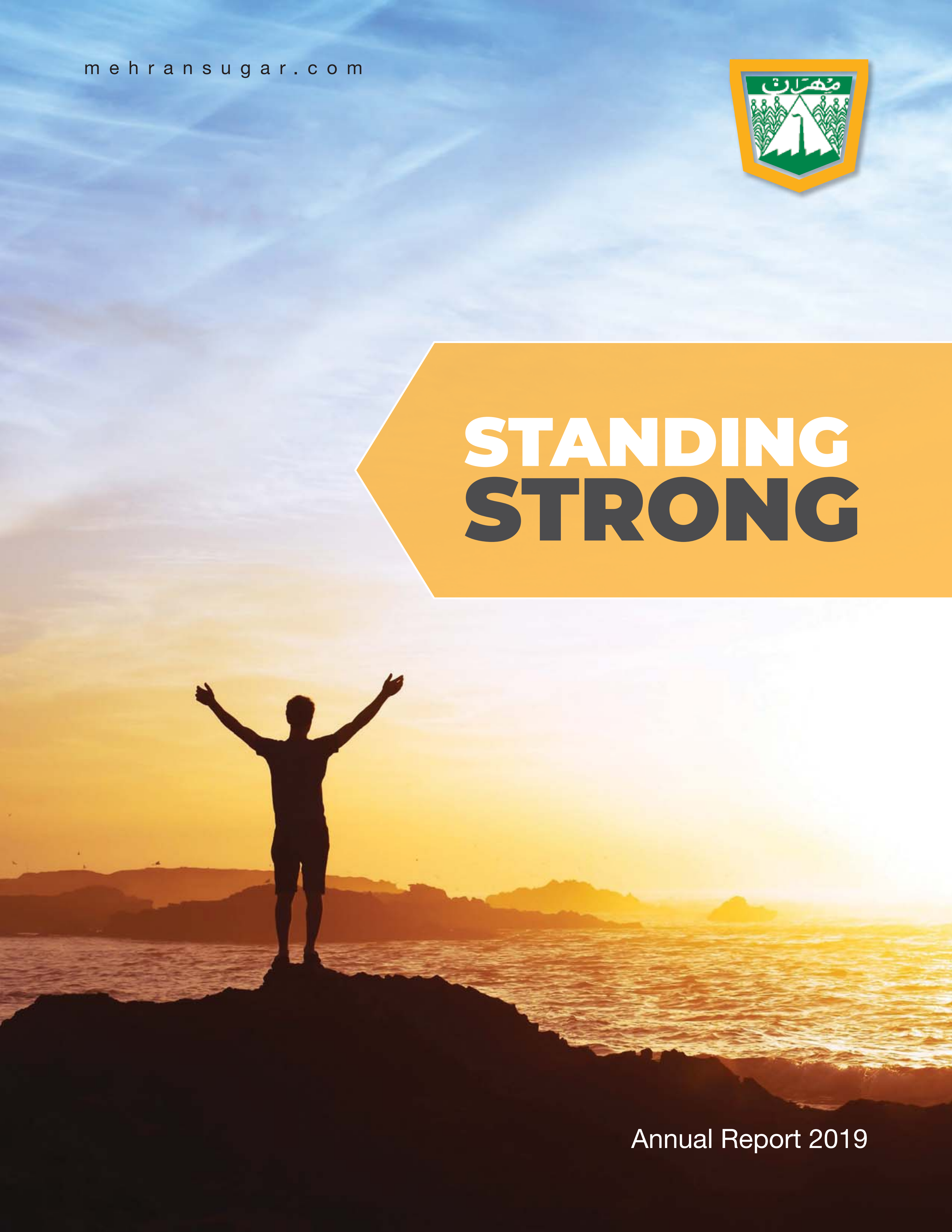
mehransugar.com



STANDING STRONG

Annual Report 2019

STANDING STRONG

The sugar industry is facing an extremely challenging scenario both domestically and internationally. High cane support prices have led to a glut of expensive sugar internally which has crashed domestic prices.

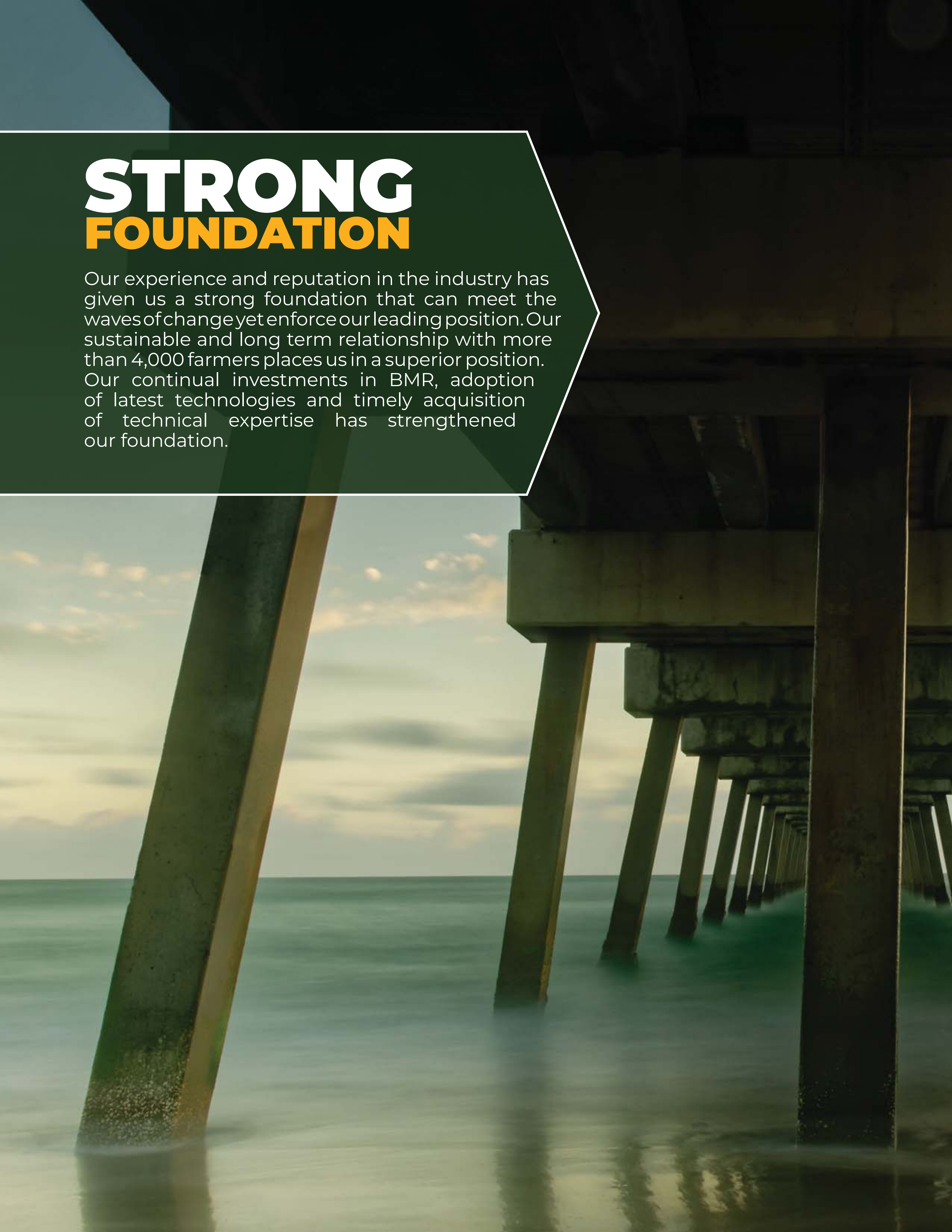
On the other hand, global sugar prices are at a 5 year low and hovering between USD 300 to USD 350 per ton. This situation makes exports uncompetitive thus adding to the local glut.

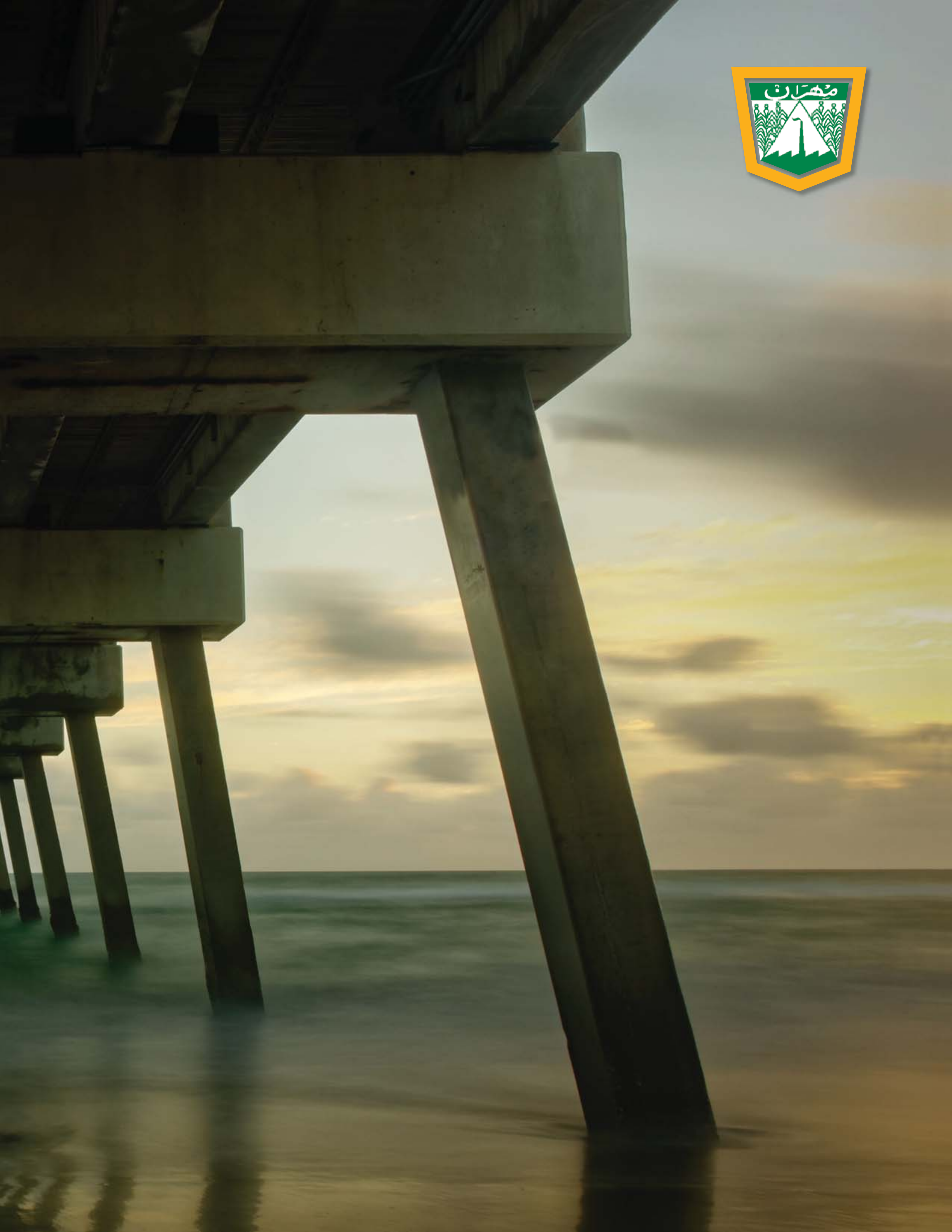
The economic situation in the country hasn't helped either. Currency devaluation, followed by double digit inflation and interest rates have hit the industry badly. This scenario coupled with low consumer confidence and mounting fuel prices have created a challenging environment for both sugar and sugarcane producers.

CONTENTS

STRONG FOUNDATION

Our experience and reputation in the industry has given us a strong foundation that can meet the waves of change yet enforce our leading position. Our sustainable and long term relationship with more than 4,000 farmers places us in a superior position. Our continual investments in BMR, adoption of latest technologies and timely acquisition of technical expertise has strengthened our foundation.





KEY FIGURES

TURNOVER (RS.)
5,931,544,867

SUCROSE RECOVERY
11.44%

PROFIT BEFORE TAX (RS.)
512,147,072

EARNINGS PER SHARE (RS.)
9.97

SUGAR PRODUCTION (M.TONS)
80,332

MOLASSES PRODUCTION (M. TONS)
33,182

BAGASSE SOLD (M. TONS)
29,162

MARKET CAPITALIZATION (RS.)
2,329,872,630

OUR CORE VALUES

MAXIMIZING RETURNS

Our shareholders are a key stakeholder and we continually strive to create value for them. We pay dividends on regular basis to our shareholders and we intend to be progressive.

BINDING ASSOCIATIONS

We maintain a long-term working relationship with relevant stakeholders as they are part and parcel of our quest in enhancing our business opportunities. Our investments in joint venture companies such as Unicol, UniEnergy and Unifood Industires is a reflection of this.

EMPOWERING GROWERS

We are committed to facilitate our growers and assist them in whatever way possible within our resources. Our premium quality seed loan policy for pest managment is a reflection of this. We work with our farmer and support him in finding innovative and progressive solutions to sugarcane farming.

ENSURING SAFETY

We conduct our business with high regard for the health, safety and environment. We have established an HSE department and continually strive to make sure we can create a conducive work environment.

CLEANER ENVIRONMENT

We are committed to minimizing environmental impacts by reducing wastes and emissions. Mehran is proud to be one of the pioneers in establishing a fly ash discharge system and a state of the art Effluent Treatment Plant (ETP).

PROVIDING EDUCATION

We live by our principle of corporate social responsibility and make a difference through our social development programs. Education in the rural sector is direly needed and we continue to play a strong role in ensuring to fulfill this need. Our four schools i.e. DMS, TCF I, TCF II and TCF III have combined enrolment of more than 1,300 students.

STRONG OUTCOME

Despite the fact that sugar cane production in Sindh recorded a significant drop our robust sucrose recovery enabled us to attain positive margins and produce a volume of sugar which allowed decent overhead absorption.

Promising prices of by-products and sugar export under FTA with China are the other developments which affected the financial results positively.

Unicol limited contributed sizeably to our bottom line and its regular dividends improved our liquidity position.

VISION

We remain focused on being one of Pakistan's leading and largest sugar producers. A modern sugar mill must utilise its raw materials efficiently to produce sugar, ethanol and power at the most competitive pricing. Our vision remains to be the most economical producer of sugar by utilising these raw materials effectively.

MISSION

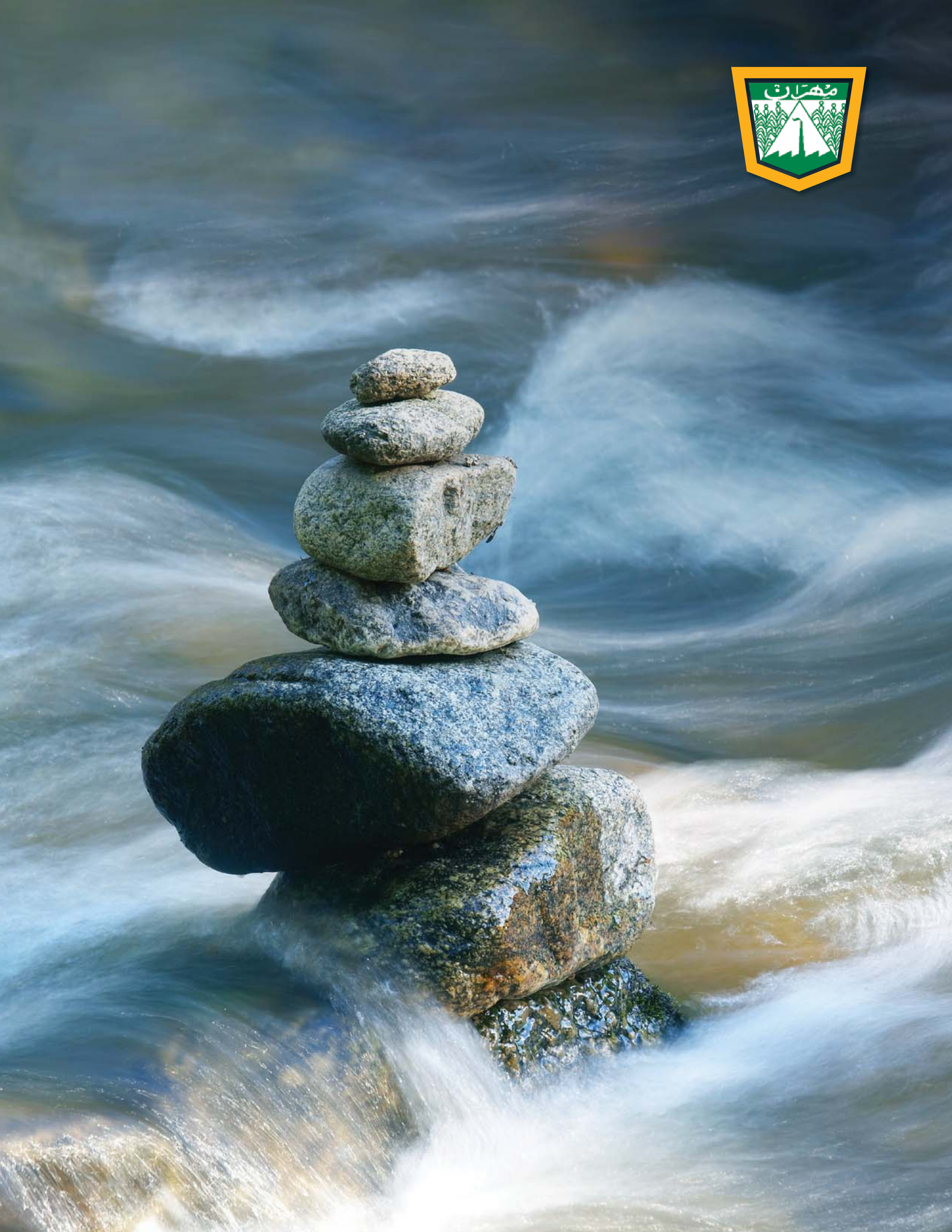
Our Mission remains to ensure we can provide sustainable results and consistent growth to our shareholder. Our objective is to achieve this by utilising sugar and it's by products to add value and grow our business.

Basic Purpose: The basic purpose of our Enterprise is to perpetuate as a Public Limited Company engaged in manufacturing and marketing white refined cane sugar and brown sugar while utilising its sugar byproducts such as molasses and Baggasse to produce ethanol and power respectively. To ensure sustainability we also look to make long term investments in industries which we feel add value to our shareholder and to the country.

STRONG PASSION

We are passionately moving towards our goal to become a "Modern Sugar Company" having our income streams diversified in sugar production, solar/Baggasse based power, ethanol and value add of sugar through investment in a FMCG business. Although, we are facing hindrances in our planned energy projects we continue to invest aggressively in energy efficiency with the objective to save as much Baggasse as possible.

Our newly incorporated FMCG project, UniFoods under the brand ***Good Goodies*** has started creating a mass market brand with a nationwide distribution network. Revenue & volumes are growing resultantly with sales expected to cross Rs. 1.0 Billion this year. As the company will add products to its portfolio it shall eventually be able to achieve a net profit.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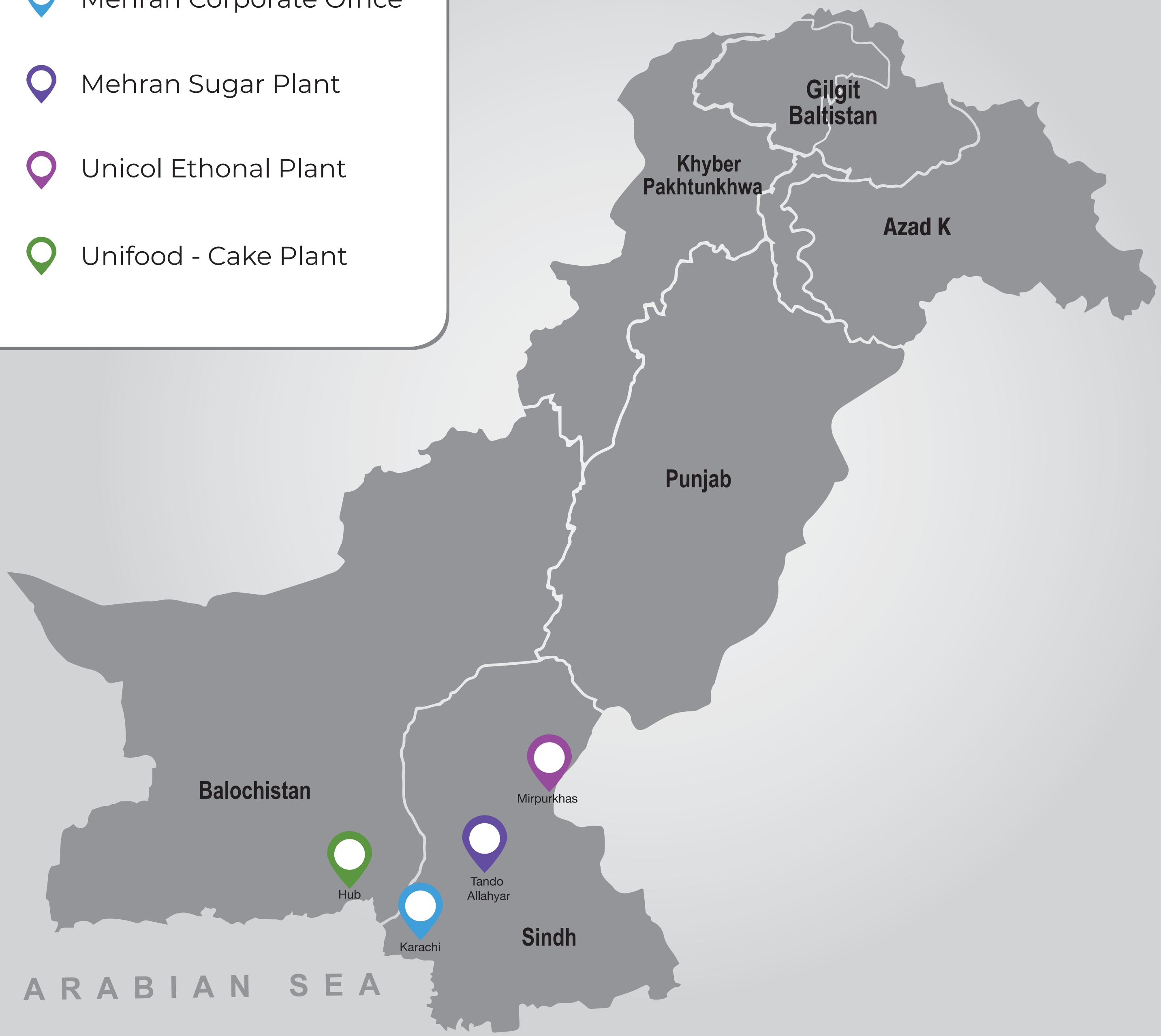
GEOGRAPHICAL LOCATION

Mehran Corporate Office

Mehran Sugar Plant

Unicol Ethonal Plant

Unifood - Cake Plant



STRONG RESILIENCE

With a steady and persistent improvement our Retail brand "Sugarie" has gained a strong penetration in the niche segment of Brown sugar. Now ***"Sugarie"*** is available readily in 10 prominent cities of Pakistan. The retail brand showed its resilience by achieving continual strong growth in both volume and revenue figures in the reported financial period.

JOURNEY TO SUCCESS

1965

The Company is incorporated as a public limited company.

1968

Shares of the Company listed on the Karachi Stock Exchange.
Plant commences trial production with a crushing capacity of 1,500 TCD.
Complete plant is procured from M/s Mitsubishi Japan.

1978

Steady re-engineering increase the crushing capacity to 3,500 TCD.

1983

Recognised by the Karachi Stock Exchange as one of the Top 25 Company Award for the year.

1986

Again selected by the Karachi Stock Exchange for its Top 25 Company Award for the year.

1994

Company starts commercial production of second parallel milling unit, thus increasing crushing capacity to 7,000 TCD.

1998

The Company is awarded ISO-9002 - QMS Certification.

2001

Sales cross Rs. 1.0 Billion.

2006

The Company crosses the Rs. 2.0 Billion sales milestone.

2007

The joint venture distillery, Unicol Limited commences commercial production.

2010

The Company crosses the Rs. 4.0 Billion sales milestone.

2013

Company first time ever crossed sucrose recovery of 11 percent.
The Company crossed the 100,000 M. tons milestone production for the first time.

2014

Record highest sugar production of 123,210 M. tons.
Sales crossed Rs. 6.0 Billion.
Associated Company Unicol Limited doubled its ethanol production capacity to 200,000 LPD.

2015

Record highest sucrose recovery of 11.42 percent, which was the highest achieved in the country.
Company crossed half a billion profit before tax.
Started supply of co-generated electricity to the National Grid.

2016

The company crosses the Rs. 7.0 billion sales milestone.
Company paid its highest dividend of 57.5% translating into Rs. 184 million for the year.

2017

Sucrose Recovery of 11.06% was amongst highest in the country.
Bagasse Savings reached level of 35,000 Tons this year.
The state of the art Effluent Treatment Plant commenced its operations.
Upfront Tariff & Generation License have been awarded to 26.5 MW Hp-Cogen Power Plant.

2018

Sucrose Recovery of 11.52% was amongst the highest in the history of the Company as well as of the country.
Sugar exports of more than 74,000 tons achieved which is highest in the history of the company.
Bagasse Savings reached level of 50,000 Tons this year.
Profit of our joint venture project Unicol Ltd. crossed Rs. 1 billion mark for the first time.
Our associated Joint Venture Company Unifoods Ltd. started its commercial production.

2019

Sucrose Recovery again surpassed the benchmark of 11% consecutively in third year and remained at 11.44%, which is again one of the highest in the country.
Our retail brand *"Sugarie"* achieved Rs. 133 million turnover, surpassed Rs. 100 million mark for the first time.
Our joint venture Unicol Ltd. again crossed Rs. 1 billion mark profit.

COMPANY INFORMATION

Board of Directors

Mr. Mohammed Kasim Hasham	Chairman
Mr. Mohammed Ebrahim Hasham	Chief Executive Officer
Mr. Mohammed Hussain Hasham	Non-Executive Director
Mr. Khurram Kasim	Non-Executive Director
Mr. Ahmed Ebrahim Hasham	Managing Director
Mr. Mohammed Iqbal	Non-Executive Director
Mr. Muhammad Bashir	Independent Director
Mr. Amjad Waheed (Dr.)	Independent Director

Management Team

Mr. Mohammed Ebrahim Hasham	Chief Executive Officer
Mr. Ahmed Ebrahim Hasham	Managing Director
Mr. Muhammad Hanif Aziz	Chief Financial Officer
Mr. Syed Ehtesham-ud-din	Resident Director
Mr. Ubaid-ur-Rehman	GM Technical
Mr. Muhammad Shahid	DGM Production
Mr. Sumair Ali Khan	Company Secretary

Auditors
EY Ford Rhodes
Chartered Accountants

Legal Advisors
Sayeed & Sayeed
Advocate & Legal Consultants
KMS Law Associates
Advocates & Corporate Consultants

Share Registrar
C & K Management Associates (Pvt.) Ltd.
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi
Ph: +92 - 21 -35687839, 35685930

Board Management Committees

Audit Committee

Mr. Amjad Waheed	Chairman
Mr. Mohammed Hussain Hasham	Member
Mr. Khurram Kasim	Member
Mr. Muhammad Iqbal	Member
Mr. Muhammad Yasir	Secretary

Executive Committee

Mr. Muhammad Ebrahim Hasham	Chairman
Mr. Ahmed Ebrahim Hasham	Member
Mr. Muhammad Hanif Aziz	Member
Mr. Ehtesham-ud-din	Member

Human Resource & remuneration Committee

Mr. Mohammad Kasim Hasham	Chairman
Mr. Mohammed Ebrahim Hasham	Member
Mr. Khurram Kasim	Member
Mr. Muhammad Hanif Aziz	Member

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
Standard Chartered Bank Limited

Registered Office

Executive Tower,
Dolmen City,
14th Floor, Block-4,
Marine Drive, Clifton,
Karachi-75600
Tel: (92 21) 35297814-17
Fax: (92 21) 35297818, 35297827
msm@mehransugar.com
www.mehransugar.com

Mills

Tando Adam Road,
Distt. Tando Allahyar.
Tel: (022) 3414501,
3414502, 3414503
Fax: (022) 3414504

SWOT ANALYSIS

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- Over 95 percent of cane in Mehran's cane zone is early maturing and high yielding which allows the Company to achieve sucrose recoveries, which are approximately 10% higher than the national average. This gives the Company a comparative advantage as compared to most other sugar mills in Pakistan.

