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## CORPORATE INFORMATION

|                             |  |  |
|-----------------------------|--|--|
| <b>BOARD OF DIRECTORS</b>   | Mr. K. Iqbal Talib<br>Lt Col Abdul Khaliq Khan (Retd)<br>Mr. Salman Hayat Noon<br>Mr. Saifullah Khan Noon<br>Muhammad Sohail Khokhar<br>Muhammad Tariq Mir<br>Syed Ali Raza  | Chairman<br>Chief Executive / Director<br>(Non- Executive Director)<br>(Non- Executive Director)<br>(Executive Director)<br>(Non- Executive / Independent Director)<br>(Non- Executive / Independent Director) |
| <b>AUDIT COMMITTEE</b>      | Muhammad Tariq Mir<br>Mr. Salman Hayat Noon<br>Syed Ali Raza   | Chairman<br>Member<br>Member   |
| <b>HR &amp; R COMMITTEE</b> | Syed Ali Raza<br>Mr. Salman Hayat Noon<br>Lt Col Abdul Khaliq Khan (Retd)  | Chairman<br>Member<br>Member   |
| <b>TECHNICAL COMMITTEE</b>  | Muhammad Tariq Mir<br>Mr. Salman Hayat Noon<br>Lt Col Abdul Khaliq Khan (Retd)<br>Syed Ali Raza  | Chairman<br>Member<br>Member<br>Member   |
| <b>MANAGEMENT</b>           | Lt Col Abdul Khaliq Khan (Retd)<br>Muhammad Sohail Khokhar<br>Mr. Rizwan Sohail (FCA)  | Chief Executive<br>Executive Director<br>Chief Financial Officer   |
| <b>COMPANY SECRETARY</b>    | Syed Anwar Ali   |  |
| <b>AUDITORS</b>             | Shinewing Hameed Chaudhri & Co.,<br>Chartered Accountants  |  |
| <b>HEAD INTERNAL AUDIT</b>  | Muhammad Ashfaq (FCMA)   |  |
| <b>LEGAL ADVISERS</b>       | Hassan & Hassan (Advocates)  |  |
| <b>BANKERS</b>              | Al Baraka Bank (Pakistan) Limited<br>Askari Bank Limited<br>Bank Alfalah Limited – Islamic Banking<br>Bank Islami Pakistan Limited<br>Dubai Islamic Bank Pakistan Limited<br>JS Bank Limited<br>MCB Bank Limited<br>Meezan Bank Limited<br>Standard Chartered Bank (Pakistan) Limited<br>United Bank Limited |  |
| <b>HEAD OFFICE</b>          | 4- Sarwar Road,<br>Lahore Cantt.<br>Tel. # (042) 36655777<br>Fax # (042) 36662244  |  |
| <b>REGISTERED OFFICE</b>    | 66-Garden Block,<br>New Garden Town,<br>Lahore.<br>Tel. (042) 35831462-3,<br>E-mail: noonshr@brain.net.pk, noonshr66@gmail.com   |  |
| <b>SHARE REGISTRAR</b>      | Corplink (Pvt.) Limited<br>Wings Arcade, 1-K Commercial,<br>Model Town, Lahore.<br>Tel. # (042) 35839182, 35916714, 35916719<br>Fax # (042) 35869037, E-mail: shares@corplink.com.pk<br>Website: www.corplink.com.pk   |  |
| <b>MILLS</b>                | Bhalwal, District Sargodha.  |  |
| <b>WEBSITE</b>              | www.noonsugar.com  |  |

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## MISSION STATEMENT

“Noon Sugar Mills Limited is committed to continue its sustained efforts towards optimizing its resources through updated technology, staff motivation and good corporate governance so as to Insha Allah maintain its tradition of high yield and handsome returns to its shareholders on their investment in the Company.”



## **NOON SUGAR MILLS LIMITED**

Registered Office: 66 Garden Block, New Garden Town, Lahore.

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 57<sup>th</sup> Annual General Meeting of Noon Sugar Mills Limited will be held on Saturday, January 25, 2020 at 11:30 a.m. at 66 Garden Block, New Garden Town, Lahore to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on January 26, 2019.
2. To receive, consider and adopt the audited accounts for the year ended September 30, 2019 and the reports of the directors and auditors thereon.
3. To approve payment of Dividend. The Board has recommended dividend @ Rs. 3.00 per share (30%).
4. To appoint auditors for the year ending September 30, 2020 and to fix their remuneration.
5. To transact any other business as may be placed before the meeting with the permission of the Chairman.

#### **CLOSURE OF SHARE TRANSFER BOOKS**

The Share Transfer Books of the Company will remain closed from January 18, 2020 to January 25, 2020 (both days inclusive) for holding the Annual General Meeting and to determine entitlement of Dividend. The Share(s) transfer requests received up to close of business on January 17, 2020 shall entitle the transferees to receive the aforesaid Dividend.

By Order of the Board



**SYED ANWAR ALI**

Company Secretary

Lahore: December 23, 2019

#### **NOTES:**

1. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at the registered office duly stamped and signed not later than forty eight (48) hours before the time for holding the meeting. A member cannot appoint more than one proxy. Attested copy of CNIC must be attached with the proxy form.
2. CDC account holders are required to follow under mentioned guidelines laid down by Securities and Exchange Commission of Pakistan.
  - (I) For attending the meeting:
    - (i) in case of individuals the account holders or sub-account holder shall authenticate his/her identity by showing his/her original computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
    - (ii) In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - (iv) The proxy shall produce his/her original CNIC or passport at the time of meeting.
  - (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted to the Company along with proxy form.
3. The members having physical shares are requested to provide copies of their CNIC and to notify change in their addresses, if any, to Company's Share Registrar i.e. M/s Corplink (Pvt) Ltd, Wings Arcade, I-K Commercial , Model Town, Lahore.
4. In compliance with directive of SECP, shareholders are advised to send their respective bank account detail as per form attached enabling the Company to credit their cash dividend directly into their respective bank accounts.
5. If the Company receives consent from members holding in aggregate ten percent (10%) or more shareholding residing at a geographical location, to participate in the meeting through video conference at least ten (10) days prior to the date of meeting, the Company will arrange video conference facility in the city subject to availability of such facility in the city. The Company will intimate such members regarding venue of video conference facility at least five (5) days before the date of general meeting. Prescribed form for consent is enclosed in the annual report.

By Order of the Board



**SYED ANWAR ALI**

Company Secretary

**Lahore : December 23, 2019**

## SIX YEARS' REVIEW AT A GLANCE

| YEAR ended 30th September .....>    |            | 2019      | 2018      | 2017      | 2016      | 2015      | 2014      |
|-------------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Sugar Production:</b>            |            |           |           |           |           |           |           |
| Cane crushed                        | (M.Tons)   | 630,929   | 1,008,945 | 1,115,492 | 401,084   | 439,402   | 498,954   |
| Average sucrose recovery            | (%)        | 10.01     | 9.77      | 10.16     | 9.75      | 9.48      | 9.83      |
| Sugar produced                      | (M.Tons)   | 63,098    | 98,655    | 113,308   | 39,015    | 41,665    | 49,054    |
| Operating period                    | (Days)     | 102       | 121       | 140       | 86        | 96        | 99        |
| <b>Alcohol Production:</b>          |            |           |           |           |           |           |           |
| Molasses processed                  | (M.Tons)   | 69,229    | 85,724    | 87,140    | 38,578    | 54,187    | 71,957    |
| Alcohol produced                    | (M.Tons)   | 14,311    | 17,794    | 17,162    | 9,193     | 12,617    | 17,228    |
| Average alcohol yield               | (Ltrs/Ton) | 258       | 259       | 246       | 238       | 233       | 239       |
| Operating period                    | (Days)     | 216       | 310       | 297       | 154       | 242       | 261       |
| <b>Operating results:</b>           |            |           |           |           |           |           |           |
| Sales                               | (000' Rs.) | 5,671,219 | 6,273,476 | 4,835,588 | 2,588,546 | 3,027,256 | 3,252,536 |
| Cost of sales                       | (000' Rs.) | 4,805,768 | 5,562,171 | 4,263,805 | 2,353,460 | 2,902,182 | 3,101,236 |
| Gross profit                        | (000' Rs.) | 865,451   | 711,305   | 571,783   | 235,086   | 125,074   | 151,300   |
| Gross Profit to Net Sales           | (%)        | 15.26     | 11.34     | 11.82     | 9.08      | 4.13      | 4.65      |
| Pre-tax profit/(loss)               | (000' Rs.) | 272,332   | 270,184   | 189,947   | 51,781    | (87,593)  | (100,808) |
| Total Comprehensive income / (loss) | (000' Rs.) | 229,735   | 207,929   | 142,627   | 39,068    | (93,765)  | (121,968) |
| Net Profit/(loss) to Net Sales      | (%)        | 4.05      | 3.31      | 2.95      | 1.51      | (3.10)    | (3.75)    |
| <b>Shareholders' Equity:</b>        |            |           |           |           |           |           |           |
| Paid up capital                     | (000' Rs.) | 165,175   | 165,175   | 165,175   | 165,175   | 165,175   | 165,175   |
| Reserves & surplus                  | (000' Rs.) | 763,666   | 576,876   | 426,758   | 300,649   | 261,581   | 355,310   |
| Shareholders' equity                | (000' Rs.) | 928,841   | 742,051   | 591,933   | 465,824   | 426,756   | 520,485   |
| Break-up value per share            | (Rupees)   | 56.23     | 44.93     | 35.84     | 28.20     | 25.84     | 31.51     |
| Earnings per share                  | (Rupees)   | 13.64     | 12.76     | 8.73      | 2.43      | 7.00      | (6.72)    |
| Return on equity                    | (%)        | 24.73     | 28.02     | 24.10     | 8.39      | (21.97)   | (23.43)   |
| <b>Financial position:</b>          |            |           |           |           |           |           |           |
| Current assets                      | (000' Rs.) | 2,719,124 | 2,609,533 | 2,865,040 | 687,282   | 607,642   | 762,781   |
| Fixed capital expenditure           | (000' Rs.) | 1,486,466 | 1,358,323 | 1,122,818 | 1,007,579 | 943,492   | 1,010,005 |
| Total assets                        | (000' Rs.) | 4,211,454 | 3,980,149 | 4,002,125 | 1,707,653 | 1,553,327 | 1,790,805 |
| Current liabilities                 | (000' Rs.) | 3,076,890 | 2,964,329 | 3,064,573 | 1,142,924 | 1,032,169 | 1,126,478 |
| Long term debts                     | (000' Rs.) | 150,000   | 225,000   | 300,000   | 62,112    | 60,000    | 90,000    |
| Total liabilities                   | (000' Rs.) | 3,282,613 | 3,238,098 | 3,410,192 | 1,241,829 | 1,126,571 | 1,270,320 |
| Current ratio                       | (%)        | 0.88      | 0.88      | 0.93      | 0.60      | 0.59      | 0.68      |
| Debt equity ratio                   | (%)        | 2.87      | 3.62      | 4.56      | 1.52      | 1.32      | 1.75      |
| <b>Dividends:</b>                   |            |           |           |           |           |           |           |
| Cash                                | (%)        | 30        | 26        | 35        | 10        | 0         | 0         |
| Bonus Shares                        | (%)        | 0         | 0         | 0         | 0         | 0         | 0         |
| Total pay out                       | (%)        | 30        | 26        | 35        | 10        | 0         | 0         |

## CHAIRMAN'S REVIEW

I am pleased to present to our valued shareholders, the annual report and audited financial statement of the company, for the year ended 30th Sept. 2019.

During the current year, the country has faced many challenges for the overall economy. Having entered into another IMF program, the Govt. tightened its monetary policy. A significant increase was witnessed in interest rates, which coupled with a sharp devaluation of PKR and high inflation, caused a negative impact on the growth of industrial sector in particular and all businesses in general. Consequently, the GDP was restricted to 3.3 % against a target of 6.2% & the industrial growth remained at 1.4% against a target of 7.6%.

However, the Govt. was successful in narrowing the current account deficit by 33%, primarily by increasing the tariffs and curbing the imports.

The industry was faced by the above challenges of economic slowdown to impact their profitability. But by the blessings of Allah & through the vigilant guidance of the Board for strategic planning by the management, duly supported by the sincere effort of officers and staff, your company has achieved a net profit of Rs.225.3 million, with an improved EPS of Rs. 13.64, for the year under review.

The Board is also appreciative of a major progressive step taken by the management for successful implementation of ERP, which integrates all major disciplines of controls, like cane accounts, general accounts, HR and also provision of agricultural inputs to both growers and cane development farms.

The Board members are aware of the high level of ethical and professional standards laid down in our Vision & Mission Statements which are adopted by the Company and the Board fully supports the objectives of achieving them.

The Board members have successfully brought diversity by constituting a mix of independent, non-executive and executive directors. They possess the requisite knowledge and skills to guide the Company through their individual judgments, in appropriately constituted Board Committees.

The Board is cognizant of your Company's obligation to be compliant with the listed Companies Code of Corporate Governance 2019 and Regulations under Companies Act 2017 and ensures that adequate controls and a robust system is in place for compliance of the policies and high standards are laid down for running a successful business.

The Board has completed the annual self-evaluation for the year ended Sept. 30, 2019 and I am pleased to report that the overall performance, benchmarked on the basis of criteria set for the year, have remained satisfactory. The above assessment was based on the standards set by the Board in line with the best corporate governance practices.

On behalf of the Board, I would like to thank our management, officers and the staff for their diligence in achieving the Company's objectives. I also wish to thank the financial institutions and our local & international customers for their cooperation & support.



Mr. K. Iqbal Talib  
Chairman

Lahore : December 23, 2019

## DIRECTORS' REPORT TO THE MEMBERS

Dear members,

The Directors of Noon Sugar Mills Limited are pleased to present the 57th annual report and audited Financial Statements of the company and the Auditors' Report thereon, for the year ended 30 September 2019.

### Financial Performance:

Your company has posted a net profit after tax of Rs.225 million in the reporting year, as compared to Rs. 211 million in the corresponding period of last year. Net sales were Rs 5,671 million in the current reporting year against net sales of Rs 6,273 million in the last year. EPS is Rs. 13.64 during the current financial year as against Rs 12.76 in the same period last year.

An Increase in Sugar prices has contributed towards improvement in operational results. However, sharp increases in markup rate, coupled with a substantial increase in sales tax on sugar, have squeezed the profitability of the sugar segment.

*The devaluation of Pak Rupee has however, mitigated in some measure, the impact of increased molasses prices during the reporting period and helped the distillery segment to maintain its operational results.*

|                             | 2019  | 2018  |
|-----------------------------|-------|-------|
| Rupees in million           |       |       |
| Net Sales                   | 5,671 | 6,273 |
| Gross Profit                | 865   | 711   |
| Operating Profit            | 613   | 522   |
| Total Comprehensive Income  | 230   | 208   |
| Earnings Per Share (Rupees) | 13.64 | 12.76 |

### Operational Performance:

#### Sugar:

Your mills crushed 630,929 M.Tons of sugarcane and produced 63,098 M.Tons sugar, with an average sucrose recovery of 10.01%, in 102 days operation as compared to 1,008,944 M.Tons of sugarcane crushing and 98,655 M.Tons of sugar production with 9.77% sucrose recovery in 121 days' operation in the corresponding period of last year.

The operational performance of Sugar segment for the year under review with comparative statistics of last year are tabulated below:

|                          |         | 2019    | 2018      |
|--------------------------|---------|---------|-----------|
| Operating Period         | Days    | 102     | 121       |
| Cane Crushed             | M. Tons | 630,929 | 1,008,944 |
| Sugar Produced           | M. Tons | 63,098  | 98,655    |
| Average Sucrose Recovery | % age   | 10.01   | 9.77      |
| Molasses Recovery        | % age   | 4.57    | 4.51      |
| Molasses Produced        | M. Tons | 28,800  | 45,500    |



A significant reduction in sugarcane cultivated areas with a reduced crop yield has caused a marked fall in sugar production in the reporting period. The reduced sugarcane availability has unfortunately, resulted in a price war to secure cash payment for cane procurement at increased prices, fueled mainly by middle men.

We are also motivating growers to increase sugarcane cultivation by providing loan for seed and fertilizers.

#### **Distillery:**

During the reporting year, 69,229 M.Tons of molasses with a yield of 259 Ltrs/M.Ton, was processed resulting in the production of 14,311 M.Tons of industrial grade ethanol, as compared to 85,723 M.Tons of molasses with a yield of 259 Ltrs/M.Ton being processed, resulting in the production of 17,794 M.Tons of industrial grade ethanol in the previous year.

The operational performance of the Distillery segment for the year under review with comparative statistics of last year are tabulated below:

|                    |             | 2019   | 2018   |
|--------------------|-------------|--------|--------|
| Operating Period   | Days        | 216    | 310    |
| Molasses Processed | M. Tons     | 69,229 | 85,723 |
| Ethanol Produced   | M. Tons     | 14,311 | 17,794 |
| Average Yield      | Ltrs/M. Ton | 259    | 259    |

Molasses procurement remained a challenge due to reduce sugar production, which caused a reduction in Ethanol production. However, your management is pleased to report that the new distillery plant has proved itself as an efficient addition in our production facility.

#### **Future Outlook:**

##### **Sugar:**

Your management is well aware of the consecutive reduction in the sugarcane crop and has already taken some initiatives to overcome the said situation by the provision of fertilizer to the growers on deferred payment basis and on-field growers training to increase the sugarcane yield and to reduce harvesting losses. The recent increase in sugarcane support price will also attract the growers towards this cash crop. However, the sugar industry is looking for the Govt. to formulate a long term policy for the sugar industry to take some remedial action to mitigate the progressive increase in sugar production cost and recent increase in the sales tax on sugar sale. As an additional support to the industry, they should be allowed to take advantage of the occasional bullish trend in the export market by the Govt.'s timely decision to boost export in such situations.

##### **Ethanol:**

Another sharp increase is being witnessed in already inflated molasses price in the current crushing season. recent devaluation of Pak rupee will not be enough to mitigate the molasses procurement cost.

Despite a lower global Ethanol production forecast may result in some improvement in the export price of Ethanol. The overall trajectory of the Distillery segment does not appear to be promising when compared with the return of previous years.

Keeping in view of the difficult time ahead, your management is continuously working on various strategies to improve the operational efficiency to reduce the production cost of both products.

### **Related Parties Transaction:**

Related Parties transaction are being carried out on arm's length basis. Subsequent to the reporting period, Malik Adnan Hyat Noon has been appointed as advisor to the Board.

### **Corporate Social Responsibility:**

Noon Sugar Mill Ltd is committed to playing an active role in supporting and working for sustainable community and social development. Corporate Social Responsibility (CSR) is integrated in its core values and is an integral part of the Company's overall mission.

Followings are few ongoing initiatives taken by NSML to full fill its corporate social responsibilities.

- a. Your company is providing quality education by establishing and running a College and a modern English medium Model High School in the Employees Housing Colony, for the benefit of its employee's children and also families living in factory vicinity. The employee's children are also encouraged to pursue higher education by grant of scholarships starting from Matriculation upwards every year.
- b. NSML is running a fair price shop in the housing colony for provision of household items at subsidized rates.
- c. It also runs a free Dispensary in Bhalwal for the past 26 years and provides free medicines to the poor patients of adjoining housing colonies.

### **Compliance with the Code of Corporate Governance:**

The requirement of the Code of Corporate Governance (CCG) set out by listing regulations of Pakistan Stock Exchange relevant for the year ended 30 September, 2019 have been adopted by the Company and have been fully complied with. A statement to this effect is annexed to the report.

### **Corporate and Financial Reporting Framework:**

The financial statements together with the notes thereon have been drawn up by the management of the Company in conformity with the Companies Act, 2017 and applicable International Financial Reporting Standards (IFRS). These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

The Board of Directors hereby declares that:

Any departure from the application of IFRS has been adequately disclosed in "Notes to the Financial Statements";

proper books of accounts of the Company have been maintained by the Company;

appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

the system of internal controls is sound in design and has been effectively implemented and monitored;

there are no doubts upon the Company's ability to continue as a going concern;

there has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations of stock exchanges;

- the key operating and financial data of last six years is annexed to this report.
- there are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 30 September, 2019 except for those disclosed in the financial statements;
- the Directors, CEO, CFO, Company Secretary and their spouses and minor children have not made any transactions in the Company's shares during the year ended 30 September, 2019; except as stated below.
- Cost of the investments of employees retirement funds are as follows:

#### **Staff Retirement Benefits:**

The company has maintained a recognized provident fund, and based on audited financial statements of funds, value of its investment is as follows:

|                          |                    |
|--------------------------|--------------------|
| As at 30 September, 2019 | Rs. 73.590 million |
| As at 30 September, 2018 | Rs. 83.447 million |

Gratuity scheme is currently un-funded and annual provision is made on the basis of actuarial valuation to cover obligation under the scheme for all eligible employees and the details are contained in Note 10 to the audited financial statements for the year ended 30 September, 2019.

