	-	(78,472)	(93,750)	-	-	-	(93,750)	(172,222)	(757,172)	
Closing balance	56,250	44,445	110,313	211,008	406,250	300,000	475,900	500,000	1,682,150	1,893,158	1,714,456	
Current Maturity	(56,250)	(22,222)	-	(78,472)	(125,000)	(30,000)	-	-	(155,000)	(233,472)	(172,222)	
Shown under current liabilities	-	22,223	110,313	132,536	281,250	270,000	475,900	500,000	1,527,150	1,659,686	1,542,234	

Rupees in thousand

Description

Sanctioned/Sale Price/Disbursed Amount (Rs in million)

Effective rate of mark-up (per annum)

Facility/tenor

Number of instalments

Principal amount of each instalment (Rs in million)

Instalments Payable

Date of Disbursement

Grace Period

Date of payment of 1st instalment

Date of payment of last instalment

**SECURITIES**

Pak Oman Investment Co. Ltd. - Rs. 225 M

Pak Brunei Investment Co. Ltd. - Rs. 100 M

Pak Oman Investment Co. Ltd. - Rs. 150 M

Standard Chartered Bank (Pakistan) Ltd. - Rs. 500 M

Faysal Bank Ltd Rs. 300 M

Bank Alfalah Ltd Rs. 500 M

Meezan Bank Ltd Rs. 500 M

**Shariah Compliant**

Long term financing under shariah compliant arrangements amounted to Rs. 1,206.25 million (2017: Rs. 1,300.00 million)

First pari passu equitable mortgage & Hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company.

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		2018	2017
	Note	(Rupees in thousand)	
<b>22 TRADE AND OTHER PAYABLES</b>			
Creditors	26.11 & 26.12	917,904	277,282
Accrued expenses		22,529	18,170
Advance against sales from customers		15,775	22,781
Security deposit / retention money	22.1	13,936	4,683
Gratuity payable		1,930	1,930
Worker's profit participation fund	22.2	29,458	-
Worker's Welfare Fund		11,194	-
Payable to staff provident fund		-	84
Others		244	287
		<b>1,012,970</b>	<b>325,217</b>
<b>22.1</b>	These security deposits are utilized for business purpose as per written agreements in compliance with requirements of section 217 of the Companies Act, 2017.		
<b>22.2 Worker's profit participation fund</b>			
Opening balance		-	9,170
Interest on funds utilized	22.2.1	-	528
Allocation for the year		29,458	-
		<b>29,458</b>	<b>9,698</b>
Payments made during the year		-	(9,698)
Closing balance		<b>29,458</b>	<b>-</b>
<b>22.2.1</b>	This carries interest at the rate prescribed under Companies Profit (Workers Participation) Act, 1968 and effective rate of interest applied during the year was Nil% (2017: 8.37%)		
<b>23 ACCRUED FINANCE COST</b>			
On long term financing		18,627	14,024
On short term borrowings		36,350	23,932
		<b>54,977</b>	<b>37,956</b>
<b>23.1</b>	Accrued finance cost includes Rs. 20.385 million (2017: Rs. 12.739 million) in respect of borrowings under shariah compliant arrangements.		
<b>24 SHORT TERM BORROWINGS</b>			
<b>From banking companies - Secured</b>			
Cash / Running finance	24.1	1,479,943	1,682,820
Export refinance	24.2	1,420,000	920,000
Musawama / IERF / Murabaha	24.3	553,000	120,000
		<b>3,452,943</b>	<b>2,722,820</b>
<b>24.1</b>	The facilities are available up to Rs. 2,360 million (2017: Rs. 2,040 million) and are secured against pledge of sugar / molasses/ ethanol and first pari passu charge on property, plant and equipment. The effective rate of mark-up ranges from 1M / 3M Kibor + 0.05 % to 0.25 % (2017: 1M / 3M Kibor + 0.05 % to 0.25 %). Unutilized facilities as on year end amounted to Rs. 880 million (2017: Rs. 357 million).		

- 24.2** The facilities are available under SBP export finance scheme up to limit of Rs. 2,220 million (2017: Rs. 1,470 Million) and are secured by first pari passu equitable mortgage charge and hypothecation over current and future fixed assets of the company and pledge of sugar / molasses / ethanol. The effective rate of mark-up is 0.25% / 0.50% over SBP ERF rate which was 2.25% and 2.5% (2017: 0.50%, 2.0%). Unutilized facilities as on year end amounted to Rs. 800 million (2017: Rs. 550 million).
- 24.3** Musawama / IERF / Murabaha has been obtained from shariah compliant banks. The aggregate limit of Musawama / IERF / Murabaha arrangements is up to Rs. 1,200 million (2017: Rs 900 million). These are secured by Pledge of sugar, ranking charge over stocks and book debts and pari passu hypothecation charge on Property Plant & Equipment & Pledge of Sugar (refer note 13.1). The effective rates of profit are ranging between respective Kibor + 0.15 % and SBP rate + 0.5 % (2017: Kibor + 0.05 % to Kibor + 0.25 % and SBP rate + 0.5%). The unavailed facility at the year end amounted to Rs. 647 million (2017: Rs. 780 million).
- 24.4** Short-term borrowings include Rs. 553 Million (2017: Rs. 120 Million) under shariah compliant arrangements.

	Note	2018 (Rupees in thousand)	2017
<b>25 LOANS FROM RELATED PARTIES</b>			
Loan from related parties		167,336	194,836
These represent loans from certain directors and other related parties repayable on demand and currently these do not carry markup.			

## 26 CONTINGENCIES AND COMMITMENTS

### a) CONTINGENCIES

- 26.1** A demand of Rs.4.629 million in respect of sales tax on in house use of baggase as fuel was raised by the Collectorate of Sales Tax, Hyderabad. The Company disputed the liability and had filed an appeal before the Appellate Tribunal Karachi. The Appellate Tribunal has remanded back the case to the department of sales tax with a direction to compute the sales value and the sales tax payable thereon correctly after providing proper opportunity to the parties. The Tribunal has also directed the department to consider the fact that there was no deliberate or wilful attempt to defraud the revenue therefore; the additional tax liability may be uncalled. However, to avail relief from levy of additional tax, as provided through SRO 1349(1) 99 dated 17th December, 1999 the Company had paid a total amount of Rs. 8.818 million including additional tax of Rs.4.190 million in December, 1999.

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

- 26.2** The Company filed petition before Honourable High Court of Sindh challenging the levy of further tax against taxable supplies made to unregistered person under section 3(1A) of the Sales Tax Act, 1990. The entire liability till November 30, 2000 was paid by the Company, in the month of December 2000. As per judgment awarded against the department by the Honourable High Court of Sindh, the Company has claimed refund of such further tax amounting to Rs. 45.190 million out of which an amount of Rs.7.144 million was refunded by the department.