- Mehran's goodwill in the region for payment and commitment allows it to procure cane competitively. The Company is thus able to get a preference in terms of quality, quantity and pricing.

- Mehran has a crushing capacity, which is 50% larger than the national average of Pakistan sugar mills, which allows it to produce sugar at a lower cost per ton due to better absorption of overheads.

- Mehran's investment in Unicol Limited has diversified its income base and allowed it to add value to its by product, molasses. Production capacity of ethanol is 200,000 litres per day while capacity of CO_2 is 72 tons per day. This investment started paying dividends, which shall become a recurring source of revenue for Mehran in the future.

- Mehran also manages an equity portfolio. The market value of the portfolio has now almost Rs. 1 billion. Dividends and capital gains from this portfolio allow a continual income stream, which furthers strengthens the balance sheet.

- Mehran's strength lies in its policy to grow in a conservative yet sustainable manner. This has allowed it to establish a strong balance sheet, which is not heavily leveraged, hence allowing the Company to explore other business avenues to maximise Shareholder return.

STRENGTHS

W

- The nature of the sugar industry remains a controlled one. The provincial government sets cane prices, which at times are not in line with sugar sales prices. This reliance on government intervention especially considering cane and sugar can be politically sensitive can have a negative impact on the overall business.
- Change in the size of the sugarcane crop can have an effect on the financial results of the Company. Sugarcane crop sizes vary depending on the weather, water availability and pricing of competitive crops. Sugarcane disease can have a detrimental effect on both farmer and factory yields, which could also affect profitability.
- Since sugar is a commodity, the Company does not have much pricing power or any relative advantage as compared to its competitors. The only advantage the Company has is in timing its sales keeping in mind market movements.
- Sugar prices have continued to remain extremely volatile, which doesn't allow one to forecast future revenue streams. While sugar production is a seasonal operation, sales continue throughout the year, thus holding inventory is a risk, especially in a high interest rate environment like Pakistan.
- Sugar cane prices are set by the government on the basis of cost of sugarcane production. Low farmer yields have meant that this price is set higher than the global average. The high sugar cane price makes sugar production at times unviable for sale in the global market.
- With changing global environment, innovation is the need of hour to remain competitive, profitable and sustainable. Sugarcane required continuous research for development of new varieties, which are disease resistant and have high farm and factory yields. Sadly public or private institutions have not been able to establish any quality research institutes in the country, which could eventually make sugarcane farming and sugar milling globally in competitive.
- The counties law and order situation has at times created hindrances to attract foreign quality manpower in areas of innovation for farm and factory.

WEAKNESS

SWOT ANALYSIS

O

- A modern sugar complex is a sugar, ethanol and power producer. While we at Mehran have tapped sugar production and recently ethanol production, the opportunity to produce power remains a huge one.
- Pakistan remains a power deficit nation and the opportunity to produce power remains huge. The sugar industry has the potential to produce over 3,000 MW of power whereby individual mills can set up plants as large as 100 MW. Mehran has also stepped into power generation and its supply to the national grid by signing a 5 MW PPA with NEPRA. By realizing the further potential of generating power from our indigenous source of fuel i.e. bagasse, a by-product of sugar mill, we have embarked upon putting up a co-gen plant of 26.5 MW. This will also become a regular source of income.
- The need of the time is to bring new varieties with high sucrose recovery to improve our overall sugar production. Therefore, research and development needs to be given preferred attention for continuous improvement. While Pakistan's national recovery remains between 9.50-10.50% there are varieties being developed which could fetch recoveries of 12.00 % and higher. Such varieties would make Pakistan globally competitive thus enhancing both farmer and miller revenue. Mehran at its own has initiated a research project with the assistance of Mauritius Sugar Research Institute to study and suggest ways and means to increase farm yield.
- There also lies potential in increasing farm yields, which would reduce the cost of the farmer thus making sugar cane cheaper as a raw material.
- Pakistan has a large indigenous population of close to 200 Million. This population continues to grow at a healthy rate. The population growth along with income prosperity means that demand for sugar is expected to grow continually for the foreseeable future allowing for future growth in the industry. We foresee sugar demand growing at 4-5 percent annually while many developed countries are seeing stagnant growth.
- Growing awareness has paved the way for brand loyalty. Mehran has also ventured into retail segment by launching Branded Sugar through its two brands “Sugarie” and “Chashnik”. These products have yet to tap the full potential of the niche market.

OPPORTUNITIES

T

- Mehran has one of the most densely populated cane zones in Pakistan. The quantity of cane in the area allows the company to pay minimal transport costs for cane arrivals which gives it a comparative advantage, though frequent intervention by other sugar mills has somewhat dilated this advantage.
- Sugar mills are typically located in rural areas, which are more susceptible to Law and Order situation. The movement of our cane team as well as farming team in specific areas can also be difficult and restricted.
- Inflation affects the business due to cost increases. It also reduces the consumer buying power. Pakistan has been suffering from inflation since last few years. In order to curb inflation, State Bank of Pakistan regularly intervenes and revises interest rates, which affect the cost of doing business. A sudden surge in borrowing rates could adversely effect the Company's financials, though at present the rate has been declining. With increasing inflation, Sugar Mills have to produce specific quantity, which allows them to get benefit of economies of scale. It requires huge investment for expanding the capacity as well as robust maintenance activity, which may not be possible for every mill due to variety of factors. Hence, their competitiveness is affected.
- Proper maintenance during the off-season enables the plant to run smoothly during the season. Since the season is for a limited duration, a major breakdown could affect financial results for the entire year.
- In the last two decades, the industry has consistently increased its sugarcane crushing capacities without objectively ensuring an increase in the size of crop. A major challenge going ahead is to ensure increased sugarcane cultivation to match crushing capacity. This requires not only availability of sufficient water but also motivation to growers towards sugarcane crop.
- Sugar cane requires abundant quantity of water for cultivation. Pakistan with its growing population can in the future face such water constrains which could mitigate the growth of sugarcane and the industry.

THREATS

CODE OF CONDUCT & ETHICAL VALUES

The Company's reputation and its actions as a legal entity depend on the conduct of its employees. Each employee must commit to act according to the highest ethical standards and to know and abide by applicable laws. We each must assure that our personal conduct is beyond doubt and complies with the highest standards of conduct and business ethics.

These principles highlight our responsibility to:

- promote ethical business practices
- respect the environment and communities in which we operate
- assure equal employment opportunities
- value dive rsity in the workplace
- provide healthy and safe working environment
- respect human rights and trade ethically

CONFIDENTIALITY

Confidential business information must not be shared with others outside the company or used for the personal gain of oneself or others. Employees, their family and close acquaintances should not buy or sell company shares if they have material information that has not been made public and could affect our share price.

We expect employees to keep all information confidential. This might include plans to buy or sell business, product formulation, manufacturing processes, advertising, marketing plans, concepts, research and development, suppliers, customers, financial information, personnel and employment matters, and other information which is not generally known to the public. We will make sure that they are aware of their obligations and also expect them to take steps to prevent unintentional disclosure. These obligations apply to all Employees, including those who leave the company.

HEALTH AND SAFETY

We recognize the importance of health and safety within our business. We seek to provide a healthy, safe and clean working environment in line with local laws, regulations and industrial practice. We measure, appraise and report performance, as part of our commitment to the health and safety of our employees, contractors and everyone who works on or visits our sites.

THE ENVIRONMENT

We recognize our environmental responsibilities and our contribution to sustainable development. Our environment policy and its management processes deal not only with the environmental issues connected to our manufacturing processes and facilities, but also with Protecting the ecosystems from which we derive our raw materials, management of our supply chain, and distributing, selling and consumption of our products.

WORK ATMOSPHERE

MSML respects and highly values its diverse employee population. Accordingly, the company has an unwavering ethical commitment toward promoting a workplace that is respectful of personal differences and free of discrimination and harassment. This principle applies in our hiring and interviewing process as well as all aspects of our work environment.

BUSINESS STRATEGY & GOALS

Mehran Sugar Mills Limited is a progressive and diversified sugarcane milling company with an objective to achieve growth through maximum capacity utilization, economies of scale and cost rationalization, without compromising the premium quality of products produced. We invest in our production facility and latest technologies on a systematic basis to achieve maximum productivity. Our ultimate goal is to ensure maximum returns to the shareholders within our resources.

MANAGEMENT COMMITTEES

Various committees have been formed to look after the operational and financial matters of the Company. A brief description of the composition and their related tasks are as follows:

Executive Committee

The Committee meets to discuss and coordinate various operational activities of the Company. The Chief Executive Officer of the Company is the Chairman of the Committee while Managing Director, Chief Financial Officer, Resident Director, Director Cane/Development are the members of the Committee.

Human Resource Development Committee

The Human Resource Development Committee is responsible for necessary training and capacity building of staff at mill site as well as at Head office. It is also responsible for staff annual appraisal and compensation. The Committee comprises of Chairman, a non-executive Director and Chief Executive Officer.

Audit Committee

It is a statutory Committee formed as per requirements of Code of Corporate Governance; it is responsible to ensure that all functions of the Company operations are regularly audited and their reports are reviewed regularly for ensuring the work as per Company policy. It consists of a Chairman and two other Directors (including one non-executive Director).

BOARD OF DIRECTORS

Muhammad Kasim Hasham
Chairman

Bachelor's Degree
from Karachi University

Muhammad Ebrahim Hasham
Chief Executive Officer

M.A (Management)
Chapman University, California, USA.

Muhammad Hussain Hasham
Director (Non-Executive)

B.A (Business)
Chapman University, California, USA.

Ahmed Ebrahim Hasham
Managing Director

Bachelor of Arts (Economics and IR)
Tufts University, Medford MA, USA.

Khurram Kasim
Director (Non-Executive)

Bachelor of Science (Marketing)
Babson College, Massachusetts, USA.

Dr. Amjad Waheed
Director (Independent)

Ph. D (Business Administration)
Southern Illinois University, USA.

Muhammad Bashir
Director (Independent)

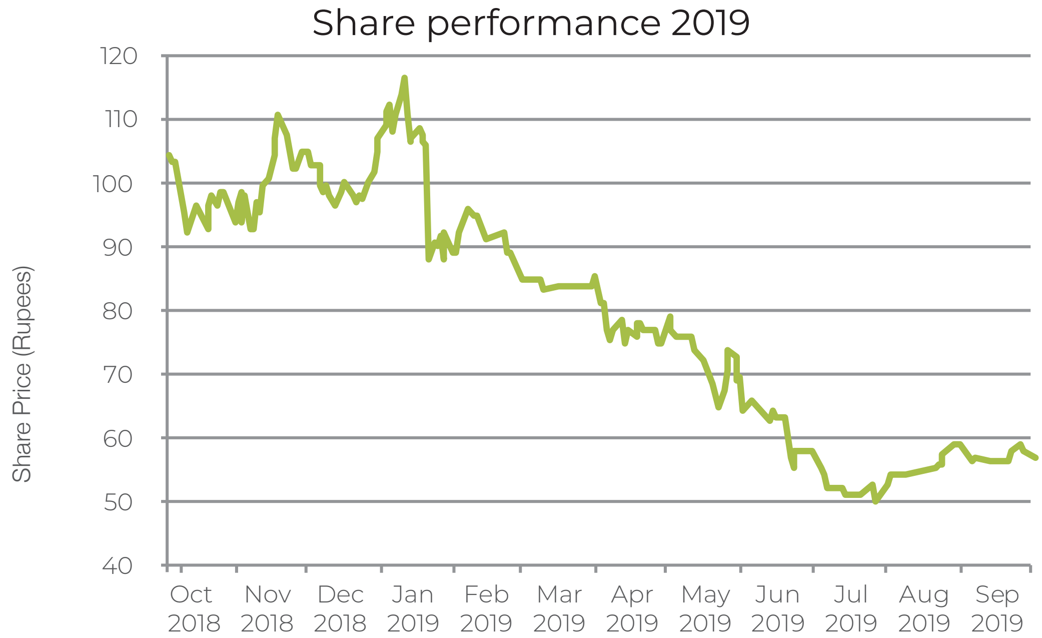
B.Com, LLB, Chartered Accountant
Institute of Chartered Accountants of Pakistan.

Muhammad Iqbal
Director (Non-Executive)

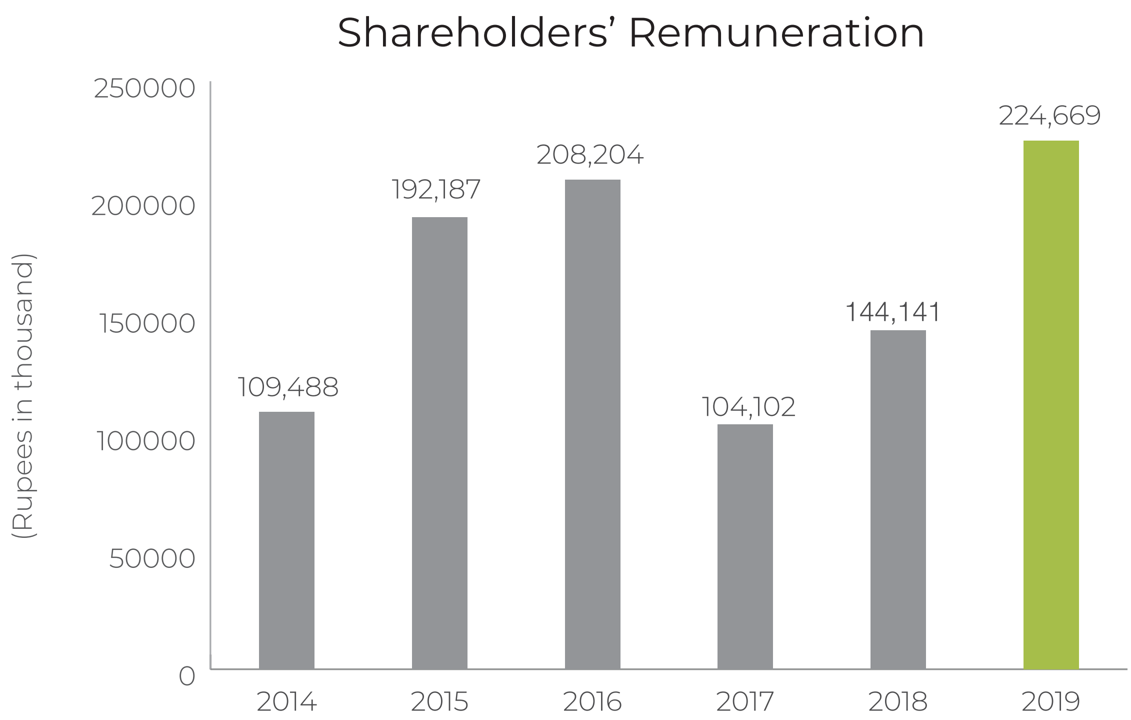
C.A – Finalist
Institute of Chartered
Accountants of Pakistan.

INVESTING IN MEHRAN SUGAR

A shareholder, who on October 1, 2008 invested Rs. 50,000 and acquired 1,863 shares of Mehran Sugar Mills Ltd. at a price of Rs. 26.84 per share, and if all the dividends received were re-invested, would have Mehran shares worth Rs. 683,560 on September 30, 2019 representing a cumulative gain of 1,267%. The average annual return of the Mehran share over this period was 38.4% versus the average annual return of the KSE 100 index was 13.54%.



Mehran Sugar Mills Limited assigned Rs. 224.70 millions to Dividends in 2018-19



INVESTOR RELATIONS

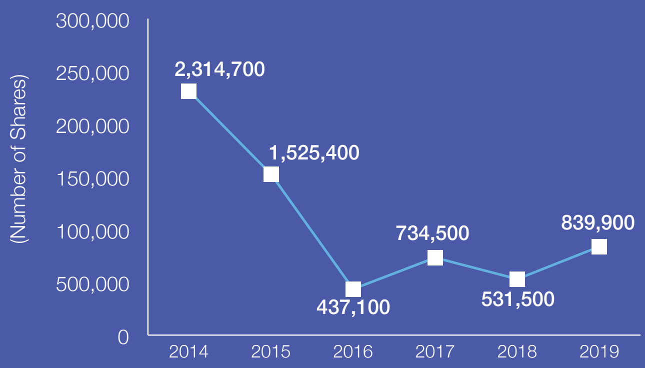
Share Registrar	C & K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi Ph: +92 - 21 -35687839, 35685930
Contact Person	Mr. Muhammad Zakir
Date of Annual General meeting	28/01/2020

	1st Qtr	Half Year	3rd Qtr	Annual
Date of Board of Directors meeting	29/01/2020	25/05/2020	27/07/2020	21/12/2020

	2019	2018	2017	2016	2015	2014
Number of Shares (Issued / Paid-up)	**40,519,524**	32,031,245	32,031,245	32,031,245	32,031,245	32,031,245
Earning per share	**9.97**	12.89	4.11	16.91	13.43	8.40
Break-up value per share	**59.60**	81.46	69.25	72.54	58.12	51.58
Market Capitalization	**2,329,872,630**	3,387,304,159	4,498,147,735	5,767,225,662	3,527,280,699	3,253,093,242
Market value of share on 30th September	**57.50**	105.75	140.43	180.05	110.12	101.56
P/E Ratio	**5.77**	8.20	34.17	10.65	8.20	12.09
Cash Dividend %	**32.50**	30.00	32.50	65.00	60.00	26.00
Bonus Shares %	**25.00**	15.00	-	-	-	10.00
Number of shares Traded	**839,900**	531,500	734,500	437,100	1,525,400	2,314,700
Highest price during the year	**122.88**	140.00	241.50	210.00	143.32	131.99
Lowest price during the year	**48.45**	94.00	110.00	108.00	79.01	64.50

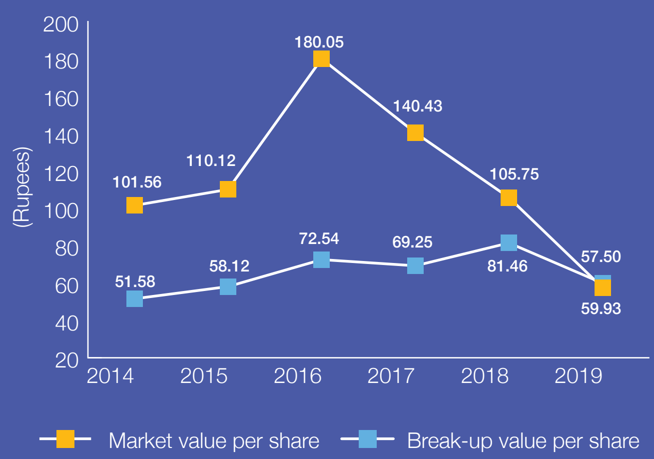
Share price trend

Mehran's Shares Turnover

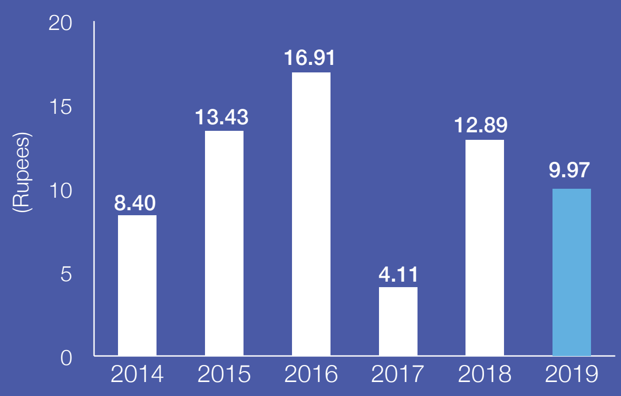


Mehran’s Shareholders Equity has increased from Rs. 1,652.25 million in 2014 to Rs. 2,414.90 million in 2019, thus representing an increase of 46% in six years.

Breakup vs Market value



Earnings per share



MANAGEMENT TEAM

Mr. Mohammed Ebrahim Hasham
Chief Executive Officer

Joined Mehran in 1973
M.A. (Management) Chapman University, California, USA

Work Experience:
46 years of practical experience in the sugar industry.

Mr. Ahmed Ebrahim Hasham
Managing Director

Joined Mehran in 2000
Bachelor of Arts (Economics and IR)
Tufts University, Medford MA, USA

Work Experience:
19 years of practical experience in various sectors

Mr. Syed Ehtesham-ud-Din
Resident Director

Joined Mehran in 2004
Bachelor of Arts

Work Experience:
38 years of practical experience in the sugar Industry.

Mr. Muhammad Hanif Aziz
Chief Financial Officer

Joined Mehran in 2004
FCMA - Institute of Cost & Management Accountants of Pakistan
FCIS - Institute of Corporate Secretaries of Pakistan

Work Experience:
35 years of practical experience with multinational and national companies.

Mr. Ubaid-Ur-Rehman
General Manager Technical

Joined Mehran in 2012
B-Tech (Hons) in Mechanical Engineering From Mehran University of Engineering - Jamshoro

Work Experience:
37 years of practical experience in the sugar Industry.

Mr. Muhammad Shahid
Deputy General Manager Production

Joined Mehran in 2018
Master of Science (Chemistry) From Punjab University

Work Experience:
27 years of practical experience in the sugar Industry.

Mr. Sumair Ali Khan
Company Secretary

Joined Mehran in 2016
ACA - Institute of Chartered Accountants of Pakistan
APFA - Institute of Public Finance Accountants of Pakistan

Work Experience:
13 years of practical experience with national companies.

STRONG COMMITMENT

Within the context of a broader corporate social responsibility strategy, our group started engaging in CSR activities since early 90s with a focus in education and health sectors.

We have built and supported three schools with The Citizens Foundation (TCF - a renowned NGO) in rural vicinities of Sindh. The schools cater to nearby communities with an objective to empower rural Pakistan with eductaion. These campuses have generated employment for the local men and women and hope to create leaders in the future.

Our continual support has helped build the state-of-the-art 100 bed “Usman Memorial Hospital”. This is a strong reflection of our CSR commitment in the health sector. Mehran supported this flagship project and our efforts in this regard were also recognized by the Pakistan Centre of Philanthropy which gave Mehran an award under the category of “Corporate Philanthropy and Sustainable Development Goals in Pakistan”.

HORIZONTAL & VERTICAL ANALYSIS STATEMENT OF PROFIT OR LOSS

Rupees in million

HORIZONTAL ANALYSIS	2019		2018	
	Rs.	%	Rs.	%
Turnover	5,311.77	10.87	4,790.79	(12.91)
Cost of sales	(4,491.46)	6.91	(4,201.11)	(19.72)
Gross Profit	820.31	39.11	589.68	120.03
Distribution costs	(59.56)	(46.56)	(111.45)	34.21
Administrative expenses	(255.03)	(7.69)	(276.26)	13.58
Other operating expenses	(12.71)	(81.68)	(69.39)	641.61
Other operating income	79.02	(53.39)	169.54	(53.26)
Share of Profit from associates	324.89	(4.45)	340.02	239.63
Finance costs	(384.77)	81.15	(212.41)	8.00
Profit before taxation	512.15	19.18	429.72	116.43
Taxation	(108.31)	543.77	(16.82)	(74.84)
Net profit for the year	403.83	(2.20)	412.90	213.57

VERTICAL ANALYSIS	2019		2018	
	Rs.	%	Rs.	%
Turnover	5,311.77	100.00	4,790.79	100.00
Cost of sales	(4,491.46)	(84.56)	(4,201.11)	(87.69)
Gross Profit	820.31	15.44	589.68	12.31
Distribution costs	(59.56)	(1.12)	(111.45)	(2.33)
Administrative expenses	(255.03)	(4.80)	(276.26)	(5.77)
Other operating expenses	(12.71)	(0.24)	(69.39)	(1.45)
Other operating income	79.02	1.49	169.54	3.54
Share of Profit from associates	324.89	6.12	340.02	7.10
Finance costs	(384.77)	(7.24)	(212.41)	(4.43)
Profit before taxation	512.15	9.64	429.72	8.97
Taxation	(108.31)	(2.04)	(16.82)	(0.35)
Net profit for the year	403.83	7.60	412.90	8.62

2017		2016		2015		2014	
Rs.	%	Rs.	%	Rs.	%	Rs.	%
5,500.84	(22.67)	7,113.23	63.10	4,361.36	(32.88)	6,498.22	12.09
(5,232.83)	(17.86)	(6,370.35)	73.04	(3,681.45)	(37.25)	(5,866.92)	12.49
268.00	(63.92)	742.88	9.26	679.91	7.70	631.30	8.47
(83.04)	125.12	(36.89)	(8.90)	(40.49)	(62.12)	(106.90)	13.82
(243.24)	23.20	(197.44)	13.88	(173.38)	12.53	(154.08)	16.46
(9.36)	(77.29)	(41.21)	48.56	(27.74)	21.20	(22.89)	45.73
362.73	98.19	183.03	13.56	161.18	21.98	132.13	(11.44)
100.11	(13.89)	116.26	23.72	93.97	77.36	52.98	(58.80)
(196.67)	99.41	(98.63)	(32.71)	(146.57)	(29.87)	(209.00)	11.86
198.55	(70.28)	668.01	22.15	546.88	69.03	323.54	(24.94)
(66.87)	(47.01)	(126.20)	8.01	(116.84)	114.64	(54.44)	62.39
131.68	(75.70)	541.81	25.99	430.03	59.80	269.11	(32.30)

2017		2016		2015		2014	
Rs.	%	Rs.	%	Rs.	%	Rs.	%
5,500.84	100.00	7,113.23	100.00	4,361.36	100.00	6,498.22	100.00
(5,232.83)	(95.13)	(6,370.35)	(89.56)	(3,681.45)	(84.41)	(5,866.92)	(90.29)
268.00	4.87	742.88	10.44	679.91	15.59	631.30	9.72
(83.04)	(1.51)	(36.89)	(0.52)	(40.49)	(0.93)	(106.90)	(1.65)
(243.24)	(4.42)	(197.44)	(2.78)	(173.38)	(3.98)	(154.08)	(2.37)
(9.36)	(0.17)	(41.21)	(0.58)	(27.74)	(0.64)	(22.89)	(0.35)
362.73	6.59	183.03	2.57	161.18	3.70	132.13	2.03
100.11	1.82	116.26	1.63	93.97	2.15	52.98	0.82
(196.67)	(3.58)	(98.63)	(1.39)	(146.57)	(3.36)	(209.00)	(3.22)
198.55	3.61	668.01	9.39	546.88	12.54	323.54	4.98
(66.87)	(1.22)	(126.20)	(1.77)	(116.84)	(2.68)	(54.44)	(0.84)
131.68	2.39	541.81	7.62	430.03	9.86	269.11	4.14

HORIZONTAL ANALYSIS - STATEMENT OF FINANCIAL POSITION

Rupees in million

	2019		2018	
	Rs.	%	Rs.	%
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	**2,190.68**	**1.03**	2,168.33	(0.91)
Long term investments	**1,362.37**	**14.46**	1,190.22	21.74
Long term deposits	**0.86**	**(1.15)**	0.87	(21.63)
	3,553.92	**5.79**	3,359.42	6.08
CURRENT ASSETS				
Biological assets	**15.25**	**73.52**	8.79	(50.26)
Stores and spare parts	**102.42**	**0.74**	101.67	21.21
Stock-in-trade	**1,060.60**	**(9.13)**	1,167.16	(3.18)
Trade debts	**79.13**	**(39.40)**	130.58	(25.17)
Loans and advances	**116.69**	**0.54**	116.07	(21.76)
Trade deposits and short term prepayments	**9.26**	**(28.12)**	12.88	66.13
Other receivables	**317.56**	**(45.32)**	580.80	12,824.15
Short term investments	**995.38**	**(20.92)**	1,258.74	51.60
Taxation-net	**40.25**	**(51.11)**	82.33	50.75
Cash and bank balances	**672.98**	**4,118.22**	15.95	(44.53)
	3,409.53	**(1.88)**	3,474.98	35.96
TOTAL ASSETS	**6,963.45**	**1.89**	6,834.40	19.43
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	**405.20**	**26.50**	320.31	-
Reserves	**2,009.70**	**(12.20)**	2,289.01	20.60
	2,414.90	**(7.45)**	2,609.32	17.63
NON-CURRENT LIABILITIES				
Long-term financing	**735.83**	**(1.29)**	745.41	66.11
Liabilities against assets subject to finance lease	**20.59**	**13.10**	18.21	(42.54)
Market committee fee payable	**23.38**	**(10.45)**	26.11	(60.42)
Deferred liabilities	**39.84**	**(2.57)**	40.89	738.20
Deferred taxation	**199.58**	**(11.60)**	225.77	(21.67)
Provision for quality premium	**119.29**	**-**	119.29	-
	1,138.52	**(3.16)**	1,175.68	22.62
CURRENT LIABILITIES				
Trade and other payables	**641.88**	**55.64**	412.42	(7.34)
Contract liabilities (advance from customers)	**415.59**	**46.99**	282.73	(53.50)
Unclaimed dividends	**17.69**	**(9.28)**	19.50	(45.48)
Accrued mark-up	**125.50**	**154.80**	49.25	52.37
Short-term borrowings	**1,750.71**	**(10.99)**	1,966.89	76.08
Current portion of long-term financing	**315.83**	**55.33**	203.33	30.32
Current portion of liabilities against assets subject to finance lease	**9.77**	**(52.99)**	20.79	(14.91)
Current portion of market committee fee payable	**3.76**	**-**	3.76	-
Provision for market committee fee	**37.42**	**23.10**	30.40	52.25
Income tax payable	**-**	**-**	-	-
Sales tax and federal excise duty payable	**91.88**	**52.36**	60.31	(41.57)
	3,410.04	**11.83**	3,049.39	19.79
TOTAL EQUITY AND LIABILITIES	**6,963.45**	**1.89**	6,834.40	19.43