Pattern of Shareholding of the Company as on September 30, 2019 is annexed where as other related information is as follows:.

#### **Shares held by:**

Associated Companies, undertakings and related parties:

|   | Number of shares held |
|---|-----------------------|
| I. Noon Industries (Pvt.) Limited                       | 765,403               |
| II. Mutual Funds:                                       | Nil                   |
| III. The Directors and their spouse and minor children: |                       |

#### **Number of shares held**

| <b><u>Names of Directors</u></b> | <b><u>Own self</u></b> | <b><u>Spouse</u></b> | <b><u>Minor Children</u></b> |
|----------------------------------|------------------------|----------------------|------------------------------|
| Mr. Salman Hayat Noon            | 3,384,695              | Nil                  | Nil                          |
| Mr. Saifullah Khan Noon          | 17                     | Nil                  | Nil                          |
| Mr. K. Iqbal Talib               | 26,360                 | 7,260                | Nil                          |
| Syed Ali Raza                    | 1                      | Nil                  | Nil                          |
| Lt Col Abdul Khaliq Khan (Retd)  | 1                      | Nil                  | Nil                          |
| Muhammad Sohail Khokhar          | 4                      | Nil                  | Nil                          |
| Muhammad Tariq Mir               | 1                      | Nil                  | Nil                          |
| IV. Executives:                  | Nil                    | Nil                  | Nil                          |

V. Public Sector Companies and Corporations, Joint Stock Companies and others:

| <u>Shares held</u> | <u>Percentage</u> |
|--------------------|-------------------|
| 1,858,214          | 11.25 %           |

VI. Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds

| <u>Shares held</u> | <u>Percentage</u> |
|--------------------|-------------------|
| 7,219              | 0.0437 %          |

VII. Shareholders holding five percent or more voting rights:

|   | <u>Shares held</u> | <u>Percentage</u> |
|---|--------------------|-------------------|
| Ms. Tahia Noon                          | 6,000,000          | 36.33 %           |
| Mr. Salman Hayat Noon                   | 3,384,695          | 20.49 %           |
| EFG Private Bank (Channel Islands) Ltd. | 1,437,480          | 8.70 %            |

**Trading in Shares:**

|                        | <u>Sale/Gift</u> | <u>Purchase</u> |
|------------------------|------------------|-----------------|
| Directors, Executives  |                  |                 |
| Malik Adnan Hayat Noon | 6,000,032        | Nil             |

**Meeting of Board of Directors and Attendance:**

During the year under review, **Four** meetings of the Board of Directors were held, attendance position was as under:

**NAMES OF DIRECTORS**

**MEETINGS ATTENDED**

|                                 |   |
|---------------------------------|---|
| Mr. K. Iqbal Talib              | 4 |
| Malik Adnan Hayat Noon          | 3 |
| Mr. Salman Hayat Noon           | 3 |
| Lt Col Abdul Khaliq Khan (Retd) | 3 |
| Muhammad Sohail Khokhar         | 4 |
| Muhammad Tariq Mir              | 4 |
| Syed Ali Raza                   | 4 |

Leave of absence was granted to the directors who could not attend the Board Meetings.

**Audit Committee, its Meetings and Attendance:**

An Audit Committee of the Board has been in existence since the CCG, which now comprises of two independent and one non-executive directors. The Audit Committee has its terms of reference which were approved by the Board of Directors in accordance with the guidelines provided by the listing regulations. During the year under review, Four Audit Committee Meetings were held, attendance position was as under:

**NAMES OF DIRECTORS**
**MEETINGS ATTENDED**

|                       |   |
|-----------------------|---|
| Muhammad Tariq Mir    | 4 |
| Mr. Salman Hayat Noon | 4 |
| Syed Ali Raza         | 4 |

**Human Resource and Remuneration Committee:**

Human Resource and Remuneration Committee was formed to monitor the procedure of selection, evaluation, compensation and succession planning of key management personnel. During the year under review, **Four** committee meetings were held, attendance position was as under:

**NAMES OF DIRECTORS**
**MEETINGS ATTENDED**

|                                  |   |
|----------------------------------|---|
| Syed Ali Raza                    | 4 |
| Malik Adnan Hayat Noon           | 4 |
| Mr. Salman Hayat Noon            | 3 |
| Lt. Col Abdul Khaliq Khan (Retd) | 4 |

**Number of Meetings of Shareholders:**

During the year under review, annual general meeting was held on 26<sup>th</sup> January, 2019.

**Outstanding Statutory Payments:**

All outstanding payments are of normal and routine nature.

**Director's Remuneration Policy:**

The Board of Directors has approved a formal policy for remuneration of executive directors depending upon their responsibility in the affairs of the Company. Remuneration of the executive directors shall be approved by the Board of Director, as recommended by the Human Resource and Remuneration Committee. The Company will not pay any remuneration to Independent Directors except fee for attending meetings of the Board and its committees.

**Role of Shareholders:**

The Board aims to ensure that the Company's shareholders are timely informed about the major developments affecting the Company's state of affairs. To achieve this objective, information is communicated to the shareholders through quarterly, half-yearly and annual reports, now being promptly placed on Company's website. The Board encourages the shareholders' participation at the General Meetings to ensure the desired level of accountability.

**Dividend:**

The Board of Directors in their meeting held on December 23, 2019 has recommended payment of final cash dividend for the year ended September 30, 2019 @ Rs.3.00 per share (30%) to all the shareholders of the company. The approval of the members for the final dividend shall be obtained at the Annual General Meeting to be held on January 25, 2020.

**Health, Safety & Environment:**

The Company adheres and ensures strict compliance of internationally acceptable Health Safety and environment standard and we continue refining our processes for safer, more sustainable operations for today and tomorrow.

**Auditors:**

M/s Shinewing Hameed Chaudhri & Co., Chartered Accountants, the retiring auditors have offered their services for another term. The Board proposes their appointment as recommended by the Audit Committee.

**Acknowledgement:**

We acknowledge invaluable support from all of our stakeholders including Financial Institutions, Vendors, customers and shareholders of our Company. We take this opportunity to appreciate our employees for their commitment, dedication and round the clock efforts for the growth of the Company.

For and on behalf of the Board



**Lt Col Abdul Khaliq Khan (Retd)**  
Chief Executive



**M. SOHAIL KHOKHAR**  
Director

**Lahore** : December 23, 2019

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

Name of Company: Noon Sugar Mills Limited  
Year Ended: September 30, 2019

The Company has complied with the requirements of the repealed Listed Companies (Code of Corporate Governance) Regulations 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019 (here-in-after referred as “Codes”) in the following manner.

1. The total numbers of directors are seven as per the following.

### **Names**

|                                 |                            |
|---------------------------------|----------------------------|
| Lt Col Abdul Khaliq Khan (Retd) | (Executive Director / CEO) |
| Muhammad Sohail Khokhar         | (Executive Director)       |
| Mr. K. Iqbal Talib              | (Non - Executive Director) |
| Mr. Salman Hayat Noon           | (Non - Executive Director) |
| Mr. Saifullah Khan Noon         | (Non - Executive Director) |
| Muhammad Tariq Mir              | (Independent Director)     |
| Syed Ali Raza                   | (Independent Director)     |

2. The composition of board is as follows:

|                                  |    |
|----------------------------------|----|
| a) Independent Directors         | 02 |
| b) Other Non Executive Directors | 03 |
| c) Executive Directors           | 02 |

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Companies Act 2017 and the Codes.
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 Companies Act 2017 and the Codes with respect to frequency, recording and circulating minutes of meetings of the board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act 2017 and the Codes.
9. The board has arranged Directors' Training program for the following during the year :

Syed Ali Raza (Independent Director)

Among the directors, three directors namely Syed Ali Raza, Muhammad Tariq Mir and Lt Col Abdul Khaliq Khan (Retd) have acquired Director Training Certification whereas Mr. K. Iqbal Talib is exempted from Director Training Certification having 14 years of education and more than 15 years of experience of Board of listed company.

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

11. Mr. Saifullah Khan Noon was appointed as Director on August 23, 2019 in place of Malik Adnan Hayat Noon who resigned on August 22, 2019.

12. CFO and CEO endorsed the financial statements before approval of the board.

13. The board has formed committees comprising of members given below :

**a) Audit Committee**

- |                           |          |
|---------------------------|----------|
| i) Muhammad Tariq Mir     | Chairman |
| ii) Mr. Salman Hayat Noon | Member   |
| iii) Syed Ali Raza        | Member   |

**b) HR and Remuneration Committee**

- |                                      |          |
|--------------------------------------|----------|
| i) Syed Ali Raza                     | Chairman |
| ii) Mr. Salman Hayat Noon            | Member   |
| iii) Lt Col Abdul Khaliq Khan (Retd) | Member   |

14. Term of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

15. The frequency of the meetings of the committees were as per following:

- |                                |                          |
|--------------------------------|--------------------------|
| a) Audit Committee             | 04 (one in each Quarter) |
| b) HR & Remuneration Committee | 04 (one in each Quarter) |

16. The board has setup an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and the procedures of the company.

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

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, the Codes or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with.

20. We confirm that all the requirements of repealed Listed Companies (Code of Corporate Governance) Regulations 2017 have been complied with.



**Mr. K. Iqbal Talib**  
Chairman

**Lahore : December 23, 2019**



**INDEPENDENT AUDITORS' REVIEW REPORT  
TO THE MEMBERS OF NOON SUGAR MILLS LIMITED**  
**Review Report on the Statement of Compliance**  
**contained in the repealed Listed Companies**  
**(Code of Corporate Governance) Regulations, 2017**  
**and the Listed Companies**  
**(Code of Corporate Governance) Regulations, 2019**

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

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

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

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

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

*Shinewing Hameed Chaudhri & Co.*

**SHINEWING HAMEED CHAUDHRI & CO.,**

Chartered Accountants

Audit Engagement Partner: Mr. Osman Hameed Chaudhri

Lahore : December 23, 2019

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

### Opinion

We have audited the annexed financial statements of **NOON SUGAR MILLS LIMITED** (the Company), which comprise the statement of financial position as at September 30, 2019, and the statement of profit or loss and other 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, statement of profit or loss and other 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, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 matters.

| S.No. | Key audit matters   | How the matter was addressed in our audit  |
|-------|---|--|
| I     | <p>First time adoption of <b>IFRS 9 'Financial Instruments'</b> and <b>IFRS 15 'Revenue from Contracts with Customers'</b></p> <p>IFRS 9 is effective to the financial statements of the Company for the first time during the current year and replaces IAS 39 'Financial Instruments: Recognition and Measurement'.</p> <p>In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. ECL reflect a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs is complex and involves a number of judgemental assumptions.</p> <p>IFRS 9 also introduces new classification of financial assets based on the Company's business model for managing the financial assets and the contractual terms of the cash flows.</p> | <p>For IFRS 9, we reviewed and understood the requirements. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's financial statements;</li> <li>- Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. Reviewed the working of management for ECL provision; and</li> <li>- Reviewed the new classification of financial assets and financial liabilities of the Company based on the revised criteria of IFRS 9.</li> </ul> <p>For IFRS 15, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Discussed with the management changes made in the revenue recognition criteria to comply with the requirements of new accounting standard;</li> </ul> |

| S.No.    | Key audit matters   | How the matter was addressed in our audit  |
|----------|---|--|
|          | <p>IFRS 15 is effective to the financial statements of the Company for the first time during the current year and changes the revenue recognition criteria. IFRS 15 introduces a single five-steps model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers.</p> <p>In view of the above amendments, reclassifications of financial assets, assumptions involved, incorporation of new disclosures, we considered the adoption of IFRS 9 and IFRS 15 as a key audit matter.</p>   | <ul style="list-style-type: none"> <li>- Obtained relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as introduced by IFRS 15; and</li> <li>- Assessed the appropriateness of the related disclosures made by the management in the Company's financial statements.</li> </ul>   |
| <b>2</b> | <p><b>Contingencies</b></p> <p>The Company is subject to litigations against various Government departments involving different Courts. These litigations require management to make assessment and judgement with respect to likelihood and impact of such litigations.</p> <p>Management has engaged independent legal counsel on these matters.</p> <p>The accounting for and disclosure of contingencies is complex and a matter of significance in our audit because of the judgement required to determine the level of certainty on these matters.</p> <p>Due to high magnitude of the amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impact, we have considered above referred contingencies as one of the key audit matters.</p> <p>Refer contents of notes 15.1 to 15.12 to the financial statements.</p> | <p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none"> <li>- Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances;</li> <li>- Obtaining independent opinion of legal advisors dealing with such cases in the form of confirmations;</li> <li>- We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets;</li> <li>- tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories; and</li> <li>- The disclosures of legal exposures and provisions were assessed for completeness and accuracy.</li> </ul> |
| <b>3</b> | <p><b>Trade Debts</b></p> <p>As at September 30 2019, the Company's trade debtors were of Rs.679.756 million. There has been an increase of Rs.640.203 million over the last year. No provision has been recorded for impairment in trade debts.</p> <p>The Company has estimated the expected credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. ECL reflect a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs is complex and involves a number of judgemental assumptions.</p>   | <p>We performed following audit procedures:</p> <ul style="list-style-type: none"> <li>- We obtained credit policy with respect to debtors and assess the Company's compliance of its policy;</li> <li>- We sought external confirmations from the selected debtors for their balances that remained outstanding at the year end and compared replies to the request;</li> <li>- We tested the accuracy of data on sample basis extracted from the Company's accounting system which is used to calculate the ageing of trade debts;</li> <li>- We performed subsequent check of selected debtor balances to review recovery from debtors after the year end; and</li> <li>- We assessed the reasonableness of methods used by the management to estimate that the doubtful debts are appropriate and ensured that the same is applied consistently.</li> </ul>    |

| S.No. | Key audit matters   | How the matter was addressed in our audit  |
|-------|---|--|
|       | <p>We identified the recoverability of trade debts as a key audit matter.</p> <p>Refer to note 21 to the financial statements and the accounting policy in note 5.13 to the financial statements.</p> | <p>we assessed the appropriateness of the related disclosure made by the management in the Company's financial statements.</p> |

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

Management is responsible for the other information, which comprises the information included in the Annual Report, 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 (XIX of 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.

### Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditors' 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 upto the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other 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 auditors' report is Mr. Osman Hameed Chaudhri.

Lahore : December 23, 2019

*Shinewing Hameed Chaudhri & Co.*  
**SHINEWING HAMEED CHAUDHRI & CO.,**  
Chartered Accountants

## Statement of Financial Position As at September 30, 2019

|   | Note | 2019<br>--- Rupees in '000 --- | 2018             |
|---|------|--------------------------------|------------------|
| <b>Equity and Liabilities</b>                     |      |                                |                  |
| <b>Share Capital and Reserves</b>                 |      |                                |                  |
| <b>Authorised capital</b>                         |      |                                |                  |
| 20,000,000 ordinary shares of Rs. 10 each         |      | <u>200,000</u>                 | 200,000          |
| Issued, subscribed and paid-up capital            | 6    | 165,175                        | 165,175          |
| Reserves  | 7    | 249,217                        | 249,217          |
| Unappropriated profits                            |      | 514,449                        | 327,659          |
|   |      | <u>928,841</u>                 | <u>742,051</u>   |
| <b>Non-Current Liabilities</b>                    |      |                                |                  |
| Long term finance                                 | 8    | 150,000                        | 225,000          |
| Liability against assets subject to finance lease | 9    | 9,797                          | 4,778            |
| Staff retirement benefits - gratuity              | 10   | 45,926                         | 43,991           |
|   |      | <u>205,723</u>                 | <u>273,769</u>   |
| <b>Current Liabilities</b>                        |      |                                |                  |
| Trade and other payables                          | 11   | 354,220                        | 317,645          |
| Contract liabilities                              |      | 14,780                         | 49,151           |
| Accrued mark-up                                   | 12   | 73,118                         | 67,948           |
| Short term finances                               | 13   | 2,402,453                      | 2,386,078        |
| Current portion of non-current liabilities        | 14   | 118,008                        | 77,039           |
| Unclaimed dividends                               |      | 5,100                          | 5,100            |
| Unpaid dividends                                  |      | 2,798                          | 1,969            |
| Provision for taxation                            |      | 106,413                        | 59,399           |
|   |      | <u>3,076,890</u>               | <u>2,964,329</u> |
|   |      | <u>3,282,613</u>               | <u>3,238,098</u> |
| <b>Contingencies and Commitments</b>              |      |                                |                  |
|   | 15   | <u>4,211,454</u>               | <u>3,980,149</u> |

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



**Lt Col ABDUL KHALIQ KHAN (Retd)**  
Chief Executive

## Statement of Financial Position

### As at September 30, 2019

|  |      | 2019                     | 2018      |
|--|------|--------------------------|-----------|
|  | Note | ---- Rupees in '000 ---- |           |
| <b>Assets</b>  |      |                          |           |
| <b>Non-Current Assets</b>  |      |                          |           |
| Property, plant and equipment  | 16   | 1,478,649                | 1,350,449 |
| Investment property  | 17   | 7,817                    | 7,874     |
| Loans and advances   | 18   | 1,985                    | 360       |
| Security deposits  |      | 3,879                    | 11,933    |
|  |      | 1,492,330                | 1,370,616 |
| <b>Current Assets</b>  |      |                          |           |
| Stores, spares and loose tools                                       | 19   | 96,252                   | 101,955   |
| Stock-in-trade   | 20   | 1,147,288                | 1,997,542 |
| Trade debts  | 21   | 679,756                  | 39,553    |
| Loans and advances   | 22   | 431,559                  | 110,106   |
| Short term prepayments   |      | 6,133                    | 2,844     |
| Other receivables  | 23   | 191,875                  | 236,230   |
| Income tax refundable, advance income tax and tax deducted at source |      | 107,655                  | 75,295    |
| Bank balances  | 24   | 58,606                   | 46,008    |
|  |      | 2,719,124                | 2,609,533 |
|  |      | 4,211,454                | 3,980,149 |

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

  
**M. SOHAIL KHOKHAR**  
 Director

  
**RIZWAN SOHAIL**  
 Chief Financial Officer

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended September 30, 2019

|  |      | 2019                   | 2018           |
|--|------|------------------------|----------------|
|  | Note | --- Rupees in '000 --- |                |
| Sales - net  | 25   | 5,671,219              | 6,273,476      |
| Cost of sales  | 26   | (4,805,768)            | (5,562,171)    |
| <b>Gross profit</b>  |      | <b>865,451</b>         | <b>711,305</b> |
| Distribution and marketing expenses  | 27   | (106,952)              | (104,464)      |
| Administrative expenses  | 28   | (160,456)              | (135,209)      |
| Other income   | 29   | 36,466                 | 68,720         |
| Other expenses   | 30   | (21,657)               | (18,513)       |
| <b>Profit from operations</b>  |      | <b>612,852</b>         | <b>521,839</b> |
| Finance cost   | 31   | (340,520)              | (251,655)      |
| <b>Profit before taxation</b>  |      | <b>272,332</b>         | <b>270,184</b> |
| Taxation   | 32   | (47,015)               | (59,399)       |
| <b>Profit after taxation</b>   |      | <b>225,317</b>         | <b>210,785</b> |
| <b>Other comprehensive income / (loss)</b>                                     |      |                        |                |
| Items that will not be reclassified subsequent to statement of profit or loss: |      |                        |                |
| - gain / (loss) on remeasurement of staff retirement benefit obligation        |      | 4,418                  | (2,856)        |
| <b>Total comprehensive income</b>  |      | <b>229,735</b>         | <b>207,929</b> |
| ----- Rupees -----   |      |                        |                |
| <b>Earnings per share - basic and diluted</b>                                  | 33   | <b>13.64</b>           | <b>12.76</b>   |