The Department of Sales Tax has thereafter filed an Appeal before the Honourable Supreme Court against the Order of the Honourable High Court of Sindh. The Honourable Supreme Court has allowed the Appeal with direction to the department to act in accordance with law; however Ratio Decidendi ordered by the High Court of Sindh has not been reversed, over ruled or amended. Sales Tax department has however raised demands of further tax involving amount of Rs. 54 million, which had been contested by the company in the light of Sindh High Court Judgment on which the Sales Tax Tribunal had issued orders in favour of the company. Against the order of the tribunal the sales tax department filed appeal before the Honourable High Court which is pending. Considering the decision of the Court and facts of the case the legal counsel of the company is of the view that the final outcome of the matter will be infavour of the Company.

**26.3** The Company has filed a petition before the Honourable High Court of Sindh on 11 June 2011 against the imposition of special excise duty and recovery by the Inland Revenue Department (the Department) of 70% of the total amount of Rs 7.073 million against excise duty involved. The case was decided in favour of the company declaring Special Excise Duty as void ab-initio and of no legal effect. Thereafter the Department has filed an appeal before Honourable Supreme Court of Pakistan against the decision of Honourable High Court which is pending. The Company as a matter of abundant prudence has provided for the amount of said duty in the financial statements. During the year 2013, the Company received show-cause notice no C.No.01(01)RP/Zone-II/2013/ dated 10 December 2013 from the Department against refund claim of Special Excise Duty amounting to Rs. 48.457 million filed by the Company in compliance with the order of Honourable High Court of Sindh. The Company filed appeal in the Honourable High court of Sindh on 30 December 2013 against that show cause notice issued by the Department and the Honourable High Court issued stay order against the proceedings on show cause notice. No provision is made in the financial statement as the outcome of case is expected to be in favour of the company as per legal counsel.

**26.4** The Company's appeal in the Honourable Supreme Court dated 19 February 2004 against the Order of the Sindh High Court for levy of Quality Premium was accepted by the Honourable Supreme Court by assailing the Order of Sindh High Court. Furthermore Federal Government steering committee through its decision on 16-07-2007 held that the quality premium shall remain suspended till decision of Honourable Supreme Court or consensus on uniform formula to be developed by MINFAL. Accordingly, no provision has been made in the books of accounts amounting to Rs. 86.670.million.

During the year the Honourable Supreme Court of Pakistan through its order dated 5 March 2018 has decided the matter against the Sugar Manufacturing Companies and the Legal Counsel of the Company is of the view that the Honourable Supreme Court has now simply prescribed the criteria for future, which if followed properly, would make quality premium applicable in the future, and in relation to the past (other than crushing season 1998 – 1999) it appears that no liability arose as no legally binding notification under section 16(v) can be said to be in the field in the light of the decision of the Honourable Supreme Court. Accordingly, no liability arises for the past except for the year 1998 – 99 for which quality premium amounted to Rs. 93.7 million against which no provision is made as the Company has already paid price higher than the minimum notified price for the said year.

**26.5** There are certain litigations pending in the Honourable Sindh High Court, Hyderabad pertaining to ex-employees. The sixth Sindh labour court awarded decision in favour of the company and the ex-employees filed an appeal in Labour Appellate Tribunal at Hyderabad the outcome of which has also been decided in favour of the Company. The ex-employees have now filed suit before the Honourable Sindh High Court, Hyderabad. The financial liability may arise only if these cases are finally decided against the Company. The amount of liability is not ascertainable and hence, no provision has been made in this regard as in the management view the same is not likely to crystallize.

**26.6** Cases regarding possession of land of the Company are pending in the Honourable High Court of Sindh which were filed on 01 January 2010 and 22 July 2010 where the matter is pending for hearing. The financial impact of the same is not presently determinable with any accuracy. The Company is confident that the same is not likely to be decided against the Company.

**26.7** The Company has filed a petition in the Honourable Supreme Court of Pakistan, dated 14 January 2010 against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the jurisdiction of the Competition Commission. The Honourable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honourable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honourable High Courts. There are no financial implications related to this at the moment.

**26.8** Pakistan Standards and Quality Control Authority (the Authority) has demanded a marking fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs. 1.45 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are violation of the constitution. The Company has filed a petition before the Honourable High Court of Sindh dated 01 September 2010 challenging the levy of marking fee under PSQCA Act-VI of 1996 and the Honourable accepted the petition and termed that the impugned notification has been issued without lawful authority and suspended the operation of the impugned notifications. The constitutional petition filed before the Honourable High Court of Sindh has been allowed in favour of the company. In the meantime the legal counsel of the company filed caveat in respect of an appeal to be filed by the PSQCA against the Judgment in Honourable Supreme Court of Pakistan. The Pakistan Standards and Quality Control Authority have filed an appeal before the Honourable Supreme Court of Pakistan against the decision of Honourable High Court of Sindh. No provision has been made in this respect.

- 26.9** A show cause notice was issued by the Department of Inland Revenue LTU Karachi, regarding the reduced rate of Federal Excise Duty availed by the Company amounting to Rs. 99.801 million under SRO 77 (1) / 2013 dated February 7, 2013. The Company has filed suit in the Honourable High Court of Sindh Karachi dated 30 December 2013 against the show cause notice and the Honourable High Court has issued stay order against the proceedings on show cause notice. Pending the outcome of the case, no provision has been made as the outcome of the case is expected to be in favour of the company as per legal counsel.
- 26.10** Excise, taxation and Narcotics department, Government of Sindh had notified fee on storage of rectified spirit in a private bonded warehouse at Rs. 0.5 per litre. The Company has filed appeal before the Honourable High Court of Sindh against the notification dated 08 July 2014. The Honourable High Court has issued stay order against the recovery of the storage charges on rectified spirit. Amount of the storage fee up-to September 30, 2015 works out to Rs. 70.044 million and no provision is made in the financial statements as the outcome of case is expected to be in the favour of Company as per legal counsel.
- 26.11** Against the sugarcane purchase price of Rs. 172 per 40 Kgs as fixed for the season 2013-2014, the company had filed a Constitutional Petition, dated 21 January 2014, before the Honourable High Court of Sindh for linkage with prevailing market sugar price which was dismissed and the matter was taken up with the Honourable Supreme Court of Pakistan on 05 January 2015. In the due course of time, the Government of Sindh fixed the price of sugarcane at Rs. 182 per 40 kgs for the season 2014-15 in pursuance of which the Sindh Chamber of Agriculture filed a petition in the Honourable High Court of Sindh. The Honourable High Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kgs for crushing season 2014-15 whereas Rs. 12 per 40 kgs will be paid by the Government of Sindh. The Honourable High Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015, dated 20 January 2015, which is pending before the Honourable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent on upon the decision of Honourable Supreme Court of Pakistan. The Company however as a matter of prudence has accounted for the said difference of Rs. 10 per 40 kgs in the accounts aggregating to Rs. 149 millions.
- 26.12** During the year, the Government of Sindh issued a notification no. 8(142)/ S.O(EXT)2017, according to which, the minimum price of sugarcane has been fixed at the rate of Rs. 182 per 40 kg for the crushing season 2017-2018. The Company along with other Sugar mills has filed a petition in the High Court of Sindh dated 19 December 2017 against the said notification. Thereafter, the Honourable Court after deliberations with all stakeholders announced the judgement fixing the purchase price at the Rs. 160 to be paid to growers and the balance of Rs. 22 per 40 kg to be decided by the Supreme Court of Pakistan which is pending. However, the Company, as a matter of prudence accounted for the said difference of Rs. 22 per 40 kgs these financial statements aggregating to Rs.409.518 million.
- 26.13** During the year 2016-17, Deputy Commissioner has raised a demand of Rs. 4.010 million in respect of claim of inadmissible input through order dated 21 August 2017 in light of proceedings of showcause notice no C.No. DCIR/SSML/Inadmissible/E&C-3&4/Zone-II/LTU/2017 dated 02 May 2017. The Company filed an appeal with Commissioner Inland Revenue (Appeals), dated 15 September 2017 and the case was decided in favour of the Company. Being aggrieved by the said order, the Department has filed appeal in the Appellate Tribunal Inland Revenue which is yet to be decided. The management and advisor of the Company are of the view that the Company has reasonable grounds and favourable outcome is expected so no provision is made.