2017 Rs.	2017 %	2016 Rs.	2016 %	2015 Rs.	2015 %	2014 Rs.	2014 %
2,188.13	12.04	1,952.92	18.43	1,649.07	4.05	1,584.88	5.01
977.68	27.71	765.56	17.35	652.36	16.83	558.40	10.48
1.11	30.47	0.85	(19.16)	1.06	-	1.06	(62.36)
3,166.92	16.46	2,719.34	18.10	2,302.49	7.38	2,144.33	6.29
17.66	(59.72)	43.85	(10.20)	48.83	(17.13)	58.92	4.67
83.88	16.09	72.25	(24.66)	95.91	54.14	62.22	(7.16)
1,205.46	192.56	412.04	(71.83)	1,462.63	218.01	459.93	(33.19)
174.51	1,552.61	10.56	(74.92)	42.10	(1.81)	42.87	330.27
148.34	37.08	108.22	205.89	35.38	3.02	34.34	(35.64)
7.75	18.94	6.52	(33.60)	9.82	(65.29)	28.29	(25.80)
4.49	20.89	3.72	(45.61)	6.84	45.49	4.70	42.46
830.32	(24.91)	1,105.80	52.44	725.42	48.68	487.90	66.80
54.62	100.00	-	(100.00)	9.97	(82.69)	57.59	(31.04)
28.76	(16.49)	34.44	(24.40)	45.55	37.24	33.19	442.85
2,555.80	42.19	1,797.40	(27.60)	2,482.45	95.48	1,269.95	(2.21)
5,722.73	26.70	4,516.74	(5.61)	4,784.94	40.14	3,414.28	2.96
320.31	-	320.31	-	320.31	-	320.31	26.50
1,897.94	(5.25)	2,003.10	29.95	1,541.45	15.73	1,331.94	17.63
2,218.25	(4.53)	2,323.42	24.80	1,861.77	12.68	1,652.25	19.25
448.75	47.20	304.85	11.57	273.23	(14.17)	318.35	(29.92)
31.69	49.39	21.21	15.30	18.40	(18.57)	22.59	40.60
65.97	(6.20)	70.33	168.86	26.16	(7.69)	28.34	100.00
4.88	4.98	4.65	(50.64)	9.41	17.62	8.00	5.82
288.21	(10.67)	322.64	11.55	289.25	23.28	234.62	(2.46)
119.29	-	119.29	-	119.29	-	119.29	-
958.79	13.74	842.97	14.57	735.74	0.62	731.20	(12.71)
445.09	(16.59)	533.59	(44.91)	368.21	213.41	117.49	3.35
608.07	9.42	555.70	(55.83)	1,257.97	693.18	158.60	(52.45)
35.77	49.98	23.85	(46.74)	44.78	274.95	11.94	43.72
32.32	265.60	8.84	(23.28)	11.53	(60.75)	29.36	33.43
1,117.04	100.00	-	(100.00)	190.89	(58.32)	457.97	15.31
156.02	(6.97)	167.72	11.06	151.02	11.13	135.89	7.79
24.43	61.51	15.13	1.77	14.87	(6.67)	15.93	29.83
3.76	-	3.76	100.00	-	-	-	-
19.97	112.29	9.41	(81.00)	49.51	17.26	42.22	(28.63)
-	(100.00)	22.20	100.00	-	-	-	-
103.20	915.64	10.16	(89.70)	98.66	60.59	61.43	198.07
2,545.68	88.52	1,350.35	(38.27)	2,187.43	112.20	1,030.84	(5.67)
5,722.73	26.70	4,516.74	(5.61)	4,784.94	40.14	3,414.28	2.96

VERTICAL ANALYSIS - STATEMENT OF FINANCIAL POSITION

Rupees in million

	2019 Rs.	2019 %	2018 Rs.	2018 %
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	2,190.68	31.46	2,168.33	31.73
Long term investments	1,362.37	19.56	1,190.22	17.42
Long term deposits	0.86	0.01	0.87	0.01
	3,553.92	51.04	3,359.42	49.15
CURRENT ASSETS				
Biological assets	15.25	0.22	8.79	0.13
Stores and spare parts	102.42	1.47	101.67	1.49
Stock-in-trade	1,060.60	15.23	1,167.16	17.08
Trade debts	79.13	1.14	130.58	1.91
Loans and advances	116.69	1.68	116.07	1.70
Trade deposits and short term prepayments	9.26	0.13	12.88	0.19
Other receivables	317.56	4.56	580.80	8.50
Short term investments	995.38	14.29	1,258.74	18.42
Taxation-net	40.25	0.58	82.33	1.20
Cash and bank balances	672.98	9.66	15.95	0.23
	3,409.53	48.96	3,474.98	50.85
TOTAL ASSETS	6,963.45	100.00	6,834.40	100.00
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	405.20	5.82	320.31	4.69
Reserves	2,009.70	28.86	2,289.01	33.49
	2,414.90	34.68	2,609.32	38.18
NON-CURRENT LIABILITIES				
Long-term financing	735.83	10.57	745.41	10.91
Liabilities against assets subject to finance lease	20.59	0.30	18.21	0.27
Market committee fee payable	23.38	0.34	26.11	0.38
Deferred liabilities	39.84	0.57	40.89	0.60
Deferred taxation	199.58	2.87	225.77	3.30
Provision for quality premium	119.29	1.71	119.29	1.75
	1,138.52	16.35	1,175.68	17.20
CURRENT LIABILITIES				
Trade and other payables	641.88	9.22	412.42	6.03
Contract liabilities (advance from customers)	415.59	5.97	282.73	4.14
Unclaimed dividends	17.69	0.25	19.50	0.29
Accrued mark-up	125.50	1.80	49.25	0.72
Short-term borrowings	1,750.71	25.14	1,966.89	28.78
Current portion of long-term financing	315.83	4.54	203.33	2.98
Current portion of liabilities against assets subject to finance lease	9.77	0.14	20.79	0.30
Current portion of market committee fee payable	3.76	0.05	3.76	0.06
Provision for market committee fee	37.42	0.54	30.40	0.44
Income tax payable	-	-	-	-
Sales tax and federal excise duty payable	91.88	1.32	60.31	0.88
	3,410.04	48.97	3,049.39	44.62
TOTAL EQUITY AND LIABILITIES	6,963.45	100.00	6,834.40	100.00

2017		2016		2015		2014	
Rs.	%	Rs.	%	Rs.	%	Rs.	%
2,188.13	38.24	1,952.92	43.24	1,649.07	34.46	1,584.88	46.42
977.68	17.08	765.56	16.95	652.36	13.63	558.40	16.35
1.11	0.02	0.85	0.02	1.06	0.02	1.06	0.03
3,166.92	55.34	2,719.34	60.21	2,302.49	48.12	2,144.33	62.80
17.66	0.31	43.85	0.97	48.83	1.02	58.92	1.73
83.88	1.47	72.25	1.60	95.91	2.00	62.22	1.82
1,205.46	21.06	412.04	9.12	1,462.63	30.57	459.93	13.47
174.51	3.05	10.56	0.23	42.10	0.88	42.87	1.26
148.34	2.59	108.22	2.40	35.38	0.74	34.34	1.01
7.75	0.14	6.52	0.14	9.82	0.21	28.29	0.83
4.49	0.08	3.72	0.08	6.84	0.14	4.70	0.14
830.32	14.51	1,105.80	24.48	725.42	15.16	487.90	14.29
54.62	0.95	-	-	9.97	0.21	57.59	1.69
28.76	0.50	34.44	0.76	45.55	0.95	33.19	0.97
2,555.80	44.66	1,797.40	39.79	2,482.45	51.88	1,269.95	37.20
5,722.73	100.00	4,516.74	100.00	4,784.94	100.00	3,414.28	100.00

320.31	5.60	320.31	7.09	320.31	6.69	320.31	9.38
1,897.94	33.17	2,003.10	44.35	1,541.45	32.21	1,331.94	39.01
2,218.25	38.76	2,323.42	51.44	1,861.77	38.91	1,652.25	48.39
448.75	7.84	304.85	6.75	273.23	5.71	318.35	9.32
31.69	0.55	21.21	0.47	18.40	0.38	22.59	0.66
65.97	1.15	70.33	1.56	26.16	0.55	28.34	0.83
4.88	0.09	4.65	0.10	9.41	0.20	8.00	0.23
288.21	5.04	322.64	7.14	289.25	6.05	234.62	6.87
119.29	2.08	119.29	2.64	119.29	2.49	119.29	3.49
958.79	16.75	842.97	18.66	735.74	15.38	731.20	21.42
445.09	7.78	533.59	11.81	368.21	7.70	117.49	3.44
608.07	10.63	555.70	12.30	1257.97	26.29	158.60	4.65
35.77	0.63	23.85	0.53	44.78	0.94	11.94	0.35
32.32	0.56	8.84	0.20	11.53	0.24	29.36	0.86
1,117.04	19.52	-	-	190.89	3.99	457.97	13.41
156.02	2.73	167.72	3.71	151.02	3.16	135.89	3.98
24.43	0.43	15.13	0.34	14.87	0.31	15.93	0.47
3.76	0.07	3.76	0.08	-	-	-	-
19.97	0.35	9.41	0.21	49.51	1.03	42.22	1.24
-	-	22.20	0.49	-	-	-	-
103.20	1.80	10.16	0.23	98.66	2.06	61.43	1.80
2,545.68	44.48	1,350.35	29.90	2,187.43	45.71	1,030.84	30.19
5,722.73	100.00	4,516.74	100.00	4,784.94	100.00	3,414.28	100.00

OUR FACTORY PROFILE

Date of Incorporation
December 22, 1965

Date of Commencement of Business
March 19, 1966

Start of Commercial Production
January 1969

Installed Capacity
12,500 Tons Cane Crushing Per Day

Total Land Area
127 Acres

Total Farming Area
174 Acres

Permanent Employees
339

Population of the Staff Colony
1038

No. of Students
Daood Memorial School – 490
MSM Colony
The Citizens Foundation – 367
Piyaro Lund
The Citizens Foundation – 344
Hurri1
The Citizens Foundation – 142
Hurri2

No. of Faculty members
Daood Memorial School - 21
The Citizens Foundation Piyaro Lund – 24
The Citizens Foundation Hurri1 – 17
The Citizens Foundation Hurri2 – 05

No. of Apprentice at Vocational Training Centre
16

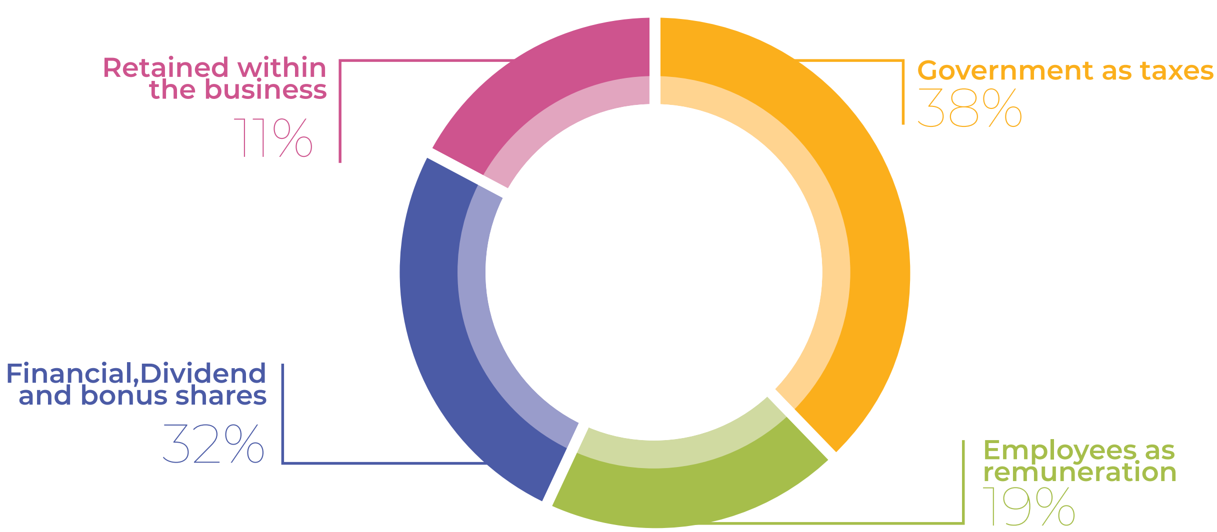
Housing
96 Family Homes for Executives, Officers and Workers and a Hostel consisting of 54 rooms for Workers and Contractors

Facilities at our Mills

- Two Mosques - Factory & Colony.
- Mobile Dispensary along with trained staff.
- Recreation Centre at officers mess equipped with Indoor Games, TV, Videos and other facilities.
- Cricket Ground, Tennis Court, Park, School/ College Bus facility.
- Private Electric Generator for Uninterrupted Power Supply.
- Clean Water Supply with UV Filters.
- Transport Facility for City & Adjoining Areas.
- Accommodation for Officers and Company Guests with all facilities.
- Hostel of 36,000 sq.ft for accommodation for seasonal workers and staff of various contractors engaged during crushing season.

STATEMENT OF VALUE ADDITION

	2019 Rupees	%	2018 Rupees	%
WEALTH GENERATED				
Revenue	5,931,544,867		5,031,443,964	
Expenses	3,984,003,498		3,612,826,608	
Wealth generated	1,947,541,369	100	1,418,617,356	100
WEALTH DISTRIBUTED				
To Government				
Sales Tax, Income Tax, Road Cess, WWF	752,418,950	38	313,941,343	22
To Employees				
Salaries, WPPF, Benefits and Other related cost	371,977,762	19	366,670,908	26
To Providers of capital				
Mark-up on borrowed funds	384,774,303	20	212,409,244	15
Shareholders as Dividend/Bonus shares	224,699,302	12	144,140,595	10
	609,473,605	32	356,549,839	25
Retained with the business				
Depreciation	170,873,619	9	166,710,619	12
Retained profit	42,797,433	2	214,744,639	15
	213,671,052	11	381,455,258	27
	1,947,541,369	100	1,418,617,348	100

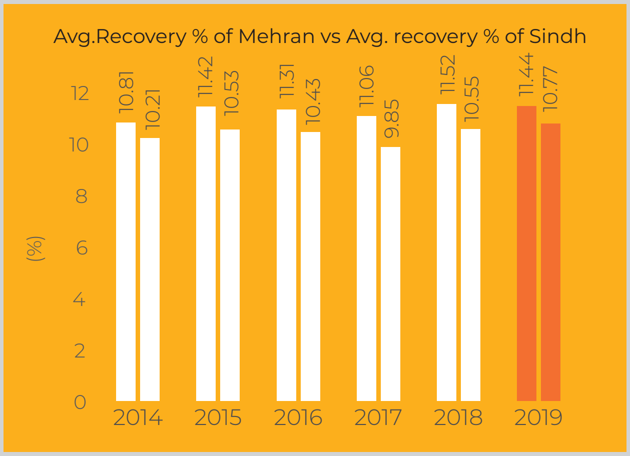


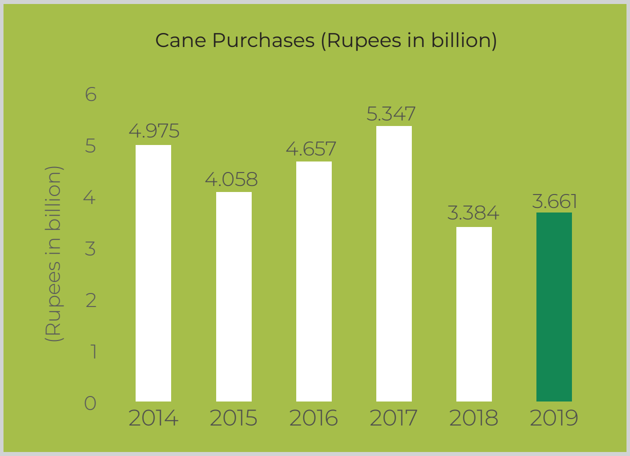
SIX YEARS' REVIEW AT A GLANCE

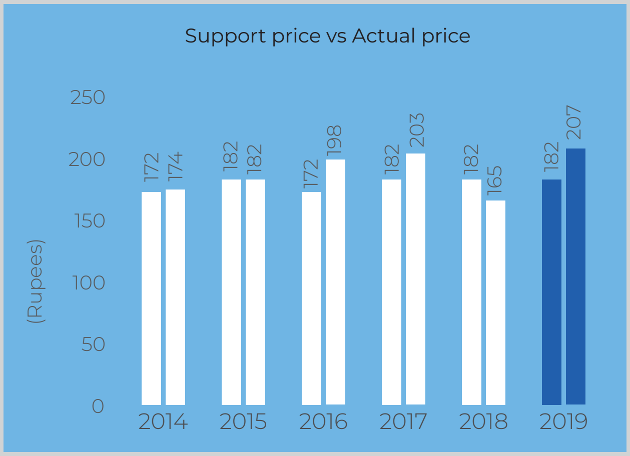
	2019	2018	2017	2016	2015	2014
Operational Trends						
Sugarcane crushed - M.Tons	**702,259**	1,043,279	1,056,198	940,626	946,871	1,140,502
Sugar produced - M.Tons	**80,332**	120,200	116,780	106,400	108,136	123,210
Sucrose recovery - %	**11.44**	11.52	11.06	11.31	11.42	10.81
Crushing days	**94**	129	133	105	108	122
Average crushing per day - M.Tons	**7,471**	8,087	7,941	8,958	8,767	9,348
Balance Sheet		Rupees in million				
Share capital	**405.20**	320.31	320.31	320.31	320.31	320.31
Reserves	**2,009.70**	2,289.01	1,897.94	2,003.10	1,541.45	1,331.94
Shareholders' equity	**2,414.90**	2,609.32	2,218.25	2,323.41	1,861.76	1,652.25
Non current liabilities	**1,138.52**	1,175.68	958.79	842.97	735.74	731.20
Current liabilities	**3,410.04**	3,049.39	2,545.68	1,350.35	2,187.43	1,030.84
Total Equity & Liabilities	**6,963.46**	6,834.39	5,722.72	4,516.73	4,784.93	3,414.29
Fixed assets	**2,190.68**	2,168.33	2,188.13	1,952.92	1,649.07	1,584.88
Non current assets	**1,363.24**	1,191.09	978.79	766.42	653.42	559.45
Current assets	**3,409.54**	3,474.97	2,555.80	1,797.39	2,482.44	1,269.94
Total assets	**6,963.46**	6,834.39	5,722.72	4,516.73	4,784.93	3,414.27
Financial Trends		Rupees in million				
Turnover	**5,311.77**	4,790.79	5,500.84	7,113.23	4,361.36	6,498.22
Gross profit	**820.31**	589.68	268.00	742.88	679.91	631.30
EBITDA	**358.13**	808.84	548.14	904.04	823.59	653.59
Operating profit	**572.03**	302.12	295.11	650.37	599.47	479.56
Pre-tax profit	**512.15**	429.72	198.55	668.01	546.88	323.54
After-tax profit	**403.83**	412.90	131.68	541.81	430.03	269.11
Capital Expenditure (additions during the year)	**178.29**	242.63	490.27	216.19	211.41	225.32
Cash Flows		Rupees in million				
Operating activities	**1,149.39**	(647.40)	(1,078.01)	993.36	854.17	408.20
Investing activities	**(167.93)**	(515.78)	16.98	(634.82)	(396.14)	(262.33)
Financing activities	**(324.43)**	1,150.37	1,055.36	(369.65)	(445.66)	(118.79)
Cash and Cash equivalents at the end of the year	**672.98**	15.95	28.76	34.44	45.55	33.19
Profitability Indicators						
Grosss profit margin (%)	**15.44**	12.31	4.87	10.44	15.59	9.71
Net profit margin (%)	**7.60**	8.62	2.39	7.62	9.86	4.14
Return on shareholders' equity (%)	**16.72**	15.82	5.94	23.32	23.10	16.29
Return on capital employed (%)	**25.24**	16.97	12.44	24.21	26.70	22.34
Return on total assets (%)	**5.80**	6.04	2.30	12.00	8.99	7.88
EBITDA margin (%)	**6.74**	16.88	9.96	12.71	18.88	10.06

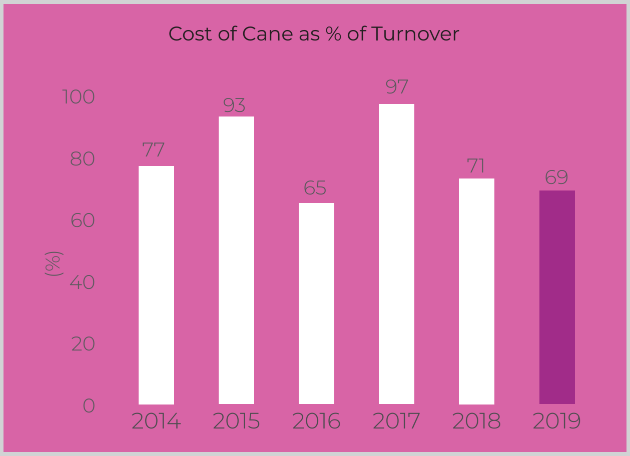
	2019	2018	2017	2016	2015	2014
Capital Efficiency / Operating Performance						
Inventory turnover ratio	**4.03**	3.54	6.47	6.80	3.83	10.22
Inventory turnover in days	**91**	103	56	54	95	36
Debtors turnover ratio	**16.63**	20.94	32.56	14.56	18.55	73.81
Debtors turnover in days	**22**	17	11	25	20	5
Creditors turnover ratio	**9.84**	11.18	12.44	17.54	22.07	96.09
Creditors turnover in days	**37**	33	29	21	17	4
Operating cycle in days	**76**	87	38	58	98	37
Total assets turnover ratio	**0.77**	0.76	1.07	1.53	1.06	1.93
Fixed assets turnover ratio	**2.44**	2.20	2.66	3.95	2.70	4.20
Capital employed turnover ratio	**1.49**	1.27	1.73	2.25	1.68	2.73
Investment Valuation		Rupees in million				
Earning per share	**9.97**	12.89	4.11	16.91	13.43	8.40
Break-up value per share	**59.60**	81.46	69.25	72.54	58.12	51.58
Price earning ratio	**5.77**	8.20	34.17	10.65	8.20	12.09
Dividend yield (%)	**5.65**	2.84	2.31	3.61	5.45	2.56
Dividend payout (%)	**32.60**	23.27	79.08	38.44	44.68	30.95
Market value per share on 30th September	**57.50**	105.75	140.43	180.05	110.12	101.56
Cash Dividend (%)	**32.50**	30.00	32.50	65.00	60.00	26.00
Bonus Shares (%)	**25.00**	15.00	-	-	-	10.00
Financial gearing						
Debt Ratio	**0.65 : 1**	0.62 : 1	0.61 : 1	0.49 : 1	0.61 : 1	0.52 : 1
Debt : Equity Ratio	**24 : 76**	23 : 77	18 : 82	12 : 88	14 : 86	17 : 83
Interest cover ratio	**(0.58)**	3.02	2.01	7.77	4.73	2.55
Liquidity measurement						
Current ratio	**1 : 1**	1.14 : 1	1 : 1	1.33 : 1	1.13 : 1	1.23 : 1
Quick ratio/Acid test ratio	**0.69 : 1**	0.76 : 1	0.53 : 1	1.03 : 1	0.47 : 1	0.79 : 1
Value addtion		Rupees in million				
Employees as remuneration	**371.98**	366.67	351.59	338.88	288.60	262.00
Government as taxes	**752.42**	313.94	496.57	662.49	347.80	322.40
Financial charges to providers of finance	**384.77**	212.41	196.67	98.63	146.57	209.00
Shareholders as dividend and bonus shares	**170.00**	144.14	104.10	208.20	192.19	109.49
Retained within the business	**268.37**	381.46	151.82	493.68	419.16	274.75