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

  
**Lt Col ABDUL KHALIQ KHAN (Retd)**  
Chief Executive

  
**M. SOHAIL KHOKHAR**  
Director

  
**RIZWAN SOHAIL**  
Chief Financial Officer



## Statement of Cash Flows

### For the Year Ended September 30, 2019

|   | 2019                   | 2018             |
|---|------------------------|------------------|
|   | --- Rupees in '000 --- |                  |
| <b>Cash flow from operating activities</b>                              |                        |                  |
| Profit for the year before taxation                                     | 272,332                | 270,184          |
| <b>Adjustments for non-cash charges and other items:</b>                |                        |                  |
| Depreciation on property, plant & equipment and investment property     | 159,737                | 110,549          |
| Gain on disposal of operating fixed assets                              | (973)                  | (788)            |
| Operating fixed assets written-off                                      | -                      | 4,170            |
| Unclaimed and other payable balances written-back                       | (11,329)               | (302)            |
| Provision for staff retirement benefits - gratuity                      | 9,760                  | 7,649            |
| Provision made / (reversed) for slow moving stores and spares inventory | 774                    | (694)            |
| Finance cost  | 332,854                | 233,291          |
| <b>Profit before working capital changes</b>                            | <b>763,155</b>         | <b>624,059</b>   |
| <b>Effect on cash flow due to working capital changes</b>               |                        |                  |
| (Increase) / decrease in current assets:                                |                        |                  |
| Stores, spares and loose tools  | 4,929                  | (34,267)         |
| Stock-in-trade  | 850,254                | 155,206          |
| Trade debts   | (640,203)              | 92,713           |
| Loans and advances  | (320,950)              | (44,545)         |
| Short term prepayments  | (3,289)                | (1,442)          |
| Other receivables   | 44,355                 | (179,844)        |
| Increase / (decrease) in trade and other payables                       | 13,275                 | (193,434)        |
|   | <b>(51,629)</b>        | <b>(205,613)</b> |
| <b>Cash generated from operations</b>                                   | <b>711,526</b>         | <b>418,446</b>   |
| Income tax paid   | (32,361)               | (40,883)         |
| Staff retirement benefits (gratuity) - paid                             | (3,149)                | (2,880)          |
| <b>Net cash generated from operating activities</b>                     | <b>676,016</b>         | <b>374,683</b>   |
| <b>Cash flow from investing activities</b>                              |                        |                  |
| Additions to property, plant and equipment                              | (288,007)              | (350,523)        |
| Sale proceeds of operating fixed assets                                 | 1,100                  | 1,087            |
| Long term security deposits - net                                       | 8,054                  | 2,042            |
| Loans and advances - net  | (2,128)                | (92)             |
| <b>Net cash used in investing activities</b>                            | <b>(280,981)</b>       | <b>(347,486)</b> |
| <b>Cash flow from financing activities</b>                              |                        |                  |
| Long term finances - net  | (37,500)               | (62,935)         |
| Short term finances - net   | 16,375                 | 52,423           |
| Liability against assets subject to finance lease                       | 8,488                  | (1,942)          |
| Finance cost paid   | (327,684)              | (222,285)        |
| Dividend paid   | (42,116)               | (56,065)         |
| <b>Net cash used in financing activities</b>                            | <b>(382,437)</b>       | <b>(290,804)</b> |
| <b>Net increase / (decrease) in cash and cash equivalents</b>           | <b>12,598</b>          | <b>(263,607)</b> |
| <b>Cash and cash equivalents - at beginning of the year</b>             | <b>46,008</b>          | <b>309,615</b>   |
| <b>Cash and cash equivalents - at end of the year</b>                   | <b>58,606</b>          | <b>46,008</b>    |

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

  
**Lt Col ABDUL KHALIQ KHAN (Retd)**  
 Chief Executive

  
**M. SOHAIL KHOKHAR**  
 Director

  
**RIZWAN SOHAIL**  
 Chief Financial Officer

## Statement of Changes in Equity For the Year Ended September 30, 2019

| Share capital | Reserves      |         |                         | Sub-total | Total |
|---------------|---------------|---------|-------------------------|-----------|-------|
|               | Capital       | Revenue |                         |           |       |
|               | Share premium | General | Un-appropriated profits |           |       |

----- Rupees in '000 -----

**Balance as at October 01, 2017**      **165,175    119,217    130,000    177,541    426,758    591,933**

**Distribution to owners**

Cash dividend at the rate of Rs.3.5  
per ordinary share for the year  
ended September 30, 2017

-                      -                      -                      (57,811)                      (57,811)                      (57,811)

**Total comprehensive income for the  
year ended September 30, 2018**

|                          |   |   |   |         |         |         |
|--------------------------|---|---|---|---------|---------|---------|
| Income for the year      | - | - | - | 210,785 | 210,785 | 210,785 |
| Other comprehensive loss | - | - | - | (2,856) | (2,856) | (2,856) |
|                          | - | - | - | 207,929 | 207,929 | 207,929 |

**Balance as at September 30, 2018**      **165,175    119,217    130,000    327,659    576,876    742,051**

**Distribution to owners**

Cash dividend at the rate of Rs.2.6  
per ordinary share for the year  
ended September 30, 2018

-                      -                      -                      (42,945)                      (42,945)                      (42,945)

**Total comprehensive income for the  
year ended September 30, 2019**

|                            |   |   |   |         |         |         |
|----------------------------|---|---|---|---------|---------|---------|
| Income for the year        | - | - | - | 225,317 | 225,317 | 225,317 |
| Other comprehensive income | - | - | - | 4,418   | 4,418   | 4,418   |
|                            | - | - | - | 229,735 | 229,735 | 229,735 |

**Balance as at September 30, 2019**      **165,175    119,217    130,000    514,449    763,666    928,841**

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



**Lt Col ABDUL KHALIQ KHAN (Retd)**  
Chief Executive



**M. SOHAIL KHOKHAR**  
Director



**RIZWAN SOHAIL**  
Chief Financial Officer

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

### I. LEGAL STATUS AND NATURE OF BUSINESS

Noon Sugar Mills Limited (the Company) was incorporated in the year 1964 as a Public Company and its shares are quoted on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of white sugar and spirit.

#### I.1 Geographical location and addresses of major business units including mills / plant of the Company are as under:

| <b>Sargodha</b>  | <b>Purpose</b>           |
|--|--------------------------|
| Bhalwal  | Mills / Production plant |
| <b>Lahore</b>  |                          |
| 4-Sarwar Road, Cantt,  | Head office              |
| <b>Karachi</b>   |                          |
| 1st Floor, P.I.A Building,<br>Mulana Deen Muhammad Wafai Road, | Marketing office         |

### 2. BASIS OF PREPARATION

#### 2.1 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 applicable in Pakistan comprise of:

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

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

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for staff retirement benefits (gratuity) which is stated at their present value.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional currency of the Company. All financial information presented in Pak Rupees has been rounded-off to the nearest thousand, unless otherwise stated.

## **2.4 Change in accounting standards and interpretations**

### **2.4.1 Standards, amendments to approved accounting standards effective in current year and are relevant**

Standards, amendments and interpretations to IFRSs that are effective for accounting periods beginning on October 01, 2018 and are considered to be relevant and have significant effect on the Company's operations are as follows:

- (a) IFRS 15, 'Revenue from contracts with customers' which is effective for the annual period beginning on October 01, 2018. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
- (b) IFRS 9, 'Financial Instruments': this standard has been notified by the SECP to be effective for annual periods ending on or after June 30, 2019. This standard replaces the guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- (c) IFRIC 22, 'Foreign currency transactions and advance consideration' applicable to accounting periods beginning on or after October 01, 2018. This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related assets, expenses or income where an entity pays or receive consideration in advance for foreign currency denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which an entity recognizes the non-monetary assets or liability arising from the advance consideration. If there are multiple payments or receipts for one item a date of transaction should be determined as above for each payment or receipts. The impact of the interpretation is not considered to be material on the financial statements of the Company.

### **2.4.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company**

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after October 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- (a) IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 01, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the reporting date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.
- (b) IAS 23, 'Borrowing costs' is effective for accounting periods beginning on or after January 01, 2019. The

amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments are not likely to have material impact on the Company's financial statements.

- (c) Amendments to IAS 19, 'Employee Benefits' on plan amendment, curtailment or settlement, (effective for periods beginning on or after January 01, 2019). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The Company is yet to assess the full impact of this amendment on its financial statements..
- (d) IFRIC 23, 'Uncertainty over Income Tax Treatments': (effective for periods beginning on or after January 01, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation on its financial statements.

### 3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

#### (a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

#### (b) Stores & spares and stock-in-trade

The Company estimates the net realizable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

#### (c) Provision for impairment of trade debts

Impairment losses related to trade and other receivables, are calculated using simplified approach of expected credit loss model. Management used actual credit loss experience over past years for the calculation of

expected credit loss. Trade and other receivables are written-off when there is no reasonable expectation of recovery.

**(d) Staff retirement benefits - gratuity**

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 10 to these financial statements.

**(e) Income taxes**

In making the estimates for income taxes, the Company takes into account the current income tax laws and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

**4. CHANGE IN ACCOUNTING POLICY DUE TO ADOPTION OF NEW ACCOUNTING STANDARDS**

The following changes in accounting policies have taken place effective from October 01, 2018.

**4.1 IFRS 15 'Revenue from Contracts with Customers'**

**4.1.1** Following the application of IFRS 15, the Company policy for revenue recognition under different contracts with customers stands amended as follows:

***Sale of Goods***

The Company sold its products in separately identifiable contracts. The contracts entered into with the customers generally includes one performance obligation i.e. the provision of goods to the customer.

Revenue from local sale of goods is recognized when the Company satisfies a performance obligation under a contract by transferring promised goods to the customer. Goods are considered to be transferred at the point in time when the customer obtains control over the goods (i.e. on dispatch of goods from the mills to the customer). Revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port.

***Return on Bank deposits***

Return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income establishes.

**4.1.2 Effect of change in accounting policy**

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entity to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. The

above mentioned revised policy do not have any significant impact on these financial statements as the revised policy do not have an impact on the timing or the amount of revenue recognition from the contracts with customers.

However, the adoption of IFRS 15 resulted in reclassification of "Advance payments from customers", previously grouped under trade and other payables, to the statement financial position as 'Contract liabilities'. The affect of which is presented below:

|   | As previously reported     | Re-statement | As-restated |
|---|----------------------------|--------------|-------------|
| Effect on statement of financial position | ----- Rupees in '000 ----- |              |             |
| <b>As at September 30, 2018</b>           |                            |              |             |
| Trade and other payable                   | 366,796                    | (49,151)     | 317,645     |
| Contract liabilities                      | -                          | 49,151       | 49,151      |
| <b>As at October 01, 2017</b>             |                            |              |             |
| Trade and other payable                   | 558,230                    | (281,995)    | 276,235     |
| Contract liabilities                      | -                          | 281,995      | 281,995     |

## 4.2 IFRS 9 'Financial Instruments'

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with irrevocable option at the inception to present changes in fair value in other comprehensive income, with no recycling. For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. Following the application of IFRS 9, the Company policy for financial instrument stands amended as follows:

### 4.2.1 Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

#### Initial recognition and measurement of financial assets.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

## **Equity instruments**

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1).

For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

### **- Fair value through other comprehensive income (FVTOCI).**

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value. Reclassification of fair value gains and losses to unappropriated profits shall be made with in statement of changes in equity.

### **- Fair value through profit or loss (FVTPL)**

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

## **Debt Instruments**

Subsequent measurement of debt instrument depends on the Company's business model for managing the assets and the cash flows characteristics of the assets. Three categories in which the Company classifies its debt instruments are:

### **- Amortized cost**

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method.

### **- Fair value through other comprehensive income (FVTOCI)**

Debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI.

### **- Fair value through profit or loss (FVTPL)**

Debt instruments that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL.

Gains and losses arising on debt instrument measured at amortized cost and as FVTPL are recognized in profit or loss. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on these debt instrument are also recognized in profit or loss. Gains and losses from changes in fair value of debt instruments measured as FVTOCI are recognized in other comprehensive income and are reclassified to profit or loss on derecognition or reclassification.



#### ***Derecognition of financial assets***

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

#### **4.2.2 Financial liabilities**

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

#### **4.2.3 Impairment of financial assets**

The adoption of IFRS 9 has also changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, applying the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL. Based on the Company's experience, collection history, historical loss rates / bad debts and normal receivable aging, the shift from an incurred loss model to an ECL model has no material impact on the financial position and / or financial performance of the Company.

#### **4.2.4 Impacts of adoption of IFRS 9 on these financial statements**

With the application of IFRS 9 the Company's management has assessed which business model applies to the financial assets held by the Company at the date of initial application of the accounting standard and has reclassified its financial instruments into appropriate categories as required under IFRS 9.

For detailed revised classification of financial instruments refer note 35.7 to these financial statements.

### **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **5.1 Borrowings and borrowing costs**

Borrowings are recognised initially at fair value.

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

#### **5.2 Staff retirement benefits**

##### **(a) Defined contribution plan**

The Company is operating a provident fund scheme for all its permanent employees; equal monthly

contribution to the fund is made at the rate of 10% of the basic salaries both by the employees and the Company. The assets of the Fund are held separately under the control of the Trustees.

**(b) Defined benefit plan**

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on September 30, 2019 on the basis of the projected unit credit method by an independent Actuary.

The liability recognised in the statement of financial position in respect of retirement gratuity scheme is the present value of defined benefit obligation at the end of reporting period. The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

**5.3 Trade and other payables**

Liabilities for trade and other payables are carried at their amortised cost, which approximates fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

**5.4 Obligation under Operating leases / Ijarah**

Operating leases / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases / Ijarah. Payments made during the year are charged to the statement of profit and loss.

**5.5 Taxation**

**(a) Current and prior year**

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantially enacted by the reporting date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

**(b) Deferred**

Deferred tax is recognised using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income/ equity in which case it is included in other comprehensive income/ equity.

## 5.6 Property, plant and equipment

### (a) Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except freehold land, which is stated at cost. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years.

Depreciation is taken to statement of profit or loss applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 16.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to statement of profit or loss. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to statement of profit or loss.

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

This is stated at cost. All expenditure connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

### (c) Assets subject to finance lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is taken to statement of profit or loss over the lease term.

Depreciation on assets subject to finance lease is charged to income at the rate stated in note 16.1 applying reducing balance method to write-off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

Finance cost and depreciation on leased assets are taken to statement of profit or loss.

## 5.7 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Company uses cost model for valuation of its investment property; freehold land has been carried at cost whereas buildings on freehold land have been carried at cost less accumulated depreciation and any identified impairment loss.

Depreciation on buildings is taken to statement of profit or loss on reducing balance method at the rate stated in note 17. Depreciation on additions to investment property is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

## **5.8 Financial assets**

### **Initial measurement**

The Company classifies its financial assets in the following three measurement categories:

- fair value through other comprehensive income (FVTOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

### **Subsequent Measurement**

#### **- *Equity Instruments at FVTOCI***

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

#### **- *Debt Instruments at FVTOCI***

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in statement of other comprehensive income are reclassified to the statement of profit or loss.

#### **- *Debt Instruments at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the statement of profit or loss.

#### **- *Financial Assets measured at amortised cost***

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

### **Derecognition**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

## 5.9 Derivative, financial instruments and hedging activities

Derivatives are recognized initially at fair value, attributable transaction costs are recognized in statement of profit or loss when incurred.

## 5.10 Loans and advances

These are stated at amortised cost.

## 5.11 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated to the reporting date. Adequate provision is made against slow moving / obsolete items after taking into account a reasonable estimate of salvage value.

## 5.12 Stock-in-trade

Basis of valuation are as follows:

| <u>Particulars</u>  | <u>Mode of valuation</u>                                      |
|---|---|
| Raw materials - molasses:   |   |
| - purchased   | - At lower of weighted average cost and net realisable value. |
| - own produced  | - At net realisable value                                     |
| Finished goods  | - At lower of cost and net realisable value.                  |
| Work-in-process   | - At cost.  |
| -   |   |
| Cost in relation to finished goods and work-in-process represents the annual average manufacturing cost, which consists of prime cost and appropriate production overheads. |   |
| -   |   |
| Net realisable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.                                 |   |

## 5.13 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortised cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables.

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

## 5.14 Cash and cash equivalents

Cash at banks and short term deposits, which are held to maturity are carried at cost. For the purposes of cash flow statement, cash equivalents are short term highly liquid instruments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

## **5.15 Impairment**

### **(a) Financial assets**

The Company assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, the Company followed simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. Management used actual credit loss experience over past years for the calculation of ECL.

### **(b) Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognized in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

## **5.16 Financial liabilities**

### **Classification & subsequent measurement**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss.

### **Derecognition**

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

## **5.17 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- (a)** revenue from sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers;
- (b)** revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination Port;
- (c)** Dividend income is accounted for when the right of receipt is established; and
- (d)** return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income establishes.

## 5.18 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translations are recognized in the statements of profit or loss. Forward foreign exchange contracts if any are measured at fair value which is calculated by reference to current forward foreign exchange rates with similar maturity profiles. The unrealized gain if any is included in equity and realized gains /losses are included in the income statement currently. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

## 5.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events 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 obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

## 5.20 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

## 5.21 Segment reporting

A segment is a distinguishable component within the Company that is engaged in providing products which are subject to risks and returns that are different from those of other business segments.

## 5.22 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

## 6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2019<br>(No. of shares) | 2018              |   | 2019<br>--- Rupees in '000 --- | 2018           |
|-------------------------|-------------------|---|--------------------------------|----------------|
| 7,187,829               | 7,187,829         | Ordinary shares of Rs.10 each<br>fully paid in cash   | 71,879                         | 71,879         |
| 500,000                 | 500,000           | Ordinary shares of Rs.10 each<br>issued to a financial institution on<br>conversion of loan | 5,000                          | 5,000          |
| 8,829,624               | 8,829,624         | Ordinary shares of Rs.10 each<br>issued as fully paid bonus shares                          | 88,296                         | 88,296         |
| <b>16,517,453</b>       | <b>16,517,453</b> |   | <b>165,175</b>                 | <b>165,175</b> |

- 6.1 The voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of shareholders.

|                                 | Note | 2019<br>--- Rupees in '000 --- | 2018           |
|---------------------------------|------|--------------------------------|----------------|
| <b>7. RESERVES</b>              |      |                                |                |
| Capital reserve - share premium | 7.1  | 119,217                        | 119,217        |
| Revenue reserve - general       |      | 130,000                        | 130,000        |
|                                 |      | <u>249,217</u>                 | <u>249,217</u> |

**7.1** This represents share premium received on 5,687,829 right ordinary shares issued during the financial year ended September 30, 2006 at the rate of Rs.30 per share adjusted by bonus shares issued.

## 8. LONG TERM FINANCE

|   |     |                |                |
|---|-----|----------------|----------------|
| Balance as at September 30,   | 8.1 | 262,500        | 300,000        |
| Less: Current portion grouped under current liabilities<br>(including an overdue instalment of Rs.37.500 million) |     | <u>112,500</u> | <u>75,000</u>  |
|   |     | <u>150,000</u> | <u>225,000</u> |

**8.1** The Company has obtained a demand finance facility of Rs.300 million from MCB bank Limited to finance BMR of sugar and distillery units. This finance facility carries mark-up at the rate of 6 month KIBOR + 175bps per annum and is repayable in 8 equal semi annual instalments of Rs.37.500 million each commenced from March, 2019. Effective mark-up rate charged by the bank, during the current financial year, ranged from 9.95% to 15.66% (2018: 8.27% to 9.95%) per annum. This finance facility is secured against first pari passu charge of Rs.400 million on present and future plant and machinery of the Company with 25% margin.

## 9. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

| Particulars  | 2019          |                        |               | 2018          |                        |              |
|--|---------------|------------------------|---------------|---------------|------------------------|--------------|
|  | Upto one year | From one to five years | Total         | Upto one year | From one to five years | Total        |
| ----- Rupees in 000 -----                                  |               |                        |               |               |                        |              |
| Minimum lease payments                                     | 7,549         | 15,046                 | 22,595        | 2,700         | 7,245                  | 9,945        |
| Less: finance cost allocated to future periods             | 2,041         | 1,753                  | 3,794         | 661           | 678                    | 1,339        |
|  | <u>5,508</u>  | <u>13,293</u>          | <u>18,801</u> | <u>2,039</u>  | <u>6,567</u>           | <u>8,606</u> |
| Less: security deposit adjustable on expiry of lease terms | -             | 3,496                  | 3,496         | -             | 1,789                  | 1,789        |
| Present value of minimum lease payments                    | <u>5,508</u>  | <u>9,797</u>           | <u>15,305</u> | <u>2,039</u>  | <u>4,778</u>           | <u>6,817</u> |

**9.1** The Company has acquired five vehicles from Al-Baraka Bank (Pakistan) Limited against Diminishing Musharakah finance facilities of Rs.32 million. The liabilities under these arrangements are repayable in 60 monthly instalments commenced from November, 2016 and carry profit at the rate of 6 months KIBOR + 300bps per annum; effective profit rates charged by the bank, during the current financial year, ranged from 13.88% to 16.91% (2018: 9.21% to 10.04%) per annum. The Company intends to exercise its option to purchase the vehicles upon completion of lease term. The liabilities are secured against title of vehicles in the name of the bank.