	2018	2017
	(Rupees in thousand)	
<b>b) COMMITMENTS</b>		
The Company's commitment as on September 30, are as follows:		
Commitments for capital expenditure	127,083	705,043
Commitments for stores and spares	6,212	27,444
	<u>133,295</u>	<u>732,487</u>
Bank Guarantees		
In favour of Excise and Taxation Department	<u>500</u>	<u>500</u>



# SHAHMURAD SUGAR MILLS LTD.

	SUGAR		ETHANOL		TOTAL	
	2018	2017	2018	2017	2018	2017
Note	(Rupees in thousand)					
<b>27 SALES</b>						
Local	1,249,836	1,578,020	-	-	1,249,836	1,578,020
Export	2,370,204	1,160,052	3,749,734	2,474,899	6,119,938	3,634,951
	3,620,040	2,738,072	3,749,734	2,474,899	7,369,774	5,212,971
Less:						
Sales Tax	(146,669)	(153,446)	-	-	(146,669)	(153,446)
Commission	(241)	(224)	(2,737)	(3,619)	(2,978)	(3,843)
	(146,910)	(153,670)	(2,737)	(3,619)	(149,647)	(157,289)
Net sales	3,473,130	2,584,402	3,746,997	2,471,280	7,220,127	5,055,682
<b>28 COST OF SALES</b>						
Manufacturing cost:						
Raw material consumed	3,593,019	3,606,124	2,019,653	1,456,736	5,612,672	5,062,860
Salaries, wages and benefits 28.1	121,279	113,545	36,893	31,539	158,172	145,084
Stores and spares consumed	123,985	87,843	36,120	23,672	160,105	111,515
Packing materials	43,866	28,565	-	-	43,866	28,565
Fuel and oil	30,850	23,935	71,078	32,114	101,928	56,049
Power and water	19,158	16,367	3,408	3,316	22,566	19,683
Chemicals and process materials	37,285	28,950	33,042	30,368	70,327	59,318
Repair and maintenance	41,242	39,647	25,279	21,551	66,521	61,198
Insurance	8,286	7,575	4,497	3,557	12,783	11,132
Other manufacturing expenses	23,922	22,895	1,878	971	25,800	23,866
Depreciation	62,280	63,273	102,404	53,709	164,684	116,982
	4,105,172	4,038,719	2,334,252	1,657,533	6,439,424	5,696,252
Opening stock of work in process	6,180	5,060	-	-	6,180	5,060
Less: Closing stock of work in process	(4,977)	(6,180)	-	-	(4,977)	(6,180)
	1,203	(1,120)	-	-	1,203	(1,120)
	4,106,375	4,037,599	2,334,252	1,657,533	6,440,627	5,695,132
Less:						
Molasses transfer to Ethanol Division	(261,307)	(261,375)	-	-	(261,307)	(261,375)
Sale of bagasse/fusil oil	(16,066)	(26,685)	-	(919)	(16,066)	(27,604)
Inventory adjustment of bagasse	23,147	(23,147)	-	-	23,147	(23,147)
	(254,226)	(311,207)	-	(919)	(254,226)	(312,126)
	3,852,149	3,726,392	2,334,252	1,656,614	6,186,401	5,383,006
Opening stock of finished goods	1,582,542	566,462	180,392	285,254	1,762,934	851,716
Less: Closing stock of finished goods	(1,227,074)	(1,582,542)	(312,542)	(180,392)	(1,539,616)	(1,762,934)
	355,468	(1,016,080)	(132,150)	104,862	223,318	(911,218)
	4,207,617	2,710,312	2,202,102	1,761,476	6,409,719	4,471,788
<b>28.1</b>	Includes Rs. 3.264 million (2017 : Rs. 2.977 million) in respect of contribution towards staff provident fund.					
<b>29 PROFIT FROM TRADING ACTIVITIES</b>						
Sales	6,777	19,937	-	-	6,777	19,937
Sales tax	(480)	(2,405)	-	-	(480)	(2,405)
	6,297	17,532	-	-	6,297	17,532
Less: Cost of sales						
Opening stock	2,168	-	-	-	2,168	-
Purchases	7,101	17,404	-	-	7,101	17,404
Closing stock	(3,340)	(2,152)	-	-	(3,340)	(2,152)
	5,929	15,252	-	-	5,929	15,252
	368	2,280	-	-	368	2,280

# SHAHMURAD SUGAR MILLS LTD.

		SUGAR		ETHANOL		TOTAL		
		2018	2017	2018	2017	2018	2017	
	Note	(Rupees in thousand)						
30	DISTRIBUTION COST							
	Sugar Handling and other charges	16,208	16,070	-	-	16,208	16,070	
	Storage Rent	-	-	21,582	19,054	21,582	19,054	
	Carriage Out Ward	-	-	34,152	19,405	34,152	19,405	
	Export freight and other expenses	107,670	33,133	464,946	191,860	572,616	224,993	
		123,878	49,203	520,680	230,319	644,558	279,522	
31	ADMINISTRATIVE EXPENSES							
	Salaries, allowances and benefits	31.1	41,908	47,485	26,983	23,097	68,891	70,582
	Chief Executives and Director's remuneration and perquisites	39	18,263	15,629	9,867	8,690	28,130	24,319
	Staff welfare		7,683	7,404	9,116	6,363	16,799	13,767
	Repair and maintenance		13,588	8,669	17,996	8,336	31,584	17,005
	Legal and professional		7,995	3,623	450	476	8,445	4,099
	Auditors' remuneration	31.2	777	690	411	412	1,188	1,102
	Vehicle running		11,231	10,567	5,484	4,049	16,715	14,616
	Insurance		677	184	-	-	677	184
	Communication		2,091	1,863	1,031	1,451	3,122	3,314
	Entertainment		2,413	2,308	3,392	1,792	5,805	4,100
	Printing and stationery		1,269	1,291	842	648	2,111	1,939
	Fees and subscription		2,272	2,442	2,903	2,453	5,175	4,895
	Advertisement		355	1,126	-	-	355	1,126
	Depreciation		11,899	11,934	5,164	4,372	17,063	16,306
	Amortization		-	-	-	-	-	-
	Others		16,946	14,006	6,164	5,447	23,110	19,453
			139,367	129,221	89,803	67,586	229,170	196,807