SIX YEARS' SUGARCANE TRENDS ANALYSIS

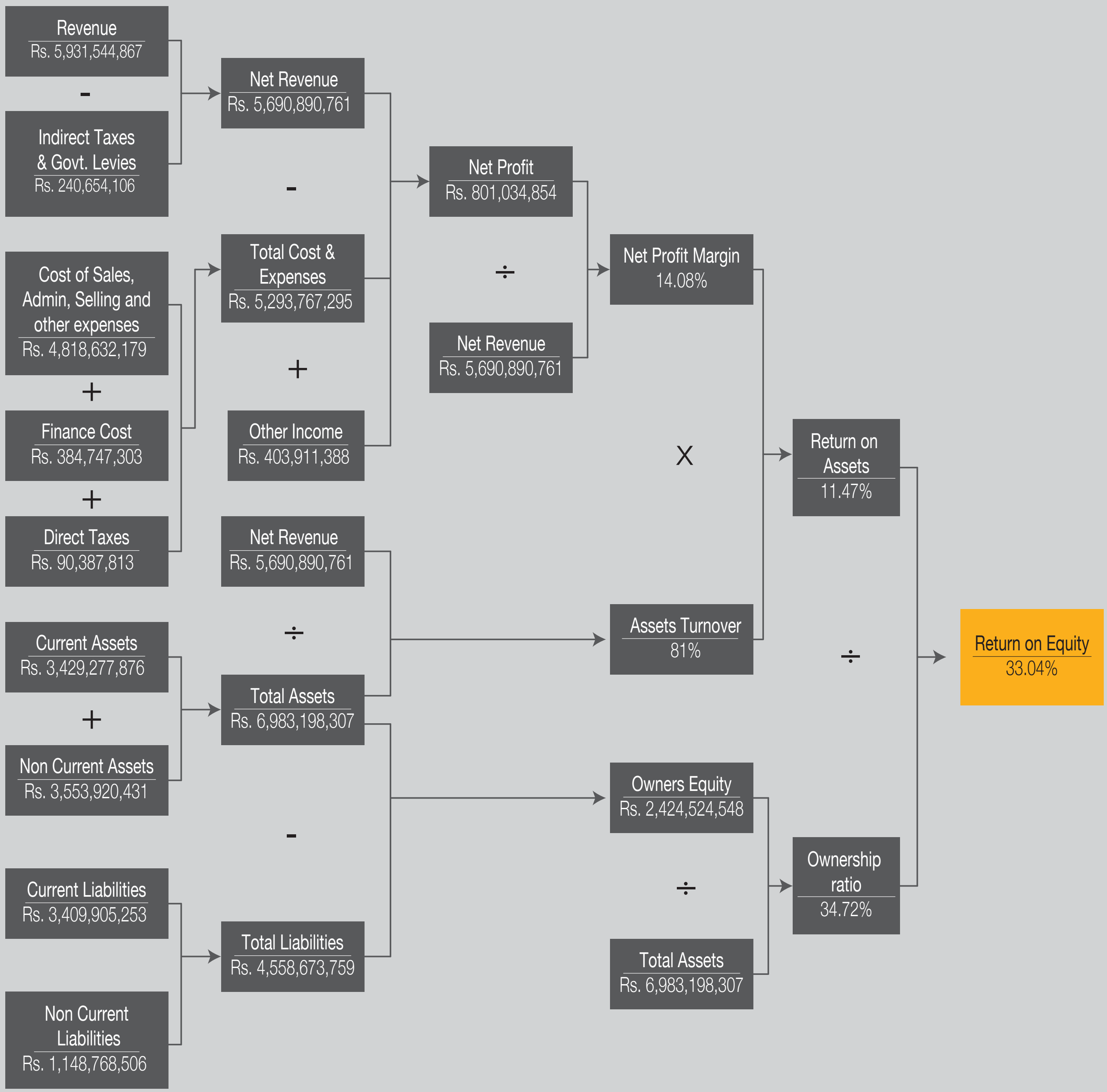




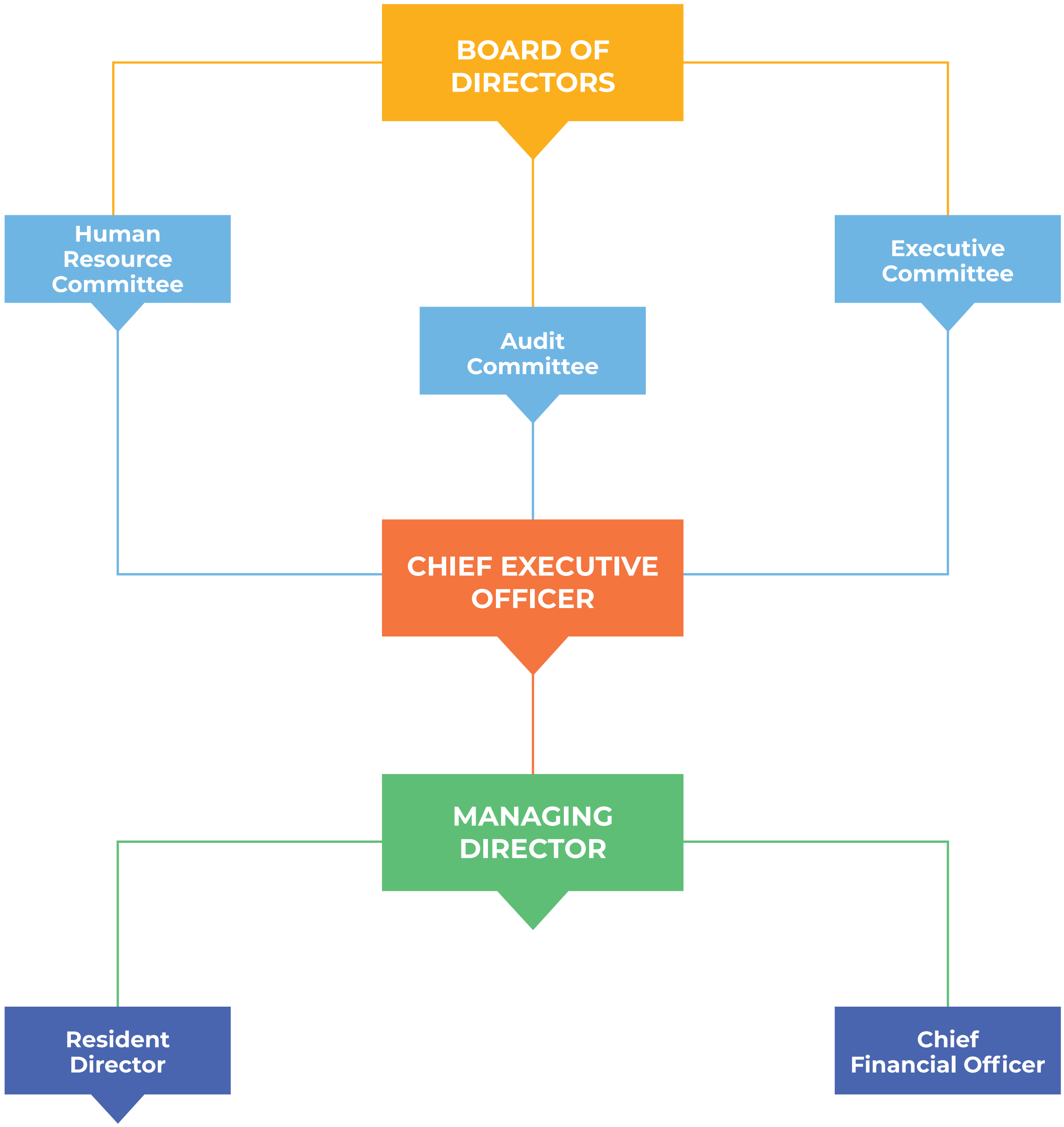




DUPONT ANALYSIS

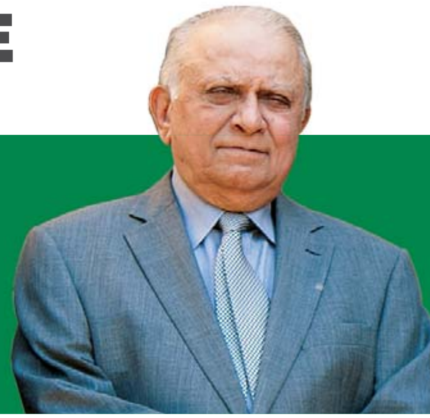


ORGANOGRAM



BOARD OF DIRECTORS
Human Resource Committee
Audit Committee
Executive Committee
CHIEF EXECUTIVE OFFICER
MANAGING DIRECTOR
Resident Director
Chief Financial Officer

CHAIRMAN'S MESSAGE



Dear Shareholders,

I am pleased to present my review on the performance of the Company. I would like to highlight the proactive efforts of the Board in providing the management with policy direction and support in this challenging time for the industry.

I would like to acknowledge the hard work and dedication of your management. At a time when various sectors within the country are at a virtual standstill and our industry has taken a hit due to the global glut, your Company's performance remained relatively sound. We continued to distribute a fair return to our valued shareholders by way of dividends and bonus shares and managed to maintain our policy of continual disbursement in the market.

Group contributions to the National Exchequer during the year amounted to Rs. 832.177 million.

Last year witnessed rapidly deteriorating economic indicators and sentiments causing challenging business conditions. Under the present conditions, where growth prospects in the short-to-medium term are expected to remain subdued, the prime concerns for growth-oriented companies will be the effective allocation of resources, in order to face the high cost of capital.

I look forward to the new government's initiatives to stabilize the economy and build a sound foundation for industrial development. Well directed initiatives to document the economy and increase the tax to GDP ratio are commendable and shall ultimately benefit the organized sector in the long term.

Alongside business, We continue to invest in communities and social uplift programs. We have contributed to Usman Memorial Hospital which has recently completed its refurbishment as a 100 bed modern hospital located in the heart of city and serving a large community surrounding it.

Board Performance:

The current board is completing its term on January 31,2020 and a new Board would be elected for a fresh term of three (3) years. The Board consists of eight (8) Directors.

The Board has performed its duties and responsibilities efficiently and has contributed effectively in guiding the Company towards its strategic affairs. The Board also played an important role in monitoring of management performance and focusing on major risk areas. The Board fully participated in the strategic planning process and enhancing the vision of the Company.

The Board is fully aware that well defined Corporate Governance processes are vital to enhancing corporate accountability and is committed to ensure Corporate Governance to preserve and maintain its credibility.

As Chairman of the Company, I will continue to guide the Board, keeping an open culture and constructive debate during which all views are heard. I remain firmly committed to ensuring that your Company complies with all relevant statutory requirements, and that the management takes decisions which create value .

The areas identified after Board evaluation were focused for further improvement in line with global best practices. The main focus remained on strategic growth, business opportunities, risk management, Board composition and providing oversight to the management.

In the end, I wish to appreciate the contribution of all our shareholders, customers, vendors, financial institutions and other stakeholders during the year. Finally, I would like to emphasize that the challenges for our Company and the economy shall continue in the foreseeable period , however the Board and management is confident and fully geared to face all challenges and to continue to grow the business and create shareholder value.

Mohammed Kasim Hasham
Chairman

DIRECTORS' REPORT

ABOUT THE COMPANY

Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company in December, 1965 under repealed Companies Act, 1913. The main business of the Company is manufacturing of refined sugar. Our manufacturing facilities are located in Tando Allahyar district and the factory has a capacity of 12,500 TCD. Our cane region has a majority of early maturing and high yielding varieties which allows the company to have one of the highest sucrose recoveries.

Since 2004 Mehran has also invested 33.33 percent in a public unquoted company, Unicol limited. Unicol Limited was set up as a greenfield ethanol project. We have been involved with the project since its inception. Today Unicol has an Ethanol production capacity of 200,000 litres per day and a CO_2 production capacity of 72 Tons per day.

In 2017, Mehran has also invested in an FMCG business related to baking/food sector. Same year a 100 percent owned subsidiary was made, Mehran Energy to set up an IPP of 26.5 MW being Baggasse based. Status of these businesses are discussed in detail in the later part of this report.

ECONOMY (MACRO PERSPECTIVE)

The Federal Government adopted stringent financial measures to preserve the depleting FX reserves by reducing the imports to stabilize the Current Account Deficit in FY19. However, the dampening GDP growth prospect (3.3% GDP growth rate forecasted by SBP for FY19 as compared to 5.5% in the corresponding period), worsening fiscal deficit, scrutiny from global money-laundering watchdog (FATF) over regulatory concerns, and delays in finalizing IMF bailout program kept the economy under pressure.

The Current Account Deficit for FY19 stood at $13.6 billion (4.8% of GDP) as compared to $19.8 billion (6.3% of GDP) in the same period last year, exhibiting a decline of 32% YoY. This improved performance was on the back of a decrease in imports of goods by 7% YoY to $52.38 billion from $56.59 billion, along with an increase in remittances of 10% YoY to $21.84 billion. However, exports of goods could not pick up as anticipated, because of uncertainty and remained flat at approximately the same at $24.4 billion from $24.77 billion, while the increase in debt servicing weighed on the foreign exchange reserves at $14.48 billion.

On the fiscal front, the Federal Board of Revenue managed to collect around PKR 3.829 trillion during the FY19 as compared to PKR 3.842 trillion in the same period last year. The tax collection remained below the revised target of PKR 4.398 trillion (11.5 percent of GDP), making it difficult for the Government to execute PSDP. Moreover, the Government has set a revenue collection target of PKR 5.55 trillion for FY20, which appears ambitious keeping in view the current economic slowdown. However, there are indications that this may be scaled down after discussions with IMF.

The increased international oil prices, PKR depreciation and increase in electricity and gas tariffs have fuelled CPI. Therefore, in order to address this issue along with burgeoning twin deficits led SBP to increase the policy rate up to 13%.

According to Economic Survey of FY19, the agriculture sector underperformed and missed its budgeted target of 3.94%, registering a meager increase of only 0.85%. This was mainly due to the prevalent water crisis and drop in fertilizer off take (higher prices) which hampered agricultural output. Similarly, shrinkage of LSM & in the services sector also caused the SBP to downward revise its real GDP growth target to approximately 3.5% for FY20.

Furthermore, Pakistan was able to attract only

$1.66 billion in Foreign Direct Investment (FDI) in FY19 which is around 51.98% lower than the corresponding period last year. This massive decrease was mainly due to uncertainty of the exchange rate and delays in finalization of IMF program, country's vulnerable external and fiscal position, down grading of Pakistan's credit rating by Fitch in December 2018 and dampened investor confidence.

In our view, PKR-USD depreciation of approximately 34% in FY19, imposition of regulatory duties on various import items, and funds received through financial assistance from friendly countries provided some relief to the external deficit. Going forward, we believe CPEC investments will continue to play a vital role in attracting investment in Pakistan and stabilizing the currency to improve import led manufacturing. Overall, clarity about the economic policies and reforms of the current government will remain a key determinant of the country's macro performance.

INDUSTRY REVIEW

After two comparatively larger crops and thus crushing years, 2018-2019 proved to be short year due to a smaller crop. However the glut and uncertainty about production estimates at the start of the year kept sugar prices under pressure. The government's timely policy to allow export enabled the excess sugar to be exported. This policy and the lower production established an equilibrium leading to sugar price stabilization.

The provincial governments with the exception of Punjab did not announce any subsidy on exports. Punjab had announced a subsidy for 600,000 Tons at a sliding scale mechanism with a maximum subsidy of Rs.5.50 per kilogram. Therefore, Sindh sugar mills were less competitive for exports and could not export significant quantity. However, devaluation of Pak Rupees and permission to export 300,000 tons to China under FTA had increased the viability of Sindh sugar mills and they too participated in exports. This has opened a new sustainable and continual door for exports in years to come, as China is a net sugar importer since the last decade and will continue to remain as such due to cultural and social changes as well as a lack of new land area for sugar cane plantation. In addition, imports from Pakistan will be economical as compared to informal imports through Myanmar. CPEC development will also facilitate exports by road to China.

In crop year 2018-2019 with the lower cultivation and yields, the production of sugar was estimated at 5.5 million tons as compared to 7.5 million tons in the previous season. Anticipating the short supply sugar mills bought sugarcane at market price to attain maximum capacity utilisation and absorption of costs. Thus, farmers were able to get better return on their harvest. Market Prices for a large part of the season remained higher than the minimum notification price, which was also encouraging and allowed an end to Grower and miller price confrontation.

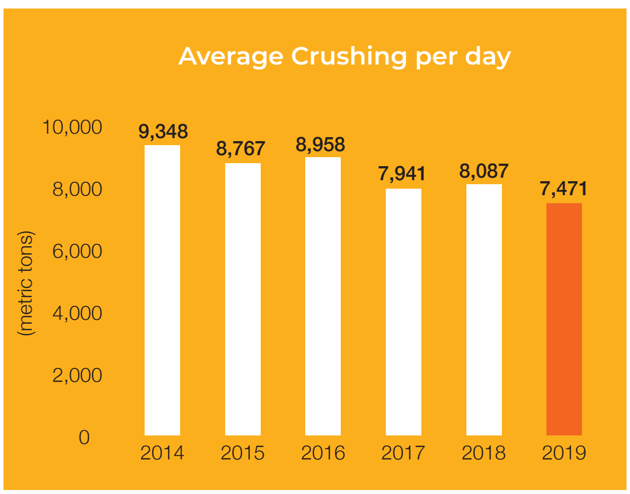
This scenario has a positive long term impact, as it shall bring improvement in the future plantation of sugarcane as long as the water situation remains satisfactory which augurs well for sugar mills. The increase in rainfall has improved water supply across the country and we hope and pray for healthier crops after 2020.

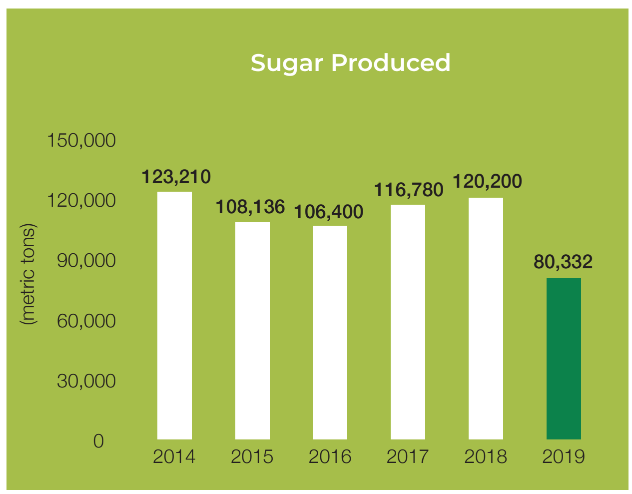
For the mutual benefit of industry and agriculture sector, it is important for sugar prices to remain stable, competitive and compatible in relation to cane prices. This equation of sustainable sugar prices for minimum noticed cane prices is critical for the sustainability and growth of the industry long term.

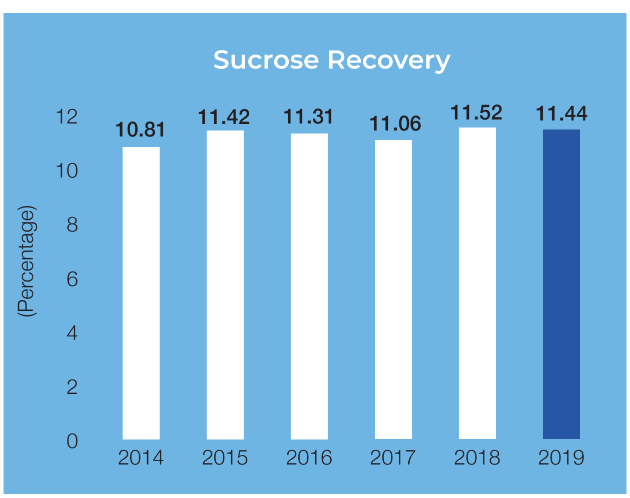
It may also be noted that sugar has been brought under the ambit of standard 17% GST which means that incidence of tax has also increased which cannot be absorbed by sugar mills and has to be passed on to the market. We continue to feel that if sugar is on the essential items list and a basic household commodity than why should there be any GST on the commodity at all.

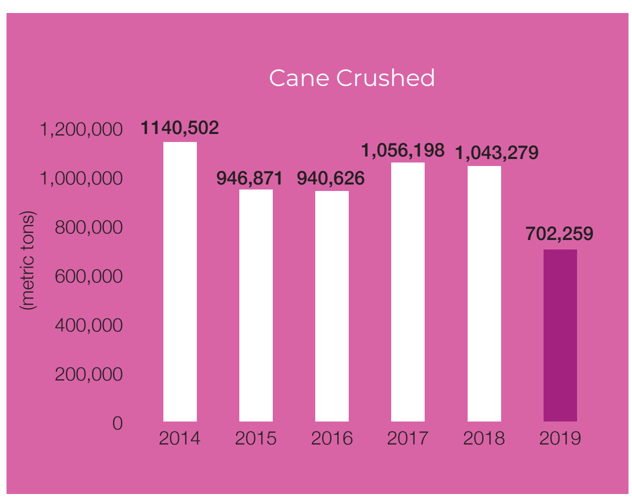
The following are the company's operational and financials highlights:

Operation Highlights	**2018-19**	2017-18
Crushing - M.Tons	**702,259**	1,043,279
Capacity Utilization	**59.77%**	64.77%
Sucrose Recovery	**11.44%**	11.52%
Sugar Production - M.Tons	**80,332**	120,200
Molasses production - M.Tons	**33,182**	51,526
Molasses Recovery	**4.73%**	4.94%



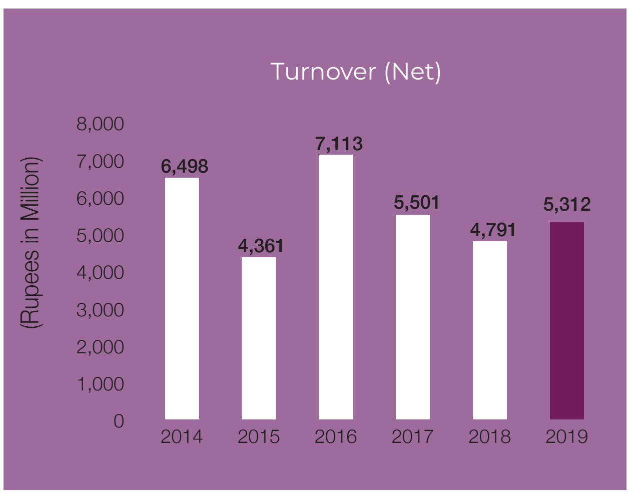


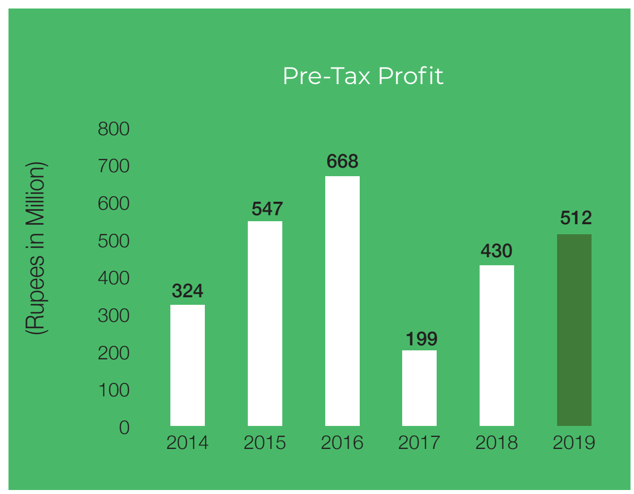


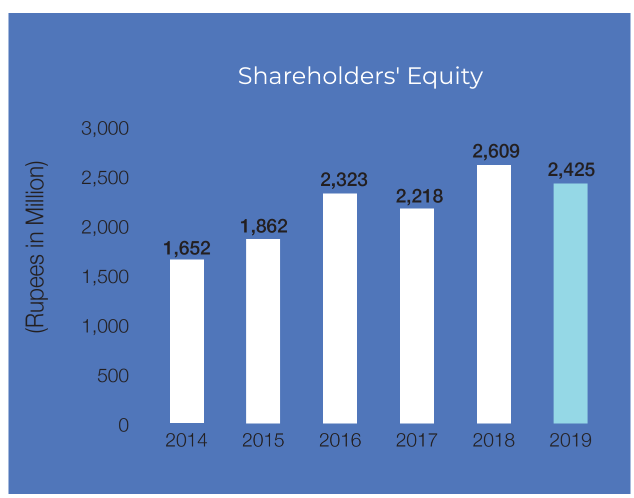


Financial Highlights

	2018-19	2017-18
	(Rupees in Thousand except EPS)	
Local Sales	**5,476,540**	2,218,327
Export Sales	**455,005**	2,813,117
Total Turnover	**5,931,545**	5,031,444
Sales Tax	**619,772**	240,654
Gross Profit	**820,312**	589,680
Gross Profit margin	**15.44%**	12.31%
Profit befor tax	**512,147**	429,723
Profit befor tax margin	**9.64%**	8.97%
Net Profit after tax	**403,834**	412,898
Net Profit margin	**7.60**	8.62%
Earnings per share	**9.97**	10.19







During the year under review, crushing campaign lasted for a relatively shorter duration due to reduction in overall crop size all across the country. Area under cultivation went down considerably over other crops having better returns. In addition, yields also declined considerably due to scarcity of water in the country and climate change. This situation gave rise to increase in cane prices by approximately 10 percentage over and above the minimum support price announced by the provincial government. The increase helped the farmer to regain a part of lower yields. However, this forced mills to pay cash for cane purchase. We must remember that sugar is a seasonal business and thus cane payments are made within 100 days of crushing while sugar is sold all year round. The higher cane prices, prompt payments and high rate of borrowing ballooned our financial expenses and were a major cost increase for the year.

Following factors were primarily responsible for our operational and financial results:

- A significant part of total sugar sales consists of last years' closing stock, where the realized price of sugar was higher than the cost of production. Thereby, gross margin showed comparatively better trend. Overall turnover showed improvement in the wake of increase in selling price of sugar.

- Selling prices of both by-products (molasses & bagasse) improved substantially during the year as compared to last year due to decline in production and strong demand of the ethanol and biomass industry. Prices for molasses and Baggasse were 77 and 50 percentage higher respectively.

- Cost of sugarcane rose significantly during the year due to the supply and demand scenario.

- Reduction in crushing volume also reduced overhead absorption as factory ran for less number of days as compared to previous year and capacity utilization also went down.

- Unicol was major contributor to the bottom line. It contributed Rs.379.76 Million during the period under review. However, its hefty contribution was partially reduced by Unifoods share of loss amounting to Rs. 54.88 Million.

- Sales volume went down due to considerable reduction in exports, as compared to last year when we exported 74,423 Tons. However this steep decline was partially offset by increase in local sales volume and prices.

- Sucrose recovery was 11.44% as compared to 11.52% the previous year but was still one of the highest in the country. This decline was attributed to reduction in crushing volume at the tail end of the season when recoveries are the highest.

- The equity market remained under pressure on the back of depressed market participation emanating from high interest rates, poor investor confidence, weak economic conditions, regulatory tightening and continued foreign investor selling during the period. However, as the trend reverses, we expect our portfolio to revalue with handsome gains, as it comprises fundamentally strong scrips.

- Dividend income from equity investments contributed Rs. 65 Million as compared to Rs. 38 Million earned during last year.

- Finance cost increased due to unprecedented enhancement in policy rate from 6% to 13%. Our policy to make prompt cane payments and need of working capital has more than doubled the financial charges despite lower production. This has affected profitability substantially.

UNICOL LIMITED

Unicol was able to continue its successful operational and financial performance from the preceding year. The Ethanol and CO_2 plants operated smoothly and ran at capacity.

The company was able to sell 50,806 Tons of ethanol and 9,933 Tons of CO_2 for the year.

Following are the key data related to Unicol Ltd:

Financial Highlights	2018-19	2017-18
	(Rupees in Thousand except EPS)	
Sales	**5,501,599**	5,167,711
Gross profit	**1,704,160**	1,796,594
Gross profit margin	**30.98%**	34.77%
Profit before tax	**1,166,523**	1,236,832
Profit after tax	**1,109,767**	1,213,956
Net profit margin	**20.13%**	23.49%
Earnings per share	**7.35**	8.09

While molasses prices escalated compared to the previous year, the currency devaluation ensured that final related prices in PKR remained favourable.

The reduction in the production of molasses escalated its price, from Rs. 9,500/- to Rs. 14,000/- per ton which saw an increase of 58 percent. This scenario is expected to continue in the coming year as well. Therefore, it is essential to ensure timely buying of molasses at competitive prices to remain viable in the international market.

Unicol was able to earn a profit after tax of over Rs. 1.0 Billion for a second consecutive year. The gross margin in both years remained at Rs. 1.7 Billion, which remains commendable.

Profit before tax for Unicol was Rs. 1.17 Billion as compared to Rs. 1.24 Billion in the same period last year.

After a decade of operations, where the company saw continual growth Unicol now continues to pay consistent dividends to its shareholders. During the financial year, Mehran received a dividend of Rs. 225 Million from Unicol.

Also Unicol's performance was recognized by FPCCI as well when they awarded Export Trophy for being in the list of top 100 exporters of Pakistan.

UNI-FOOD INDUSTRIES LIMITED

The packaged cake plant has been showing improvement in volumes. However, lower capacity utilization, presence of strong competition and overall slow economic activity in the country is the major factor for slow growth. We expect the company to achieve breakeven as per the original plan by 2021. The brand is getting recognition and the distribution setup is helping in getting market confidence. In order to improve its market share, the company is considering introduction of new products for which initial studies are under way. The sponsors have been firmly standing behind the project and foresee its long-term value. Our country is a developing market for this segment due to its vast population base and we expect to take advantage of this fact. Our equity investment in Unifoods stood at Rs. 258.38 Million till this period which represents 24 percent equity of the company.

RENEWABLE ENERGY PROJECTS

Our Baggasse and Wind Power projects remained stagnant during the period due to ongoing modification in policy framework by the federal government. Recently, the government has announced a new policy for these projects based on competitive bidding. We await formal communication on this new policy to re-assess the project feasibility. A favourable policy will ensure utilization of indigenous fuel and natural resources and save precious foreign exchange of the country, and generate environment friendly electricity for the country.

CONSUMER DIVISION

Consumer Division entrusted with marketing of packaged brown and white sugar has been progressing steadily over the years. The **Sugarie** and **Chasnik** brands have captured attention of premium brand market. During the year under review, the volumes and turnover continued to increase. The market penetration has also increased and the product is now available in all major cities of Punjab and Sindh while KPK market has also started to accept the product. With dedicated sales team in Karachi, Lahore and Islamabad regularly visiting adjoining cities/towns and publicity campaign on social media awareness has enlarged. With more emphasis on its quality, packaging and health benefits, we are also spending on automation of production process to make it more safe and healthy.

FUTURE OUTLOOK

In view of better and timely returns to growers during the current season, February 2019 plantation of sugarcane has already seen some improvement and we expected the September 2019 sowing also to be progressive. This is sigh of relief for industry as it may allow mills to attain better capacity utilisation in season 2020-21. However, it is important that policy framework regarding sugarcane and sugar pricing may be rationalized once for all by taking all stakeholders into confidence to avoid continuous litigation and dispute. What the country needs is a formula determining the price of sugar according to the price of sugarcane. An early solution to this will prove beneficial to the government, growers, millers and consumer in the long run.

While 2019-2020 will be a shorter crop we feel beyond 2020 we could again see larger crops in the country. However sugar price improvement is essential to make it feasible for mills to pay enhanced support price. This would create a level playing field for all stakeholders whereby the farmer and the miller is assured of fair return on investment and long term sustainability of the crop is preserved.

The provincial government of Punjab has notified a minimum support price of Rs.190 per 40 kilograms and Sindh Government has notified Rs.192 as minimum support price however the Sind government continues to include QP in the price which gives an unfair advantage to one province having to pay a higher price than the other. The sugarcane harvesting has been very slow so far and mills are running at low capacities. Farmers are expecting higher cane prices and are thus waiting to harvest substantial quantities. We expect the harvest to normalise by the end of the year or latest by January.

The initial crop survey shows that sugarcane acreage is again lower by 20 percentage however better crop management has ensured that yields are much better than last year and might compensate the lower acreage. With the lower crop, we expect supply and demand equilibrium for the next year. This would provide level playing field for stakeholders. However, the industry is still uncertain about export subsidy payment pending from provincial government for more than a year now. As of today our pending subsidy amount is Rs. 298.90 Million which has increased our financial expenses.