- 9.2** The Company, during the current financial year acquired five vehicles from Askari Bank Limited against lease finance facility of Rs.10 million. The liability under this arrangement is repayable in 36 monthly instalments commenced from November, 2018 and carries profit at the rate of 6-months KIBOR + 200bps per annum; effective profit rate charged by the bank, during the current financial year, ranged from 11.72% to 15.13% per annum. The Company intends to exercise its option to purchase the vehicles upon completion of lease term. The liability is secured against title of vehicles in the name of the bank.

## **10. STAFF RETIREMENT BENEFITS - Gratuity**

- 10.1** Projected unit credit method, as allowed under IAS 19 (Employee Benefits), has been used for actuarial valuation based on the following significant assumptions:

|                                       | <b>2019</b>   | <b>2018</b> |
|---------------------------------------|---------------|-------------|
| - discount rate                       | <b>12.50%</b> | 9.00%       |
| - expected rate of increase in salary | <b>7.50%</b>  | 8.00%       |

- 10.2** The amount recognised in the statement of financial position is present value of defined benefit obligation at reporting date.

| <b>The movement in the present value of defined benefit obligation is as follows:</b> | <b>2019</b>                   | <b>2018</b> |
|---|-------------------------------|-------------|
|   | <b>--- Rupees in '000 ---</b> |             |
| Balance at beginning of the year  | <b>43,991</b>                 | 38,668      |
| Current service cost  | <b>5,954</b>                  | 4,763       |
| Interest cost   | <b>3,806</b>                  | 2,886       |
| Benefits due but not paid (transferred to short term liabilities)                     | <b>(258)</b>                  | (2,302)     |
| Benefits paid   | <b>(3,149)</b>                | (2,880)     |
| Remeasurement of obligation   | <b>(4,418)</b>                | 2,856       |
| Balance at end of the year  | <b>45,926</b>                 | 43,991      |

### **10.3 Charge to statement of profit or loss:**

|                      |              |       |
|----------------------|--------------|-------|
| Current service cost | <b>5,954</b> | 4,763 |
| Interest cost        | <b>3,806</b> | 2,886 |
|                      | <b>9,760</b> | 7,649 |

### **10.4 Remeasurements recognised in other comprehensive income**

|                         |                |       |
|-------------------------|----------------|-------|
| Actuarial (gain) / loss | <b>(4,345)</b> | 67    |
| Experience adjustments  | <b>(73)</b>    | 2,789 |
|                         | <b>(4,418)</b> | 2,856 |

- 10.5** Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

|   | <b>2019</b>                       | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|---|-----------------------------------|-------------|-------------|-------------|-------------|
|   | <b>----- Rupees in '000 -----</b> |             |             |             |             |
| Present value of defined benefit obligation | <b>45,926</b>                     | 43,991      | 38,668      | 35,626      | 33,326      |
| Experience adjustment on obligation         | <b>(4,418)</b>                    | 2,856       | 1,640       | 1,053       | (21,815)    |

## 10.6 Sensitivity analysis for actuarial assumptions:

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarizes how defined benefit obligation would have increased / (decreased) as a result of change in respective assumption by 1 percent.

|                      | Increase in<br>assumptions<br>----- Rupees in '000 ----- | Decrease in<br>assumptions<br>----- Rupees in '000 ----- |
|----------------------|--|--|
| Discount rate        | (42,788)   | 49,499   |
| Increase in salaries | 49,580   | (42,664)   |

Expected maturity analysis of undiscounted obligation is as follows:

| Time in years  | Rupees in '000' |
|----------------|-----------------|
| 1              | 3,083           |
| 2              | 5,294           |
| 3              | 6,033           |
| 4              | 5,732           |
| 5              | 5,334           |
| 6 - 10         | 61,374          |
| 11 and onwards | 715,573         |

**10.7** The Company's contribution to scheme for the financial year 2020 is expected to be Rs. 12.048 million.

**10.8** Gratuity payable includes liability in respect of key management personnel aggregated Rs. 1.682 million (2018: Rs. 1.007 million).

|                                      | Note | 2019<br>--- Rupees in '000 --- | 2018           |
|--------------------------------------|------|--------------------------------|----------------|
| <b>II. TRADE AND OTHER PAYABLES</b>  |      |                                |                |
| Creditors                            |      | 226,106                        | 189,214        |
| Advance payments                     |      | 16,707                         | 26,773         |
| Retention money                      |      | 1,327                          | 1,575          |
| Sales tax payable                    |      | 57,318                         | 48,963         |
| Accrued expenses                     |      | 32,069                         | 29,808         |
| Income tax deducted at source        |      | 4,252                          | 3,045          |
| Workers' (profit) participation fund | 11.1 | 14,939                         | 14,703         |
| Workers' welfare fund                |      | 1,057                          | 1,057          |
| Gratuity payable                     |      | 258                            | 2,302          |
| Others                               |      | 187                            | 205            |
|                                      |      | <u>354,220</u>                 | <u>317,645</u> |

|   | Note | 2019<br>--- Rupees in '000 --- | 2018             |
|---|------|--------------------------------|------------------|
| <b>11.1 Workers' (profit) participation fund - the Fund</b>   |      |                                |                  |
| Balance at beginning of the year  |      | 14,703                         | 10,469           |
| Add: - profit earned on the Fund's balances<br>maintained in a PLS bank account   |      | 112                            | 19               |
| - allocation for the year   |      | 14,338                         | 14,213           |
| - interest on funds utilised by the Company   |      | 1,678                          | 1,833            |
| Less: payment made during the year  |      | (15,892)                       | (11,831)         |
| Balance at end of the year  |      | <u>14,939</u>                  | <u>14,703</u>    |
| <b>12. ACCRUED MARK-UP</b>  |      |                                |                  |
| Mark-up accrued on:   |      |                                |                  |
| - long term finances  |      | 17,904                         | 12,576           |
| - short term finances   |      | 55,214                         | 55,372           |
|   |      | <u>73,118</u>                  | <u>67,948</u>    |
| <b>13. SHORT TERM FINANCES</b>  |      |                                |                  |
| Running / cash finances - secured   | 13.1 | 2,401,266                      | 2,385,600        |
| Temporary bank overdraft - unsecured  | 13.2 | 1,187                          | 478              |
|   |      | <u>2,402,453</u>               | <u>2,386,078</u> |
| <p><b>13.1</b> Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.4.390 billion (2018: Rs.4.000 billion). These finance facilities, during the current financial year, carried mark-up at the rates ranging from 3.00% to 15.91% (2018: 3.00% to 10.01%) per annum. Facilities available for opening letters of credit and guarantees aggregate to Rs.594.190 million (2018: Rs.178.900 million) of which facilities aggregating Rs.515.113 million (2018: Rs.162.094 million) remained unutilised at the reporting date. The aggregate finance facility are secured against charge over plant &amp; machinery, pledge of refined sugar in bags, charge over current assets, equitable mortgage over land &amp; building of the Company and lien over import &amp; export documents. These facilities are expiring on various dates by May, 2020.</p> |      |                                |                  |
| <p><b>13.2</b> These have arisen due to issuance of cheques in excess of balance at bank accounts at year-end.</p>  |      |                                |                  |
| <b>14. CURRENT PORTION OF<br/>NON-CURRENT LIABILITIES</b>   | Note | 2019<br>- - Rupees in '000 - - | 2018             |
| Long term finance   | 8    | 112,500                        | 75,000           |
| Liability against assets<br>subject to finance lease  | 9    | 5,508                          | 2,039            |
|   |      | <u>118,008</u>                 | <u>77,039</u>    |

## 15. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 15.1** On an interim order of the High Court of Sindh, Karachi, sale certificate has been issued to the Company in respect of factory / plant known as Northern Chemicals and the Company has paid stamp duty on land it purchased. It was held that in case the Court comes to a conclusion that the Company is liable to pay stamp duty on plant and machinery as well, the Company shall pay the same within fifteen days from decision of appeal. In this regard, the Company has provided a bank guarantee in favour of Nazir of High Court of Sindh for an amount of Rs.2.400 million.
- 15.2** An appeal is pending before the Lahore High Court (LHC) against the order of the Customs, Central Excise & Sales Tax Appellate Tribunal (the Tribunal) in the matter of permit fee amounting Rs.5.994 million.
- 15.3** A reference application under section 47(1) of the Sales Tax Act, 1990 (the Act) is pending before the LHC against confirmation of original order by the Tribunal whereby the Company was ordered to pay sales tax demands aggregating Rs.3.083 million.
- 15.4** An appeal under section 47 of the Act is also pending before the LHC against judgment of the Tribunal whereby the Company was ordered to pay dues aggregating Rs.4.991 million.
- 15.5** An appeal before the LHC, against judgment of the Tribunal, is pending; the Tribunal has upheld the judgment of the Additional Collector whereby the Company was ordered to pay demands aggregating Rs.1.400 million.
- 15.6** Provisions for cane quality premium payable to growers aggregating Rs.79.335 million, related to different yearly notifications issued by the Government of the Punjab (GoP) for fixation of cane support price and quality premium above 'bench mark average recovery', made during the financial years 1981-82 to 1994-95 were written-back during the financial year ended September 30, 2006. The management is of the view that no outflow of resources will be required as a result of judgment by the LHC for the cases pending adjudication, as LHC has judged this levy as unconstitutional in similar cases.
- Presently, the intra-court appeals of the GoP are pending for a fresh decision by the LHC. Earlier, the Supreme Court of Pakistan had set aside the LHC's judgment of dismissal of review application filed by the GoP.
- 15.7** A writ petition is pending before the LHC against decision of the Board of Trustees of Employees Old-age Benefits Institution; the Institution has raised demand amounting Rs.3.394 million. The Company, as per order of the LHC, has deposited Rs.381 thousand during May, 2011.
- 15.8** The Company, during the financial year 2002, had filed an appeal before the Tribunal against the order of the Additional Collector (Central Excise), Faisalabad rejecting the refund claim of the Company amounting Rs.15.117 million. The Company had paid this amount under protest as customs duty on the sale of sugar. The appeal is pending adjudication.
- 15.9** The GoP, during the financial year 2012, imposed a duty @ Rs.2 per litre on manufacturing of spirit. The Company has filed an appeal before the LHC against the imposition of duty which is pending adjudication. However, on an interim order of the LHC the Company provided a bank guarantee in favour of excise and taxation department for an amount of Rs.1.000 million.

During the financial year ended September 30, 2017, the LHC passed another interim order and directed the Company to deposit the amount of provincial excise duty in cash with deputy registrar of the court on

monthly basis till the final order. In compliance with this interim order the Company has deposited Rs.120.771 million till September 30, 2019. Based on the advice of the Company's legal counsel this amount has been booked as receivable as there are meritorious grounds for the case to be decided in favour of the Company and the amount be refunded. Further, the GoP vide its notification no.SO(E&M)2-5/2018/ED has withdrawn this duty with effect from August 05, 2019 and the LHC has released the bank guarantee submitted by the Company.

**15.10** The Irrigation Department of the GoP, during the financial year 2015, has raised demand aggregated Rs.6.810 million based on its notification dated June 12, 2014, for the revision of rates for supply of water to the Company. The Company, against the said demand, has filed an appeal in the Civil Court, which is pending adjudication.

**15.11** During the preceding financial year, the Honourable Supreme Court of Pakistan took Su motu action due to non-payment of sugarcane price to the farmers / growers by the sugar mills vide Su motu Case No. 9 of 2018. During the current financial year, the Court has dismissed the case vide its order dated February 12, 2019, on the grounds that the sugarcane mills have already admitted their liability to the growers, which has been settled and paid.

**15.12** The Company has filed a writ petition before the LHC challenging a notice received from the Excise & Taxation Office, Sargodha demanding excise duty amounted Rs.3.366 million on account of waste of rectified spirit during transit. The LHC vide its interim order dated December 19, 2018 has suspended the notice and has directed the Company to furnish a bank guarantee for an equal amount in favour of deputy registrar of the LHC till the final order of the Court.

#### **Commitments**

**15.13** Commitments in respect of capital expenditure other than letters of credit at the year-end aggregate to Rs.4.790 million (2018: Rs.8.000 million).

**15.14** Commitments for irrevocable letters of credit outstanding at the year-end aggregate to Rs.Nil (2018: Rs.3.651 million).

**15.15** Guarantees given by a commercial bank on behalf of the Company to Sui Northern Gas Pipelines Limited, Engro Fertilizer Limited and Faisalabad Electric Supply Company, outstanding as at September 30, 2019, aggregate to Rs.73.312 million (2018: Rs.10.392 million).

**15.16** The Company has entered into Ijarah arrangements for three vehicles with MCB Islamic Bank Limited. Aggregate commitments for rentals under Ijarah arrangements as at September 30, 2019 are as follows:.

|   | <b>Note</b> | <b>2019</b><br><b>-- Rupees in '000 --</b> | <b>2018</b>             |
|---|-------------|--|-------------------------|
| Not later than one year                           |             | <b>3,583</b>                               | 2,747                   |
| Later than one year but not later than five years |             | <b>4,416</b>                               | 4,328                   |
|   |             | <b><u>7,999</u></b>                        | <b><u>7,075</u></b>     |
| <b>16. PROPERTY, PLANT AND EQUIPMENT</b>          |             |  |                         |
| Operating fixed assets                            | <b>16.1</b> | <b>1,452,618</b>                           | 1,124,636               |
| Capital work-in-progress                          | <b>16.5</b> | <b>26,031</b>                              | 225,813                 |
|   |             | <b><u>1,478,649</u></b>                    | <b><u>1,350,449</u></b> |

## 16.1 Operating fixed assets - tangible

|  | Owned          |                            |                     |                    |                       |                      |                 |                                   |           |                               |           |          |               |                |               |          |        | Leased    |  |
|--|----------------|----------------------------|---------------------|--------------------|-----------------------|----------------------|-----------------|-----------------------------------|-----------|-------------------------------|-----------|----------|---------------|----------------|---------------|----------|--------|-----------|--|
|  | Free hold land | Buildings on freehold land | Plant and machinery | Workshop equipment | Scales & weighbridges | Laboratory equipment | Other equipment | Electric installations & fittings | Tube-well | Office equipment and fixtures | Furniture | Vehicles | Farm tractors | Farm equipment | Power project | Vehicles | Total  |           |  |
| Rupees in '000                             |                |                            |                     |                    |                       |                      |                 |                                   |           |                               |           |          |               |                |               |          |        |           |  |
| <b>COST</b>                                |                |                            |                     |                    |                       |                      |                 |                                   |           |                               |           |          |               |                |               |          |        |           |  |
| Balance as at October 01, 2017             | 6,306          | 24,652                     | 263,212             | 2,127,519          | 471                   | 21,518               | 840             | 14,880                            | 122,382   | 7,579                         | 9,917     | 8,937    | 56,939        | 5,554          | 1,749         | 21,146   | 12,883 | 2,706,484 |  |
| Additions during the year                  | -              | 2,996                      | 97,814              | 179,822            | -                     | 42                   | 235             | 3,709                             | 10,789    | -                             | 367       | 90       | 4,209         | -              | -             | -        | -      | 300,073   |  |
| Disposals during the year                  | -              | -                          | -                   | -                  | -                     | -                    | -               | -                                 | (194)     | -                             | (178)     | (208)    | (3,508)       | -              | -             | -        | -      | (4,088)   |  |
| Written-off during the year                | -              | -                          | -                   | (8,034)            | -                     | -                    | -               | -                                 | -         | -                             | -         | -        | -             | -              | -             | -        | -      | (8,034)   |  |
| Balance as at September 30, 2018           | 6,306          | 27,648                     | 361,026             | 2,299,307          | 471                   | 21,560               | 1,075           | 18,589                            | 132,977   | 7,579                         | 10,106    | 8,819    | 57,640        | 5,554          | 1,749         | 21,146   | 12,883 | 2,994,435 |  |
| Balance as at October 01, 2018             | 6,306          | 27,648                     | 361,026             | 2,299,307          | 471                   | 21,560               | 1,075           | 18,589                            | 132,977   | 7,579                         | 10,106    | 8,819    | 57,640        | 5,554          | 1,749         | 21,146   | 12,883 | 2,994,435 |  |
| Additions during the year                  | -              | 26                         | 37,574              | 365,217            | -                     | -                    | -               | 126                               | 43,760    | -                             | 7,144     | 316      | 197           | 2,750          | -             | 15,140   | 15,539 | 487,789   |  |
| Disposals during the year                  | -              | -                          | -                   | -                  | -                     | -                    | -               | -                                 | -         | -                             | -         | -        | (6,782)       | -              | -             | -        | -      | (6,782)   |  |
| Balance as at September 30, 2019           | 6,306          | 27,674                     | 398,600             | 2,664,524          | 471                   | 21,560               | 1,075           | 18,715                            | 176,737   | 7,579                         | 17,250    | 9,135    | 51,055        | 8,304          | 1,749         | 36,286   | 28,422 | 3,475,442 |  |
| <b>DEPRECIATION</b>                        |                |                            |                     |                    |                       |                      |                 |                                   |           |                               |           |          |               |                |               |          |        |           |  |
| Balance as at October 01, 2017             | -              | 12,183                     | 178,113             | 1,383,047          | 447                   | 13,125               | 723             | 8,582                             | 100,081   | 6,734                         | 7,211     | 7,139    | 37,829        | 4,761          | 1,143         | 2,908    | 2,937  | 1,766,963 |  |
| Charge for the year                        | -              | 673                        | 11,765              | 80,292             | 3                     | 1,011                | 29              | 872                               | 4,232     | 85                            | 413       | 174      | 5,459         | 198            | 60            | 2,736    | 2,487  | 110,489   |  |
| On disposals during the year               | -              | -                          | -                   | -                  | -                     | -                    | -               | -                                 | (123)     | -                             | (81)      | (100)    | (3,485)       | -              | -             | -        | -      | (3,789)   |  |
| On written-off during the year             | -              | -                          | -                   | (3,864)            | -                     | -                    | -               | -                                 | -         | -                             | -         | -        | -             | -              | -             | -        | -      | (3,864)   |  |
| Balance as at September 30, 2018           | -              | 12,856                     | 189,878             | 1,459,475          | 450                   | 14,136               | 752             | 9,454                             | 104,190   | 6,819                         | 7,543     | 7,213    | 39,803        | 4,959          | 1,203         | 5,644    | 5,424  | 1,869,799 |  |
| Balance as at October 01, 2018             | -              | 12,856                     | 189,878             | 1,459,475          | 450                   | 14,136               | 752             | 9,454                             | 104,190   | 6,819                         | 7,543     | 7,213    | 39,803        | 4,959          | 1,203         | 5,644    | 5,424  | 1,869,799 |  |
| Charge for the year                        | -              | 741                        | 20,180              | 113,174            | 2                     | 891                  | 32              | 926                               | 9,392     | 76                            | 1,145     | 181      | 4,440         | 321            | 54            | 2,893    | 5,232  | 159,680   |  |
| On disposals during the year               | -              | -                          | -                   | -                  | -                     | -                    | -               | -                                 | -         | -                             | -         | -        | (6,655)       | -              | -             | -        | -      | (6,655)   |  |
| Balance as at September 30, 2019           | -              | 13,597                     | 210,058             | 1,572,649          | 452                   | 15,027               | 784             | 10,380                            | 113,582   | 6,895                         | 8,688     | 7,394    | 37,588        | 5,280          | 1,257         | 8,537    | 10,656 | 2,022,824 |  |
| <b>BOOK VALUE AS AT SEPTEMBER 30, 2018</b> |                |                            |                     |                    |                       |                      |                 |                                   |           |                               |           |          |               |                |               |          |        |           |  |
|  | 6,306          | 14,792                     | 171,148             | 839,832            | 21                    | 7,424                | 323             | 9,135                             | 28,787    | 760                           | 2,563     | 1,606    | 17,837        | 595            | 546           | 15,502   | 7,459  | 1,124,636 |  |
| <b>BOOK VALUE AS AT SEPTEMBER 30, 2019</b> |                |                            |                     |                    |                       |                      |                 |                                   |           |                               |           |          |               |                |               |          |        |           |  |
|  | 6,306          | 14,077                     | 188,542             | 1,091,875          | 19                    | 6,533                | 291             | 8,335                             | 63,155    | 684                           | 8,562     | 1,741    | 13,467        | 3,024          | 492           | 27,749   | 17,766 | 1,452,618 |  |
| Depreciation rate (%)                      |                | 5                          | 10                  | 10                 | 12                    | 12                   | 10              | 10                                | 15        | 10                            | 15        | 10       | 25            | 25             | 10            | 15       | 25     |           |  |

**16.2** Free-hold land of the Company is located at different areas in Bhalwal, district Sargodha comprising in total 1,001,426 square yards.