31.1 Includes Rs. 2.144 million (2017 : Rs. 1.918 million) in respect of contribution towards staff provident fund.

	SUGAR		ETHANOL		TOTAL	
	2018	2017	2018	2017	2018	2017
(Rupees in thousand)						
<b>31.2 Auditors' remuneration</b>						
Kreston Hyder Bhimji & Co						
Statutory audit	580	580	371	371	951	951
Half yearly review	56	56	36	36	92	92
Corporate Governance	7	7	5	5	12	12
Other Certification	133	22	-	-	133	22
	<u>776</u>	<u>665</u>	<u>412</u>	<u>412</u>	<u>1,188</u>	<u>1,077</u>
A.D.Akhawala & Co. - Provident fund	-	25	-	-	-	25
	<u>776</u>	<u>690</u>	<u>412</u>	<u>412</u>	<u>1,188</u>	<u>1,102</u>



	Note	2018 (Rupees in thousand)	2017
<b>32 OTHER OPERATING COST</b>			
Charity and donation	32.1	2,472	1,130
Sales tax penalty		82	-
Loss on disposal of property, plant and equipment		-	59
Provision for obsolescence and slow moving store and spares		10,300	2,530
Directors meeting fee		130	135
Exchange loss		-	97
Worker's profit participation fund		29,458	-
Worker's welfare fund		11,194	-
Balances written off - net		59	-
		<b>53,695</b>	<b>3,951</b>
<b>32.1</b>	None of the directors or their spouses had any interest in the above donees.		
<b>33 OTHER INCOME</b>			
<b>Income from financial Assets</b>			
Net exchange gain on export proceeds / export debts		53,303	19,182
Income on saving bank accounts		40	79
		<b>53,343</b>	<b>19,261</b>
<b>Income from non financial Assets</b>			
Gain on disposal of property, plant & equipment	6.1.2	3,091	2,481
Export subsidy		834,208	-
Insurance claim		9,435	1,000
		<b>846,734</b>	<b>3,481</b>
		<b>900,077</b>	<b>22,742</b>
<b>34 FINANCE COST</b>			
Mark-up/Interest/Profit on:			
Long term financing		86,396	65,466
Short-term borrowings			
Cash/running finance		103,512	78,772
Export refinance/IERF		32,499	23,976
		<b>136,011</b>	<b>102,748</b>
Istisna / Murabaha		8,286	30,744
Worker's profit participation fund	22.2	-	528
Bank charges		1,608	1,384
Others		2,638	1,851
		<b>234,939</b>	<b>202,721</b>
<b>34.1</b>	Finance cost includes Rs. 79.077 million (2017: Rs. 77.793 million) in respect of shariah compliant arrangements.		
<b>35 TAXATION</b>			
Current		-	47,524
Prior year adjustment		-	1,283
Deferred		(53,009)	(130,472)
		<b>(53,009)</b>	<b>(81,665)</b>

	Note	2018 (Rupees in thousand)	2017
<b>35.1 Reconciliation of tax expense:</b>			
Accounting profit before tax		548,249	(74,397)
Applicable tax rate		29%	30%
Tax expense based on accounting profit		158,992	(22,319)
Add/(less)			
Effects of FTR		(196,803)	(40,629)
Effects of minimum tax		113,337	117,423
Effects of tax credit		(75,601)	(7,151)
Effects of temporary differences		(53,009)	(130,472)
Prior year adjustment and others		75	1,483
		(212,001)	(59,346)
		<b>(53,009)</b>	<b>(81,665)</b>

**35.2** The management believes that the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Year	As per Financial Statements Rupees in thousand	As per Return/ Assessment
2017	47,524	43,040
2016	38,814	43,910
2015	45,394	44,769

	2018	2017
<b>36 EARNING PER SHARE - BASIC AND DILUTED</b>		
Profit after taxation (Rupees in thousand)	601,258	7,268
Weighted average number of ordinary shares	21,118,663	21,118,663
Earning per share - Rupees	28.47	0.34
There is no dilutive effect on the basic earning per share.		

**37 TRANSACTIONS WITH RELATED PARTIES**

**37.1** The related parties comprise of associate companies, directors, executives being the key management personnel and post employment contribution plan. The company in the normal course of business carries out transactions with various related parties. Balances due from and to related parties are shown under respective notes, and remuneration of executives and directors and key management personnel, being executives, have been disclosed in note 37. Transactions with related parties are as follow:

Relationship	Nature of Transactions	2018 (Rupees in thousand)	2017
Associates (Common Directors)			
Al Noor Sugar Mills Limited	- Purchase of Goods	352,338	450,414
Al Noor Modaraba Management (Pvt.) Ltd.	- Share of loss	(242)	(312)
	- Share of other comprehensive loss and item taken to equity	(616)	(112)
Reliance Insurance Company Ltd	- Insurance premium	17,794	14,707
	- Insurance claim	9,485	1,780
Others			
Staff Provident Fund	- Contribution of the Company	5,408	4,895

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

Name of related parties	Relationship	Percentage of shareholding
Reliance Insurance Company Limited	Common directorship	-
Al Noor Modaraba Management (Pvt.) Ltd.	Common directorship	14.29%

**37.3** Outstanding balances with related parties have been separately disclosed at their respective notes to these financial statements.

**38 CAPACITY AND PRODUCTION IN METRIC TONS**

	Note	2018 (Rupees in thousand)	2017
<b>Sugar Division</b>			
Installed cane crushing capacity per day (M.Tons)		11,000	11,000
No of days Mill operated		126	111
Total crushing capacity on basis of no. of days mill operated (M.Tons)		1,386,000	1,221,000
Actual crushing (M.Tons)		744,578	672,747
Sugar Production (M.Tons)		82,366	72,755

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include recovery. Capacity is under utilized due to shortage of raw material.