Considering sugar remains a seasonal business, we average our sales across the year while we pay our farmer promptly thus the cost of holding sugar and the associated higher interest rates will have a large impact on our cost structure. In addition, Pak Rupee depreciation by 20% and rapidly rising

inflation will also have their effect on overall profitability as it has increased our cost of goods sold as well as our cost of maintenance.

Thus, an effective sales strategy will be cruicial in ensuring healthy and sustainable financial results. The measures in the Federal Budget pertaining to documentation of sales have dampened market sentiment though its applicability has been deferred till January 2020. However, we hope this is a temporary phase and the market is expected to rebound soon after getting used to these measures.

In spite of all these challenges, we sincerely look forward to another good year in view of better operating margins. Higher realized value for sugar, molasses and bagasse should continue to keep the company competitive and profitable. Unicol will continue to pay healthy dividends throughout the year which shall contribute positively although its input cost is expected to increase. The stock market is also expected to rebound after persistent bearish spell and will bring better results to our profitability. While we have paid higher sugarcane purchase price due to lower harvest, we anticipate an improvement in sugar selling price. Future profitability largely depends on the overall crop for the year as well as of sugar price for the entire year however we are confident of positive outcome.

ACKNOWLEDGMENT

We are trying to build a stable and long-term future focused on stakeholder's satisfaction. In achieving this objective, we would like to appreciate the devotion and efforts of the workers, staff and executives and anticipate that in the future as well; they will continue to contribute towards the enhancement of the productivity and well-being of the Company with greater zeal and spirit. The Board further extends its gratitude to the government functionaries, associations, banking and financial institutions, shareholders and vendors for their valued support and co-operation for the betterment and prosperity of the Company. Detailed report on Company's effort towards CSR and compliance of corporate governance regulations and Pattern of Shareholding as at September 30, 2019 are annexed in the report.

For and on behalf of the Board of Directors

Mohammed Ebrahim Hasham	Muhammad Iqbal
Chief Executive Officer	Director

Karachi: December 30, 2019

CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance Framework

Board of Directors

The Board of Directors of the Company consists of eight members, comprising two independent, four nonexecutive (including the Chairman) and two executive Directors. The Board is responsible for independently and transparently monitoring the performance of the Company and taking strategic decisions to achieve sustainable growth in the Company operations. Written notices of the Board meetings were sent to the members seven days before the meetings.

During the year under review, four meetings of the Board convened and the attendance of the members was as follows:

S. No.	Name of Directors	Meetings attended
1	Mr. Mohammed Kasim Hasham	4
2	Mr. Mohammed Ebrahim Hasham	3
3	Mr. Mohammed Hussain Hasham	3
4	Mr. Khurram Kasim	3
5	Mr. Ahmed Ebrahim Hasham	4
6	Mr. Muhammad Iqbal	4
7	Dr. Amjad Waheed	1
8	Mr. Muhammad Bashir	2

The leave of absence was granted to the directors who could not attend some of the meetings due to being out of country or ill health.

Directors' Remuneration

The Board of Directors has approved a "Remuneration Policy for Directors"; the salient features of which are:

- The Company will not pay any remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by them for attending meetings of the Board, its Committees and / or General Meetings of the Company.

Statement of Ethics & Business Practices

The Board has adopted the statement of Ethics & business practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to customers, suppliers and regulations.

Audit Committee

The Audit Committee of the Company comprises of three non-executive and one independent (the Chairman) Directors. Four meetings of the audit committee were held during the year. Attendance of the members was as follows:

S. No.	Name of Directors	Meetings attended
1	Dr. Amjad Waheed (Chairman)	1
2	Mr. Mohammed Hussain Hasham	3
3	Mr. Khurram Kasim	3
4	Mr. Muhammad Iqbal	4

The leave of absence was granted to the members who could not attend some of the meetings due to being out of country or ill health.

Human Resource and Remuneration Committee

The committee comprises of 4 non-executive members, the Chairman of the committee is an independent Director. During the year two meetings of the committee were held. Attendance of the members was as follows:

S. No.	Name of Directors	Meetings attended
1	Dr. Amjad Waheed (Chairman)	-
2	Mr. Mohammed Kasim Hasham	1
3	Mr. Mohammed Ebrahim Hasham	2
4	Mr. Khurram Kasim	1

External Audit

The Company wishes to place on record its appreciation for the services rendered by the Company's auditors M/s. EY Ford Rhodes, Chartered Accountants, who have completed the audit of financial statements of the Company for the year ended September 30, 2019. M/s EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for re-appointment for the year ending September 30, 2020, Audit Committee has also recommended for re-appointment, however shareholders approval for the said appointment will be sought in AGM.

Corporate & Financial Reporting Framework

- As required by the Code of Corporate Governance, your Directors are pleased to report that:

- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity;
- The Company has maintained proper books of accounts as required under the law;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- The summary of key operating and financial data for last six years is annexed;
- The Company has made contribution towards the national exchequer in the form of Federal, Provincial and local taxes and levies; as disclosed in annexed Financial Statements.
- The Company has proposed the final cash dividend of PKR 1.00 per share (i.e. 10%) and final bonus shares of 15 shares per 100 shares held (i.e. 15%) subject to the approval of shareholders in the upcoming Annual General Meeting scheduled to be held on January 28, 2020.
- The Company is operating a Provident Fund Scheme for its permanent employees. The value of the fund as at September 30, 2019 was Rs. 180 million (un-audited);
- There is also an un-funded gratuity scheme. On the basis of actuarial valuation conducted during 2019, a net liability of Rs. 4.762 million as at September 30, 2019 has been provided;

- The Pattern of Shareholding as at 30th September, 2019 is annexed;

Adequacy of Internal Financial Controls

The system of internal control is sound in design and has been effectively implemented and monitored, we confirm compliance of Corporate Governance with highest standard.

Certificate of Related Parties Transactions

It is confirmed that the transactions entered with related parties have been verified by the audit committee and the Board, and provides the information about the amount due from related parties at the balance sheet date, and the proportion of receivables from related parties provided as doubtful debts, if any.

Material Changes

There have been no material changes since September 30, 2019 and the Company has not entered into any commitment, which would affect its financial position at the date.

Mohammed Ebrahim Hasham	**Muhammad Iqbal**
Chief Executive Officer	Director

Karachi: December 30, 2019

CORPORATE SOCIAL RESPONSIBILITY

RESPONSIBILITY TO STAKEHOLDER

Investment in Human Capital

Focus on our human capital is one of the core areas of our corporate strategy. The Company regards its employee relations far more importantly than a mere legal and ethical obligation. We are committed to creating a culture for our most valued asset, comprising of satisfactory compensation and benefits, congenial and safe working environment, job satisfaction, professional growth, development and competitive career opportunities.

Our employee-training program is being continually upgraded to remain in line with the changing needs of our Company and industry. During this year, we continued to invest in our Human Resource through training programs at PIM, MAP and In-house Technical Trainings through UIT and NED University as well. A 16 members from the Mehran team spent 2 days in Karachi attending the PSST sugar conference. Our Electrical department Chief Engineer has delivered a paper on Synchronous Condenser Reactive Power Compensation and has got the best paper of PSST 2019-20.

We have engaged BMA a renowned technical consultant from Germany for evaluation of our plant heat mass balance, boilers steam efficiencies and to educate us for installation of FFEs in context of our 26.5 MW power project. During the exercise, our technical team along with our sugar technology partner IPRO has developed a great synergy with BMA and our technical team learnt a lot in context of defined areas. BMA also shared a comprehensive report covering their scope of engagement. Based on positive feedback of our Technical team we look forward to working with BMA in future by developing a long-standing relationship with them.

Investment in our Working Environment

We have in the last 5 years invested Rs. 67.0 million on uplifting our working environment for employees at both Head office and Mills. At the mill, our Management House and technical House have been modernized. Last year, we have invested 10.05 million on Construction of So-safe drinking water filter plant and Colony residence repair maintenance by considering our responsibility to provide improved facilities to our workers and staffs at our mills. This year, we have invested 35 million on Water conservation EMP plan in order to conserve Canal water and utilizing Sugarcane water for the processes. The entire boundary wall facing the main road has been re-built; in addition, pavers have been laid in most parts of the residential colony and the factory area walkways.

Investment in employee HSE

MSML employees are at the heart of the corporate strategy of the Company. The core objective of the Company is to create conducive working environment, in line with the best industrial practices and ensuring adherence to the requirements of the health and safety codes. The HSE department is entrusted with the responsibility of monitoring of HSE compliance and ensures mandatory usage of relevant safety equipment at work for workers. Continuing the standard practice this year the HSE department has conducted a three days' workshop on safety training which seasonal contractors' supervisory staff also attended. In addition to this Annual third party external environmental & safety audits, scheduled internal audit & inspection were performed. Through demonstrations safety observation culture was promoted to eliminate hazards which may lead to accidents, more than 3000 safety observations were made. For the awareness of employees and contractors, Global Health and Safety/ Environmental Days were also observed during the year.

Contribution towards Education in Rural Pakistan

We strongly believe that every sugar mill must play its role to assist in strengthening the educational environment around its vicinity. Since sugar mills are located in the rural areas of Pakistan they have an ideal opportunity to contribute where the need for education is most extreme.

One of the core initiatives of our social development programs is to provide education in the rural areas specifically near our mill premises. For this reason, three schools are running to provide quality education to our students.

- **Daood Memorial School (DMS)**

The school is situated within the premises of the mills primarily for our employees and generally for the youth of the surrounding areas. Since its incorporation in 1998-99, the Company is providing full operational, financial and logistic support to the school. By the grace of God, and continuous efforts of the management and the teachers, the school is growing steadily, currently 490 students are enrolled, and 21 faculty members are entrusted to provide quality education. While the number of students increases, we have continued to ensure that there is no compromise on the education standards of the schools. This is benchmarked through teacher training programs as well as results of our students.

- **Collaboration with TCF**

We have built and supported three schools with The Citizens Foundation (TCF - a renowned NGO) in rural vicinities of Sindh. These school all staff belonging to the nearby communities. These campuses have generated employment for the local women to earn a decent living. For establishment of such Schools MSM has contributed a Sum of Rupees 36.96 Million apart from the operational support. Presently more than 800 students are enrolled with these campuses coupled with more than 50 faculty members. Our first supported School in Piyaro Lund area, 13 Kms from our factory is operational since 2011 the other two supported schools situated within the locality of 12 – 18 Kms from our factory premises were came in operation in 2016 & 2018.

- **Vocational training**

In order to bring some improvement in life style of the women of surrounding areas, a Vocational training Centre has been established within the MSML Staff Colony, which provides basic training to the women of the colony and surrounding areas for sewing, embroidery, cooking and stitching to the women of the colony and surrounding areas. This year the entire center has been renovated to give a modern look. At present, the vocational center is providing training to 16 plus women in multiple faculties.

Health services

Our flagship project in hospitality ambit Usman Memorial Hospital (UMH) has recently gone through major renovation in terms of building, equipment and facilities, to meet the requirements of modern era; UMH is now a 100 bed air conditioned state-of-the-art hospital. It caters to the needs of our communities, providing quality care at affordable rates. UMH has a wide range of services to offer by a great team of doctors and surgeons on our panel. Mehran supported & contributed immensely in this project and in preceding two years, we have donated a sum of Rs. 69.7million to UMH. Our efforts in this regard were also recognized by Pakistan Centre of Philanthropy and gave Mehran an award under the category of “Corporate Philanthropy and Sustainable Development Goals in Pakistan”.

The Company recognizes its responsibility towards provision of health services in the surrounding areas of Tando Allahyar. The MSML mobile dispensary unit has been operational since 2004. The dispensary is fully equipped and provides basic health care services to the needy free of cost. A dedicated full time trained relevant medical staff have been assigned for this unit. Since its establishment, the dispensary has treated a quantum of more than 65,000 patients. In addition, before the start of crushing season every year, all seasonal workers and checked by the doctor for physical fitness for the relevant job.

Farmer support services

We believe that the farmers are the enablers of our sustainable growth. Throughout the year, the Company's representatives interact with the farmers to share the latest research and developments in emerging new varieties of sugarcane and providing them seeds to grow high yielding sugarcane crop. Our supply of seed as loan to growers has been extremely beneficial in ensuring a better crop in our area.

We cultivate high yielding varieties at our farms and after cultivating them for three years, we give them on loan to farmers for commercial purposes. This program has been a major benefactor to create rural wealth in our region for both miller and farmer as it has helped improve both farm and factory yields.

Customer satisfaction

Mehran Sugar Mills limited is always keen to produce premium quality sugar, which qualifies international as well as "PSQCA" standards. Accordingly, the Company is in the process of establishing the Quality Management System based on the requirements of ISO 9001:2015 standards. For quality assurances management, a dedicated management representation is entrusted to implement and monitor the implementation of relevant policies.

RESPONSIBILITY TO SOCIETY

Power generation

Energy is considered to be the lifeline of any economy and the most vital instrument of socioeconomic development of a country. Pakistan's sugar industry has the potential to contribute 1,500 MW of renewable energy through biomass fuel like bagasse. Power generation from bagasse will not only reduce import bill of furnace oil but also efficient use of bagasse is environment-friendly and would help mitigate greenhouse gas emissions from the country's power sector.

Seeking the opportunity to contribute its share to the national grid, Mehran Sugar Mills limited has obtained the power generation license from national power Regulatory Authority (NEPRA) and made necessary investments to connect to the national grid. Further, MSML successfully negotiated a Power purchase agreement with HESCO for supply of 5 MW. Power supply has started from January 2015. The success of this 5 MW power plant stimulate us to initiate Co-generation on larger scale, we are in the process of setting up a 26.5 MW Co-generation Power Plant.

Governance structure

The Company's governance structure has helped to achieve best practice and drive performance from the boardroom to our employees, customers, society and the environment. The business integrity has led to long term success and we are committed to conduct our business responsibility and with integrity with an aim to strengthen our reputation. We pledge to observe all the governing laws of the jurisdiction in which we operate and to comply with the best practices of the code of corporate governance.

Contribution towards economy

The Company is a noteworthy contributor to the national economy and has contributed to the national exchequer Rs. 662 million in respects of payments towards Federal excise duty, income tax and other statutory levies. Our associated company UNICOL Limited was also able to export USD 38million of ethanol in the last financial year.

RESPONSIBILITY TO ENVIRONMENT

Mehran is highly conscious of ensuring that its production facility is environmentally compliant in all respects. We are conscious that it's our responsibility to ensure compliance so as to be of no concern to the communities where we operate. We strive to make sure that the impact of our business is sustainable.

Emission and discharges

Mehran is proud to state that we are one of the few mills in Pakistan, which has installed modern fly ash systems on 100% of its boilers thus ensuring zero fly ash discharge. The Company has invested approximately Rs. 80 million in the last five years on installing this system as well as maintaining it to ensure it runs at capacity and functions accordingly.

Waste Water Treatment

Over the last 3 years, we at Mehran have been striving to create an efficient waste water management system. We have recently completed stage three of our water discharge system whereby we have accomplished 90 percent reuse of waste water at the plant. The remaining water is used in our farms adjoining the factory. We have invested a total of Rs. 162 Million on the project and are proud to state that our waste water system was created in house by our capable engineering team. This plant is operational now and is only second of its kind in the entire sugar industry of the country.

Plantation Drive

We as a nation and responsible citizens need to understand the importance of plantation and must focus upon making our country green. Besides, community awareness and inculcation of civic sense is the need of time. We as a Company will ensure playing its role in this field accordingly this year, we have planted more than 5,000 Trees in the vicinity of our Mills, Colony, and adjacent areas.

For and on behalf of the Board of Directors

Mohammed Ebrahim Hasham	**Muhammad Iqbal**
Chief Executive Officer	Director

Karachi: December 30, 2019

PATTERN OF SHAREHOLDING

As at September 30, 2019

Number of Shareholders	Shareholdings From		Shareholdings To	Total Number of Shares held
820	1	-	100	15,934
268	101	-	500	63,988
98	501	-	1,000	69,690
206	1,001	-	10,000	712,278
26	10,001	-	15,000	309,671
7	15,001	-	20,000	114,655
7	20,001	-	25,000	155,209
15	25,001	-	40,000	465,884
8	40,001	-	60,000	363,841
1	60,001	-	70,000	66,000
2	70,001	-	80,000	151,851
2	80,001	-	100,000	171,839
10	100,001	-	120,000	1,124,653
1	120,001	-	150,000	123,773
3	150,001	-	200,000	537,580
3	200,001	-	300,000	769,595
3	300,001	-	400,000	979,035
5	400,001	-	500,000	2,187,612
2	500,001	-	700,000	1,237,052
2	700,001	-	1,000,000	1,501,125
2	1,000,001	-	2,500,000	2,744,168
2	2,500,001	-	4,500,000	8,578,585
3	4,500,001	-	6,500,000	18,075,506
1,496	**Total**			**40,519,524**

Shareholders's Category	Number of Shareholders	Number of Shares held	Percentage
Individuals	1,461	38,826,417	95.82%
Joint Stock Companies	22	1,197,262	2.95%
Insurance Companies	2	408,584	1.01%
Financial Institutions	6	6,124	0.02%
Others	5	81,137	0.20%
	1,496	**40,519,524**	

ADDITIONAL INFORMATION
As at September 30, 2019

Categories	Number of Folios	Shares held
(a) NIT & ICP		
Investment Corporation of Pakistan	1	1,368
(IDBL (ICP UNIT	1	807
	2	2,175
(b) Directors / CEO and their spouse and minor children		
Mr. Mohammed Kasim Hasham	1	6,373,735
Mr. Mohammed Ebrahim Hasham	1	5,796,513
Mr. Mohammed Hussain Hasham	1	5,905,258
Mr. Khurram Kasim	1	4,277,012
Mr. Ahmed Ebrahim Hasham	1	4,301,573
Mr. Muhammad Iqbal	1	10,289
Mr. Dr. Amjad Waheed	1	3,999
Mr. Muhammad Basheer	1	30,404
Mrs. Kulsoom Kasim	1	781,000
Mrs. Khursheed Ebrahim	1	1,226,168
Mrs. Mary Hussain	1	1,518,000
Mrs. Anushey A. Hasham	1	189,750
	12	30,413,701
(c) Executives		
Muhammad Hanif Aziz (Chief Financial officer)	2	43,453
(d) Public Sectors Companies and Corporations		
State Life Insurance Corp. of Pakistan	1	408,540
(e) Bank, DFIs, NBFIs, Insurance Companies, Mudarbas & Mutual Funds		
EFU General Insurance Ltd.	1	44
Habib Bank Limited	1	2,240
Investment Corp. of Pakistan	2	2,175
Muslim Commercial Bank Ltd.	1	12
State Life Insurance Corp. of Pakistan	1	408,540
Habib Bank Ag Zurich, Deira Dubai	1	1,391
MCB Bank Limited - Treasury	1	306
	8	414,708
(f) General Public		
Physical	820	1,235,538
CDC	676	39,283,986
	1,496	40,519,524
(g) Shareholders holding 5% or more voting interest		
Mr. Mohammed Kasim Hasham	1	6,373,735
Mr. Mohammed Ebrahim Hasham	1	5,796,513
Mr. Mohammed Hussain Hasham	1	5,905,258
Mr. Khurram Kasim	1	4,277,012
Mr. Ahmed Ebrahim Hasham	1	4,301,573
	5	26,654,091

ان تمام چیلنجوں اور مشکلات کے باوجود ، ہم ایک بہتر منافع بخش سال کے لئے پر امید ہیں ۔ چینی ، مولاسس اور بگاس کی بہتر قیمت کمپنی کو منافع بخش بنائے گی۔ یونی کول سے سال بھر اچھے منافع کی توقع ہے جو ہماری آمدن میں مثبت کردار ادا کرے گی حالانکہ اس کی لاگت میں بھی اضافہ کی توقع ہے ۔ اسٹاک مارکیٹ چونکہ گذشتہ کچھ عرصے کی شدید مندی کے بعد اب تیزی کی طرف لوٹنے لگی ہے جس سے ہماری اس میں کی گئی سرمایہ کاری سے بہتر نتائج کی توقع ہے۔

اگرچہ ہم گنے کی فصل میں نمایاں کمی کے سبب اس کی زائد قیمت ادا کی ہے ، لیکن ہم توقع کرتے ہیں کہ چینی کی قیمت میں بھی بہتری آئے گی مستقبل کے منافع کا زیادہ تر انحصار اس بات پر ہے کہ پورے سال چینی کی قیمتوں میں استحکام رہے، تاہم ہمیں مثبت نتائج کی امید ہے۔

اظہار تشکر

ہم ایک طویل المدتی اور مستحکم مستقبل کے حصول کے لئے کوشاں ہیں جس میں ہمارے شراکت دار مطمین رہیں۔ اس مقصد کے حصول میں ، ہم کارکنوں، عملے اور ایگزیکٹیوز کی انتھک کوششوں کو سراہتے ہیں اور مستقبل میں بھی ان سے ایسی ہی امید رکھتے ہیں کہ وہ مزید زیادہ جوش و جذبے کے ساتھ کمپنی کی بہتر پیداوار اور فلاح و بہبود کے لئے اپنا فعال کردار ادا کرتے رہیں گے۔ بورڈ اس اہم موقع پر حکومتی عہدیداران، انجمنوں، بینکاری اور مالیاتی ادارے، شیئر ہولڈرز اور گاہکوں کے قابل قدر تعاون پر ہم انہیں خراج تحسین پیش کرتے ہیں اور ان کا شکریہ ادا کرتے ہیں ۔ کمپنی کی سماجی ذمہ داریوں کے حوالے سے کی جانے والی کوششوں اور کارپوریٹ گورننس کے ضوابط کی تعمیل اور 30 ستمبر کو پیٹرن آف شیئر ہولڈنگ کو اس رپورٹ کا حصہ بنایا گیا ہے۔

حسب الحکم بورڈ آف ڈائریکٹرز

محمد ابراہیم ہاشم چیف ایگزیکٹیو آفیسر	محمد اقبال ڈائریکٹر

کراچی : دسمبر30، 2019

ملے گا۔ تاہم، یہ ضروری ہے کہ گنے اور چینی کی قیمیتوں سے متعلق فریم ورک کو ایک مرتبہ پھر سب اسٹیک ہولڈرز کو اعتماد میں لے کر باہمی افہام و تفہیم سے ہم آہنگ کیا جائے تاکہ مستقبل میں کوئی تنازع نہ کھڑا ہو اور نہ ہی کسی فریق کو قانون کا دروازہ کھٹکھٹانے کی ضرورت پیش آئے۔اور ایک ایسا قابل عمل فارمولا بنایا جائے جس میں ملکی ضروریات کو مد نظر رکھا جائے اور گنے اور چینی کی قیمت کے درمیان تناسب کو پیش نظر رکھا جائے۔ اس مسئلہ کو فوری توجہ دی جانے کی ضرورت ہے کیونکہ اس کا پائیدار حل حکومت، کاشتکار، ملرز اور صارفین کے لئے سود مند ثابت ہوگا۔

سیزن 20-2019 گنے کی کاشت میں نمایاں کمی کے سبب ایک چھوٹا سیزن ہوگا اور آگے بھی صورتحال کچھ زیادہ بہتر نہیں دکھائی دے رہی ، لہذا مستقبل قریب میں بڑے سیزن کی توقع عبث ہے۔ گنے کی بہتر قیمت ہی کاشتکار کو گنے کی کاشت پر آمادہ کرتی ہے لیکن ملز یہ بہتر قیمت تب تک ہی ادا کرنے کے قابل ہونگی جب چینی کی قیمت میں بھی اسی تناسب سے اضافہ ہو ۔ یہ ملرز اور کاشتکار دونوں کے لئے سود مند ہو گا کہ جہاں مل مالکان اور کاشتکار دونوں کو اپنی سرمایہ کاری پر مناسب منافع حاصل ہو۔

سیزن 20-2019 کے لئے پنجاب کی صوبائی حکومت نے گنے کی کم از کم امدادی قیمت 190 روپے فی 40 کلوگرام مقرر کی ہے جبکہ حکومت سندھ نے کم از کم امدادی قیمت 192 روپے فی 40 کلوگرام مقرر کی ہے تاہم حکومت سندھ نے کوالٹی پریمیم کو اس میں شامل کیا ہے ۔ جوکہ غیر منصفانہ ہے کیونکہ اس وجہ سے صرف ایک صوبے کے کاشتکار کو زیادہ فائدہ حاصل ہوتا ہے جبکہ دوسرا محروم رہتا ہے۔ ابھی تک گنے کی کٹائی نہایت سست رفتاری سے ہورہی ہے جس کی وجہ یہ ہے کاشتکار گنے کی قیمتوں میں مزید اضافے کی توقع رکھتے ہیں لیکن ان کے اس رویے کی بدولت ملیں اپنی پیداواری صلاحیت کا استعمال نہیں کرپارہی ہیں جس کی وجہ سے پیداواری لاگت میں اضافہ ہورہاہے۔ ہم امید کرتے ہیں کہ کٹائی کا عمل دسمبر 2019 کے آخر یا جنوری 2020 کے شروع میں بہتر ہوجائے گا۔

فصل کے ابتدائی سروے سے معلوم ہوتا ہے کہ گنے کے زیر کاشت رقبے میں ایک مرتبہ پھر تقریباً 20 فیصد کی کمی واقع ہوئی ہے تاہم بروقت اچھی بارشوں اور فصل کی بہتر نگہداشت کی بدولت گذشتہ سال کی نسبت بہتر پیداوار حاصل ہوگی اور رقبے میں کمی کی تلافی ہوسکتی ہے۔ کم پیداوار کی وجہ سے طلب و رسد میں توازن برقرار رہنے کی توقع ہے ۔ اس سے اسٹیک ہولڈرز کو بہتر منافع کی توقع ہے تاہم ایک سال گذرنے کے باوجود حکومت سندھ کی جانب سے اعلان کردہ برآمدی سبسڈی کی ادائیگی نہیں ہوئی ہے جس سے ملز اس بارے میں غیر یقینی کی صورتحال سے دوچار ہیں ، آج تک ہماری رقم جو کہ سبسڈی کی مد میں زیر التوا ہے وہ 298.90 ملین بنتی ہے اس کی عدم وصولی کی بناء پر ہمارے مالی اخراجات میں بھاری اضافہ ہو گیا ہے۔

قابل غوربات یہ ہے کہ چینی کی تیاری ایک سیزنل کاروبار ہے جبکہ سال بھر میں ہم اپنی چینی فروخت کرتے ہیں جبکہ کاشتکار کو فوری طورپر ادائیگی کرنی ہوتی ہے جس کے لئے ہم بھاری شرح سود کے عوض رقم حاصل کرتے ہیں اس سے ہماری پیداواری لاگت میں اضافہ ہوجاتا ہے، اس کے علاوہ پاکستانی روپے کی قدر میں حالیہ 20 فیصد کمی اور تیزی سے بڑھتے ہوئے افراط زر کے سبب ہماری مینٹی ننیس کی لاگت میں بھی اضافہ ہوگا اور ہماری فروخت ہونے والی اشیاء پر بھی اس کے اثرات ہوں گے جس سے مجموعی منافع کم ہوجائے گا ۔

اس لئے اچھے اور پائیدار مالی نتائج کو یقینی بنانے کے لئے فروخت کی ایک موثر حکمت علی ترتیب دینی ہوگی۔ فروخت سے متعلق دستاویزات کی تیاری اور اقدامات سے جو کہ وفاقی بجٹ میں اعلان کردہ ہیں کی وجہ سے مارکیٹ کچھ مندی کا شکار ہوگئی ہے کیونکہ لوگ ان کے عادی نہیں ہیں۔ حالانکہ اس کا اطلاق جنوری 2020 تک موخر کردیا گیا ہے۔ تاہم، ہم امید کرتے ہیں کہ یہ ایک عارضی مرحلہ ثابت ہوگا اور سب بہت جلد ان اقدامات کے عادی ہوجائیں گے اور مارکیٹ دوبارہ تیزی کی جانب گامزن ہو جائے گی۔