**16.3 Operating fixed assets disposed - off**

| Asset description | Cost | Accumulated depreciation | Net book value | Sale proceeds | Gain | Mode of disposal |
|-------------------|------|--------------------------|----------------|---------------|------|------------------|
|-------------------|------|--------------------------|----------------|---------------|------|------------------|

----- Rupees in '000 -----

**Vehicles**

|                      |              |              |            |              |            |             |
|----------------------|--------------|--------------|------------|--------------|------------|-------------|
| <b>Mercedes Benz</b> | 5,400        | 5,334        | 66         | 600          | 534        | Negotiation |
| <b>Honda Civic</b>   | 1,382        | 1,321        | 61         | 500          | 439        | -- do --    |
|                      | <b>6,782</b> | <b>6,655</b> | <b>127</b> | <b>1,100</b> | <b>973</b> |             |
| September 30, 2018   | <b>4,088</b> | <b>3,789</b> | <b>299</b> | <b>1,087</b> | <b>788</b> |             |

**16.4 Depreciation for the year has been apportioned as under:**

|                                     | 2019                   | 2018           |
|-------------------------------------|------------------------|----------------|
|                                     | --- Rupees in '000 --- |                |
| Cost of sales                       | 147,110                | 100,517        |
| Distribution and marketing expenses | 417                    | 383            |
| Administrative expenses             | 12,153                 | 9,589          |
|                                     | <b>159,680</b>         | <b>110,489</b> |

**16.5 Capital work-in-progress**

|                                   |               |                |
|-----------------------------------|---------------|----------------|
| Buildings on freehold land:       |               |                |
| - colony                          | 1,116         | 26             |
| - factory                         | 517           | 22,398         |
| - office                          | 20,061        | -              |
| Plant and machinery               | 4,337         | 186,210        |
| Electric installations & fittings | -             | 17,179         |
|                                   | <b>26,031</b> | <b>225,813</b> |

**17. INVESTMENT PROPERTY**

|                                      | Freehold<br>land           | Buildings<br>on<br>freehold<br>land | Total        |
|--------------------------------------|----------------------------|-------------------------------------|--------------|
| <b>At October 1, 2017</b>            | ----- Rupees in '000 ----- |                                     |              |
| Cost                                 | 6,730                      | 5,609                               | 12,339       |
| Accumulated depreciation             | -                          | 4,405                               | 4,405        |
| <b>Book value</b>                    | <b>6,730</b>               | <b>1,204</b>                        | <b>7,934</b> |
| <b>Year ended September 30, 2018</b> |                            |                                     |              |
| Opening book value                   | 6,730                      | 1,204                               | 7,934        |
| Depreciation charge for the year     | -                          | 60                                  | 60           |
| <b>Closing book value</b>            | <b>6,730</b>               | <b>1,144</b>                        | <b>7,874</b> |
| <b>At September 30, 2018</b>         |                            |                                     |              |
| Cost                                 | 6,730                      | 5,609                               | 12,339       |
| Accumulated depreciation             | -                          | 4,465                               | 4,465        |
| <b>Book value</b>                    | <b>6,730</b>               | <b>1,144</b>                        | <b>7,874</b> |
| <b>Year ended September 30, 2019</b> |                            |                                     |              |
| Opening book value                   | 6,730                      | 1,144                               | 7,874        |
| Depreciation charge for the year     | -                          | 57                                  | 57           |
| <b>Closing book value</b>            | <b>6,730</b>               | <b>1,087</b>                        | <b>7,817</b> |
| <b>At September 30, 2019</b>         |                            |                                     |              |
| Cost                                 | 6,730                      | 5,609                               | 12,339       |
| Accumulated depreciation             | -                          | 4,522                               | 4,522        |
| <b>Book value</b>                    | <b>6,730</b>               | <b>1,087</b>                        | <b>7,817</b> |
| Depreciation rate (%)                |                            | 5                                   |              |

**17.1** Depreciation for the year has been grouped under other expenses (note 30).

**17.2** Free-hold land is located at Garden block, Garden Town, Lahore. Area is 8,675 square yards.

**17.3** Fair value of the investment property, based on the management's estimation, as at September 30, 2019 was Rs.250.000 million (2018: Rs.245.000 million).

**18. LOANS AND ADVANCES - Secured, considered good**

|   | 2019                   | 2018       |
|---|------------------------|------------|
|   | --- Rupees in '000 --- |            |
| Loans / advances to employees                         | 3,038                  | 910        |
| Less: current portion grouped<br>under current assets | 1,053                  | 550        |
|   | <b>1,985</b>           | <b>360</b> |



**18.1** These interest free loans and advances are recoverable in instalments which vary from case to case.

**18.2** These loans are secured against lien on provident fund / gratuity balances of employees.

|  | Note        | 2019<br>--- Rupees in '000 --- | 2018    |
|--|-------------|--------------------------------|---------|
| <b>19. STORES, SPARES AND LOOSE TOOLS</b>  |             |                                |         |
| Stores - including in-transit valuing<br>Rs.Nil (2018: Rs.33.557 million)            |             | <b>48,692</b>                  | 58,567  |
| Spares   |             | <b>59,679</b>                  | 54,723  |
| Loose tools  |             | <b>610</b>                     | 620     |
|  |             | <b>108,981</b>                 | 113,910 |
| Less: provision for slow moving items  | <b>19.1</b> | <b>12,729</b>                  | 11,955  |
|  |             | <b>96,252</b>                  | 101,955 |
| <b>19.1 The movement in balance of provision<br/>for obsolescence is as follows:</b> |             |                                |         |
| Opening balance  |             | <b>11,955</b>                  | 12,649  |
| Provision made / (reversed) during the year  |             | <b>774</b>                     | (694)   |
| Closing balance  |             | <b>12,729</b>                  | 11,955  |

**19.1.1** Stores and spares inventory includes slow moving items valuing Rs.25.459 million (2018: Rs.23.911 million). The management estimates that slow moving items carry salvage value approximating to 50% of the book value. Provision against slow moving items to the extent of 50% of their carrying value has been made in the books of account.

|  | Note        | 2019<br>--- Rupees in '000 --- | 2018      |
|--|-------------|--------------------------------|-----------|
| <b>20. STOCK-IN-TRADE</b>                |             |                                |           |
| Raw materials - molasses                 |             | <b>78,364</b>                  | 95,765    |
| Work-in-process:                         |             |                                |           |
| - Sugar                                  |             | <b>8,938</b>                   | 5,803     |
| - Molasses                               |             | <b>6,394</b>                   | 802       |
|  |             | <b>15,332</b>                  | 6,605     |
| Finished goods:                          |             |                                |           |
| - Sugar                                  |             | <b>981,693</b>                 | 1,814,884 |
| - Spirit                                 |             | <b>71,609</b>                  | 80,044    |
|  |             | <b>1,053,302</b>               | 1,894,928 |
| Other stocks - fair price shop and depot |             | <b>290</b>                     | 244       |
|  |             | <b>1,147,288</b>               | 1,997,542 |
| <b>21. TRADE DEBTS</b>                   |             |                                |           |
| Local - unsecured                        | <b>21.1</b> | <b>421,184</b>                 | 39,553    |
| Foreign - secured                        |             | <b>258,572</b>                 | -         |
|  |             | <b>679,756</b>                 | 39,553    |

**21.1** These include an amount of Rs.4.710 million (2018: Rs.Nil) receivable from Fauji Foods Limited (a related party). The aggregate maximum outstanding balance at the end of any month during the year was Rs.11.056 million (2018: Rs. Nil).

| <b>22. LOANS AND ADVANCES</b> - considered good | <b>Note</b> | <b>2019</b><br>--- Rupees in '000 --- | <b>2018</b><br>--- Rupees in '000 --- |
|---|-------------|---------------------------------------|---------------------------------------|
| Advances to:                                    |             |                                       |                                       |
| - key management personnel                      | <b>22.1</b> | -                                     | 800                                   |
| - other employees                               |             | <b>4,787</b>                          | 5,625                                 |
| - suppliers                                     |             | <b>363,427</b>                        | 81,137                                |
| Recoverable from growers                        |             | <b>55,388</b>                         | 15,233                                |
| Current portion of long term loans and advances |             | <b>1,053</b>                          | 550                                   |
| Letters of credit                               |             | <b>6,904</b>                          | 6,761                                 |
|   |             | <b>431,559</b>                        | 110,106                               |

**22.1** During the preceding financial year, the Company advanced an amount of Rs.1.000 million to Mr. Ejaz Ahmed (General Manager (cane)) for construction of his house. The amount has been recovered during the current year.

| <b>23. OTHER RECEIVABLES</b>        | <b>Note</b> | <b>2019</b><br>--- Rupees in '000 --- | <b>2018</b><br>--- Rupees in '000 --- |
|-------------------------------------|-------------|---------------------------------------|---------------------------------------|
| Claims receivable - considered good |             | <b>3,915</b>                          | 3,915                                 |
| Excise duty receivable              | <b>15.9</b> | <b>120,771</b>                        | 88,227                                |
| Export subsidy                      | <b>23.1</b> | <b>11,845</b>                         | 106,030                               |
| Others                              | <b>23.2</b> | <b>55,344</b>                         | 38,058                                |
|                                     |             | <b>191,875</b>                        | 236,230                               |

**23.1** This represents freight support subsidy on export of sugar receivable from federal government.

**23.2** This mainly includes Rs.52.745 million (2018: Rs.33.153 million) receivable from Faisalabad Electric Supply Company against sale of electricity.

| <b>24. BANK BALANCES</b>                          | <b>Note</b> | <b>2019</b><br>--- Rupees in '000 --- | <b>2018</b><br>--- Rupees in '000 --- |
|---|-------------|---------------------------------------|---------------------------------------|
| Cash at commercial banks on:                      |             |                                       |                                       |
| - current accounts                                |             | <b>26,955</b>                         | 26,350                                |
| - saving accounts                                 | <b>24.1</b> | <b>3,780</b>                          | 9,982                                 |
| - margin accounts                                 | <b>24.2</b> | <b>20,766</b>                         | 3,400                                 |
| - dividend accounts                               |             | <b>7,105</b>                          | 6,276                                 |
|   |             | <b>58,606</b>                         | 46,008                                |
| Cash at Cooperative Societies on current accounts |             | <b>745</b>                            | 745                                   |
| Less: provision for impairment                    | <b>24.3</b> | <b>745</b>                            | 745                                   |
|   |             | <b>-</b>                              | -                                     |
|   |             | <b>58,606</b>                         | 46,008                                |

**24.1** Saving accounts, during the current financial year, carried profit / mark-up at the rates ranging from 3.75% to 11.25% (2018: 3.75% to 5.50%) per annum.

**24.2** These represent 100% cash margin deducted by banks against guarantees issued on behalf of the Company.

**24.3** As the recoverability of balances with Cooperative Societies is doubtful due to their closure by the Government of Pakistan; therefore, provision has been made to meet the potential eventuality.

**25. SALES - Net**

| Sugar                      |           | Distillery |           | Total     |           |
|----------------------------|-----------|------------|-----------|-----------|-----------|
| 2019                       | 2018      | 2019       | 2018      | 2019      | 2018      |
| ----- Rupees in '000 ----- |           |            |           |           |           |
| 3,973,345                  | 4,804,172 | 192,757    | 211,845   | 4,166,102 | 5,016,017 |
| 306,911                    | 288,153   | -          | -         | -         | -         |
| 792,776                    | 709,483   | 1,225,144  | 1,130,291 | 2,017,920 | 1,839,774 |
| 5,073,032                  | 5,801,808 | 1,417,901  | 1,342,136 | 6,184,022 | 6,855,791 |
| 482,660                    | 550,012   | 30,143     | 32,303    | 512,803   | 582,315   |
| 4,590,372                  | 5,251,796 | 1,387,758  | 1,309,833 | 5,671,219 | 6,273,476 |

**25.1** This includes sugar export subsidy amounted Rs.48.649 million (2018: Rs.158.863 million).

**25.2** All the contracts were under one performance obligation and revenue has been recognized at the point of time when the goods have been transferred to the customers.

**26. COST OF SALES**

| Sugar                      |           | Distillery |         | Total     |           |
|----------------------------|-----------|------------|---------|-----------|-----------|
| 2019                       | 2018      | 2019       | 2018    | 2019      | 2018      |
| ----- Rupees in '000 ----- |           |            |         |           |           |
| 3,004,908                  | 4,575,454 | 378,613    | 274,673 | 3,383,521 | 4,850,127 |
| -                          | -         | 306,911    | 288,153 | -         | -         |
| 3,004,908                  | 4,575,454 | 685,524    | 562,826 | 3,383,521 | 4,850,127 |
| 115,862                    | 114,117   | 40,873     | 34,370  | 156,735   | 148,487   |
| 30,741                     | 14,078    | 25,891     | 18,660  | 56,632    | 32,738    |
| 65,482                     | 74,588    | 23,755     | 23,681  | 89,237    | 98,269    |
| 110,915                    | 98,900    | 7,975      | 10,353  | 118,890   | 109,253   |
| 107,382                    | 85,440    | 39,728     | 15,077  | 147,110   | 100,517   |
| 6,832                      | 5,033     | 2,189      | 1,457   | 9,021     | 6,490     |
| 943                        | 397       | 87         | 36      | 1,030     | 433       |
| 10,256                     | 10,029    | 437        | 2,644   | 10,693    | 12,673    |
| 3,453,321                  | 4,978,036 | 826,459    | 669,104 | 3,972,869 | 5,358,987 |

|                               | Sugar            |                  | Distillery     |                | Total            |                  |
|-------------------------------|------------------|------------------|----------------|----------------|------------------|------------------|
|                               | 2019             | 2018             | 2019           | 2018           | 2019             | 2018             |
| ----- Rupees in '000 -----    |                  |                  |                |                |                  |                  |
| Adjustment of work-in-process |                  |                  |                |                |                  |                  |
| Opening                       | 5,803            | 9,146            | 802            | 4,127          | 6,605            | 13,273           |
| Closing                       | (8,938)          | (5,803)          | (6,394)        | (802)          | (15,332)         | (6,605)          |
|                               | (3,135)          | 3,343            | (5,592)        | 3,325          | (8,727)          | 6,668            |
| Cost of goods manufactured    | 3,450,186        | 4,981,379        | 820,867        | 672,429        | 3,964,142        | 5,365,655        |
| Adjustment of finished goods  |                  |                  |                |                |                  |                  |
| Opening stock                 | 1,814,884        | 1,981,349        | 80,044         | 110,095        | 1,894,928        | 2,091,444        |
| Closing stock                 | (981,693)        | (1,814,884)      | (71,609)       | (80,044)       | (1,053,302)      | (1,894,928)      |
|                               | 833,191          | 166,465          | 8,435          | 30,051         | 841,626          | 196,516          |
|                               | <b>4,283,377</b> | <b>5,147,844</b> | <b>829,302</b> | <b>702,480</b> | <b>4,805,768</b> | <b>5,562,171</b> |

**26.1** Inter-segment sales and purchases have been eliminated from the total figures.

**26.2** These include Rs.1,045 thousand (2018: Rs.1,019 thousand) and Rs.5,963 thousand (2018: Rs.4,745 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

## 27. DISTRIBUTION AND MARKETING EXPENSES

|   | Sugar         |               | Distillery    |               | Total          |                |
|---|---------------|---------------|---------------|---------------|----------------|----------------|
|   | 2019          | 2018          | 2019          | 2018          | 2019           | 2018           |
| ----- Rupees in '000 -----                      |               |               |               |               |                |                |
| Salaries and benefits (note 27.1)               | 2,285         | 2,137         | 9             | -             | 2,294          | 2,137          |
| Loading, unloading, freight and export expenses | 36,163        | 6,929         | 47,775        | 72,860        | 83,938         | 79,789         |
| Rent of storage tanks                           | -             | -             | 15,375        | 11,175        | 15,375         | 11,175         |
| Depreciation                                    | 417           | 383           | -             | -             | 417            | 383            |
| Commission                                      | 4,109         | 2,781         | -             | -             | 4,109          | 2,781          |
| Others  | 819           | 8,189         | -             | 10            | 819            | 8,199          |
|   | <b>43,793</b> | <b>20,419</b> | <b>63,159</b> | <b>84,045</b> | <b>106,952</b> | <b>104,464</b> |

**27.1** These include Rs.14 thousand (2018: Rs.16 thousand) and Rs.103 thousand (2018: Rs.79 thousand) in respect of provident fund contributions and staff retirement benefits - gratuity respectively.

**28. ADMINISTRATIVE EXPENSES**

|   | Sugar          |               | Distillery    |               | Total          |                |
|---|----------------|---------------|---------------|---------------|----------------|----------------|
|   | 2019           | 2018          | 2019          | 2018          | 2019           | 2018           |
| ----- Rupees in '000 -----  |                |               |               |               |                |                |
| Salaries and benefits (note 28.1)   | 70,020         | 64,684        | 23,340        | 21,562        | 93,360         | 86,246         |
| Travelling and conveyance<br>including directors'<br>travelling amounting<br>Rs.251 thousand<br>(2018: Rs.1,080 thousand) | 1,315          | 1,135         | 438           | 378           | 1,753          | 1,513          |
| Vehicles' running and maintenance   | 9,929          | 7,513         | 3,310         | 2,504         | 13,239         | 10,017         |
| Communication   | 2,100          | 1,196         | 787           | 478           | 2,887          | 1,674          |
| Printing and stationery   | 697            | 1,013         | 232           | 337           | 929            | 1,350          |
| Rent, rates and taxes   | 3,381          | 2,843         | 1,398         | 1,448         | 4,779          | 4,291          |
| Insurance   | 667            | 577           | 222           | 193           | 889            | 770            |
| Repair and maintenance  | 1,878          | 1,990         | 719           | 684           | 2,597          | 2,674          |
| Subscription  | 4,668          | 1,872         | 4,168         | 1,090         | 8,836          | 2,962          |
| Advertisement   | 95             | 241           | 92            | 80            | 187            | 321            |
| Depreciation  | 8,787          | 5,757         | 3,366         | 3,832         | 12,153         | 9,589          |
| Entertainment / guest house expenses  | 3,771          | 3,159         | 1,428         | 1,153         | 5,199          | 4,312          |
| Auditors' remuneration (note 28.2)  | 1,103          | 964           | 368           | 321           | 1,471          | 1,285          |
| Legal and professional<br>Charges (other than Auditors')  | 3,788          | 1,771         | 1,391         | 1,590         | 5,179          | 3,361          |
| Utilities   | 4,538          | 2,574         | 1,513         | 858           | 6,051          | 3,432          |
| Others  | 723            | 1,025         | 224           | 387           | 947            | 1,412          |
|   | <b>117,460</b> | <b>98,314</b> | <b>42,996</b> | <b>36,895</b> | <b>160,456</b> | <b>135,209</b> |

**28.1** These include Rs.342 thousand (2018: Rs.318 thousand) and Rs.3,694 thousand (2018: Rs.2,826 thousand) in respect of provident fund contributions and staff retirement benefits-gratuity respectively.

**28.2 Auditors' remuneration**

|   | 2019         | 2018         |
|---|--------------|--------------|
| --- Rupees in '000 ---                      |              |              |
| ShineWing Hameed Chaudhri & Co.             |              |              |
| - statutory audit fee                       | 1,100        | 1,050        |
| - half yearly review                        | 210          | 150          |
| - certification charges                     | 50           | 50           |
| - out-of-pocket expenses                    | 35           | 35           |
|   | <b>1,395</b> | <b>1,285</b> |
| Javaid Jalal Amjad & Co. - provident fund's | 76           | -            |
|   | <b>1,471</b> | <b>1,285</b> |

**28.3** Administrative expenses, which are not separately identifiable, have been allocated on the basis of management's estimation.