**Ethanol Division**

**Plant - I**

Installed ethanol production capacity per day (M.Tons)	100	100
No of days Mill operated	344	323
Total ethanol production capacity on basis of no. of days mill operated (M.Tons)	34,400	32,300
Production in M.Tons	34,241	30,564

**Plant - II**

Installed ethanol production capacity per day (M.Tons)	100	-
No of days Mill operated	132	-
Total ethanol production capacity on basis of no. of days mill operated (M.Tons)	13,200	-
Production in M.Tons	12,963	-

The ethanol plant production capacity under-utilization is due to various technical factors including non-availability of water and trial production of new plant

**39 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION**

The aggregate amount charged in the financial statements in respect of remuneration including all benefits to Chief Executive, Director and Executives of the Company during the year were as follows:

	2018				2017			
	Chief Executive	Executive Directors	Executives	Total	Chief Executive	Executive Directors	Executives	Total
	Rupees in thousand							
Managerial Remuneration	6,007	10,989	16,023	33,019	5,006	9,158	15,640	29,804
Provident fund	-	-	864	864	-	-	776	776
Perquisite (including house rent and bonus)	3,003	5,495	15,919	24,417	2,503	4,578	15,371	22,452
Reimbursable expenses including travelling expenses	774	1,862	-	2,636	921	2,153	-	3,074
	9,784	18,346	32,806	60,936	8,430	15,889	31,787	56,106
Number of persons	1	2	9	12	1	2	8	11

- The Chief Executive, Executive Directors and Executives are also provided with free use of company's maintained cars.
- Meeting fee paid to non-executive directors aggregates to Rs. 130,000 (2017: Rs.135,000) respectively.
- Definition of executive in the fourth schedule to the Companies Act 2017 has been changed the employees whose annual basic salary is equal to or more than 1,200,000. Accordingly the comparative figures of the remunerations to executives have been changed which earlier reported as Rs. 78.944 million for 46 executives.

#### 40 SEGMENT INFORMATION

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

	Sugar Division		Ethanol Division		Total	
	2018	2017	2018	2017	2018	2017
	----- Rupees in thousand -----					
<b>REVENUE</b>						
External sales (Note 27)	3,473,130	2,584,402	3,746,997	2,471,280	7,220,127	5,055,682
Inter-segment transfers	261,307	261,375	-	-	261,307	261,375
	<u>3,734,437</u>	<u>2,845,777</u>	<u>3,746,997</u>	<u>2,471,280</u>	<u>7,481,434</u>	<u>5,317,057</u>
<b>RESULTS</b>						
(Loss) / profit from operations	(997,732)	(304,334)	934,412	411,899	(63,320)	107,565
Profit from trading activity	368	2,280	-	-	368	2,280
Other Income	876,226	7,632	23,851	15,110	900,077	22,742
	<u>(121,138)</u>	<u>(294,422)</u>	<u>958,263</u>	<u>427,009</u>	<u>837,125</u>	<u>132,587</u>
Other operating expenses					(53,695)	(3,951)
Finance cost					(234,939)	(202,721)
Share of loss from associate					(242)	(312)
Profit / (loss) before tax					<u>548,249</u>	<u>(74,397)</u>
Taxation					<u>53,009</u>	<u>81,665</u>
Net profit for the year					<u>601,258</u>	<u>7,268</u>
<b>BALANCE SHEET</b>						
<b>Assets</b>						
Segment assets	3,954,065	3,614,453	5,382,530	2,918,431	9,336,595	6,532,884
Unallocated Assets					580,662	141,613
Long term investment under equity method					1,815	2,673
Total assets					<u>9,919,072</u>	<u>6,677,170</u>
<b>Liabilities</b>						
Segment liabilities	3,531,332	3,097,499	3,013,368	1,901,652	6,544,700	4,999,151
Unallocated liabilities					40,652	-
Total liabilities					<u>6,585,352</u>	<u>4,999,151</u>
<b>OTHER INFORMATION</b>						
Additions to property, plant and equipment	165,102	94,683	1,152,880	554,464	1,317,982	649,147
Depreciation	74,179	75,207	107,568	58,081	181,747	133,288

#### Revenue from major customers

During the year external sales to major customers amounted to Rs. 2,887 million (2017: 1,373 million).

#### Geographical Information

All non-current assets of the Company are located in Pakistan. Company's local external sales represent sales to various customers in Pakistan as well as outside Pakistan as follows:

Pakistan	1,100,189	1,420,731
Turkey	993,744	179,278
Ghana	673,097	299,100
Afghanistan	763,261	276,851
India	573,875	208,834
Taiwan	486,149	214,916
Mayanmar	297,657	428,035
Sierra Leone	133,857	10,934
Vietnam	120,870	88,435
Korea	95,877	223,201
Yemen	90,253	4,531
Sri Lanka	81,296	65,051
Others	1,810,002	1,635,785
	<u>7,220,127</u>	<u>5,055,682</u>

#### 41 FINANCIAL ASSETS AND LIABILITIES

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

2018						
Mark-up / Interest Based			Non-Mark-up / Non-Interest Based			Total
Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total	

------(Rupees in thousand)-----

##### FINANCIAL ASSETS

Long term loans	-	-	-	4,928	1,504	6,432	6,432
Long term deposits	-	-	-	-	2,429	2,429	2,429
Trade debts	-	-	-	387,967	-	387,967	387,967
Trade deposits	-	-	-	12	-	12	12
Other receivables	-	-	-	9,485	-	9,485	9,485
Cash and Bank balances	291	-	291	45,161	-	45,161	45,452
	291	-	291	447,553	3,933	451,486	451,777

##### FINANCIAL LIABILITIES

Long term financing	233,472	1,659,686	1,893,158	-	-	-	1,893,158
Trade and other payables	29,458	-	29,458	956,543	-	956,543	986,001
Accrued finance cost	-	-	-	54,977	-	54,977	54,977
Short term borrowings	3,452,943	-	3,452,943	-	-	-	3,452,943
Loan from related parties	-	-	-	167,336	-	167,336	167,336
Unclaimed dividend	-	-	-	3,968	-	3,968	3,968
	3,715,873	1,659,686	5,375,559	1,182,824	-	1,182,824	6,558,383

2017						
Mark-up / Interest Based			Non-Mark-up / Non-Interest Based			Total
Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total	

------(Rupees in thousand)-----

##### FINANCIAL ASSETS

Long term loans	-	-	-	2,249	1,535	3,784	3,784
Long term deposits	-	-	-	-	2,429	2,429	2,429
Trade debts	-	-	-	454,573	-	454,573	454,573
Trade deposits	-	-	-	5,307	-	5,307	5,307
Cash and Bank balances	301	-	301	38,191	-	38,191	38,492
	301	-	301	500,320	3,964	504,284	504,585

##### FINANCIAL LIABILITIES

Long term financing	172,222	1,542,234	1,714,456	-	-	-	1,714,456
Trade and other payables	-	-	-	302,435	-	302,435	302,435
Accrued finance cost	-	-	-	37,956	-	37,956	37,956
Short term borrowings	2,722,820	-	2,722,820	-	-	-	2,722,820
Loan from related parties	-	-	-	194,836	-	194,836	194,836
Unclaimed dividend	-	-	-	3,866	-	3,866	3,866
	2,895,042	1,542,234	4,437,276	539,093	-	539,093	4,976,369

## 42 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 42.1 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks that include credit risk, liquidity risk and market risk (including interest/ mark-up rate risk, currency risk and other price risk). The Company's overall risk management programs focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

This note presents information about the Company's Exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's Board of Directors provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest/ mark-up rate risk , credit risk, financial instruments and investment of excess liquidity. The Board of Directors reviews and agrees policies for managing each of these risks.