یونی فوڈز انڈسٹریز لمیٹڈ

کیک کی فروخت کے حجم میں بہتری نظر آرہی ہے، تاہم پیداواری صلاحیت کے استعمال میں کمی، مضبوط مسابقت اور مجموعی طور پر ملک میں جاری سُست معاشی سرگرمیوں کی بدولت ترقی کی رفتار نسبتاً کچھ کم ہے۔ ہمیں توقع ہے کہ ہدف کے مطابق 2021 تک کمپنی خسارے کی صورتحال سے باہر آجائے گی۔ برانڈ مارکیٹ میں اپنی جگہ بنا رہا ہے اس کے علاوہ ترسیل کے نظام میں بہتری کی وجہ سے بھی مارکیٹ کے اعتماد میں اضافہ ہو رہا ہے۔ کمپنی مارکیٹ میں مزید جگہ حاصل کرنے کے لئے چند نئی مصنوعات کو متعارف کرانے کا سوچ رہی ہے جس کے لئے ابتدائی پیپر ورک جاری ہے ، شراکت داران اس منصوبے کے لئے پُر عزم ہیں اور اس کے بہتر مستقبل کے بارے میں یقین رکھتے ہیں۔ ہمارا ملک وسیع آبادی کی وجہ اس ضمن میں اچھی مارکیٹ ہے اور ہم اس سے فائدہ اٹھانے کے لئے پرامید ہیں ۔اب تک یونی فوڈز میں ہماری ایکویٹی سرمایہ کاری 258.38 ملین روپے ہے جو کہ کمپنی میں 24 فیصد ایکویٹی کی نمائندگی ہے۔

قابل تجدید توانائی کے منصوبے

وفاقی حکومت کی طرف سے پالیسی کے فریم ورک میں جاری ترمیم کی وجہ سے ہمارے دونوں قابل تجدید توانائی منصوبوں میں متذکرہ مدت کے دوران تعطل رہا، حال ہی میں حکومت نے مسابقتی بولی پر مبنی ان منصوبوں کے لئے ایک نئی پالیسی کا اعلان کیا ہے ہم اس نئی پالیسی کے بارے میں باضابطہ رابطے کے انتظار میں ہیں تاکہ منصوبے کی فزیبلٹی کا نئے سرے سے جائزہ لیا جاسکے۔ کیونکہ ایک سازگار پالیسی کی بدولت ہی دیسی ایندھن اور قدرتی وسائل کے استعمال سے زرمبادلہ کی بچت ہوگی اور ملک کے لئے ماحول دوست بجلی پیدا ہوگی

کنزیومر ڈویژن

سربند (Packaged) براون اور وائٹ شوگر کی مارکیٹنگ کنزیومر ڈویژن کے سپرد ہے جس نے گذشتہ برسوں مستقل ترقی کی ہے۔ ہمارے" Sugarie "اور" Chashnik "برانڈز نے مارکیٹ میں اپنی منفرد جگہ بنالی ہے اور گاہکوں کی توجہ اپنی جانب مبذول کرانے میں کامیاب رہے ہیں ، متذکرہ عرصے کے دوران ، حجم اورفروخت دونوں میں اضافہ کا رجحان رہا۔ ملکی مارکیٹ میں یہ دونوں برانڈ ز استحکام حاصل کررہے ہیں اور اب پنجاب اور سندھ کے تمام بڑے شہروں میں باآسانی دستیاب ہیں اس کے ساتھ ساتھ اب کے پی کے کی مارکیٹ میں بھی اس کی فروخت میں بہتری آ رہی ہے۔ ہماری پرعزم ، تجربہ کار اور کام کرنے کے جذبے سے سرشار سیلز ٹیم کراچی، لاہور اور اسلام آباد اور ان سے ملحقہ شہروں، قصبوں اور دیہاتوں کا باقاعدگی سے وزٹ کرتی ہے۔ سوشل میڈیا سے بھی تشہری مہم میں اضافہ کردیا گیا ہے تاکہ عام صارف کو ان سے متعارف کرایا جا سکے۔ ہمارے لئے انسانی صحت سب سے اہم ہے اس لئے ان اشیاء کو مزید مفید بنانے کے لئے ہم اس کے معیار اور پیکیجنگ کے لئے جدید ترین آٹو میشن کررہے ہیں جس کے لئے اس مد میں خطیر سرمایہ کاری کی جارہی ہے۔

مستقبل کا منظر نامہ

موجودہ سیزن کے دوران کاشتکار کو گنے کی بہتر اور بروقت ادائیگی کے پیش نظر، فروری 2019 میں گنے کی کاشت میں بہتری دیکھنے میں آئی ہے اور توقع ہے کہ ستمبر 2019 میں بھی گنے کی کاشت میں مزید اضافہ ہوگا۔ گنے کی کاشت میں یہ اضافہ صنعت کے لئے بہتری کا باعث ہوگا کیونکہ اس سے سیزن 21-2020 میں ملز کو اپنی پیداواری صلاحیت سے استفادہ حاصل کرنے کا موقع

- مالیاتی اخراجات میں اضافہ ہوا جس کی بُنیادی وجہ شرح سود میں غیر معمولی یعنی 6% سے 13% تک اضافہ ہے۔ہماری گنے کی قیمت کی بروقت ادائیگی کی پالیسی کے باعث ہماری نقد سرمائے کی ضروریات میں اضافہ ہوا جس کے باعث مالیاتی اخراجات تقریباً دگنا ہوگئے ہیں۔

یونیکول

گذشتہ سال سے ہی کمپنی بہترین مالی اور آپریشنل نتائج دے رہی ہے، ایتھونول اور CO_2 کے پلانٹس نے اچھی کارکردگی کا مظاہرہ کیا۔ ایتھنول اور کاربن ڈائی آکسائڈ دونوں پلانٹ کی کارکردگی اطمینان بخش رہی اور اپنی پیداواری صلاحیت کو بھر پور طریقے سے بروئے کار لایا گیا ۔ کمپنی نے 50,806 ٹن ایتھنول اور 9,933 ٹن کاربن ڈائی آکسائیڈ کی فروخت کی۔

یونی کول سے متعلق اہم مالیاتی اعداد و شمار مندرجہ ذیل ہیں:

مالیاتی معلومات (فنانشل ہائی لائٹس)		2018-19	2017-18
مجموعی فروخت	روپے ہزاروں میں	5,501,599	5,167,711
خالص منافع	روپے ہزاروں میں	1,704,160	1,796,594
خالص منافع کی شرح	(%)	30.98%	34.77%
قبل از ٹیکس منافع	روپے ہزاروں میں	1,166,523	1,236,832
بعد از ٹیکس منافع	روپے ہزاروں میں	1,109,767	1,213,956
بعد از ٹیکس منافع کی شرح	(%)	20.13%	23.49%
فی حصص آمدنی	روپے	7.35	8.09

پچھلے سال کی نسبت مولیسس کی قیمت میں اضافہ ہوا لیکن غیر ملکی کرنسی کی قیمتوں میں اضافہ کی وجہ سے مقامی کرنسی میں حاصل ہونے والی قیمت فروخت بہتر رہی جس کے باعث مولیسس کی قیمتوں میں ہونے والا اضافہ زیادہ اثر انداز نہ ہو سکا۔ ملک میں مولیسس کی پیداوار میں کمی کے باعث قیمتیں 9,500 روپے فی ٹن سے 14,000 روپے فی ٹن تک جا پہنچیں جو کہ 58 فیصد اضافہ ہے اور یہ صورتحال اس سال بھی متوقع ہے اس لئے بین الاقوامی منڈیوں میں مقابلہ کرنے کے لئے اس سال مناسب وقت اور مناسب قیمت پر مولیسس کی خریداری یقینی بنانا ہوگی۔

یونیکول نے مسلسل دوسرے سال ایک ارب سے زیادہ بعد از ٹیکس منافع کمایا۔ دونوں سالوں میں خالص منافع (Gross Profit) 1.7 ارب روپے رہا جو کہ قابل تعریف ہے۔ یونیکول کا نفع اس سال 1.17 ارب روپے رہا جو کہ پچھلے سال 1.24 ارب روپے تھا۔

مسلسل ایک دہائی سے جاری سرمایہ کاری اور مسلسل ترقی اور نمو کے بعد یونیکول نے اپنے حصص یافتگان کو منافع (Dividend) دینا شروع کردیا ہے ۔ اس سال یونیکول نے مہران کو 225 ملین روپے منافع (Dividend) دیا ہے۔ اس کے علاوہ یونیکول کی کارکردگی کو سراہتے ہوئے FPCCI نے اس سال ایکسپورٹ ٹرافی سے بھی نوازا ہے۔

پورے ملک میں متذکرہ سال کے دوران گنے کی فصل میں نمایاں کمی کے باعث کرشنگ سیزن نسبتاً کم عرصے جاری رہا۔ گنے کے زیر کاشت رقبے کی جگہ دوسری منافع بخش فصلوں نے لے لی ، اس کے علاوہ ملک میں جاری پانی کی قلت اور آب و ہوا کی تبدیلی سے خطے پر پڑنے والے مضراثرات کی وجہ سے بھی پیداوار بُری طرح متاثر ہوئی ۔ اس صورتحال نے گنے کی قیمتوں میں صوبائی حکومت کی جانب سے اعلان کردہ کم از کم امدادی قیمت سے بھی 10 فیصد سے بھی زیادہ اضافہ کر دیا ۔ گنے کی اضافی قیمت ملنے سے کسان کو فصل کی فی ایکڑ پیداوار میں کمی کے اثرات کو کم کرنے میں مدد ملی۔ تاہم، گنے کی فصل میں نمایاں کمی اور مقابلے کی فضا کو مد نظر رکھتے ہوئے مل کو گنے کی نقد ادائیگی کرنی ضروری ہوگئی جس کی وجہ سے مل کو بلند شرح سود پر قرضہ جات حاصل کرنا پڑے جس سے چینی کی پیداواری قیمت میں مزید اضافہ ہوا۔

یہ بات قابل ذکر ہے کہ چینی کی پیداوار کا عمل صرف 100 دن پر محیط ہوتا ہے لہذا گنے کی قیمت کی ادائیگی 100 دن کے اندر کرنا ہوتی ہے جبکہ اس کی فروخت سارے سال جاری رہتی ہے گنے کی زائد قیمت ، فوری ادائیگی اور شرح سود میں اضافہ کے باعث چینی کی پیداواری قیمت میں اضافہ ہوا۔

بنیادی عوامل جو اِن نتائج کے حصول میں کارفرما رہے:

- چینی کی فروخت میں ایک بڑی مقدار گذشتہ سال کے اسٹاک پر مبنی تھی جس کی قیمت فروخت، اس کی پیداواری لاگت سے زیادہ تھی۔ اس طرح، خالص منافع کی شرح (Gross Profit Margin) میں بہتری آئی۔اور چینی کی قیمت فروخت میں اضافے کے تناظر میں مجموعی طور پر کاروبار میں بہتری دیکھنے میں آئی۔
- گذشتہ سال کے مقابلہ میں کم پیداوار اور زیادہ مانگ کی وجہ سے دونوں ضمنی مصنوعات (مولیسس اور بگاس) کی قیمت فروخت میں کافی حد تک بہتری آئی، مولیسس اور بگاس کی قیمتوں میں اضافہ بالترتیب 77 اور 50 فیصد زائد رہا۔
- سپلائی اور طلب کے منظر نامے کی وجہ سے گنے کی قیمت میں نمایاں اضافہ ہوا۔
- کرشنگ کے حجم میں کمی نے چینی کی فی ٹن پیداواری قیمت کو بڑھایا ۔ اس کے علاوہ پچھلے سال کے مقابلے میں فیکٹری کم عرصہ چلی اور پیداواری صلاحیت کا استعمال بھی کم رہا۔
- مذکورہ مدت کے دوران یونیکول نے اہم کردار ادا کیا اور اس کی جانب سے منافع 379.76 ملین روپے رہا، تاہم یونی فوڈزسے ہونے والے 54.87 ملین روپے کے نقصان نے اس نفع کو جزوی طور پر کم کردیا۔
- پچھلے سال کے مقابلے میں برآمدات میں نمایاں کمی کی وجہ سے فروخت کا حجم کم رہا ، پچھلے سال ہم نے 74,423 میڑک ٹن برآمد کئے ، تاہم مقامی فروخت کے حجم اور قیمتوں میں اضافے کی وجہ سے برآمدات میں جزوی طور پر کمی واقع ہوئی۔
- پچھلے سال سکروز کی ریکوری 11.52% تھی جبکہ اس سال 11.44% رہی ، اس کمی کا سبب کرشنگ کے حجم میں کمی کو قرار دیا جاسکتا ہے تاہم حاصل کردہ سکروز ریکوری اب بھی ملک میں سب سے زیادہ ہے۔
- اس مدت کے دوران ایکوئٹی مارکیٹ میں سود کی بلند شرح ، سرمایہ کاروں میں اعتماد کا فقدان، کمزور معاشی حالات، ریگولیٹڑی سختی اورغیر ملکی سرمایہ کاروں کی جانب سے مسلسل فروخت کے رجحان سے پیدا ہونے والی صورتحال نے مارکیٹ کودباو میں لئے رکھا۔ ہم اس رجحان کے تبدیل ہونے کے لئے پر امید ہیں اور ہم توقع کرتے ہیں ہمارے پورٹ فولیو اچھی بہتری آئے گی کیونکہ یہ مضبوط بنیادوں پر استوار ہے۔
- ایکویٹی میں کی گئی سرمایہ سے ڈیوڈنڈ سے 65 ملین روپے حاصل ہوئے جبکہ گذشتہ سال کے دوران یہ رقم 38 ملین روپے تھی۔

تھیں کیونکہ یہ اضافہ گنے کے نرخ پر ملز اور کاشت کار کے درمیان تنازع کے خاتمہ کا سبب بنی۔ اس منظر نامے کا مثبت اور طویل مدتی پہلو یہ ہے کہ اس سے مستقبل میں گنے کی کاشت کے رقبے میں اضافہ ہوگا ،اس کے لئے پانی کی دستیابی ضروری ہے کیونکہ مناسب مقدار میں گنے کی دستیابی شوگر ملز کے لئے ضروری ہے۔ بارشوں میں اضافے کے سبب ملک بھر میں پانی کی فراہمی کی صورتحال بہتر ہوئی ہے ہم امید کرتے ہیں کہ اس کے آئندہ فصل پر مثبت اثرات ہونگے اور اس کے لئے ہم دعاگو ہیں ۔

صنعت اور زراعت کے بہتر باہمی تعلقات کے لئے ضروری ہے کہ چینی کی قیمتیں مستحکم رہیں نیز گنے کی قیمت اور چینی کی قیمت کے درمیان مناسب توازن قائم رہے، یہ مساوات صنعت کی طویل المدتی استحکام اور ترقی کے لئے نہایت اہم ہے

یہ بات قابل ذکر ہے کہ چینی کو 17% جی ایس ٹی کے دائرے میں لایا گیا ہے جس کا مطلب یہ ہے کہ چینی کی بازار میں قیمتیں بڑھیں گی ۔ ہم یہ بات کہنے میں حق بجانب ہیں کہ اگر چینی روزمرہ کی خوراک سے متعلق ضروری اشیاء کی فہرست میں شامل ہے اوریہ گھریلو اجناس کے طورپر استعمال ہونے والی اشیاء کے طور پر استعمال ہونے والی اقسام میں بھی شامل ہے تو اس پر جی ایس ٹی کیوں عائد ہے ۔

آپریشنل اور مالی جائزہ

آپریشنل معلومات	2018-19	2017-18
کرشنگ (میٹرک ٹن)	702,259	1,043,279
پیداواری صلاحیت کا استعمال	59.77%	64.77%
سکروز کی ریکوری	11.44%	11.52%
چینی کی پیداوار (میٹرک ٹن)	80,332	120,200
مولیسس کی پیداوار (میٹرک ٹن)	33,182	51,526
مولیسس کی ریکوری	4.73%	4.94%

مالیاتی معلومات	2018-19	2017-18
	روپے ہزاروں میں ماسوائے فی حصص آمدنی	
فروخت -مقامی مارکیٹ	5,476,540	2,218,327
فروخت-برآمدات	455,005	2,813,117
مجموعی فروخت	5,931,545	5,031,444
فیڈرل ایکسائز ڈیوٹی / سیلز ٹیکس	619,772	240,654
خالص منافع	820,312	589,680
خالص منافع کی شرح	15.44%	12.31%
قبل از ٹیکس منافع	512,147	429,723
قبل از ٹیکس منافع کی شرح	9.64%	8.97%
بعد از ٹیکس منافع	403,834	412,898
بعد از ٹیکس منافع کی شرح	7.60%	8.62%
فی حصص آمدنی	9.97	10.19

مالی سال 2019 کے معاشی سروے کے مطابق ، زراعت کے شعبہ نے 3.94 فیصد کی شرح سے ترقی کے اپنے ہدف سے کم کارکردگی کا مظاہرہ کیا اور اس میں صرف 0.85 فیصد کا معمولی اضافہ ریکارڈ کیا گیا ہے۔ اس کی بنیادی وجہ پانی کی دستیابی میں کمی اور کھادکے استعمال میں ہونے والی کمی، جس کی بنیادی وجہ کھاد کی قیمتوں میں اضافہ ہے، ان وجوہات نے زرعی پیداوار کو متاثر کیا۔ اسی طرح بڑی انڈسٹری کی پیداوار میں کمی،اور خدمات کے شعبے میں بھی گراوٹ کی وجہ سے مرکزی بینک نے مالی سال 2020 کے لئے پیداواری صلاحیت کی حقیقی شرح نمو کو تقریباً 3.5 فیصد تک محدود کیا ہے ۔

مزید برآں، پاکستان مالی سال 2019 میں صرف 1.66 ارب غیر ملکی براہ راست سرمایہ کاری (ایف ڈی آئی) کو اپنی جانب راغب کرنے میں کامیاب ہو پایا جو گذشتہ سال کی اسی مدت کے مقابلے میں تقریباً 51.98 فیصد کم ہے اس بڑے پیمانے پر کمی کی بنیادی وجہ شرح تبادلہ کی غیر یقینی صورتحال ، آئی ایم ایف پروگرام کو حتمی شکل دینے میں تاخیر، بیرونی اور اندرونی طور پر ملک کی کمزور مالی حیثیت، دسمبر 2018 میں فچ (Fitch) کے ذریعے پاکستان کے کریڈٹ ریٹنگ کی درجہ بندی میں کمی اور سرمایہ کاروں کے اعتماد میں کمی کی وجہ سے ہوا۔

مالی سال 2019 میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 34 فیصد کمی واقع ہوئی ، تاہم، مختلف درآمدی اشیا پر ریگولیٹری ڈیوٹی لگانے ، اور دوست ممالک کی مالی اعانت کے ذریعے ملنے والے فنڈز نے بیرونی خسارے میں کچھ حد تک کمی کی۔ ہمیں یقین ہے کہ سی پیک میں کی جانے والی سرمایہ کاری ،پاکستان میں سرمایہ کاری کو راغب کرنے اور کرنسی کو مستحکم رکھنے کے لئےاور ملک میں درآمدی پیداوار کو بڑھانے میں کلیدی کردار ادا کرے گی۔ مجموعی طور پر شفاف معاشی پالیسیوں اور موجودہ حکومت کی جاری اصلاحات پر ملک کی آئندہ کی معاشی کارکردگی کا انحصار ہے۔

چینی کی صنعت کا جائزہ

گذشتہ دو سیزن جن میں گنے کی فصل وافر مقدار میں میسر تھی کےبعد سیزن 19-2018 نسبتاً مختصر ثابت ہوا جس کی وجہ گنے کی فصل کا کم ہوجانا تھا۔ اس کے باوجود سال کے آغاز پر پیداواری تخمینے کے بارے بے یقینی کی وجہ سے چینی کی قیمتیں دباو کا شکار رہیں۔ تاہم حکومت کی بروقت برآمدی پالیسی ، اضافی چینی کو برآمد کرنے میں مددگار ثابت ہوئی۔ بہتر برآمدی پالیسی اور پیداوار میں کمی کے سبب طلب و رسد میں توازن قائم ہوا جو کہ چینی کی قیمت میں استحکام کا باعث بنا۔

ماسوائے پنجاب کسی بھی صوبائی حکومت نے برآمدات پر زر اعانت کا اعلان نہیں کیا ، حکومت پنجاب نے اس سلسلے میں 6 لاکھ ٹن چینی کی برآمد پر زراعانت کا ایک طریقہ کار وضع کیا جس کے مطابق زیادہ سے زیادہ 5.50 روپے فی کلو گرام تک زر اعانت مقرر کی گئی لہذا سندھ کی شوگر ملز برآمدات کی اس دوڑ سے باہر ہوگئیں اور سندھ سے چینی کی کوئی خاص مقدار برآمد نہ ہوسکی تاہم روپے کی قدر میں حالیہ کمی اور ایف ٹی اے کے تحت چین کو 300,000 ٹن برآمد کرنے کی اجازت کی وجہ سے سندھ کی شوگر ملز بھی برآمدات میں شراکت دار ہو سکیں۔ اس سے آنے والے سالوں کے لئے تجارت کے نئے راستے کھل گئے ہیں چونکہ چین کے پاکستان سے بہتر ثقافتی اور معاشرتی روابط ہیں اور وہ چینی کا بڑا درآمد کنندہ ہےمزید اس کے پاس گنے کی کاشت کے لئے اضافی رقبہ بھی میسر نہیں ہے اس بناء پر قوی امید ہے کہ وہ مستقبل میں بھی پاکستان سے چینی درآمد کرتا رہے گا۔ اس کے پاکستان سے براہ راست درآمد، میانمار سے بلواسطہ درآمد کے مقابلے میں زیادہ سستا ہے۔ اس کے علاوہ CPEC کے تحت سڑک کے ذریعے تجارت میں بھی اضافہ ہوگا۔

پیداواری سال 19-2018 میں گنے کی کاشت کے رقبے میں نمایاں کمی اور گنے کی فی ایکڑ پیداوار میں کمی کے سبب چینی کی پیداوار کا تخمینہ 5.5 ملین ٹن تھا جبکہ اس سے پچھلے سیزن میں یہ 7.5 ملین ٹن تھا۔ گنے کی کم فراہمی کے سبب شوگر ملز اس بات پر مجبور ہوئیں کہ وہ اپنی کرشنگ کی صلاحیت کے استعمال کو یقینی بنانے کے لئے مارکیٹ کی قیمت پر گنے کی خریداری کریں۔ اس کا فائدہ گنے کے کاشت کار کو حاصل ہوا، اور انہیں فصل کی طے شدہ قیمت سے بھی زائد کی وصولی ہوئی۔ سیزن کے ایک بڑے حصے کے لئے گنے کی قیمت حکومت کی جانب سے اعلان کردہ کم از کم قیمت سے کہیں زیادہ رہیں ، جو ایک طرح سے حوصلہ افزا بھی

ڈائریکٹرز رپورٹ

تعارف

مہران شوگر ملز لمیٹڈ کو دسمبر 1965 میں پاکستان میں پبلک لمیٹڈ کمپنی کے طور پر متروک کمپنی ایکٹ 1913 کے تحت رجسٹرڈ کیا گیا ۔ کمپنی کا بُنیادی کام چینی کی پیداوار ہے ۔ کمپنی ضلع ٹنڈوالہیار میں واقع ہے اور اس کی کرشنگ کی صلاحیت 12,500ٹن روزانہ ہے۔ اس علاقے میں زیادہ تر جلد تیار ہونے اور بہتر پیداوار رکھنے والی گنے کی اقسام پائی جاتی ہیں جس کی وجہ سے ہماری مل کو سکروز کی بہتر ریکوری حاصل ہوتی ہے ۔

2004 میں مہران نے ایک نئی پبلک لمیٹڈ کمپنی «یونیکول لمیٹڈ «میں 33.33 فیصد کی سرمایہ کاری کی ۔اس منصوبہ کو ابتدا ہی سے ماحول دوست منصوبہ کے طورپر متعارف کروایا گیا۔ یونیکول میں ایتھنول کی پیداواری صلاحیت دولاکھ (200,000) لیٹر روزانہ اور مائع گیس کاربن ڈائی آکسائڈ کی بہتر (72) ٹن روزانہ ہے۔

2017 میں ہماری کمپنی نے بیکری / فوڈ سیکٹر سے متعلق ایک کمپنی میں سرمایہ کاری کی ہے۔ اسی سال ایک سو فیصد ذیلی کمپنی مہران انرجی تشکیل دی گئی ۔جس کا مقصد بگاس کی بنیاد پر ساڑھے چھبیس (26.5) میگا واٹ کا بجلی کا منصوبہ لگانا ہے۔ ان منصوبوں کے بارے میں رپورٹ کے آخر میں تفصیلی گفتگو کی گئی ہے۔

ملکی معیشت

وفاقی حکومت نے مالی سال 2019 میں تیزی سے کم ہوتے زر مبادلہ کے ذخائر کو روکنے اور جاری مالیاتی خسارہ کومستحکم رکھنے کے لئے سخت مالیاتی اقدامات اُٹھائے ۔ تاہم مجموعی ملکی پیداوار کی شرح نمو میں کمی کے اشاریے) جیسا کہ مرکزی بینک نے 2019 کے لئے 3.3 فیصد شرح نمو کی پیشنگوئی کی تھی جو کہ پچھلے سال 5.5 فیصد تھی (۔ مالیاتی خسارہ میں بڑھتا اضافہ ، کالے دھن کے حوالے سے جانچ پڑتال کرنے والے عالمی ادارے ایف اے ٹی ایف (FATF) کی طرف سے دباو اور عالمی مالیاتی ادارے (IMF) سے قرض کو حتمی شکل دینے میں تاخیر نے ملکی معیشت کو دباو میں رکھا۔ اس سال جاری مالیاتی خسارہ 13.6 ارب ڈالر)ملکی مجموعی پیداوار کا 4.8 فیصد(رہا جوکہ پچھلے سال اسی مدت میں19.8 ارب ڈالر)ملکی مجموعی پیداوار کا 6.3 فیصد (تھا ۔ اس طرح جاری مالیاتی خسارے میں 32 فیصد کی کمی ہوئی ۔ اس بہتر کارکردگی کی وجہ سے درآمدات میں سات)7 (فیصد کمی یعنی 56.59 ارب ڈالر سے 52.38 ارب ڈالر اور ترسیلات زر میں دس (10)فیصد اضافہ یعنی 21.84 ارب ڈالر ہے۔ تاہم ، ملک میں جاری غیر یقینی صورتحال کی وجہ سے برآمدات میں خاطر خواہ اضافہ نہ ہو سکا اور یہ پچھلے سال کے 24.77 ارب ڈالر کے مقابلے میں 24.4 ارب ڈالر رہا جبکہ بیرونی ادائیگیاں 14.48 ارب ڈالر رہیں ۔

فیڈرل بورڈ آف ریونیو ، مالی سال 2019 کے دوران 3.829ٹریلین پاکستانی روپے ٹیکس کی صورت میں جمع کرسکا جبکہ پچھلے سال اسی مدت میں یہ رقم 3.842 ٹریلین روپے تھی ۔ ٹیکس کی وصولی نظر ثانی شدہ ہدف 4.398 ٹریلین روپے (جی ڈی پی کا 11.5 فیصد) سے بھی کم تھی ، جس کے باعث حکومت کے لئے ترقیاتی بجٹ پر عملدرآمد کرنا مشکل ہو گیا۔ مزید یہ کہ حکومت نے مالی سال 2020 کے لئے 5.55 ٹریلین پاکستانی روپے جمع کرنے کا ہدف مقرر کیا ہے ، جو کہ موجودہ معاشی سست روی کو مد نظر رکھتے ہوئے بہت مشکل دکھائی دیتا ہے ۔ تاہم ایسے اشارے مل رہے ہیں کہ آئی ایم ایف سے مذاکرات کی کامیابی کے بعد متعین کردہ اہداف میں کمی کی جائے گی۔

بین الا قوامی سطح پر تیل کی بڑھتی ہوئی قیمت، پاکستانی روپے کی قدر میں کمی ، بجلی اورگیس کی قیمتوں میں اضافہ کی وجہ سے مہنگائی میں اضافہ ہوا ہے۔ لہذا، مہنگائی کی بڑھتی شرح اور خساروں کو قابو میں رکھنے کے لئے مرکزی بینک نے سود کی شرح کو 13 فیصد تک بڑھا دیا ہے۔

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 54th Annual General Meeting of the members of the Company will be held at I.C.A.P. Auditorium, Chartered Accountants Avenue, Clifton, Karachi on Tuesday, January 28, 2020 at 1630 PST to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on January 28, 2019;
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' Reports for the year ended September 30, 2019;
3. To consider and approve final cash dividend @ 10% i.e. Re. 1.00 per share and 15% bonus shares i.e. 15 shares for every 100 shares held by the members, in addition to interim dividend already issued @ 22.5% i.e. Rs. 2.25 per share and 10% bonus shares i.e. 10 shares for every 100 shares held for the year ended September 30, 2019 as recommended by the Board of Directors of the Company.
4. To appoint auditors for the year ending September 30, 2020 and to fix their remuneration. The retiring auditors M/s. EY Ford Rhodes, Chartered Accountants being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS

5. To elect ten (10) Directors as fixed by the Board for the term of three years, in accordance with the provisions of Section 159 of the Companies Act, 2017. The retiring Directors are:

1. Mohammed Kasim Hasham	2. Mohammed Ebrahim Hasham
3. Mohammed Hussain Hasham	4. Khurram Kasim
5. Ahmed Ebrahim Hasham	6. Muhammad Iqbal
7. Muhammad Basheer	8. Dr. Amjad Waheed

6. To consider and, if thought appropriate, pass, with or without modification, the resolution, for investing an additional amount of Rs. 100 million (for induction of new products, expanding existing line of production, enhancing distribution network across Pakistan accompanied with widespread marketing campaigns on electronic and social media) as equity investment in M/s UNI-FOOD INDUSTRIES LIMITED- an associate joint venture unquoted public limited company, in compliance with the provisions of section 199 of the Companies Act, 2017.