**29. OTHER INCOME**

|   | Note | 2019<br>--- Rupees in '000 --- | 2018          |
|---|------|--------------------------------|---------------|
| <b>Income from financial assets</b>                               |      |                                |               |
| Unclaimed and other payable balances written-back                 |      | 11,329                         | 302           |
| Interest / mark-up on saving accounts                             |      | 1,429                          | 987           |
| <b>Income from other than financial assets</b>                    |      |                                |               |
| Scrap sales - net   |      | 1,018                          | 1,784         |
| Bagasse and press mud sales - net                                 |      | 4,509                          | 36,636        |
| Sale of electricity   | 29.1 | 16,873                         | 27,427        |
| Gain on disposal of operating fixed assets                        | 16.3 | 973                            | 788           |
| Reversal of provision for slow moving stores and spares inventory | 19.1 | -                              | 694           |
| Rental income   |      | 155                            | -             |
| Others  |      | 180                            | 102           |
|   |      | <u>36,466</u>                  | <u>68,720</u> |

29.1 This represents sale of electricity to Faisalabad Electric Supply Company.

**30. OTHER EXPENSES**

|  | Note | 2019<br>--- Rupees in '000 --- | 2018          |
|--|------|--------------------------------|---------------|
| Donations (without directors' interest)                    |      | 200                            | 70            |
| Depreciation on investment property                        | 17   | 57                             | 60            |
| Exchange fluctuation loss                                  |      | 6,288                          | -             |
| Operating fixed assets written-off                         |      | -                              | 4,170         |
| Provision made for slow moving stores and spares inventory | 19.1 | 774                            | -             |
| Workers' profit participation fund                         | 11.1 | 14,338                         | 14,213        |
|  |      | <u>21,657</u>                  | <u>18,513</u> |

**31. FINANCE COST**

|                                      |      |                |                |
|--------------------------------------|------|----------------|----------------|
| Mark-up / profit on:                 |      |                |                |
| - long term finances                 |      | 31,889         | 26,607         |
| - short term finances                |      | 293,838        | 204,021        |
| - lease finances                     |      | 5,449          | 830            |
| - workers' profit participation fund | 11.1 | 1,678          | 1,833          |
| Bank and other charges               |      | 7,666          | 18,364         |
|                                      |      | <u>340,520</u> | <u>251,655</u> |

**32. TAXATION - Net**

|                            |  |               |               |
|----------------------------|--|---------------|---------------|
| Provision for current year |  | <u>47,015</u> | <u>59,399</u> |
|----------------------------|--|---------------|---------------|

**32.1** Income tax assessments of the Company have been finalised upto Assessment Year 2002-03 under section 62 of the repealed Income Tax Ordinance, 1979 whereas Tax Years 2003 to 2018 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

**32.2** Income tax return for tax year 2019 has not been filed by the Company in the light of directions given by the LHC vide its interim order dated December 09, 2019. The Company has filed a writ petition before the LHC challenging the vires of amendments brought to section 65B of the Ordinance through the Finance Act, 2019.

**32.3** No numeric tax rate reconciliation has been presented in these financial statements as provisions made during the current and preceding financial year mainly represent minimum tax payable under section 113 and final tax deducted at source on realisation of foreign exchange proceeds under section 154, after adjusting tax credit available under section 65B of the Ordinance.

**32.4** Deferred tax asset arising on unused tax losses has not been recognised in these financial statements due to uncertainty about the availability of taxable profits in the foreseeable future.

**33. EARNINGS PER SHARE - Basic and Diluted**

|  | 2019                    | 2018       |
|--|-------------------------|------------|
|  | --- Rupees in '000 ---  |            |
| Profit after taxation attributable to ordinary shareholders            | 225,317                 | 210,785    |
|  | ---- No. of shares ---- |            |
| Weighted average number of ordinary shares outstanding during the year | 16,517,453              | 16,517,453 |
|  | ----- Rupees -----      |            |
| Earnings per share   | 13.64                   | 12.76      |

**33.1** There is no dilutive effect on the basic earning per share of the Company.

**34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

| Particulars                             | Chief Executive |        | Directors |       |               |       | Executives |        |
|---|-----------------|--------|-----------|-------|---------------|-------|------------|--------|
|   |                 |        | Executive |       | Non-Executive |       |            |        |
|   | 2019            | 2018   | 2019      | 2018  | 2019          | 2018  | 2019       | 2018   |
| ----- Rupees in '000 -----              |                 |        |           |       |               |       |            |        |
| Managerial remuneration including bonus | 5,400           | 9,244  | 4,800     | 6,800 | -             | -     | 10,632     | 9,990  |
| Perquisites and benefits:               |                 |        |           |       |               |       |            |        |
| Utilities                               | -               | 727    | -         | -     | 649           | 694   | -          | -      |
| Medical                                 | 62              | 1,822  | 273       | 126   | 265           | 325   | 100        | 19     |
| Entertainment / club bills              | -               | -      | 120       | 153   | 85            | -     | -          | -      |
|   | 62              | 2,549  | 393       | 279   | 999           | 1,019 | 100        | 19     |
|   | 5,462           | 11,793 | 5,193     | 7,079 | 999           | 1,019 | 10,732     | 10,009 |
| No. of persons                          | 1               | 2      | 1         | 1     | 1             | 1     | 3          | 3      |

- 34.1** The working directors and executives have been provided with free use of the Company maintained cars and telephones at their residences. Furnished residences have also been provided to the executives in the Mills' Colony.
- 34.2** A sum of Rs.Nil (2018: Rs.789 thousand) was incurred on the renovation of Chief Executive's residence.
- 34.3** During the current financial year, meeting fees of Rs.590 thousand (2018: Rs.420 thousand) were paid to three (2018: two) Non-executive directors of the Company.

## **35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

### **35.1 Financial Risk Factors**

The Company has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk; and
- liquidity risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

### **35.2 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

#### **(a) Currency risk**

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of stores & spares and export of goods mainly denominated in US Dollars and Euros. As at reporting date, the Company is not exposed to any significant currency risk.

#### **(b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:



|   | 2019           | 2018         | 2019                   | 2018      |
|---|----------------|--------------|------------------------|-----------|
|   | Effective rate |              | Carrying amount        |           |
|   | %              |              | --- Rupees in '000 --- |           |
| <b>Fixed rate instruments</b>                     |                |              |                        |           |
| <b>Financial assets</b>                           |                |              |                        |           |
| Bank balances                                     | 3.75 - 11.25   | 3.75 - 5.50  | 3,780                  | 9,982     |
| <b>Variable rate instruments</b>                  |                |              |                        |           |
| <b>Financial liabilities</b>                      |                |              |                        |           |
| Long term finance                                 | 9.95 - 15.66   | 8.13 - 9.95  | 262,500                | 300,000   |
| Short term borrowings                             | 3.00 - 15.91   | 3.00 - 10.01 | 2,401,266              | 2,385,600 |
| Liability against assets subject to finance lease | 9.97 - 16.91   | 9.21 - 10.04 | 15,305                 | 6,817     |

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through the statement of profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

#### Cash flow sensitivity analysis for variable rate instruments

At September 30, 2019, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs.26.791 million (2018: Rs.26.924 million) lower / higher mainly as a result of higher / lower interest expense on variable rate financial liabilities.

#### (c) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

### 35.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

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

Credit risk primarily arises from deposits, trade debts, loans & advances, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company.

#### Exposure to credit risk

The maximum exposure to credit risk as at September 30, 2019 along with comparative is tabulated below:

|                    | 2019<br>--- Rupees in '000 --- | 2018<br>--- Rupees in '000 --- |
|--------------------|--------------------------------|--------------------------------|
| Security deposits  | 3,879                          | 11,933                         |
| Trade debts        | 679,756                        | 39,554                         |
| Loans and advances | 63,213                         | 21,768                         |
| Other receivables  | 59,259                         | 41,973                         |
| Bank balances      | 58,606                         | 46,008                         |
|                    | <b>864,713</b>                 | <b>161,236</b>                 |

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

|          | 2019<br>--- Rupees in '000 --- | 2018<br>--- Rupees in '000 --- |
|----------|--------------------------------|--------------------------------|
| Domestic | 421,184                        | 39,554                         |
| Export   | 258,572                        | -                              |
|          | <b>679,756</b>                 | <b>39,554</b>                  |

The aging of trade debts at the date of statement of financial position was as follows:

|                              | 2019<br>--- Rupees in '000 --- | 2018<br>--- Rupees in '000 --- |
|------------------------------|--------------------------------|--------------------------------|
| Not yet due                  | 562,007                        | 36,683                         |
| Past due - more than 30 days | 117,749                        | 2,871                          |
|                              | <b>679,756</b>                 | <b>39,554</b>                  |

Based on the working, the management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.521.559 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

### 35.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

|   | Carrying amount  | Contractual cash flows | Less than 1 year | Between 1 to 5 years |
|---|------------------|------------------------|------------------|----------------------|
| ----- Rupees in '000 -----                        |                  |                        |                  |                      |
| <b>September 30, 2019</b>                         |                  |                        |                  |                      |
| Long term finance                                 | 262,500          | 323,445                | 144,131          | 179,314              |
| Liability against assets subject to finance lease | 15,305           | 19,099                 | 7,549            | 11,550               |
| Trade and other payables                          | 259,947          | 259,947                | 259,947          | -                    |
| Accrued mark-up                                   | 73,118           | 73,118                 | 73,118           | -                    |
| Short term finances                               | 2,401,266        | 2,451,516              | 2,451,516        | -                    |
| Unclaimed and unpaid dividends                    | 7,898            | 7,898                  | 7,898            | -                    |
|   | <u>3,020,034</u> | <u>3,135,023</u>       | <u>2,944,159</u> | <u>190,864</u>       |

|   | Carrying amount  | Contractual cash flows | Less than 1 year | Between 1 to 5 years |
|---|------------------|------------------------|------------------|----------------------|
| ----- Rupees in '000 -----                        |                  |                        |                  |                      |
| <b>September 30, 2018</b>                         |                  |                        |                  |                      |
| Long term finances                                | 300,000          | 366,426                | 102,233          | 264,193              |
| Liability against assets subject to finance lease | 6,817            | 8,156                  | 2,700            | 5,456                |
| Trade and other payables                          | 223,104          | 223,104                | 223,104          | -                    |
| Accrued mark-up                                   | 67,948           | 67,948                 | 67,948           | -                    |
| Short term finances                               | 2,385,600        | 2,429,138              | 2,429,138        | -                    |
| Unclaimed and unpaid dividends                    | 7,069            | 7,069                  | 7,069            | -                    |
|   | <u>2,990,538</u> | <u>3,101,841</u>       | <u>2,832,192</u> | <u>269,649</u>       |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

### 35.5 Fair value of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

### 35.6 Valuation techniques used to determine fair values

**Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

At September 30, 2019, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

### 35.7 Financial instruments by category

|   | Amortised<br>cost      | Loans and<br>advances |
|---|------------------------|-----------------------|
| Financial assets<br>as per the statement<br>of financial position | 2019                   | 2018                  |
|   | --- Rupees in '000 --- |                       |

|                    |                  |                |
|--------------------|------------------|----------------|
| Loans and advances | 1,985            | 360            |
| Security deposits  | 3,879            | 11,933         |
| Trade debts        | 679,756          | 39,553         |
| Loans and advances | 68,132           | 28,169         |
| Other receivables  | 191,875          | 236,230        |
| Bank balances      | 58,606           | 46,008         |
|                    | <u>1,004,233</u> | <u>362,253</u> |

|  | Financial liabilities<br>measured at amortised<br>cost |      |
|--|--|------|
| Financial liabilities<br>as per the statement<br>of financial position | 2019   | 2018 |
|  | ----- Rupees in '000 -----                             |      |

|  |                  |                  |
|--|------------------|------------------|
| Long term finance                                    | 262,500          | 300,000          |
| Liability against assets<br>subject to finance lease | 15,305           | 6,817            |
| Trade and other payables                             | 259,947          | 223,104          |
| Accrued mark-up                                      | 73,118           | 67,948           |
| Short term finances                                  | 2,402,453        | 2,386,078        |
| Unclaimed and<br>unpaid dividends                    | 7,898            | 7,069            |
|  | <u>3,021,221</u> | <u>2,991,016</u> |

## 36. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances, liability against assets subject to finance lease and short term borrowings as shown in the statement of financial position) less bank balances. Total equity includes all capital and reserves of the Company that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

|                     | 2019                   | 2018      |
|---------------------|------------------------|-----------|
|                     | --- Rupees in '000 --- |           |
| Total borrowings    | 2,680,258              | 2,692,895 |
| Less: bank balances | 58,606                 | 46,008    |
| Net debt            | 2,621,652              | 2,646,887 |
| Total equity        | 928,841                | 742,051   |
| Total capital       | 3,550,493              | 3,388,938 |
| Gearing ratio       | 74%                    | 78%       |

### 37. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

|  | Liabilities                |   |                       |              |
|--|----------------------------|---|-----------------------|--------------|
|  | Long term finances         | Liability against assets subject to finance lease | Short term borrowings | Dividend     |
|  | ----- Rupees in '000 ----- |   |                       |              |
| Balance as at October 01, 2018                 | 300,000                    | 6,817   | 2,386,078             | 7,069        |
| <b>Changes from financing activities</b>       |                            |   |                       |              |
| Finances obtained                              | -                          | -   | 16,375                | -            |
| Finances repaid                                | (37,500)                   | -   | -                     | -            |
| Lease liability obtained                       | -                          | 8,488   | -                     | -            |
| Dividends paid                                 | -                          | -   | -                     | (42,116)     |
| Dividend declared                              | -                          | -   | -                     | 42,945       |
| <b>Total changes from financing cash flows</b> | <b>262,500</b>             | <b>15,305</b>                                     | <b>2,402,453</b>      | <b>7,898</b> |
| <b>Other changes</b>                           | -                          | -   | -                     | -            |
| <b>Balance as at September 30, 2019</b>        | <b>262,500</b>             | <b>15,305</b>                                     | <b>2,402,453</b>      | <b>7,898</b> |

| Liabilities        |   |                       |          |
|--------------------|---|-----------------------|----------|
| Long term finances | Liability against assets subject to finance lease | Short term borrowings | Dividend |

..... Rupees in 000 .....

|  |                |              |                  |              |
|--|----------------|--------------|------------------|--------------|
| Balance as at October 01, 2017                 | 362,935        | 8,759        | 2,333,655        | 5,323        |
| <b>Changes from financing activities</b>       |                |              |                  |              |
| Finances obtained                              | -              | -            | 52,423           | -            |
| Finances repaid                                | (62,935)       | -            | -                | -            |
| Lease liability repaid                         | -              | (1,942)      | -                | -            |
| Dividends paid                                 | -              | -            | -                | (56,065)     |
| Dividend declared                              | -              | -            | -                | 57,811       |
| <b>Total changes from financing cash flows</b> | <b>300,000</b> | <b>6,817</b> | <b>2,386,078</b> | <b>7,069</b> |
| <b>Other changes</b>                           | <b>-</b>       | <b>-</b>     | <b>-</b>         | <b>-</b>     |
| <b>Balance as at September 30, 2018</b>        | <b>300,000</b> | <b>6,817</b> | <b>2,386,078</b> | <b>7,069</b> |

### 38. CAPACITY AND PRODUCTION

| 2019 | 2018 |
|------|------|
|------|------|

#### Sugar Plant

|   |         |                  |           |
|---|---------|------------------|-----------|
| Rated crushing capacity (based on 140 working days) | M. Tons | <b>1,400,000</b> | 1,400,000 |
| Cane crushed  | M. Tons | <b>630,929</b>   | 1,008,944 |
| Sugar produced                                      | M. Tons | <b>63,098</b>    | 98,655    |
| Days worked   | Nos.    | <b>102</b>       | 121       |
| Sugar recovery                                      | %       | <b>10.01</b>     | 9.77      |

#### Distillery Plant

|                        |        |                   |            |
|------------------------|--------|-------------------|------------|
| Rated capacity per day | Litres | <b>130,000</b>    | 80,000     |
| Actual production      | Litres | <b>17,889,251</b> | 22,241,992 |
| Days worked            | Nos.   | <b>216</b>        | 310        |

### 39. SEGMENT INFORMATION

The Company's reportable segments are as follows:

- Sugar
- Distillery

### 39.1 Segment revenues and results

**For the year ended  
September 30, 2019**

|   | Sugar          | Distillery     | Elimination of<br>inter<br>segment<br>transactions | Total          |
|---|----------------|----------------|--|----------------|
| ----- Rupees in '000 -----  |                |                |  |                |
| Sales   | 4,590,372      | 1,387,758      | (306,911)  | 5,671,219      |
| Cost of sales   | (4,283,377)    | (829,302)      | (306,911)  | (4,805,768)    |
| Gross profit  | 306,995        | 558,456        | -  | 865,451        |
| Selling and distribution<br>expenses                                      | (43,793)       | (63,159)       | -  | (106,952)      |
| Administrative expenses   | (117,460)      | (42,996)       | -  | (160,456)      |
|   | (161,253)      | (106,155)      | -  | (267,408)      |
| <b>Profit before taxation<br/>and unallocated<br/>income and expenses</b> | <b>145,742</b> | <b>452,301</b> | <b>-</b>   | <b>598,043</b> |
| <b>Unallocatable income and expenses</b>                                  |                |                |  |                |
| Other income  |                |                |  | 36,466         |
| Other expenses  |                |                |  | (21,657)       |
| Finance cost  |                |                |  | (340,520)      |
| Taxation  |                |                |  | (47,015)       |
| <b>Profit for the year</b>  |                |                |  | <b>225,317</b> |

|  | Sugar           | Distillery     | Elimination of<br>inter<br>segment<br>transactions | Total          |
|--|-----------------|----------------|--|----------------|
| ----- Rupees in '000 -----   |                 |                |  |                |
| <b>For the year ended<br/>September 30, 2018</b>                                   |                 |                |  |                |
| Sales  | 5,251,796       | 1,309,833      | (288,153)  | 6,273,476      |
| Cost of sales  | (5,147,844)     | (702,480)      | (288,153)  | (5,562,171)    |
| Gross profit   | 103,952         | 607,353        | -  | 711,305        |
| Selling and distribution<br>expenses   | (20,419)        | (84,045)       | -  | (104,464)      |
| Administrative expenses  | (98,314)        | (36,895)       | -  | (135,209)      |
|  | (118,733)       | (120,940)      | -  | (239,673)      |
| <b>(Loss) / profit before taxation<br/>and unallocated<br/>income and expenses</b> | <b>(14,781)</b> | <b>486,413</b> | <b>-</b>   | <b>471,632</b> |
| <b>Unallocatable income and expenses</b>   |                 |                |  |                |
| Other income   |                 |                |  | 68,720         |
| Other expenses   |                 |                |  | (18,513)       |
| Finance cost   |                 |                |  | (251,655)      |
| Taxation   |                 |                |  | (59,399)       |
| <b>Profit for the year</b>   |                 |                |  | <b>210,785</b> |

**39.2 Segment assets and liabilities**

|   | Sugar     | Distillery | Total            |
|---|-----------|------------|------------------|
| -----Rupees in '000 -----   |           |            |                  |
| <b>As at September 30, 2019</b>                                     |           |            |                  |
| Segment assets  | 3,082,051 | 926,523    | 4,008,574        |
| Unallocatable assets  |           |            | 202,880          |
| <b>Total assets as per the statement of financial position</b>      |           |            | <b>4,211,454</b> |
| Segment liabilities   | 413,247   | 23,466     | 436,713          |
| Unallocatable liabilities   |           |            | 2,845,900        |
| <b>Total liabilities as per the statement of financial position</b> |           |            | <b>3,282,613</b> |
|   |           |            |                  |
|   | Sugar     | Distillery | Total            |
| -----Rupees in '000 -----   |           |            |                  |
| <b>As at September 30, 2018</b>                                     |           |            |                  |
| Segment assets  | 3,249,683 | 625,048    | 3,874,731        |
| Unallocatable assets  |           |            | 105,418          |
| <b>Total assets as per the statement of financial position</b>      |           |            | <b>3,980,149</b> |
| Segment liabilities   | 352,676   | 68,638     | 421,314          |
| Unallocatable liabilities   |           |            | 2,816,784        |
| <b>Total liabilities as per the statement of financial position</b> |           |            | <b>3,238,098</b> |

Sales to domestic customers in Pakistan are 67.37% (2018: 73.16%) and to customers outside Pakistan are 32.63% (2018: 26.84%) of the revenues during the current financial year.

The Company sells its manufactured products to local and foreign companies, commission agents, organisations and institutions. Five (2018: seven) of the Company's customers contributed towards 89.36% (2018: 84.65%) of the local sales during the current financial year aggregating Rs.3.557 billion (2018: Rs.4.071 billion) which exceeds 10% of the local sales of the Company.