The information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital, is as follows;

#### A Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's operating activities exposes it to credit risks arising mainly in respect of loans and advances, deposits, trade debts, other receivables and bank balances. The maximum exposure to credit risk at the reporting date is as follows:

	2018 (Rupees in thousand)	2017
Loans and advances	6,432	3,784
Long term and trade deposits	2,441	7,736
Trade debts	387,967	454,573
Other receivables	9,485	-
Bank balances	42,447	37,396
	<b>448,772</b>	<b>503,489</b>

#### Loans and advances

These represent loans to employees against which the Company pursues for the recovery through monthly deductions from salaries of these employees and also the Company retains right to adjust retirement balance in case of default hence there is no significant credit risk in this respect. Certain loans are receivable from growers; however, considering the uncertainty about their recovery an impairment allowance is made there against as disclosed in note 15.1.

#### Deposits

These represent security deposits against utilities and other services and contracts. These are not significant and further based on past experience and credit worthiness of the counterparties the Company does not expect that these counter parties will fail to meet their obligations hence the Company believes that it is not exposed any significant credit risk in respect of deposits.

#### Trade debts

Trade debts of Rs. 281.332 million (2017: 453.999 million) are due from foreign customers whereas remaining amount of Rs. 106.635 million (2017: 0.574) is receivable from local parties. The Company manages credit risk in respect of trade debts inter alia by obtaining advance against sales / or through letter of credits and by providing for doubtful debts. All the export debts are secured under irrevocable letter of credit, document acceptance contracts and other acceptable banking instruments. Further the Company actively pursue for the recovery and the significant amounts have been recovered subsequent to the year end date and also these are neither past due nor impaired, hence no impairment allowance is necessary in respect of trade debts. Aging of trade debts is as follows:

Upto 3 months	<b>387,967</b>	<b>454,573</b>
---------------	----------------	----------------

### Bank balances

The Company limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with credit ratings are tabulated below:

	Long Term Ratings	Short Term Ratings	2018 Rupees in thousand	2017
<b>In Local Currency</b>				
United Bank Limited	AAA	A-1+	11,908	13,913
Allied Bank Limited	AAA	A1+	618	665
MCB Bank Limited	AAA	A1+	8,159	2,129
Standard Chartered Bank Limited	AAA	A1+	483	469
National Bank of Pakistan	AAA	A-1+	3,745	4,530
Faysal Bank Limited	AA	A-1+	1,854	2,366
Bank Islami Limited	A+	A1+	195	195
JS Bank Limited	AA-	A1+	47	47
Al-Baraka Bank (Pakistan) Limited	A+	A-1	2,925	3,498
Soneri Bank Limited	AA-	A1+	19	219
Sindh Bank Limited	AA	A-1+	54	12
Meezan Bank Limited	AA+	A-1+	190	3,311
Habib Bank Limited	AAA	A-1+	662	1,178
Habib Metropolitan Bank Limited	AA+	A1+	2,812	1,588
Dubai Islamic Bank	AA-	A-1	93	93
Samba Bank Limited	AA	A-1+	478	468
Bank Al-Habib Limited	AA+	A1+	8,173	2,688
<b>In Foreign Currency</b>				
Habib Bank Limited	AAA	A-1+	32	27
			<b>42,447</b>	<b>37,396</b>

### Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired is assessed by reference to past experience and external ratings or to historical information about counter party default rates.

As at the reporting date amounts of Rs. 25.018 million (2017: 25.018 million) receivable from growers were past due against which impairment allowance have been made. These past due loans to growers are outstanding for more than three years.

### B Liquidity risk

Liquidity risk represents the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with contractual maturities (undiscounted) of the financial liabilities is as follows:

Year ended 30 September 2018	On demand maturity	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
(Rupees in thousand)						
Long term financing	-	56,424	177,048	1,214,600	445,086	1,893,158
Trade and other payables	-	427,103	558,898	-	-	986,001
Short-term borrowings	-	-	3,452,943	-	-	3,452,943
Accrued finance cost	-	46,369	8,608	-	-	54,977
Loan from related parties	167,336	-	-	-	-	167,336
Unclaimed dividend / bonus fraction	3,968	-	-	-	-	3,968
	171,304	529,896	4,197,497	1,214,600	445,086	6,558,383

Year ended 30 September 2017	On demand maturity	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
(Rupees in thousand)						
Long term financing	-	25,174	147,048	939,734	602,500	1,714,456
Trade and other payables	-	300,505	121,930	-	-	422,435
Short-term borrowings	-	1,650,000	952,820	-	-	2,602,820
Accrued finance cost	-	35,293	2,663	-	-	37,956
Loan from related parties	194,836	-	-	-	-	194,836
Unclaimed dividend / bonus fraction	3,866	-	-	-	-	3,866
	198,702	2,010,972	1,224,461	939,734	602,500	4,976,369

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2018 the Company has Rs. 2,327 million (2017: Rs. 1,137 million) available unutilized short term financing limit from financial institutions and also has Rs. 45.452 million (2017: Rs. 38.494 million) being cash and bank balances.

### C Market Risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Currency risk, interest rate risk and other price risk.

### D Interest/ mark-up rate risk management

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

	Effective interest rates	Carrying Values	
	2018	2018	2017
(Rupees in thousand)			
<b>Financial Liabilities</b>			
<u>Variable Rate Instruments</u>			
Long Term Financing	See Note 21	1,893,158	1,714,456
Trade and other payables	See Note 22	29,458	-
Short term Borrowings	See Note 24	3,452,943	2,722,820
		5,375,559	4,437,276
<b>Financial Assets</b>			
<u>Fixed Rate Instruments</u>			
Bank balances (PLS savings)	See Note 17	(291)	(301)
Net exposure		5,375,268	4,436,975

### Fair value sensitivity analysis

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



### Cash flow sensitivity analysis

An increase / decrease of 100 basis points in interest rates at the reporting date would have decreased / increased profit for the year before tax by the amount of Rs. 53.76 million (2017: Rs. 44.37 million) assuming that all other variables remains constant.

### E Foreign exchange risk management

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economical transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivables / payable from / to the foreign entities and foreign currency bills payable. Management regularly analyses and monitors exchange rates and in appropriate cases, the Company takes out forward contracts to mitigate risk. The Company's exposure to foreign currency risk is as follows:

	2018	2017	2018 (Rupees in thousand)	2017
<b>Statement of Financial Position Exposure</b>				
Foreign debtors	\$ 2,266,979	\$ 4,313,527	281,332	453,999
Bank balances	\$ 258	\$ 258	32	27
			<u>281,364</u>	<u>454,026</u>
<b>Off Statement of Financial Position Exposure</b>				
Commitments				
US Dollars	\$ 658,909	\$ 1,310,931	81,902	138,238
EUROS	€ 8,328	€ 625,135	1,201	77,686
GBP	GBP 8,533	GBP -	1,382	-
JPY	JPY -	JPY 2,238,020	-	2,096
			<u>84,485</u>	<u>218,020</u>

The following significant exchange rates have been applied:

	2018	2017
<b>Rupee per USD</b>		
Average rate	124.20	105.35
Reporting date rate - Selling	124.30	105.45
Reporting date rate - Buying	124.10	105.25
<b>Rupee per Euro</b>		
Average rate	144.12	124.16
Reporting date rate	144.23	124.27
<b>Rupee per GBP</b>		
Average rate	161.78	141.34
Reporting date rate	161.91	141.47
<b>Rupee per JPY</b>		
Average rate	1.0910	0.9356
Reporting date rate	1.0919	0.9365

### Sensitivity analysis

A 10 percent strengthening / weakening of the PKR against USD at 30 Sept would have decreased / increased profit before tax by the amount of Rs. 28.136 million (2017: Rs. 45.403 million). The effect of commitments in foreign currency would have been Rs. 8.45 million (2017: Rs. 21.802 Million). This analysis assumes that all other variables, in particular interest rates, remain constant.