A Statement under Section 134(3) of the Companies Act, 2017 containing material facts in respect of Investment in above company is attached herewith.

7. To apprise and review the status of investments in Associated Companies, for which statement as required by S.R.O 27(I)/2012 dated January 16, 2012 is being sent to the shareholders.

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

By order of the of Board of Directors

Sumair Ali Khan
Company Secretary

Karachi: January 03, 2020

NOTES

1. The share transfer books of the Company will remain closed from January 22, 2020 to January 28, 2020 (both days inclusive).

2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her behalf. Proxies in order to be effective must be received by the Company at its Registered Office not later than 48 hours before the time fixed for holding the Annual General Meeting.

3. The shareholders whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring their CNIC along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders the guidelines as contained in SECP's circular 1 of 26th January, 2000 to be followed.

4. The shareholders are requested to notify the Company immediately the change in their address, if any.

5. The shareholders are also requested to intimate us their CNIC # to implement the requirements of Annual Returns (Form A) which the Company is required to file with the SECP under section 130 of the Companies Act 2017.

Statement as required by S.R.O 27 (I)/2012 date January 16 2012

Associated Companies	Total Investment Approved	Amount of Investment made to date	Reasons for not having made complete investments so far	Material Change in financial Statements of associated company since resolution
Mehran Energy Limited	750.00 Million	42.20 Million	Project future remains uncertain due to government policy. All 12 sugar based power projects are currently undergoing litigation at different levels. CPPA has filed an appeal in Islamabad High Court against decision of NEPRA, which is pending adjudication. NEPRA is also reviewing the mechanism of tariff. The verdict on this matter is vital for the future of these projects.	No material change.
Uni-food Industries Limited	300.00 Million	258.38 Million	The plant has started commercial production in March 2018 of its signature product Long cakes and Cupcakes both with different fillings. The company sales forecast are as per plan. A nationwide distribution network has been established along with creation of a master brand by the name ***"Good Goodies"***. As communicated to the members of the company last year that once the master brand is established and distribution outlined it will make it easier for the company to add different products in its portfolio. Company is looking to add some new products in its portfolio as well as to expand its existing line of production.	New product line is being established for better absorption of company's overheads.

Associated Companies	Total Investment Approved	Amount of Investment made to date	Reasons for not having made complete investments so far	Material Change in financial Statements of associated company since resolution
UniEnergy Limited	650.00 Million	20.00 Million	During the year under review, no progress was recorded on the wind power project. Management is keeping a close eye on NEPRA's policy in regards of the sector and whether it will award an upfront tariff or a competitive bidding mechanism.	No material change.

Statement of Material Facts concerning Special Business pursuant to Section 134 sub clause (3) of the Companies Act 2017 read with S.R.O S.R.O. 1240(I)/2017 dated December 06, 2017

This statement sets out the material facts concerning the Special Business given in Agenda Item No. 6 of the Notice to be transacted in the Annual General Meeting of the members of Mehran Sugar Mills Limited (MSML) to be held on January 28, 2020 at 4:30 pm at The Institute of Chartered Accountants of Pakistan, Chartered Accountant Avenue, Clifton, Karachi.

The Company has received an offer to subscribe an additional 10.00 million ordinary shares of UNI-FOOD INDUSTRIES LIMITED (UFIL) - an associate joint venture unquoted public limited company, at par value of Rs. 10/- each. The Board of Directors in its meeting held on December 30, 2019 has recommended to subscribe the said number of shares as stated in para (a) below subject to the approval of the members through a Special Resolution under Section 199 of the Companies Act, 2017.

<u>Item No. 6 of the agenda</u>

a. In addition to the approval of subscribing 30,000,000 ordinary shares of Rs. 10/ - each at par for 24% of the equity and to provide corporate guarantee, MSML intends to make further equity investment in the said Company in terms of Section 199 of the Companies Act, 2017 in one tranche or from time to time, as required by the Company, in fully paid-up ordinary shares of Rs.10/- each at par, not exceeding Rs. 100 million (Rupees one hundred million only) to obtain 10,000,000 ordinary shares the equity stake after the fresh investment will remain at 24.00%.

b. UFIL's main business activity is to carry on business of manufacture, produce, branding, sell and distribution of confectionery and other baked / food products.

c. Primary purpose of the additional investment is, for induction of new products, expanding existing line of production, enhancing distribution network across Pakistan accompanied with widespread marketing campaigns on electronic and social media.

d. In anticipation of the earnings and capital appreciation it is expected that the Company will generate reasonable profits in future and hence, the Board of Directors of the Company has recommended to make equity investment in UFIL, subject to the approval of the Members of the Company under Section 199 of the Companies Act, 2017. Accordingly, the consent and approval of the Members is sought for making the investment in UFIL as proposed in agenda item (a) above.

e. The Directors of the Company have an interest in UFIL as directors / shareholders of the UFIL.

f. Further information in terms of notification **No. S.R.O. 1240(I) / 2017 dated December 06, 2017** are as follows:

MATERIAL FACTS ABOUT ASSOCIATED COMPANY		
(i)	Name of the Associated Company	Unifoods Industries Ltd.
(ii)	Basis of Relationship	Common Directorship / Significant Shareholding **Name of Common Directors** Mr. Khurram Kasim Ahmed Ebrahim Hasham
(iii)	Earnings / (loss) per share for last three (3) years	2019 : Rs. (4.38) per share 2018 : Rs. (3.26) per share 2017 : Rs. (1.33) per share
(iv)	Break-up value per share, based on latest audited financial statements	Rs. 5.15 (as per Audited Financial Statements for the year ended June 30, 2019)
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	**Statement of Financial Position** As on June 30, 2019 Rs. in million Non-Current Asset : 944.511 Current Asset : 273.619 Total Assets : 1,218.130 Shareholder Equity : 490.252 Non-Current Liabilities : 452.458 Current Liabilities : 275.420 Total : 1,218.130 **Statement of Profit and Loss** For the period ended June 30, 2019 Revenue : Rs. 375.663 Million Gross Loss : Rs. 15.849 Million Net loss : Rs. 417.063 Million
GENERAL DISCLOSURE		
(i)	Maximum amount of investment	MSML intends to make an equity investment of up to Rupees 400 million (including Rs. 300 million already approved by the shareholders)
(ii)	Purpose, benefits and period of investment	Purpose: inducting new product line/ expanding existing line of production, expanding the distribution network across Pakistan to enhance market penetration and for extensive marketing campaigns in shape of TV advertisements, print media, digital media and other trade and customer related activities to establish a brand image. Benefits : Dividend / capital gain. Period : Strategic investment

(iii)	sources of funds to be utilized for investment	The investment will be made by MSML from its own resources.
(iv)	Direct or indirect interest of directors, sponsor, majority shareholders and their relatives, if any, in the Associated Company or Associated Undertaking or the transaction under consideration;	Mr. Khurram Kasim and Mr. Ahmed Ebrahim Hasham (Directors of MSML) are also directors in UFIL. However, they have no direct or indirect interest except in their capacity as director/shareholder of UFIL like any other shareholder to the extent of their shareholding in the proposed company.
(v)	Performance review of investment	UFIL commenced its commercial operation in March 2018 and is currently in consolidation phase. The brand ‘Good Goodies’ has already reached major cities of Pakistan and achieved notable market share in such a short span of time i.e. 21 Months. 2 new flavors are being introduced in addition to 9 existing flavors. The Company’s future prospects are good and once brand recognition is established, profitability will be positive and improved.
(vi)	Any other important details necessary for the members to understand the transaction.	The funds raised will be used for induction of new products, expanding existing line of production, enhancing distribution network across Pakistan to enhance market penetration and for extensive marketing campaigns in shape of TV advertisements, print media, digital media and other trade and customer related activities to establish a brand image. Some business and market risk associated with the proposed investment are as follows: Acceptance by the targeted customers: Taste, pricing and packaging etc. Achievement of sales target. Gaining market share from existing big players in industry. Development of an effective sale and marketing strategy/ team. Law and order situation of the Country. Variation in price or raw materials and packing material.

Additional disclosure as per Regulation No. 3(1)(b)		
(i)	Maximum price at which securities will be acquired;	At the par value i.e. Rs. 10/- per ordinary share.
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	UFIL has started commercial production in March 2018 and extensive investment is required to create distribution network and marketing for brand recognition.
(iii)	Maximum number of securities to be acquired;	Up to 40,000,000 ordinary shares of Rs.10/- will be acquired (including 30,000,000 ordinary shares already approved by the shareholders)
(iv)	Number of securities and percentage thereof held before and after the proposed investment;	No. of shares approved before investment: 30,000,000 i.e. 24% No. of shares after investment (max up to): 40,000,000 ordinary shares i.e. 24%
(v)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intend to be acquired;	Not applicable as UFIL is public unlisted company
(vi)	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	Rs. 5.33 per share
Regulation No. 3(3)		
	Description	Undertaking
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for proposed investment.	We, the directors of the Mehran Sugar Mills Limited, submit that we have carried out necessary due diligence based on our experience and professional judgment for the proposed transaction particularly the equity investment in the UFIL to the extent as mentioned above.

7. ایسوسی ایٹڈ کمپنیز میں سرمایہ کاری کی کیفیت سے مطلع کرنا اور جائزہ لینا جس کیلئے اسٹیٹمنٹ حصص یافتگان کو ارسال کئے جارہے ہیں جیسا کہ SRO27(I)/2012مورخہ16جنوری 2012کے تحت درکار ہے۔

8. صدر مجلس کی اجازت سے کسی اور ضروری امور کی انجام دہی۔

حسب الحکم بورڈ آف ڈائریکٹرز

سُمیر علی خان

کمپنی سیکریٹری

کراچی،جنوری 06، 2020

نوٹ:

1. کمپنی ہذا کی شیئر ٹرانسفر بکس مورخہ 22جنوری 2020 تا 28 جنوری2020 (دونوں دن شامل) بند رہیں گی۔

2. کمپنی ہذا کا کوئی بھی رکن جو سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہو،اپنی جگہ شرکت کرنے اور ووٹ دینے کی غرض سے کسی دوسرے ممبر کو پراکسی مقرر کرسکتا/کرسکتی ہے۔ پراکسیوں کے موثر ہونے کے لئے لازم ہے کہ وہ سالانہ اجلاس عام کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل تک کمپنی کو اس کے رجسٹرڈ آفس میں موصول ہوجائیں۔

3. کمپنی کے ایسے اراکین جن کے حصص سینٹرل ڈپازٹری سسٹم (CDS)کے پاس ان کے اکاونٹ /سب اکاونٹ میں رجسٹرڈ ہیں، ان سے التماس ہے کہ وہ بغرض تصدیق CDSمیں اپنے اکاونٹ نمبر اور شرکت کنندہ کے IDنمبر کے ہمراہ اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ ساتھ لائیں۔ ایسے اکاونٹ ہولڈرزاور سب اکاونٹ ہولڈرز کی جانب سے پراکسی کے تقرر کی صورت میں SECPکے سرکلر نمبر1 مورخہ 26 جنوری 2000میں شامل گائیڈ لائنز پر عمل درآمد کیا جائے گا۔

4. کمپنی ہذا کے شیئر ہولڈرزسے التماس ہے کہ اپنے موجودہ پتے میں کسی بھی قسم کی تبدیلی، اگر ہو، تو اس سے کمپنی ہذا کو فوری طور سے مطلع کریں۔

5. حصص یافتگان سے سالانہ ریٹرنز) (فارم(A کی شرائط کی تعمیل کیلئے ہمیں اپنے CNICسے آگاہ کرنے کی بھی درخواست ہے۔ کمپنیز ایکٹ 2017کی دفعہ 130کے تحت کمپنی کیلئے SECPکے پاس سالانہ ریٹرنز داخل کرنا درکار ہے۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا کمپنی کے اراکین کو اطلاع دی جاتی ہے کہ 54 واں سالانہ اجلاس عام، آئی سی اے پی ICAP آڈیٹوریم، چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن کراچی میں بروزمنگل مورخہ 28 جنوری 2020 کو16:30 بجے منعقد ہوگا جس میں درج ذیل امور طے کئے جائیں گے۔

عمومی امور

1. 28 جنوری 2019 کو ہونے والے سالانہ اجلاس عام کی کاروائی کی توثیق کرنا۔

2. 30 ستمبر2019 کو ختم ہونے والے کاروباری سال کیلئے کمپنی ہذا کے آڈٹ شدہ مالیاتی گوشواروں، ہمراہ ڈائریکٹرز اور آڈیٹرز رپورٹ وصول کرنا، ان پر غور کرنا اور منظوری دینا۔

3. 30ستمبر2019 کو ختم ہونے والے مالی سال کیلئے کمپنی کے بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 10% یعنی 1.00روپے فی شیئر کی شرح سے حتمی نقد منافع منقسمہ اور15%بونس شیئرز یعنی اراکین کی ملکیت میں ہر ایک100شیئرز کیلئے 15شیئرز،اس کے علاوہ عبوری منافع منقسمہ پہلے سے جاری شدہ 22.5%یعنی 2.25روپے فی حصص اور 10%بونس شیئر یعنی اراکین کی ملکیت میں ہر ایک 100شیئرز کیلئے 10شیئرز کی منظوری دینا۔

4. 30 ستمبر 2020 تک ختم ہونے والے سال کیلئے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین کرنا، ریٹائرڈ ہونے والے آڈیٹرای وائی فورڈرہوڈز، چارٹرڈ اکاؤنٹنٹس نے اس ضمن میں اہل ہونے کے سبب دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں ۔

خصوصی عمور

5. کمپنیز ایکٹ 2017کے سیکشن159کے تحت بورڈ آف ڈائریکٹرز کے طے کردہ 10ڈائریکٹران کو3سالہ مدت کیلئے منتخب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز کے نام درجِ ذیل ہیں۔

(1) محمد قاسم ہاشم	(2) محمد ابراہیم ہاشم	(3) محمد حسین ہاشم	(4) خرم قاسم
(5) احمد ابراہیم ہاشم	(6) محمد اقبال	(7) محمد بشیر	(8) ڈاکٹر امجد وحید

6. اگر موزوں سمجھا جائے تو ترمیم کے ساتھ یا اس کے بغیر کمپنی کی ایسوسی ایٹ کمپنی میسرز یونی فوڈ انڈسٹریز لمیٹڈ میں کمپنی ایکٹ 2017 کی شق199کے تحت دس (10)کروڑ روپے (نئی مصنوعات کو شامل کرنے، موجودہ پیداوار میں توسیع، الیکٹرانک اور سوشل میڈیا پر بڑے پیمانے پر مارکیٹنگ مہم کے ساتھ پاکستان میں ڈسٹری بیوشن کے نیٹ ورک کو بڑھانے کیلئے) کی مزید سرمایہ کاری کی منظوری۔ متذکرہ سرمایہ کاری کے حوالے سے ضروری معلومات پر مشتمل ایک ضمیمہ کمپنی ایکٹ 2017کی دفعہ 134کی ذیلی شق 3کے تحت اس نوٹس کیساتھ منسلک ہے۔

STATEMENT OF COMPLIANCE

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 number of directors is eight (08) as per the following:

- Male: Eight (08)
- Female: Nil

Category	Name
Independent Director	Dr. Amjad Waheed Mr. Mohammed Bashir Kodvawala
Non-Executive Directors	Mr. Mohammed Kasim Hasham Mr. Mohammed Hussain Hasham Mr. Khurram Kasim Mr. Muhammed Iqbal
Executive Director	Mr. Mohammed Ebrahim Hasham Mr. Ahmed Ebrahim Hasham

The composition of the Board is as follows:

2. The directors have confirmed that none of them is serving as a director on more than seven listed Companies, including this Company.

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

4. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.

5. 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.

6. 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 Companies Act, 2017 and the Codes with respect to frequency, recording and circulating minutes of meeting of the Board.

7. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Code.

8. Five Directors of the Company are exempted from the requirement of Directors' Training program and three directors have acquired the certification under the said program.

9. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Codes.

10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

Members of Audit Committee	Designation
Mr. Amjad Waheed- Chairman	Independent Director
Mr. Khurram Kasim	Non-Executive Director
Mr. Mohammad Hussain Hasham	Non-Executive Director
Mr. Muhammad Iqbal	Non-Executive Director

Members of Human Resource and Remuneration Committee	Designation
Mr. Amjad Waheed- Chairman	Independent Director
Mr. Mohammed Kasim Hasham	Non-Executive Director
Mr. Mohammad Ebrahim Hasham	Executive Director
Mr. Khurram Kasim	Non-Executive Director

12. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.

13. The frequency of meetings of the Committees were as per following:

    a) Audit Committee: Four quarterly meetings during FY 2019 ended 30 September 2019

    b) Human Resource and Remuneration Committee: Two half yearly meetings during FY 2019 ended 30 September 2019

14. The Board has outsourced the internal audit function to Grant Thornton who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

15. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company.

16. 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.

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

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

For and on behalf of the Board of Directors

Mohammed Ebrahim Hasham
Chief Executive Officer

Karachi: December 30, 2019

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INDEPENDENT AUDITORS' REVIEW REPORT

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

We have reviewed the enclosed Statement of Compliance with the repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred to as 'Regulations'), prepared by the Board of Directors of Mehran Sugar Mills Limited (the Company) for the year ended **30 September 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

Chartered Accountants

Date: January 15, 2020

Place: Karachi

UNCONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the members of Mehran Sugar Mills Ltd.

Report on the Audit of unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Mehran Sugar Mills Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 September 2019, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of the profit and other comprehensive loss, 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 period. 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.

Following are the key audit matter:

Key audit matter	How our audit addressed the key audit matter
1. First time adoption of IFRS 9 – Financial Instruments	
As referred to in notes 3.1 and 5.14 to the accompanying unconsolidated financial statements, the Company has adopted IFRS 9 with effect from 1 October 2018. The new standard requires the Company to make provision for financial assets (including trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company. Determination of ECL on trade debts requires significant judgements and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time adoption of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgements in this regard.	Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records of the Company as well as the related external sources as used for this purpose. We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. In addition to above, we assessed the adequacy of disclosures in the unconsolidated financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the 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 are 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 up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Report on Other Legal and Regulatory Requirements

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

a. proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b. the 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 Arif Nazeer.

EY Ford Rhodes

Chartered Accountants

Date: January 15, 2020

Place: Karachi

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,190,683,368	2,168,327,677
Long-term receivable	7	-	-
Long-term investments	8	1,362,374,662	1,190,222,826
Long-term deposits		862,400	872,400
		3,553,920,430	3,359,422,903
CURRENT ASSETS			
Biological assets	9	15,245,232	8,785,700
Stores and spare parts	10	102,423,181	101,670,530
Stock-in-trade	11	1,060,595,943	1,167,157,420
Trade debts	12	79,134,253	130,583,180
Loans and advances	13	116,690,640	116,066,589
Trade deposits and short-term prepayments	14	9,259,524	12,881,643
Other receivables	15	317,561,175	580,798,351
Short-term investments	16	995,383,024	1,258,744,288
Taxation – net		40,252,287	82,333,173
Cash and bank balances	17	672,983,635	15,954,187
		3,409,528,894	3,474,975,061
TOTAL ASSETS		6,963,449,324	6,834,397,964
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	405,195,240	320,312,450
Reserves	19	2,009,701,610	2,289,009,149
		2,414,896,850	2,609,321,599
NON-CURRENT LIABILITIES			
Long-term financing	20	735,830,843	745,414,175
Liabilities against assets subject to finance lease	21	20,591,783	18,206,588
Market committee fee payable	22	23,382,350	26,111,560
Deferred liabilities	23	39,839,071	40,890,054
Deferred taxation	24	199,581,276	225,769,432
Provision for quality premium	25	119,290,919	119,290,919
		1,138,516,242	1,175,682,728
CURRENT LIABILITIES			
Trade and other payables	26	641,879,969	412,421,436
Contract liabilities (advances from customers - unsecured)		415,587,300	282,732,425
Unclaimed dividend		17,692,483	19,503,183
Accrued mark-up		125,500,017	49,254,343
Short-term borrowings	27	1,750,705,674	1,966,893,276
Current portion of long-term financing	20	315,833,332	203,333,332
Current portion of liabilities against assets subject to finance lease	21	9,773,410	20,790,894
Current portion of market committee fee payable	22	3,757,652	3,757,652
Provision for market committee fee	28	37,423,627	30,401,039
Sales tax and federal excise duty payable		91,882,768	60,306,057
		3,410,036,232	3,049,393,637
CONTINGENCIES AND COMMITMENTS	29	-	-
TOTAL EQUITY AND LIABILITIES		6,963,449,324	6,834,397,964

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended September 30, 2019

	Note	2019 Rupees	2018 Rupees
Turnover - net	30	5,311,773,145	4,790,789,858
Cost of sales	31	(4,491,460,810)	(4,201,109,587)
Gross profit		820,312,335	589,680,271
Distribution costs	32	(59,559,302)	(111,448,318)
Administrative expenses	33	(255,031,104)	(276,264,701)
Other expenses	34	(12,711,943)	(69,392,379)
Other income	35	79,021,066	169,541,014
		(248,281,283)	(287,564,384)
Operating profit		572,031,052	302,115,887
Share of profit from associates – net		324,890,323	340,016,123
Finance costs	36	(384,774,303)	(212,409,244)
Profit before taxation		512,147,072	429,722,766
Taxation	37	(108,312,841)	(16,824,716)
Net profit for the year		403,834,231	412,898,050
			Restated
Basic and diluted earnings per share	38	9.97	10.19

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended September 30, 2019

	2019 Rupees	2018 Rupees
Net profit for the year	**403,834,231**	412,898,050
Other comprehensive income		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Actuarial (loss) / gain on defined benefit plan	**(76,634)**	118,080
Net loss on equity instruments designated at fair value through other comprehensive income	**(415,524,053)**	(21,948,930)
	(415,600,687)	(21,830,850)
Total comprehensive (loss) / income for the year, net of tax	**(11,766,456)**	391,067,200

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2019

	Issued, subscribed and paid-up capital	Reserves						Total
		Capital	Revenue		FV reserve of financial assets at FVOCI	Actuarial gain / (loss) on defined benefit plan	Sub-Total	
		Share Premium	General reserve	Unappropriated profits				
	----------	----------	----------	----------	Rupees	----------	----------	----------
Balance as at September 30, 2017	320,312,450	63,281,250	85,000,000	1,660,106,918	86,899,496	2,654,285	1,897,941,949	2,218,254,399
Net profit for the year	-	-	-	412,898,050	-	-	412,898,050	412,898,050
Other comprehensive loss for the year	-	-	-	-	(21,948,930)	118,080	(21,830,850)	(21,830,850)
Total comprehensive income for the year	-	-	-	412,898,050	(21,948,930)	118,080	391,067,200	391,067,200
Balance as at September 30, 2018	320,312,450	63,281,250	85,000,000	2,073,004,968	64,950,566	2,772,365	2,289,009,149	2,609,321,599
Final dividend for the year ended September 30, 2018 @ Rs. 3 per share	-	-	-	(96,093,735)	-		(96,093,735)	(96,093,735)
Bonus shares issued for the period ended September 30, 2018 in the ratio of 15 ordinary share for every 100 shares held	48,046,860	-	-	(48,046,860)	-	-	(48,046,860)	-
Interim dividend for the year ending September 30, 2019 @ Rs.1.25 per share	-	-	-	(46,045,033)	-	-	(46,045,033)	(46,045,033)
Interim Bonus shares issued for the period ending September 30, 2019 in the ratio of 10 ordinary share for every 100 shares held	36,835,930	-	-	(36,835,930)	-	-	(36,835,930)	-
Interim dividend for the year ending September 30, 2019 @ Re.1 per share	-	-	-	(40,519,525)	-	-	(40,519,525)	(40,519,525)
Net profit for the year	-	-	-	403,834,231	-	-	403,834,231	403,834,231
Other comprehensive loss for the year	-	-	-	-	(415,524,053)	(76,634)	(415,600,687)	(415,600,687)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	(110,149,340)	110,149,340	-	-	-
Total comprehensive loss for the year	-	-	-	293,684,891	(305,374,713)	(76,634)	(11,766,456)	(11,766,456)
Balance as at September 30, 2019	405,195,240	63,281,250	85,000,000	2,099,148,776	(240,424,147)	2,695,731	2,009,701,610	2,414,896,850

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended September 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		512,147,072	429,722,766
Adjustments for non-cash charges and other items:			
Depreciation	6.1.1	170,873,619	166,710,619
Share of profit from associates – net		(324,890,323)	(340,016,123)
Gain on disposal of operating fixed assets	35	(6,668,749)	(4,619,829)
Finance costs	36	384,774,303	212,409,244
Loss on disposal of short-term investments		-	(11,239,520)
Provision for gratuity	23	450,993	376,206
Provision for market committee fee		7,022,588	10,432,794
Provision for impairment of short-term investments		-	63,465,886
Working capital changes	39	810,923,586	(876,740,744)
		1,042,486,017	(779,221,467)
Gratuity paid	23	(550,168)	(351,391)
Income taxes paid		(92,420,112)	(98,553,564)
Finance costs paid		(308,528,629)	(195,479,658)
Market committee fee paid	22	(3,757,652)	(3,757,652)
Long term deposits – net		10,000	240,770
Net cash generated from / (used in) operating activities		1,149,386,528	(647,400,196)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(182,157,776)	(140,129,887)
Proceeds from disposal of operating fixed assets	6.1.2	13,654,215	7,913,423
Investments made		(879,239,973)	(1,830,878,662)
Proceeds from disposal of short-term investments		654,815,682	1,222,319,667
Dividend received	8.2	224,999,987	224,999,987
Net cash used in investing activities		(167,927,865)	(515,775,472)
CASH FLOWS FROM FINANCING ACTIVITIES*			
Long term financing obtained		102,916,668	343,976,392
Short-term borrowings (repaid) / obtained		(216,187,602)	849,853,570
Liabilities against assets subject to finance lease - net		(26,689,289)	(27,192,953)
Dividends paid		(184,468,992)	(16,268,216)
Net cash (used in) / generated from financing activities		(324,429,215)	1,150,368,793
Net increase / (decrease) in cash and cash equivalents		657,029,448	(12,806,875)
Cash and cash equivalents at the beginning of the year		15,954,187	28,761,062
Cash and cash equivalents at the end of the year	17	672,983,635	15,954,187

*No non-cash items are included in these activities.

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

1 THE COMPANY AND ITS OPERATIONS

1.1 Mehran Sugar Mills Limited (the Company) was incorporated in Pakistan as a public limited company in December 1965 under the repealed Companies Act, 1913. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the manufacturing and sale of sugar and its by-products. The registered office of the Company is situated at 14th floor, Dolmen City Executive Tower, Marine Drive, Block 4, Clifton, Karachi. The mill of the Company is located at Distt. Tando Allahyar, Sindh.

1.2 These financial statements are separate financial statements of the Company in which investments in subsidiary and associates are accounted for on the basis of cost less impairment losses, if any and equity method respectively.

1.3 Geographical location and addresses of all the business units are as under:

Location	Business unit
Karachi	
14th Floor Dolmen Executive Tower, Marine Drive, Clifton	Head office
Tando Allahyar, Sindh	
Tando Adam Road	Mill
Deh Rechal, P.O. Khokhar	Farm

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except for short-term investments which are carried at FV through OCI, investment in associates calculated using equity method, biological assets carried at fair value less costs to sell and staff gratuity which are carried at present value of defined benefit obligation (DBO) respectively.

3 STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED DURING THE YEAR

3.1 New standards, interpretations and amendments

Adoption of standards and amendments effective during the year

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

IFRS 2 Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)

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

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to accounting standard issued by IASB in December 2016

IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 9 and IFRS 15 is given below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Company generates its revenue from sale of goods. The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Company.

IFRS 9 Financial Instruments

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

Classification and measuremen

Except for certain trade receivables, under IFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

At transition date to IFRS 9, the Company has financial assets measured at amortised cost and equity instruments at FVOCI. The new classification and measurement of the Company's financial assets are, as follows:

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

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. The Company classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Company's unquoted equity instruments were classified as AFS financial assets.