**Geographical information**

All segments of the Company are managed on nation-wide basis and operate manufacturing facilities and sale offices in Pakistan.



#### 40. RELATED PARTY TRANSACTIONS

Related parties comprise of the Associated Companies, directors, major shareholders, key management personnel and entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' retirement funds. The Company in the normal course of business carries out transactions with various related parties.

##### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Company considers its Chief Executive, directors and all team members of its management team to be its key management personnel.

Detail of related parties (with whom the Company has transacted) along with the relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

|   | 2019                 | 2018   |
|---|----------------------|--------|
|   | --- Rupees in 000--- |        |
| <b>i) Associated Company due to common directorship</b> |                      |        |
| Fauji Foods Limited                                     |                      |        |
| Sale of sugar   | 14,110               | -      |
| <b>ii) Key management personnel</b>                     |                      |        |
| Salary and other employment benefits                    | 21,386               | 28,881 |
| Loan provided   | -                    | 1,000  |
| <b>iii) Retirement Fund</b>                             |                      |        |
| Contribution towards provident fund                     | 1,385                | 1,354  |

#### 41. DISCLOSURE RELATING TO PROVIDENT FUND

|                                      |        |         |
|--------------------------------------|--------|---------|
| (i) Size of the Fund                 | 94,803 | 104,200 |
| (ii) Cost of investments made        | 73,590 | 83,447  |
| (iii) Percentage of investments made | 77.62% | 80.08%  |
| (iv) Fair value of investments made  | 73,590 | 83,447  |

##### 41.1 Break-up of the investment is as follows:

|                                     | 2019               | 2018   | 2019                   | 2018   |
|-------------------------------------|--------------------|--------|------------------------|--------|
|                                     | --- Percentage --- |        | --- Rupees in '000 --- |        |
| Special account in a scheduled bank | 35.24              | 56.92  | 25,931                 | 47,498 |
| Mutual fund                         | 7.69               | 43.08  | 5,659                  | 35,949 |
| Deposits with a scheduled bank      | 57.07              | -      | 42,000                 | -      |
|                                     | 100.00             | 100.00 | 73,590                 | 83,447 |

The figures are based on the un-audited financial statements of the Provident Fund (the Fund) as at September 30, 2019 and audited financial statements as at September 30, 2018. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

The Fund's audit for the year ended September 30, 2018 has been carried-out by M/s. Javaid Jalal Amjad & Co., Chartered Accountants, CMA Colony, Abid Majeed Road, Lahore.

**42. NUMBER OF EMPLOYEES**

|   | <b>2019</b>               | <b>2018</b> |
|---|---------------------------|-------------|
|   | <b>----- Number -----</b> |             |
| Average number of employees during the year | <b>551</b>                | 552         |
| Number of employees at the September 30,    | <b>489</b>                | 499         |

**43. SUBSEQUENT EVENT**

The Board of Directors, in its meeting held on December 23, 2019 has proposed a final cash dividend of Rs.3.00 (2018: Rs.2.60) per share amounting to Rs.49.552 million (2018: Rs.42.946 million) for the year ended September 30, 2019. This appropriation will be approved by the members in the forthcoming Annual General Meeting to be held on January 25, 2020.

The financial statements for the year ended September 30, 2019 do not include the effect of the proposed appropriations, which will be accounted for in the financial statements for year ending September 30, 2020.

**44. CORRESPONDING FIGURES**

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made in these financial statements.

**45. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on December 23, 2019 by the board of directors of the Company.



**Lt Col ABDUL KHALIQ KHAN (Retd)**  
Chief Executive



**M. SOHAIL KHOKHAR**  
Director



**RIZWAN SOHAIL**  
Chief Financial Officer

**FORM 34**  
**PATTERN OF SHAREHOLDING**  
 (Section 227(2)(f))

AS AT SEPTEMBER 30, 2019

Incorporation No. : **0001858**

1.1 Name of the Company : **NOON SUGAR MILLS LIMITED**

2.1 Pattern of holding of the shares held by the shareholders as at **30-09-2019**


2.2

| No. of<br>Shareholders | Shareholdings |           | Total Shares<br>Held |
|------------------------|---------------|-----------|----------------------|
|                        | From          | To        |                      |
| 815                    | 1             | 100       | 23,940               |
| 492                    | 101           | 500       | 132,196              |
| 176                    | 501           | 1,000     | 135,599              |
| 258                    | 1,001         | 5,000     | 585,539              |
| 37                     | 5,001         | 10,000    | 279,864              |
| 12                     | 10,001        | 15,000    | 155,303              |
| 18                     | 15,001        | 20,000    | 317,646              |
| 7                      | 20,001        | 25,000    | 163,696              |
| 7                      | 25,001        | 30,000    | 195,520              |
| 1                      | 30,001        | 35,000    | 32,500               |
| 1                      | 35,001        | 40,000    | 36,600               |
| 2                      | 45,001        | 50,000    | 93,016               |
| 2                      | 55,001        | 60,000    | 115,617              |
| 2                      | 60,001        | 65,000    | 123,275              |
| 1                      | 70,001        | 75,000    | 73,000               |
| 1                      | 85,001        | 90,000    | 86,400               |
| 1                      | 100,001       | 105,000   | 103,929              |
| 2                      | 135,001       | 140,000   | 273,520              |
| 1                      | 140,001       | 145,000   | 142,806              |
| 1                      | 160,001       | 165,000   | 163,500              |
| 1                      | 210,001       | 215,000   | 212,700              |
| 1                      | 245,001       | 250,000   | 250,000              |
| 1                      | 250,001       | 255,000   | 250,001              |
| 1                      | 495,001       | 500,000   | 497,500              |
| 1                      | 545,001       | 550,000   | 547,100              |
| 1                      | 765,001       | 770,000   | 765,403              |
| 1                      | 1,435,001     | 1,440,000 | 1,437,480            |
| 1                      | 3,320,001     | 3,325,000 | 3,323,803            |
| 1                      | 5,995,001     | 6,000,000 | 6,000,000            |
| <b>1,846</b>           |               |           | <b>16,517,453</b>    |

## 2.3 Categories of shareholders

|  | Share held       | Percentage      |
|--|------------------|-----------------|
| <b>2.3.1 Directors, Chief Executive Officers, and their spouse and minor children</b>      | <b>3,418,339</b> | <b>20.6953%</b> |
| <b>2.3.2 Associated Companies, undertakings and related parties. (Parent Company)</b>      | <b>765,403</b>   | <b>4.6339%</b>  |
| <b>2.3.3 NIT and ICP</b>   | <b>29,447</b>    | <b>0.1783%</b>  |
| <b>2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.</b> | <b>1,448</b>     | <b>0.0088%</b>  |
| <b>2.3.5 Insurance Companies</b>   | <b>3,732</b>     | <b>0.0226%</b>  |
| <b>2.3.6 Modarabas and Mutual Funds</b>  | <b>-</b>         | <b>0.0000%</b>  |
| <b>2.3.7 Share holders holding 10% or more</b>   | <b>9,384,695</b> | <b>56.8168%</b> |
| <b>2.3.8 General Public</b>  |                  |                 |
| <b>a. Local</b>  | <b>9,000,773</b> | <b>54.4925%</b> |
| <b>b. Foreign</b>  | <b>466</b>       | <b>0.0028%</b>  |
| <b>2.3.9 Others (to be specified)</b>  |                  |                 |
| <b>Joint Stock Companies</b>   | <b>1,819,201</b> | <b>11.0138%</b> |
| <b>Pension Funds</b>   | <b>2,039</b>     | <b>0.0123%</b>  |
| <b>Foreign Companies</b>   | <b>1,437,592</b> | <b>8.7035%</b>  |
| <b>Others</b>  | <b>39,013</b>    | <b>0.2362%</b>  |

Signature of  
Company Secretary



Name of Signatory

SYED ANWAR ALI

Designation

COMPANY SECRETARY

CNIC Number

35200-2711479-3

Date

30 09 2019

## NOON SUGAR MILLS LIMITED

### FORM OF PROXY

Registered Folio No. /  
CDC Account No. \_\_\_\_\_

I/We \_\_\_\_\_  
Name

of \_\_\_\_\_  
Address

being a member of NOON SUGAR MILLS LIMITED hereby appoint

\_\_\_\_\_ Name

of \_\_\_\_\_ Address

or failing him / her \_\_\_\_\_ Name

of \_\_\_\_\_ Address

(also being a member of the Company) as my/ our proxy to attend, act and vote for me/ us and on my/ our behalf, at the 57<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, January 25, 2020 at 66 Garden Block, New Garden Town, Lahore at 11:30 a.m. and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

#### WITNESSES

1. Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC # \_\_\_\_\_

\_\_\_\_\_  
Signature of the Shareholder/ Appointer

2. Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC # \_\_\_\_\_

Revenue  
Stamp  
(Rs. 5/-)

**NOTE:** Proxies in order to be effective must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.

# نون شوگر ملز لمیٹڈ

66- گارڈن بلاک، نیو گارڈن ٹاؤن، لاہور۔  
تشکیل نیابت داری (پراکسی فارم)

میں / ہم  
ساکن  
بحیثیت حصہ دار نون شوگر ملز لمیٹڈ  
نام (فولیو / سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)  
ساکن  
یا بصورت دیگر  
نام (فولیو / سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)  
ساکن  
کو بروز ہفتہ 25 جنوری 2020

کو دن کے بوقت 11:30 بجے صبح 66- گارڈن بلاک، نیو گارڈن ٹاؤن، لاہور۔ میں منعقد یا ملتوی ہونے والے سٹانوائس سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

بطور گواہ میرے / ہمارے دستخط سے مورخہ \_\_\_\_\_ جنوری 2020 کو دی گئی۔

۵ روپے کارسیدی ٹکٹ  
چسپاں کر کے دستخط کریں

دستخط  
(ممبر / مجاز فسر)

حامل عام حصص

| سی ڈی سی اکاؤنٹ نمبر | فولیو نمبر    |
|----------------------|---------------|
| اکاؤنٹ نمبر          | شراکتی آئی ڈی |
|                      |               |

کمپیوٹرائزڈ شناختی کارڈ نمبر

نوٹس:

- پراکسیز کے منوثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے ۴۸ گھنٹے قبل بعد دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔
- سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی ساتھ لگائیں۔
- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز / پاور آف اٹارنی بمعہ نمائندہ کے دستخط پراکسی فارم کے ساتھ لف کرنے ہوں گے۔

### **VIDEO CONFERENCE FACILITY FORM**

I / We \_\_\_\_\_ being the member of Noon Sugar Mills Limited, holder of \_\_\_\_\_ Ordinary share(s) as per registered folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

Signature of Member \_\_\_\_\_

Date \_\_\_\_\_

### **BANK ACCOUNT DETAIL FORM**

Bank Account Details of Shareholder for payment of Cash Dividend through Electronic Mode:

I hereby wish to communicate my desire to receive my dividend directly in my bank account as detailed below:

Name of Shareholder: \_\_\_\_\_

Folio Number: \_\_\_\_\_

Bank Account No: \_\_\_\_\_

IBAN: \_\_\_\_\_

Title of Account: \_\_\_\_\_

Name of Bank: \_\_\_\_\_

Branch/full mailing address: \_\_\_\_\_

It is stated that the above information is correct to the best of my knowledge and shall keep the company informed in case of any changes in the above particulars in future.

\_\_\_\_\_  
Shareholder's Signature

\_\_\_\_\_  
Date:

\_\_\_\_\_  
CNIC #: (copy attached)

**GOVERNMENT OF PAKISTAN  
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

**NOTIFICATION**

*Islamabad, the 9<sup>th</sup> September, 2015*

S.R.O. 924 (I)/2015:- In exercise of the powers conferred by Section 506B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan is pleased to direct that a company listed on a stock exchange in Pakistan shall, while issuing annual accounts and balance sheet, incorporate the following informational message on 'JamaPunji', with immediate effect:




**Be aware, Be alert,  
Be safe**  
Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

JamaPunji is an initiative of the Capital Markets Board of Pakistan and is a registered provider of financial services.

\*No fee apps are also available for download for android and ios devices.

[jamapunji.pk](http://jamapunji.pk)    @jamapunji\_pk

[No. EMD/website-regulation/74/2011]

*Bushra*  
*9/9/15*  
(Bushra Aslam)  
Secretary to the Commission



## ڈائریکٹران رپورٹ برائے ممبران

معزز ممبران،

آپ کے ڈائریکٹران 30 ستمبر 2019 کو اختتام پزیر ہونے والے سال کی ستاونویں سالانہ رپورٹ، آڈٹ شدہ مالیاتی حسابات اور ان پر آڈٹ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### مالیاتی نتائج

آپ کی کمپنی نے سابقہ تقابلی سالانہ عرصہ میں حاصل کردہ 211 ملین روپے مقابلے میں رواں سال کے دوران 225 ملین روپے کا بعد از ٹیکس منافع حاصل کیا ہے۔ سابقہ سالانہ عرصہ میں مصنوعات کی فروخت سے حاصل شدہ کل رقم 6,273 ملین روپے کے مقابلے میں حالیہ زیر جائزہ مالیاتی سال کے دوران کمپنی نے 5,671 ملین روپے کا حصول کیا۔ سابقہ سالانہ عرصہ کے دوران 12.76 روپے فی حصہ منافع کے مقابلے میں رواں مالی سال کے دوران فی حصہ منافع 13.64 روپے رہا۔

چینی کی قیمتوں میں اضافے نے آپریشنل نتائج میں بہتری لانے میں اہم کردار ادا کیا ہے تاہم چینی پریسلز ٹیکس میں خاطر خواہ اضافہ کے ساتھ، مارک اپ کی شرح میں تیزی سے اضافہ نے چینی کے شعبہ میں منافع کو کم کر دیا ہے۔

تاہم پاکستانی روپے کی قدر میں کمی نے زیر جائزہ عرصہ کے دوران شیرے کی قیمت میں اضافے کے اثرات کو کسی حد تک کم کر دیا ہے اور ڈسٹری کے شعبے میں اس کے آپریشنل نتائج کو برقرار رکھنے میں مدد کی ہے۔

| 2018        | 2019        |                                     |
|-------------|-------------|-------------------------------------|
| (ملین روپے) | (ملین روپے) |                                     |
| 6,273       | 5,671       | پیداوار کی فروخت سے حاصل شدہ کل رقم |
| 711         | 865         | خام منافع                           |
| 522         | 613         | پیداواری منافع                      |
| 208         | 230         | خالص آمدن (نقصان)                   |
| 12.76       | 13.64       | فی حصہ آمدن (روپے)                  |

### پیداواری کارکردگی

#### چینی

آپ کی ملز نے سابقہ سال کے تقابلی عرصہ کے دوران نیلے جانے والے 1,008,944 میٹرک ٹن گنے سے 121 دنوں میں 9.77 فیصد شرح کشید سے پیدا کردہ 98,655 میٹرک ٹن چینی کی پیداوار کے مقابلے میں 630,929 میٹرک ٹن گنا بیلا اور 102 دنوں کے عرصہ میں 10.01 فیصد شرح کشید سے 63,098 میٹرک ٹن چینی پیدا کی۔

گزشتہ سال کے تقابلی اعداد و شمار کے ساتھ زیر جائزہ عرصہ کے دوران چینی کے شعبے کے آپریشنل کارکردگی کا گوشوارہ حسب ذیل ہے:

| 2018      | 2019    |          |                             |
|-----------|---------|----------|-----------------------------|
| 121       | 102     | دن       | پیداواری عرصہ               |
| 1,008,944 | 630,929 | میٹرک ٹن | گنا میلے جانے کی مقدار      |
| 98,655    | 63,098  | میٹرک ٹن | چینی کی پیداوار             |
| 9.77      | 10.01   | شرح فیصد | رس سے چینی کی پیداواری اوسط |
| 4.51      | 4.57    | شرح فیصد | شیرے کا پیداواری تناسب      |
| 45,500    | 28,800  | میٹرک ٹن | شیرے کی پیداوار             |

زیر جائزہ عرصہ کے دوران گنے کی پیداوار کے علاقوں میں نمایاں کمی ہوئی جس سے فصل کی کم پیداوار رہی اور چینی کی پیداوار میں نمایاں کمی واقع ہوئی۔ بد قسمتی سے گنے کی دستیابی میں کمی اور خصوصاً دالوں کی وجہ سے بڑھی ہوئی قیمتوں اور نقد ادائیگی پر گنے کے حصول کے لیے قیمتوں کی جنگ چھڑ گئی۔ ہم گنے کی پیداوار میں اضافے کیلئے زمیندار کو بیج اور کھاد کے حصول کیلئے قرضہ جات فراہم کر رہے ہیں۔

## ڈسٹری

زیر جائزہ عرصہ کے دوران 259 لیٹر فی میٹرک ٹن کی شرح سے 69,229 میٹرک ٹن شیرہ پراسس کر کے 14,311 میٹرک ٹن انڈسٹریل گریڈ اتھنول پیدا کی گئی جبکہ سابقہ سال کے دوران 259 لیٹر اتھنول فی میٹرک ٹن کی پیداواری شرح سے 85,723 میٹرک ٹن شیرہ پراسس کر کے 17,794 میٹرک ٹن انڈسٹریل گریڈ اتھنول پیدا کی گئی تھی۔

زیر جائزہ سال اور سابقہ سال کے عرصہ میں ڈسٹری کے شعبے میں پیداواری کارکردگی کے اعداد و شمار کا تقابلی گوشوارہ حسب ذیل ہے:

| 2018   | 2019   |                  |                   |
|--------|--------|------------------|-------------------|
| 310    | 216    | دن               | پیداواری عرصہ     |
| 85,723 | 69,229 | میٹرک ٹن         | شیرے کی پیداوار   |
| 17,794 | 14,311 | میٹرک ٹن         | اتھنول کی پیداوار |
| 259    | 259    | لیٹر فی میٹرک ٹن | پیداواری اوسط     |

چینی کی کم پیداواری کی وجہ سے شیرے کا حصول ایک چیلنج بنا رہا جس کی وجہ سے اتھنول کی پیداوار میں کمی واقع ہوئی۔ تاہم آپ کی انتظامیہ یہ مطلع کرتے ہوئے خوشی محسوس کر رہی ہے کہ نیا ڈسٹری پلانٹ پیداواری سہولیات میں خود کو ایک موثر اضافہ ثابت کر چکا ہے

## مستقبل کی پیش گوئی

### چینی

آپ کی انتظامیہ گنے کی فصل میں مسلسل کمی سے بخوبی آگاہ ہے اور اس نے مذکورہ صورتحال پر قابو پانے کے لیے کاشتکاروں کو تاخیر سے ادائیگی پر کھاد کی فراہمی اور گنے کی پیداوار بڑھانے اور کٹائی کے نقصانات سے بچنے کے لیے کاشتکاروں کی کھیتوں میں تربیت کے ذریعے پہلے ہی کچھ اقدامات کیے ہیں۔ گنے کی امدادی قیمت میں حالیہ اضافہ بھی

کاشتکاروں کو اس نقد آور فصل کی جانب راغب کرے گا۔ تاہم چینی کی صنعت چینی کی مسلسل بڑھتی ہوئی پیداواری لاگت اور چینی کی فروخت پر سیلنگس میں حالیہ اضافہ کے انسدادی اقدامات پر مبنی ایک طویل مدتی پالیسی مرتب کرنے کے لیے حکومت کی جانب دیکھ رہی ہے۔ صنعت کو ایک اضافی معاونت کے طور پر بروقت حکومتی فیصلوں کے ذریعے، برآمدی منڈی میں وقتاً فوقتاً تیزی کے رجحانات سے فائدہ اٹھانے کی اجازت ہونی چاہیے۔

## انتھنول

موجودہ کرشنگ سیزن میں شیرے کی پہلے سے بڑھی ہوئی قیمت میں ایک اور تیز اضافہ دیکھا جا رہا ہے۔ پاکستانی روپے کی قدر میں حالیہ کمی شیرے کے حصول کی لاگت کو کم کرنے کے لیے کافی نہیں ہوگی۔ عالمی سطح پر انتھنول کی کم پیداوار کی پیش گوئی کے باوجود انتھنول کی برآمدی قیمت میں کچھ بہتری ہو سکتی ہے۔ سابقہ سالوں کے موازنہ میں ڈسٹری کا شعبہ مجموعی طور پر کچھ امید افزا نظر نہیں آتا۔