## F Capital risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

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

	2018 (Rupees in thousand)	2017 Restated (Rupees in thousand)
Total borrowings	5,513,437	4,512,112
Less: Cash and bank	(45,452)	(38,492)
Net debt	5,467,985	4,473,620
Total equity	3,333,720	1,678,019
Total equity and debt	8,801,705	6,151,639
Gearing ratio (%)	62.12%	72.72%

## 43 FAIR VALUES / MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Management assessed that the fair values of cash & cash equivalent and short term deposits, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposit asset and long term liabilities, management considers that their carrying values approximates fair value.

The fair value of land and buildings and plant and machinery is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land, Building and Plant and Machinery and equipment) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer.

Land and Building

The valuation is considered on the factors of location, need of the buyers, the overall prevailing market situation and other considerations linked with this.

Plant and Machinery and office equipment

Factors taken into consideration in order to assess the present value of the machinery and equipments include Make, Model, Quality, Operational Capacity, Existing Condition, Demand and Resale Prospects, Depreciation and Obsolescence etc.

44	PROVIDENT FUND RELATED DISCLOSURES	2018	2017
		(Rupees in thousand)	
		Un-audited	Audited
	The following information based on latest financial statements of the fund:		
	Size of the fund - Total assets	60,608	54,454
	Cost of investments made	56,411	52,438
	Percentage of investments made	93.08%	96.30%
	Fair value of investments	56,411	52,438

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

	2018		2017	
	Rs. 000s	.... % ....	Rs. 000s	.... % ....
	Un-audited		Audited	
Meezan Amdani Certificate	54,100	95.90%	49,600	94.59%
Saving accounts with banks	2,311	4.10%	2,838	5.41%
	56,411	100.00%	52,438	100.00%

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

#### 45 NUMBER OF PERSONS

No of persons employed as on year end were 392 (2017: 367) and average number of employee during the year were 428 (2017: 433). Number of factory employees as on year end were 335 (2017: 310) and average number of factory employees during the year were 373 (2017: 375).

#### 46 CORRESPONDING FIGURES

For better presentation and due to revisions in the Companies Act 2017, re-classification has been made to the comparative figures in the financial statements as follows;

Reclassification from component	Reclassification to component	Amount
Trade and other payables - Unclaimed dividend	Unclaimed dividend	3,867
Trade and other payables - Istisna / Murabaha	Short term borrowings	120,000

**47 DATE OF AUTHORIZATION**

These financial statements were authorized for issue in the Board of Directors meeting held on December 26, 2018.


**48 SUBSEQUENT EVENTS**

**48.1** Subsequent to the year ended September 30, 2018, the Board of Directors has proposed a final cash dividend of Rs. 147.831 million at 70% i.e. Rs. 7 per share of Rs.10 each (2017: Rs. 10.559 million at 5% i.e. Re. 0.5 per share of Rs. 10 each) in their meeting held on December 26, 2018 subject to the approval of the members at the Annual General Meeting scheduled to be held on January 28, 2019.

**48.2** Through the Finance Act, 2018 income tax has been levied at the rate 5% of accounting profit before tax on every public company that derives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the said tax year. Since the board of directors has recommended 70% cash dividend (Rs. 2017: 5%) for the year ended September 30, 2018 which exceeds the above stated limit, hence there would be no such tax liability.

**49 GENERAL**

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

  
**YUSUF AYOOB**  
Chief Executive Officer

  
**ZIA ZAKARIA**  
Director

  
**IQBAL UMER**  
Chief Financial Officer

**PATTERN OF HOLDING OF THE SHARES HELD BY THE  
SHAREHOLDERS AS ON SEPTEMBER 30, 2018**

NOs OF SHAREHOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
1355	1	TO	100	29,861
512	101	TO	500	124,982
99	501	TO	1000	79,544
132	1001	TO	5000	311,455
33	5001	TO	10000	243,187
12	10001	TO	15000	157,049
9	15001	TO	20000	165,582
5	20001	TO	25000	119,114
4	25001	TO	30000	117,500
3	30001	TO	35000	96,300
2	35001	TO	40000	72,917
1	40001	TO	45000	43,613
5	45001	TO	50000	240,128
2	50001	TO	55000	106,134
1	60001	TO	65000	64,816
1	115001	TO	120000	115,909
2	130001	TO	135000	266,706
2	145001	TO	150000	294,175
3	155001	TO	160000	471,941
1	170001	TO	175000	174,000
1	175001	TO	180000	178,957
3	180001	TO	185000	553,003
1	185001	TO	190000	185,514
1	200001	TO	205000	204,553
2	205001	TO	210000	413,095
1	210001	TO	215000	213,204
1	215001	TO	220000	218,086
1	220001	TO	225000	221,055
1	225001	TO	230000	226,624
1	285001	TO	290000	288,924
1	310001	TO	315000	313,040
3	360001	TO	365000	1,084,368
2	375001	TO	380000	755,669
1	395001	TO	400000	400,000
1	410001	TO	415000	410,210
1	420001	TO	425000	422,428
1	530001	TO	535000	534,928
1	640001	TO	645000	644,346
1	665001	TO	670000	666,566
1	910001	TO	915000	910,999
1	965001	TO	965000	964,787
2	1035001	TO	1040000	2,076,700
1	1150001	TO	1155000	1,154,500
1	1480001	TO	1485000	1,482,410
1	3295001	TO	3300000	3,299,784
<b>2216</b>		<b>TOTAL</b>		<b>21118663</b>

**CATEGORIES OF SHAREHOLDING AS ON SEPTEMBER 30, 2018**

SR. NO.	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1	INDIVIDUALS	2189	12,297,433	58.23 %
2	INSURANCE COMPANIES	1	23,551	0.11 %
3	JOINT STOCK COMPANIES	15	5,927,982	28.07 %
4	FINANCIAL INSTITUTIONS	4	1,156,058	5.47 %
5	MUTUAL FUND	1	1,482,410	7.02 %
6	MODARABAS	1	15	0.00 %
7	LEASING COMPANIES	1	2,058	0.01 %
8	OTHERS	4	229,156	1.09 %
	<b>TOTAL:-</b>	<b>2216</b>	<b>21,118,663</b>	<b>100.00 %</b>

## CATEGORIES OF SHAREHOLDING AS AT SEPTEMBER 30, 2018

Categories of Shareholders	No. of Share holders	Sheres Held	Percentage
<b>ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES</b>			
Al-Noor Sugar Mills Ltd.	1	3,299,784	15.62%
Reliance Insurance Co. Ltd.	1	23,551	0.11%
Noori Trading Corporation (Pvt.) Ltd.	1	666,566	3.16%
Zain Trading Corporation (Pvt.) Ltd.	1	910,999	4.31%
<b>NBP, NIT &amp; ICP</b>			
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT	1	100	0.00%
NATIONAL BANK OF PAKISTAN	1	1,358	0.02%
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST.	1	7,757	0.04%
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	221,055	1.05%
<b>MUTUAL FUND</b>			
CDC TRUSTEE NATIONAL INVESTMENT (UNIT) FUND	1	1,482,410	7.02%
<b>DIRECTORS , CEO &amp; THEIR SPOUSES AND MINOR CHILDREN</b>			
MRS. MUNIRA ANJUM (W/O YUSUF AYOOB)	1	218,086	1.03%
MR. MUHAMMAD YOUSUF AYOUB	1	377,818	1.79%
MR. MOHAMMAD SULEMAN AYOOB	1	184,786	0.87%
MR. ABDUL AZIZ AYOOB	1	204,553	0.97%
MRS. ZARINA BAI ISMAIL (W/O ISMAIL H. ZAKARIA)	1	158,075	0.75%
MR. ZIA ZAKARIA	1	422,428	2.00%
MR. ZOHAIK ZAKARIA	1	226,624	1.07%
MRS. SURAIYA SULEMAN (W/O SULEMAN AYOOB)	1	132,927	0.63%
MR. ISMAIL H. ZAKARIA	1	47,949	0.23%
MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB)	1	43,613	0.21%
MRS. SANOBBER ZIA (W/O ZIA ZAKARIA)	1	10,641	0.05%
MR. NOOR MOHAMMAD ZAKARIA	1	362,052	1.71%
MRS. SHAHNAZ SATTAR ZAKARIA W/O NOOR MOHAMMAD ZAKARIA	1	362,053	1.71%
MR. NAEEM AHMED SHAFFI	1	1,000	0.00%
<b>PUBLIC SECTOR COMPANIES AND CORP.</b>	1	1,154,500	5.47%
<b>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES,</b>	3	2,173	0.01%
<b>INSURANCE COMPANIES, MODARABAS,</b>			
<b>LEASING, TAKAFUL AND PENSION FUND.</b>			
<b>JOINT STOCK COMPANIES</b>	12	1,050,633	4.97%
<b>OTHERS</b>	2	344	0.00%
<b>INDIVIDUALS</b>	2175	9,544,828	45.20%
<b>TOTAL:-</b>	<b>2216</b>	<b>21118663</b>	<b>100.00%</b>

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

EMPLOYEES OLD AGE BENEFITS INSTITUTION	1,154,500
CDC TRUSTEE NATIONAL INVESTMENT (UNIT) FUND	---
AL-NOOR SUGAR MILLS LIMITED	3,299,784

**Details of trading in the shares by the Directors, Executives and their spouses and minor children:**

None of the Directors, Executive and their spouses and minor Children has traded in the shares of the Company during the year except the following

	BUY Gift Received No. of Shares	SELL Gift Given No. of Shares
Mr. Abdul Aziz Ayoob	33,959	-----
Mr. Noor Mohammad Zakaria	222,852	-----
Mr. Shahnaz Sattar Zakaria	222,849	-----

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## PROXY FORM

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

Register **Folio No.** ..... and/or **CDC Participant I.D. No.** ..... and **Sub Account No.** .....  
hereby appoint ..... of .....  
or failing him .....  
of..... also a member; as my/our Proxy in my/our absence to  
attend and vote for me/us at the 40th Annual General Meeting of the Company to be held on the 28th day of January two  
thousand and Nineteen at 11:30 a.m. at Company's Registered Office 96-A, Sindhi Muslim Housing Society, Karachi and  
at any adjournment thereof :

Signed this ..... day of ..... 2019

### WITNESSES:

1. Signature .....  
Name: .....  
Address .....  
NIC or  
Passport No. ....

Rupees five  
Revenue  
Stamp

2. Signature .....  
Name: .....  
Address .....  
NIC or  
Passport No. ....

\_\_\_\_\_  
Signature of Member(s)

### **NOTE:**

1. This Proxy Form, duly completed and signed, must be received at the office of our Shares Registered office not later than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities  
In addition to the above the following requirements have to be met.
  - (i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
  - (ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
  - (iii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).



## پراکسی فارم

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ شاہ مراد شوگر ملز لمیٹڈ \_\_\_\_\_  
 کے رکن و حامل \_\_\_\_\_ عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر \_\_\_\_\_  
 اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر \_\_\_\_\_ اور ذیلی کھاتہ نمبر \_\_\_\_\_  
 بذریعہ ہذا \_\_\_\_\_ ساکن \_\_\_\_\_ یا بصورت دیگر \_\_\_\_\_  
 ساکن \_\_\_\_\_ جو کہ خود بھی ایک ممبر ہے کو اپنی / ہماری غیر موجودگی میں کمپنی کے  
 40 واں سالانہ اجلاس عام مورخہ 28 جنوری 2018 بوقت 11:30 بجے بمقام رجسٹرڈ آفس 96۔ اے سندھی مسلم ہاؤسنگ سوسائٹی کراچی میں منعقد یا ملتوی  
 ہونے والے میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

دستخط شدہ بتاریخ \_\_\_\_\_ بروز \_\_\_\_\_ 2019

گواہان:

برائے کرم پانچ روپے  
 مالیت کے ریونیو ٹکٹ  
 چسپاں کریں۔

۱۔ دستخط \_\_\_\_\_  
 نام \_\_\_\_\_  
 پتہ \_\_\_\_\_

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر \_\_\_\_\_

۲۔ دستخط \_\_\_\_\_  
 نام \_\_\_\_\_  
 پتہ \_\_\_\_\_

دستخط برائے نمبر / ممبران \_\_\_\_\_  
 (دستخط کمپنی میں درج نمونہ کے دستخط کے مطابق ہونے چاہیے)

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر \_\_\_\_\_

نوٹ:

- 1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئر رجسٹر کے دفتر میں موصول ہونا چاہیے۔
- 2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹس آف پراکسی کا عدم قرار دیئے جائیں گے۔
- 3۔ سی ڈی سی اکاؤنٹ رکھنے والے / کارپوریٹ ادارے مزید برآں درج شرائط کو پورا کریں گے۔
- (i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔
- (ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
- (iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔



SHAHMURAD SUGAR MILLS LTD

96-A, Sindhi Muslim Society  
Karachi-74400

[www.shahmuradsugar.co](http://www.shahmuradsugar.co)