آنے والے مشکل وقت کو مد نظر رکھتے ہوئے آپ کی انتظامیہ آپریشنل استعداد کار کو بہتر بنانے کے لیے مختلف حکمت عملیوں پر مسلسل کام کر رہی ہے تاکہ دونوں مصنوعات کی لاگت کو کم کیا جاسکے۔

## متعلقہ پارٹیوں سے لین دین

متعلقہ فریقین سے لین دین on arm's length بنیاد پر کیا جا رہا ہے۔ رپورٹنگ کی مدت کے بعد، ملک عدنان حیات نون کو بورڈ کا مشیر مقرر کیا گیا ہے۔

## کارپوریٹ سماجی ذمہ داری

نون شوگر ملز پائیدار برادری اور معاشرتی ترقی کے لیے معاونت اور کام کرنے میں فعال کردار ادا کرنے کے لیے پرعزم ہے۔ کارپوریٹ سوشل ریسپانسیبلٹی (CSR) اپنی بنیادی اقدار میں مربوط ہے اور یہ کمپنی کے مجموعی مشن کا لازمی جزو ہے۔

مندرجہ ذیل کچھ جاری اقدامات ہیں جو نون شوگر ملز لیمیٹڈ نے اپنی سماجی ذمہ داریوں کو پورا کرنے کی غرض سے اٹھائے ہیں :

a - آپ کی کمپنی اپنے ملازمین کے بچوں اور فیکٹری کے آس پاس رہنے والے کنویں کے فائدے کے لیے ملازمین کی رہائشی کالونی کے اندر ایک کالج اور ایک انگلش میڈیم ماڈل ہائی اسکول کے قیام کے ذریعے معیاری تعلیم مہیا کر رہی ہے۔ ملازمین کے بچوں کی حوصلہ افزائی بھی کی جاتی ہے کہ وہ ہر سال میٹرک سے شروع ہونے والے وظائف کے ذریعہ اعلیٰ تعلیم حاصل کریں۔

b - گھریلو اشیاء کی رعایتی نرخوں پر فراہمی کے لیے نون شوگر ملز لیمیٹڈ رہائشی کالونی میں مناسب قیمتوں کی ایک دکان (Fair Price Shop) چلا رہی ہے۔

c - کمپنی بھلوال میں گزشتہ 26 سالوں سے ایک مفت ڈسپنسری بھی چلا رہی ہے اور ملحقہ رہائشی بستیوں کے غریب مریضوں کو مفت ادویات بھی مہیا کر رہی ہے۔

## کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل

سلیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) 2019 کے ضوابط کو 30 ستمبر 2019 کو ختم ہونے والے سال کے لیے کمپنی نے اختیار کیا ہے اور ان پر مکمل طور پر عمل کیا ہے۔ اس سلسلے میں ایک بیان رپورٹ سے منسلک ہے۔

## کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک۔

انتظامیہ نے کمپنیز ایکٹ 2017 اور انٹرنیشنل مالیاتی رپورٹنگ کے اصولوں کو مد نظر رکھ کر یہ مالیاتی رپورٹس اور ان کا خلاصہ تیار کیا گیا ہے۔ یہ اسٹیٹمنٹ خالصتاً کمپنی کے آپریشنل نتائج، رقم کے بہاؤ، اور ایکوٹی کی تبدیلی کے مطلق ہے۔

بورڈ آف ڈائریکٹر یہاں یہ بیان کرتے ہیں۔

- IFRS کے اصولوں کی روشنی میں مالیاتی نوٹس میں تمام چیزوں کو افشاء کیا گیا ہے۔
- کمپنی کی تمام مالیاتی کتب کو سنبھال کر رکھا گیا ہے۔
- تمام مالیاتی قوانین کو مد نظر رکھتے ہوئے مناسب مالیاتی پالیسیوں کو مسلسل مالی بیانات کی تیاری میں لاگو کیا گیا ہے۔ اور مناسب تخمینہ لگایا گیا ہے۔
- داخلی کنٹرول کے نظام کو مناسب ترتیب دے کے موثر طریقے سے عمل درآمد اور نگرانی کے اصول وضع کئے گئے ہیں۔
- کمپنی کی صلاحیت میں کوئی شک نہیں ہے کہ ایسے ہی اپنا کام جاری رکھے۔
- اسٹاک ایکسچینج کی لسٹ کے قواعد و ضوابط میں تفصیلی طور پر کارپوریٹ گورننس کے بہترین طریقوں سے انحراف نہیں کیا گیا۔
- پچھلے چھ سال کا مالیاتی اور پیداواری حساب اس رپورٹ کے ساتھ شامل ہیں۔
- مالی سال 30 ستمبر 2019 کے اکاؤنٹس کے انکشاف کے علاوہ کوئی بھی قابل ادائیگیس، ڈیوٹی قابل ادائیں سوائے اس کے جو کہ پہلے ہی بیان کی جا چکی ہے۔
- کمپنی کے، Directors, CEO, CFO، کمپنی سیکریٹری اور ان کی زوجہات اور نابالغ بچوں نے 30 ستمبر 2019 کو ختم ہونے والے مالی سال میں کمپنی کے حصص میں سوائے نیچے بیان کردہ کوئی لین دین نہیں کیا۔
- ملازمین کے ریٹائرمنٹ فنڈ کی سرمایہ کاری کی لاگت مندرجہ ذیل ہے۔

## ملازمین کی ریٹائرمنٹ کے فوائد۔

کمپنی نے ایک تسلیم شدہ Provident فنڈ قائم کر رکھا ہے۔ جو کہ فنڈ کے آڈٹ کردہ مالی بیانات پر مبنی ہے۔ اس کی سرمایہ کاری کی قیمت مندرجہ ذیل ہے۔

|                        |                  |
|------------------------|------------------|
| 30 ستمبر 2019 کی مالیت | 73.590 روپے ملین |
| 30 ستمبر 2018 کی مالیت | 83.447 روپے ملین |

Gratuity سکیم اس وقت non-funded ہے۔ اور کل مستحق کارکنوں کو احاطہ کرنے کے لیے actuarial valuation کا طریقہ اپنایا گیا ہے۔ اور مالیاتی حساب کے نوٹ نمبر 10 میں تفصیل درج ہے۔

30 ستمبر 2019 کو کمپنی کے حصص کا خلاصہ دیا گیا ہے یہاں اس کا خلاصہ ہے۔

## حصص کا خلاصہ۔

۱۔ ایسوسی ایٹ کمپنیز، Undertaking، اور متعلق جماعتیں نمبر حصص

765,403 Noon Industries (Pvt) Ltd

NIL Mutual Funds ۲۔

۳۔ ڈائریکٹرز اور ان کی زوجہات اور نابالغ بچے

| ڈائریکٹرز کے نام                | اپنی مالیت | زوجہ  | نابالغ بچے |
|---------------------------------|------------|-------|------------|
| سلمان حیات نون                  | 3,384,695  | NIL   | NIL        |
| سیف اللہ خان نون                | 17         | NIL   | NIL        |
| کنورا قبال طالب                 | 26,360     | 7,260 | NIL        |
| سید علی رضا                     | 1          | NIL   | NIL        |
| لیفٹیننٹ کرنل عبدالخالق خان (ر) | 1          | NIL   | NIL        |
| محمد سہیل کھوکھر                | 4          | NIL   | NIL        |
| محمد طارق میر                   | 1          | NIL   | NIL        |

4۔ Executive NIL NIL NIL

5۔ پبلک سیکٹر کمپنیز، کارپوریشنز، Joint Stock Companies

حصص فیصد

11.25% 1,858,214

6۔ بینک، مالیاتی ادارے، نان بینکنگ مالیاتی کمپنیاں، انشورنس کمپنیاں، ٹاکنائل، مودارہ اور پنشن فنڈ۔

حصص فیصد

0.0437% 7,219

7۔ پانچ فیصد اور اس سے زیادہ حصص رکھنے والے

| حصص مالیت | فیصد   |
|-----------|--------|
| 6,000,000 | 36.33% |
| 3,384,695 | 20.49% |
| 1,437,480 | 8.70%  |

Ms. Tahia Noon

سلمان حیات نون

ای ایف جی بینک (چینل ایز لینڈ) لمیٹڈ

## حصص میں لین دین۔

|                         |             |      |
|-------------------------|-------------|------|
| ڈائریکٹرز اور انتظامیہ۔ | فروخت / گفٹ | خرید |
| ملک عدنان حیات نون      | 6,000,032   | Nil  |

## بورڈ کی میٹنگز اور ڈائریکٹرز کی حاضری

دوران سال بورڈ کی چار میٹنگز ہوئیں۔ جس کی حاضری درج ذیل ہے۔

| ڈائریکٹرز کا نام              | میٹنگز میں حاضری |
|-------------------------------|------------------|
| کنورا قبال طالب               | 4                |
| ملک عدنان حیات نون            | 3                |
| سلمان حیات نون                | 3                |
| لبقٹیٹ کرمل عبدالخالق خان (ر) | 3                |
| محمد سہیل کھوکھر              | 4                |
| محمد طارق میر                 | 4                |
| سید علی رضا                   | 4                |

بورڈ نے غیر حاضر ڈائریکٹرز کی چھٹی منظور کر لی۔

## Audit Committee کی میٹنگ اور حاضری۔

جب سے کوڈ آف کارپوریٹ گونس لاگو ہوئے ہیں اس وقت سے Audit Committee معرض وجود میں آئی ہے۔ جس میں دو آزاد اور ایک نان انگریڈ ڈائریکٹرز شامل ہیں۔ دوران سال اس کمیٹی کی چار میٹنگ ہوئی ہیں۔ Audit Committee کی لسٹنگ ریگولیشن کے مطابق Term of Refrence، جو کہ بورڈ آف ڈائریکٹرز سے منظور شدہ دائرہ اختیار ہے۔ دوران سال اس کمیٹی کی چار میٹنگ کی حاضری اس طرح رہی۔

| ڈائریکٹرز کا نام | میٹنگز میں حاضری |
|------------------|------------------|
| محمد طارق میر    | 4                |
| سلمان حیات نون   | 4                |
| سید علی رضا      | 4                |

## انسانی وسائل اور Remuneration کمیٹی۔

یہ کمیٹی اس لئے بنائی گئی تھی تاکہ کلیدی انتظامیہ کے اہلکاروں کی تنخیص، ان کا معاوضہ، اور کامیابی کی مکمل منصوبہ بندی کی جاسکے۔ دوران سال اس کمیٹی کی چار میٹنگز ہوئیں جن کی حاضری اس طرح رہی۔

| ڈائریکٹر کا نام                 | میٹنگ کی حاضری |
|---------------------------------|----------------|
| سید علی رضا                     | 4              |
| ملک عدنان حیات نون              | 4              |
| سلمان حیات نون                  | 3              |
| لیفٹیننٹ کرنل عبدالخالق خان (ر) | 4              |

### حصہ داران کی میٹنگز

دوران سال سالانہ جنرل میٹنگ 26 جنوری 2019 کو ہوئی۔

### بقایہ قانونی ادائگیاں۔

تمام بقایہ رقم کی ادائگیاں ایک عام اور روزمرہ کا کام ہے۔

### ڈائریکٹرز کو ادائیگیوں کا اصول۔

بورڈ آف ڈائریکٹرز کی منظوری سے انتظامیہ کو ادائیگیوں کا واضح اصول ہے۔ جو کہ انتظامیہ کی اپنی ذمہ داریوں کے مطابق ترتیب دیا گیا ہے۔ ایگزیکٹو ڈائریکٹر کو ادائیگیاں بورڈ آف ڈائریکٹرز کی منظوری سے کی جاتی ہیں۔ جس کو انسانی وسائل اور ادائیگیاں کمیٹی تجویز کرتی ہے۔ تاہم کمپنی آزاد ڈائریکٹرز کو سوائے بورڈ آف ڈائریکٹرز اور کمیٹی کی میٹنگ میں حاضری فیس کے علاوہ کوئی ادائیگی نہیں کرتی۔

### حصہ داران کا کردار۔

بورڈ کا مقصد حصہ داران کو وقت پر ضروری معلومات فراہم کرنے کو یقینی بنانا ہے جس کی وجہ سے کمپنی کی حالت پر اثر پڑ سکتا ہے۔ اس مقصد کے حصول کے لئے تمام اطلاعات حصہ داران کو سہ ماہی، ششماہی، اور سالانہ بنیاد پر رپورٹ، کمپنی کی ویب سائٹ پر دی جاتی ہے۔ مناسب احتساب کے لئے بورڈ حصہ داران کی سالانہ جنرل اجلاس کے موقع پر شمولیت کی حوصلہ افزائی کرتا ہے۔

### منافع منقسمہ:

بورڈ آف ڈائریکٹرز نے 23 دسمبر 2019 کو منعقدہ اجلاس میں سال 2019 کیلئے منافع منقسمہ کی ادائیگی 3.00 روپے فی حصص یا (30%) منافع منقسمہ دینے کی سفارش کی ہے۔ جس کی منظوری سالانہ اجلاس منعقدہ 25 جنوری 2020 میں حصہ داران سے لی جائے گی۔

### صحت، حفاظت، ماحول:


کمپنی مکمل طور پر بین الاقوامی صحت، حفاظت، ماحول کے اصولوں پر کاربند ہے اور مستقبل میں اسی مقصد کے حصول میں مسلسل بہتری کیلئے کوشاں ہیں۔


### آڈیٹر:

Shinewing Hameed Chaudhri & Company چارٹرڈ اکاؤنٹنٹس ریٹائر ہونے والے آڈیٹر نے اپنے آپ کو دوبارہ مقرر کرنے کی پیشکش کی ہے۔ جس کی Audit Committee کی تجویز کے بعد بورڈ آف ڈائریکٹرز نے سفارش کی ہے۔

## اعتراف

بورڈ کمپنی پر اعتماد اور انمول تعاون کے لیے تمام متعلقین، مالیاتی اداروں، سپلائرز اور حصص یافتگان کا شکر گزار ہے۔ اس موقع پر ہم کمپنی کے تمام ملازمین کی جانب سے کمپنی کی بہبود کی خاطر لگن، توجہ اور محنت سے مسلسل کی جانے والی ان کی تمام کاوشوں کو تسلیم کرتے ہیں۔

  
لیفٹیننٹ کرنل عبدالخالق خان (ریٹائرڈ)  
چیف ایگزیکٹو

  
محمد سہیل کھوکھر  
ڈائریکٹر

مورخہ : دسمبر 23، 2019



# نون شوگر ملز لمیٹڈ

رجسٹرڈ آفس : 66 گارڈن بلاک، نیو گارڈن ٹاؤن، لاہور۔

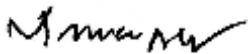
## اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ نون شوگر ملز لمیٹڈ (کمپنی) کے ممبران کا (57) ستاد نواں سالانہ اجلاس عام بروز ہفتہ مورخہ 25 جنوری، 2020 صبح ساڑھے گیارہ بجے مندرجہ ذیل امور کی انجام دہی کے لیے بمقام 66 گارڈن بلاک، نیو گارڈن ٹاؤن، لاہور میں منعقد ہوگا:

- 1 - ممبران کے سالانہ اجلاس عام منعقدہ 26 جنوری، 2019 کی کارروائی کی توثیق۔
- 2 - 30 ستمبر، 2019 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ حسابات اور ان پر آڈیٹران اور ڈائریکٹران کی رپورٹوں پر غور کرنا اور انہیں منظور کرنا۔
- 3 - منافع منقسمہ کی ادائیگی کو منظور کرنا۔ بورڈ نے 3.00 روپے فی حصص (30%) منافع منقسمہ دینے کی سفارش کی ہے۔
- 4 - سال 30 ستمبر 2020 کو اختتام پزیر ہونے والے سال کے لیے کمپنی کے آڈیٹران کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔
- 5 - صدر اجلاس کی اجازت سے اجلاس میں پیش کیے جانے والے دیگر امور انجام دینا۔

## منتقلی حصص کی کتابوں کی بندش

کمپنی حصص کی منتقلی کی کتابیں 18 جنوری، 2020 تا 25 جنوری، 2020 (بشمول دونوں ایام) بغرض انعقاد سالانہ اجلاس عام اور منافع منقسمہ کے تعین کے لیے بند رہیں گی۔ 17 جنوری 2020 کے دفتری اوقات کے خاتمہ تک منتقلی کے لیے موصول ہونے والے حصص کے یافتگان منافع منقسمہ کے حقدار ہوں گے۔

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 کمپنی سیکریٹری

بمقام لاہور۔

مورخہ 23 دسمبر، 2019

## نوٹس :

- 1 - کوئی بھی ممبر جو اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا مجاز ہے وہ اپنی جگہ کسی اور ممبر کو اجلاس میں شرکت کرنے کے لیے اپنا پراکسی مقرر کرنے کا حقدار ہے۔ پراکسیوں کے لیے ضروری ہے کہ وہ اجلاس کے انعقاد کے لیے مقرر کردہ وقت سے کم از کم اڑتالیس گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جائیں۔ کوئی ممبر ایک سے زائد پراکسی مقرر نہیں کر سکتا۔ پراکسی فارم کے ہمراہ شیئرز ہولڈر کے شناختی کارڈ کی تصدیق شدہ نقل لگائی جائے۔
- 2 - CDC کے اکاؤنٹ ہولڈروں کو ہدایت کی جاتی ہے کہ وہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان جانب سے وضع کردہ مندرجہ ذیل ہدایات پر عمل کریں:

## a. اجلاس میں شرکت کے لیے:

- i افراد کی صورت میں اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کی غرض سے اپنا اصل قومی شناختی کارڈ/ پاسپورٹ معہ CDC اکاؤنٹ نمبر ساتھ لائیں۔
- ii کارپوریٹ باڈیز کے نمائندے اجلاس میں شرکت کے لیے بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ معہ نامزد افراد کے نمونہ دستخط اپنے ہمراہ لائیں۔

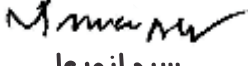
## b. پراکسیوں کو مقرر کرنے کے لیے:

- i افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر مندرجہ بالا ہدایات کے مطابق پراکسی فارم مہیا کریں۔
- ii پراکسی فارم دو گواہان سے تصدیق شدہ ہوگا جن کے نام، پتے اور CNIC نمبر فارم پر درج کیے جائیں گے۔
- iii پراکسی فارم دینے والے ممبر اور پراکسی ہولڈر کے CNIC یا پاسپورٹ کی نقول پراکسی فارم کے ساتھ مہیا کی جائیں گی۔
- iv میٹنگ میں شرکت کے وقت پراکسی ہولڈر اپنا اصل قومی شناختی کارڈ یا پاسپورٹ برائے شناخت پیش کرے گا۔
- v کارپوریٹ باڈیز بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ اور پراکسی کے نمونہ دستخط پراکسی فارم کے ہمراہ مہیا کریں۔

- 3 فزیکل شیئرز رکھنے والے ممبران سے التماس ہے کہ اگر وہ پہلے ہی مہیا نہیں کر چکے تو کمپنی کو اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی مہیا کریں اور ڈاک کے پتوں میں اگر کوئی تبدیلی ہو تو اس سے فوراً کمپنی رجسٹر اری یعنی کارپ لنک (پرائیویٹ) لمیٹڈ کو ان کے پتے واقع Wings Arcade, 1-K, Commercial ماڈل ٹاؤن پر مطلع کریں۔

- 4 SECP کی ہدایت کی تعمیل میں ممبران کو ہدایت کی جاتی ہے کہ وہ منسلک فارم پر اپنے متعلقہ بینک اکاؤنٹ کی تفصیل مہیا کریں تاکہ کمپنی ان کا کیش ڈیویڈنڈ ان کے اکاؤنٹ میں بھجوا سکے۔

- 5 اگر کمپنی کو اجلاس عام کے انعقاد سے دس روز قبل کسی علاقائی خطے کے ایسے ممبران کی جانب سے جن کے حصص کی مجموعی تعداد دس فیصد یا زیادہ ہے اجلاس میں شرکت بذریعہ وڈیو کانفرنس شرکت کی درخواست موصول ہو تو کمپنی بشرطیکہ اس شہر میں ایسا بندوبست موجود ہو، وڈیو کانفرنس کی سہولت فراہم کرے گی۔ کمپنی اجلاس کی تاریخ سے پانچ روز قبل وڈیو کانفرنس کی سہولت مہیا کرنے کی جگہ کے بارے میں ممبران کو مطلع کرے گی۔ مجوزہ درخواست فارم سالانہ رپورٹ سے منسلک ہے۔

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