There is no significant impact of IFRS 9 on the classification and measurement of financial assets for the year ended 30 September 2019 other than the changes in classification of loans and receivables and available for sale financial assets to the category of amortised cost and fair value through other comprehensive income respectively.

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

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowances of the Company's debt financial assets.

The accounting policy in respect of financial instrument is stated in note 5.14 to these financial statements.

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 14	Regulatory Deferral Accounts	01 July 2019
IFRS 16	Leases	01 January 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019

IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

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

Standard or Interpretation		IASB effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	January 01, 2021

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's unconsolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these judgments and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

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

Property, plant and equipment

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

Allowance for expected credit loss

The Company uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for Grouping of various customer segments that have similar loss pattern. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic condition. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in Note 43.

Inventories

The Company reviews the net realisable value (NRV) of stock-in-trade and stores and spare parts to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

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

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment except for freehold land, which is stated at cost.

Depreciation is charged to the unconsolidated statement of profit or loss using the reducing balance method, at the rates specified in note 6.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the asset is in use.

The carrying values of the Company's property plant and equipment are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the unconsolidated statement of profit or loss in the year in which it is incurred. Major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the Company.

An item of property plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of property plant and equipment is recognised in the period of disposal.

Leased

Leases, recorded under the requirements of IAS 17 – "Leases", which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are capitalised at the inception of the lease, at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Assets acquired under finance lease are depreciated using the same basis as for owned assets.

Capital work-in-progress

These are stated at cost less accumulated impairment, if any, and represent expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for their intended use.

5.2 Investments

Subsidiaries

These are stated at cost. Provision is made for permanent impairment in the value of investment, if any.

Associates

Investment in associates are accounted for using equity method of accounting. Investments over which the Company has "significant influence" are accounted for under this method i.e., investments to be carried in the reporting date at cost plus post-acquisition changes in the share of net assets of associates, less any impairment in value, if material. The unconsolidated statement of profit or loss reflects the Company's share of the results of operations of associates after the date of acquisition. If an associate uses accounting policies other than those of the Company, adjustments are made to conform the associate's policies to those of the Company, if the impact is considered material.

As the financial statements of all the associates may not necessarily be available at the year end, the Company uses the financial statements of the associates with a lag of three months for applying the equity method of accounting. Further, the Company considers the investment in associates as strategic investment.

5.3 Biological assets

These are measured at fair value less costs to sell on initial recognition and at each reporting date. Gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset at the reporting date is included in the unconsolidated statement of profit or loss for the period in which it arises.

To ascertain the fair value of the biological assets, the fair value less estimated point-of-sale costs of crops at the end of each reporting period is determined using prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets. Since, there exists an active market for the agricultural produce, the estimated selling price is obtained using the observable inputs and the estimated selling costs are the harvesting charges farmer takes for cutting the crop.

5.4 Stores and spare parts

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost.

Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

5.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

5.6 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. A provision for doubtful debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables (refer note 43.1.1). Bad debts are written-off when identified.

5.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current accounts held with banks, which are subject to insignificant risk of change. These are carried at cost.

5.8 Employees' benefits

Gratuity

The Company operates an unfunded gratuity scheme for its permanent mill employees. An actuarial valuation of all defined benefit scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the unconsolidated statement of comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

Certain actuarial assumptions have been disclosed in note 23 to the financial statements for valuation of present value of defined benefit obligation and fair value of plan asset. Any changes in these assumptions in future years might affect gains and losses in those years.

Provident fund

The Company operates a recognised provident fund for those permanent employees who have opted for it. Equal monthly contributions are made to the fund by the Company and employees in accordance with the fund's rules. Contributions are made by the employees at mill and the employees at head office at the rate of 11% and 10% respectively, of the aggregate of basic salary.

Investments made in provident fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

Compensated absences

The Company accrues its estimated liability towards leaves accumulated by employees on an accrual basis using current salary level.

5.9 Taxation

Current

Provision for current tax is based on the taxable income in accordance with the Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognised using the liability method, on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside unconsolidated statement of profit or loss is recognised outside unconsolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in unconsolidated statement of comprehensive income or directly in equity.

5.10 Trade and other payables

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

5.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event if 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.

5.12 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the unconsolidated statement of profit or loss.

5.13 Borrowing and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. 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.

5.14 Financial instruments

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

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 5.15 to these unconsolidated financial statements.

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

Financial assets designated at fair value through OCI (equity instruments)

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

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

The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

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

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

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions - note 3
- Trade receivables - note 12

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Financial liabilities at fair value through profit or loss

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

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 20.

Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.15 Revenue from contracts with customers

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 4.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of chemicals provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration. Contracts with the Company's customers provide them with a right of return, price adjustments and volume rebates and are considered as variable consideration.

Accounts receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Dividend income is recognised when the right to receive dividend is established.

Profit on short-term deposits is accounted for using the effective interest rate method.

Income from sale of electricity is recognised upon the output delivered at rates specified under the agreement with the Hyderabad Electricity Supply Company (HESCO).

Farm and other income is recognised on accrual basis.

5.16 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the unconsolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorised for issue, disclosure is made in the unconsolidated financial statements.

5.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

5.18 Functional and presentation currency

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

Following accounting Policies (from 5.19 to 5.21) were effective for the period ended on or before September 30, 2018.

5.19 Financial instruments

Available-for-sale

Investments which the management intends to hold for an indefinite period, but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

These investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment. After initial recognition, these investments are remeasured at fair value. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to review for impairment at each reporting date.

Gains or losses on available-for-sale investments are recognised in other comprehensive income until the investment is disposed of or determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is taken to unconsolidated statement of profit or loss.

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity investments. These are initially measured at cost, being the fair value of the consideration given including transaction costs associated with the investment, and are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the unconsolidated statement of profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Recognition

Financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument and are derecognised in the case of assets, when the contractual rights under the instruments are realised, expired or surrendered and in the case of liability, when the obligation is discharged, cancelled or expired.

Impairment

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's unconsolidated statement of financial position) when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Derecognition

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

5.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position when the Company has a legally enforceable right to set-off the transaction and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

5.21 Revenue recognition

- Sales are recognised as revenue when invoiced, which generally coincides with the dispatch of goods. the Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. the Company has concluded that it is acting as a principal in all its revenue arrangements.
- Profit on term deposit receipts is recognised on effective interest rate.
- Dividend income is recognised when the right to receive the same is established.
- Gain / loss on sale of investment is recognised in the unconsolidated statement of profit or loss in the period in which investment is sold.
- Income from sale of electricity is recognised upon the output delivered at rates specified under the agreement with Hyderabad Electric Supply Company (HESCO).
- Farm and other income is recognised on accrual basis.

	Note	2019 Rupees	2018 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	2,064,953,414	2,064,524,860
Capital work-in-progress	6.2	125,729,954	103,802,817
		2,190,683,368	2,168,327,677

6.1 Operating fixed assets

Description	COST			ACCUMULATED DEPRECIATION			BOOK VALUE	
	At 01 October 2018	Additions / (deletions)	At 30 September 2019	At 01 October 2018	Charge for the year / (deletions)	At 30 September 2019	At 30 September 2019	Dep. Rate
	---------- Rupees ----------							%
Owned								
Freehold land	83,394,207	-	83,394,207	-	-	-	83,394,207	-
Buildings on freehold land								
- Factory	294,286,575	6,651,292	300,937,867	146,804,949	15,247,010	162,051,959	138,885,908	10%
- Non-factory	50,996,147	-	50,996,147	17,872,173	1,656,199	19,528,372	31,467,775	5%
Plant, machinery and equipment	2,751,051,403	147,789,804 (1,170,228)	2,897,670,979	1,134,038,372	129,044,895 (663,399)	1,262,419,868	1,635,251,111	7.50%
Furniture and fittings	8,976,353	-	8,976,353	4,164,926	481,143	4,646,069	4,330,284	10%
Vehicles	18,750,233	1,071,600 (2,178,900)	17,642,933	15,064,357	828,617 (1,686,275)	14,206,699	3,436,234	20%
Office premises	85,022,551	-	85,022,551	23,165,448	3,092,855	26,258,303	58,764,248	5%
Office equipment	6,272,547	-	6,272,547	3,588,496	268,405	3,856,901	2,415,646	10%
Electric installation	24,994,502	2,601,577	27,596,079	7,751,521	1,896,516	9,648,037	17,948,042	10%
Weighbridge and scales	4,561,889	-	4,561,889	1,704,825	285,706	1,990,531	2,571,358	10%
Workshop tools and other equipment	6,341,923	-	6,341,923	5,016,265	132,566	5,148,831	1,193,092	10%
Computers	12,213,889	557,500	12,771,389	9,838,286	799,019	10,637,305	2,134,084	30%
Air conditioners and refrigerators	15,124,903	1,558,866	16,683,769	6,075,786	975,092	7,050,878	9,632,891	10%
	3,361,987,122	160,230,639 (2,178,900) (1,170,228)	3,518,868,633	1,375,085,404	154,708,023 (1,686,275) (663,399)	1,527,443,753	1,991,424,880	
Leased								
Vehicles	146,907,590	18,057,000 (14,625,600)	150,338,990	69,284,448	16,165,596 (8,639,588)	76,810,456	73,528,534	20%
	3,508,894,712	178,287,639 (2,178,900) (15,795,828)	3,669,207,623	1,444,369,852	170,873,619 (1,686,275) (9,302,987)	1,604,254,209	2,064,953,414	
2019	**3,508,894,712**	**160,312,911**	**3,669,207,623**	**1,444,369,852**	**159,884,357**	**1,604,254,209**	**2,064,953,414**	

	COST			ACCUMULATED DEPRECIATION			BOOK VALUE	
	At 01 October 2018	Additions / (deletions)	At 30 September 2019	At 01 October 2018	Charge for the year / (deletions)	At 30 September 2019	At 30 September 2019	Dep. Rate
Description	---------- Rupees ----------							%
Owned								
Freehold land	83,394,207	-	83,394,207	-	-	-	83,394,207	-
Buildings on freehold land								
- Factory	275,851,465	*18,435,110	294,286,575	131,099,813	15,705,136	146,804,949	147,481,626	10%
- Non-factory	50,996,147	-	50,996,147	16,128,806	1,743,367	17,872,173	33,123,974	5%
Plant, machinery and equipment	2,552,597,528	39,048,680 *159,405,195	2,751,051,403	1,011,672,871	122,365,501	1,134,038,372	1,617,013,031	7.50%
Furniture and fittings	8,820,352	156,001	8,976,353	3,638,759	526,167	4,164,926	4,811,427	10%
Vehicles	18,790,428	1,245,270 **2,469,384 (3,754,849)	18,750,233	14,684,933	840,693 (461,269)	15,064,357	3,685,876	20%
Office premises	85,022,551	-	85,022,551	19,909,811	3,255,637	23,165,448	61,857,103	5%
Office equipment	5,877,222	395,325	6,272,547	3,304,502	283,994	3,588,496	2,684,051	10%
Electric installation	13,557,279	11,437,223	24,994,502	6,031,684	1,719,837	7,751,521	17,242,981	10%
Weighbridge and scales	4,513,889	48,000	4,561,889	1,388,262	316,563	1,704,825	2,857,064	10%
Workshop tools and other equipment	6,341,923	-	6,341,923	4,868,970	147,295	5,016,265	1,325,658	10%
Computers	11,868,399	345,490	12,213,889	8,902,230	936,056	9,838,286	2,375,603	30%
Air conditioners and refrigerators	13,076,108	2,048,795	15,124,903	5,215,484	860,302	6,075,786	9,049,117	10%
	3,130,707,498	54,724,784 *177,840,305 **2,469,384 (3,754,849)	3,361,987,122	1,226,846,125	148,700,548 (461,269)	1,375,085,404	1,986,901,718	
Leased								
Vehicles	142,649,590	10,069,000 **(5,811,000)	146,907,590	54,615,993	18,010,071 **(3,341,616)	69,284,448	77,623,142	20%
	3,273,357,088	64,793,784 *177,840,305 **2,469,384 -3,754,849 **(5,811,000)	3,508,894,712	1,281,462,118	166,710,619 (461,269) **(3,341,616)	1,444,369,852	2,064,524,860	
2018	3,273,357,088	235,537,624	3,508,894,712	1,281,462,118	162,907,734	1,444,369,852	2,064,524,860	

6.1.1 Depreciation charge for the year has been allocated as follows

	Note	2019 Rupees	2018 Rupees
Cost of sales	31	148,262,892	141,997,699
Administrative expenses	33	22,610,727	24,712,920
		170,873,619	166,710,619

6.1.2 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser	Relationship with purchaser
	----------	----------	----------	(Rupees)	----------			
Vehicles								
Honda City	1,713,000	404,458	1,308,542	1,820,000	511,458	Negotiation	Misal Khan	Vendor
Toyota Corrola	1,789,000	633,306	1,155,694	1,746,900	591,206	Negotiation	Sanaullah	Employee
Toyota GLI	1,827,502	1,166,286	661,216	1,474,926	813,710	Negotiation	M. Yasin	Vendor
Suzuki Wagon-R	1,049,000	420,766	628,234	1,050,000	421,766	Negotiation	Rashid Ali	Employee
Other assets with book value less then Rs. 500,000 each	11,596,228	8,364,448	3,231,780	7,562,390	4,330,610	Various	Various	
TOTAL	**17,974,730**	**10,989,264**	**6,985,466**	**13,654,216**	**6,668,750**			

6.1.3 Particulars of immovable assets of the Company are as follows:

Particulars	Usage of Property	Address	Covered Area (Sq. ft.)
Freehold land	Mill	Tando Adam road , Tando Allahyar	5.5 million sq.ft.
Office premises	Registered Office	14th Floor Dolmen Executive Tower, Dolmen City, Marine Drive , Clifton , Karachi	5,850 sq.ft.
Building on freehold land	Office at mill	Tando Adam road , Tando Allahyar	-

6.2 Capital work-in-progress

	Buildings on freehold land	Plant, machinery and equipment	Total
	----------	Rupees	----------
Balance as at September 30, 2017	46,152,924	150,085,095	196,238,019
Capital expenditure incurred / advances made during the year	9,017,112	76,387,991	85,405,103
Transfer to operating fixed assets	(25,495,627)	(152,344,678)	(177,840,305)
Balance as at September 30, 2018	29,674,409	74,128,408	103,802,817
Capital expenditure incurred / advances made during the year	6,532,802	141,717,430	148,250,232
Transfer to operating fixed assets	(6,651,292)	(119,671,803)	(126,323,095)
Balance as at September 30, 2019	**29,555,919**	**96,174,035**	**125,729,954**

7 LONG-TERM RECEIVABLE

	Note	2019 Rupees	2018 Rupees
Tender earnest money		1,000,000	1,000,000
Down payment		33,125,000	33,125,000
Other costs		8,385,996	8,385,996
	7.1	42,510,996	42,510,996
Allowance for ECL		(42,510,996)	(42,510,996)
		-	-

7.1 Represents down payment made in respect of purchase of Thatta Sugar Mills (the Mill) and other costs incurred in running the Mill from November 1992 up to July 1993, when the Mill was forcibly taken over by the Government of Sindh (GoS) without paying any amount. The Company filed a law suit for Rs. 166 million being the amount of down payment, expenses incurred (including payment to workers) and loss of profits. The GoS made a counter claim of Rs.402 million against the Company. The case is currently pending in the Honorable High Court of Sindh (the Court) for recording of evidences. While the Company's suit for recovery of compensation is pending in the Court, the GoS invited bids for the sale of the Mill through Sindh Privatisation Commission but it could not succeed. The GoS is now trying to privatise it through the Federal Privatization Commission. The Company has made provision against the aforesaid receivable of Rs. 42.510 million as a matter of prudence and the fact that the debt is outstanding for a considerable period.

8 LONG TERM INVESTMENTS

	Note	2019 Rupees	2018 Rupees
Subsidiary			
Mehran Energy Limited (MEL)			
4,000,000 Ordinary shares of Rs. 10 each	8.1	40,000,000	40,000,000
Advance against right issue of shares		2,199,839	1,530,339
% of holding: 100%		42,199,839	41,530,339
Associates			
Unicol Limited (UL)			
49,999,997 (2018: 49,999,997) Ordinary shares of Rs. 10 each	8.2	1,176,986,929	1,022,228,271
% of holding: 33.33% (2018: 33.33%)			
UniEnergy Limited (UEL)			
1,999,998 (2018: 1,999,998) Ordinary shares of Rs. 10 each	8.3	19,852,179	19,842,090
% of holding: 20% (2018: 20%)			
UniFoods Limited (UFL)			
23,959,200 (2018: 16,800,000) Ordinary shares of Rs. 10 each	8.4	123,335,715	106,622,126
% of holding: 24% (2018: 24%)		1,320,174,823	1,148,692,487
		1,362,374,662	1,190,222,826

8.1 MEL is in a start-up phase and has not commenced its operations. The principal activities of the MEL will be to build, operate and maintain a 26.5 MW high pressure co-generation bagasse based power plant for the generation and supply of electric power in relation thereof. MEL has obtained letter of Intent (LOI) from the Government of Sindh (GOS) on November 07, 2016.

8.2 UL is incorporated in Pakistan as a public unlisted company with its registered office situated at Sub Post Office Sugar Mills, Umerkot Road, Mirpurkhas. The principal activity of the UL is to manufacture and sell ethanol and carbon dioxide (Co2). The summarised financial information of UL is as follows:

	2019 Rupees	2018 Rupees
Aggregate amount of:		
- assets	**5,868,887,000**	5,237,991,000
- liabilities	**2,337,926,000**	2,141,797,000
- revenue	**5,501,600,000**	5,167,711,000
- profit after taxation	**1,109,767,900**	1,213,956,000
Movement of investment is as follows:		
Opening balance	**1,022,228,271**	852,412,955
Share of profit – net of tax	**379,758,645**	394,815,303
	1,401,986,916	1,247,228,258
Less : Dividend received during the year	**(224,999,987)**	(224,999,987)
	1,176,986,929	1,022,228,271

8.3 UEL is incorporated in Pakistan as a public unlisted company with its registered office situated at 1st Floor, Modern Motors House, Beaumont Road, Karachi. The principal activity of UEL will be to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power in relation thereof, however, it is in start-up phase and has not commenced its operations. The summarised financial information of UEL is as follows:

	2019 Rupees	2018 Rupees
Aggregate amount of:		
- assets	**102,170,223**	102,381,073
- liabilities	**2,610,558**	3,170,466
- profit / (loss) after taxation	**349,118**	(417,887)
Movement of investment is as follows:		
Opening balance	**19,842,090**	19,925,667
Share of loss	**10,089**	(83,577)
	19,852,179	19,842,090

8.4 UFL was incorporated in Pakistan as a public unlisted company with its registered office situated at 2nd Floor, Bank House No. 1, Habib Square, M.A Jinnah Road, Karachi. The principal activity is manufacture, sell and distribution of bakery and confectionery items. The summarised financial information of UFL is as follows:

	2019 Rupees	2018 Rupees
Aggregate amount of:		
- assets	1,218,130,489	1,105,554,638
- liabilities	727,878,124	661,295,782
- revenue	368,546,749	44,006,203
- loss after taxation	417,062,592	227,981,681
Movement of investment is as follows:		
Opening balance	106,622,126	72,000,000
Right issue	71,592,000	96,000,000
Share of loss – net	(54,878,411)	(61,377,874)
	123,335,715	106,622,126

8.5 The investments in associated companies or undertakings have been made in accordance with the requirements under the Act.

		Note	2019 Rupees	2018 Rupees
9	**BIOLOGICAL ASSETS**	9.1	15,245,232	8,785,700
9.1	Carrying value at beginning of the year		8,785,700	17,662,000
	Increase due to cultivation	34.1	10,655,745	12,796,669
	Change in fair value less costs to sell of standing crop		4,589,487	(4,010,969)
			24,030,932	26,447,700
	Reduction due to harvesting	34.1	(8,785,700)	(17,662,000)
	Carrying value at the end of the year		15,245,232	8,785,700

9.2 The Company is engaged in cultivation of different sugarcane varieties. These varieties are then provided to growers for multiplication. During the year, the Company harvested 31,802 (2018: 107,068) maunds sugarcane at the yield of 374 (2018: 605) maunds per acre. 18,121 (2018: 49,943) maunds were supplied to growers for variety multiplication while remaining sugarcane was used for crushing at mill.

		Note	2019 Rupees	2018 Rupees
10	**STORES AND SPARE PARTS**			
	Stores		32,972,612	31,699,287
	Spare parts		69,450,569	69,971,243
			102,423,181	101,670,530
11	**STOCK-IN-TRADE**			
	- Work-in-process		2,589,011	1,279,653
	- Finished goods	11.1	1,058,006,932	1,165,877,767
			1,060,595,943	1,167,157,420

11.1 As of the reporting date all finished good are carried at cost (being the lower of cost and NRV).

12 TRADE DEBTS – unsecured

	Note	2019 Rupees	2018 Rupees
Considered good	12.1	**79,134,253**	130,583,180
Considered doubtful		**16,987,867**	16,987,867
		96,122,120	147,571,047
Less: Allowance for ECL	12.2	**(16,987,867)**	(16,987,867)
	12.3	**79,134,253**	130,583,180

12.1 Includes an amount of Rs: Nil (2018: Rs. 103.351 million) due from a debtor to whom export sales amounting to Rs. Nil (2018: Rs. 91.520 million) were made. The jurisdiction falls in South-east Asia for the trade debts pertaining to export sales that were made the current year and similarly, the trade debts pertaining export sales made in prior year falls in Africa. The sales were made with confirmed LC in place.

12.2 Includes an amount of Rs. 14.519 million due from the GoS which was withheld by the GoS from the bills raised by the Company during the years 1981 to 1983, on account of a dispute regarding the quality of sugar. Consequently, the Company has withheld mark-up due to the GoS, amounting to Rs. 6.192 million. Since then, the matter is under litigation and pending before the Court. The said amount has been fully provided as a matter of prudence as the case is pending for a considerable long period.

12.3 The aging of trade debts is as follows:

	2019 Rupees	2018 Rupees
Neither past due nor impaired	**79,134,253**	130,583,180
Past due but not impaired (within 90 days)	**-**	-
	79,134,253	130,583,180

13 LOANS AND ADVANCES – considered good

	2019 Rupees	2018 Rupees
Loans to employees	**4,163,174**	3,398,260
Advances		
- to suppliers	**27,196,576**	29,129,133
- to cane growers	**24,593,826**	43,926,941
- against expenses	**11,636,064**	4,788,255
- against sales tax	**49,101,000**	34,824,000
	112,527,466	112,668,329
	116,690,640	116,066,589

14 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2019 Rupees	2018 Rupees
Trade deposits			
Considered good		**358,640**	358,640
Considered doubtful		**8,196,113**	8,196,113
		8,554,753	8,554,753
Less: Allowance for ECL	14.1	**(8,196,113)**	(8,196,113)
		358,640	358,640
Short-term prepayments			
Considered good		**8,900,884**	12,523,003
		9,259,524	12,881,643

14.1 Represents amount paid by the Company during the years 1995 and 1996 to the Director General Defence Procurement (DGDP) as tender money, which was withheld by the DGDP on account of his risk purchase claim on the Company, as fully described in note 29.1 (ii) to these unconsolidated financial statements. Although the matter is under litigation, the Company, as a matter of prudence, has made full provision against the deposit in these unconsolidated financial statements.

	Note	2019 Rupees	2018 Rupees
15 OTHER RECEIVABLES – considered good			
Subsidy receivable	15.1	**304,117,888**	579,146,715
Due from related parties:			
Pakistan Molasses Company (Private) Limited		**782,873**	738,622
Mogul Tobacco Company (Private) Limited		**242,849**	644,609
	15.2	**1,025,722**	1,383,231
Others		**12,417,565**	268,405
		317,561,175	580,798,351

15.1 Represents subsidy receivable from Federal Government amounting to Rs. 302.089 million (2018: Rs. 577.983 million) and Rs. 1.209 million (2018: Rs. 1.209 million) from Provincial Government with respect to cash freight support on export sales.

15.2 The ageing analysis of balances due from related parties is as follows:

	Note	2019 Rupees	2018 Rupees
Neither past due nor impaired		**-**	-
Past due but not impaired (within 90 days)		**1,025,722**	1,383,231
		1,025,722	1,383,231
15.3 The maximum aggregate amount due from related parties at any time during the year calculated by reference to month-end balances is as follows:			
Pakistan Molasses Company (Private) Limited		**804,911**	2,038,461
Mogul Tobacco Company (Private) Limited		**828,915**	644,609
16 SHORT-TERM INVESTMENTS			
Amortised cost			
Term deposit certificates	16.1	**3,300,000**	3,300,000
Fair value through other comprehensive income			
Equity securities	16.2	**992,083,024**	1,255,444,288
		995,383,024	1,258,744,288

16.1 These carry profit rate of 3.5% (2018: 3.5%) per annum, having maturity up to six months.

16.2 Fair Value Through Other Comprehensive Income

2019 Number of shares at par value Rs. 10/- each	2018 Number of shares at par value Rs. 10/- each	Quoted companies	2019 Rupees	2018 Rupees
-	1,000,000	Aisha Steel Mills Ltd.	-	12,840,000
100,000	90,000	Allied Bank Limited	8,677,000	9,172,800
200,000	-	Amreli Steel Limited	4,362,000	-
200,000	25,000	Bank Al Falah Ltd.	8,188,000	1,241,000
2,315,000	2,400,000	Bank Al Habib Limited	154,665,150	193,656,000
2,000,000	-	Bank of Punjab	17,440,000	-
107,400	100,600	Bestway Cement Ltd.	9,024,822	12,187,690
1,900,000	1,125,000	Cherat Cement Limited	53,542,000	90,618,750
235,900	100,000	Cherat Packaging Limited	15,618,939	17,304,000
2,251,000	17,00,000	D.G.K.Cement Limited	108,813,340	174,097,000
-	125,000	Engro Corporation Limited	-	38,953,750
300,000	700,000	Engro Fertilizers Limited	20,469,000	52,843,000
268,000	263,500	Faran Sugar Mills Limited	9,782,000	19,762,500
500,000	400,000	Habib Bank Limited	59,085,000	60,548,000
-	45,500	Habib Sugar Mills Limited	-	1,808,625
-	12,500	Honda Atlas Ltd.	-	3,183,878
60,000	100,000	Hub Power Company Limited	4,245,000	8,747,000
22,500	2,500	Indus Motors Limited	21,743,550	36,085,170
1,740,000	800,000	International Steel Limited	69,147,600	72,776,000
77,150	72,150	JDW Sugar Mills Limited	24,610,850	21,645,000
140,800	130,400	Jubilee Life Insurance Company Limited	44,352,000	81,500,000
57,000	5,000	Lucky Cement Limited	19,501,410	2,564,700
20,000	32,500	Mari Petroleum Company Limited	17,983,201	50,645,725
545,000	370,000	MCB Bank Limited	92,415,650	74,447,700
1,400,000	900,000	Meezan Bank Limited	100,856,000	80,262,000
163,500	315,000	Noon Sugar Mills Ltd.	8,381,012	17,010,000
-	100,000	Oil Gas Development Corporation Limited	-	15,299,000
100,000	-	Pak Elektron Limited	1,684,000	-
-	500,000	TRG Pakistan	-	13,845,000
850,000	600,000	United Bank Limited	117,495,500	92,400,000
			992,083,024	1,255,444,288

17 CASH AND BANK BALANCES

	2019 Rupees	2018 Rupees
Cash in hand	121,394	59,922
Cash with banks in current accounts	672,862,241	15,894,265
	672,983,635	15,954,187

18 SHARE CAPITAL

Authorised capital

2019	2018		2019	2018
(Number of shares)			Rupees	Rupees
50,000,000	50,000,000	Ordinary shares of Rs.10/- each	**500,000,000**	500,000,000

Issued, subscribed and paid-up capital

2019	2018		2019	2018
(Number of shares)				
		Ordinary shares of Rs.10/- each issued as:		
5,968,750	5,968,750	fully paid in cash	**59,687,500**	59,687,500
350,000	350,000	consideration other than cash (loan repayment)	**3,500,000**	3,500,000
34,200,774	25,712,495	fully paid bonus shares	**342,007,740**	257,124,950
40,519,524	32,031,245		**405,195,240**	320,312,450

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

	Note	2019 Rupees	2018 Rupees
19 RESERVES			
Capital reserve			
Share premium		**63,281,250**	63,281,250
Revenue reserves			
General reserve		**85,000,000**	85,000,000
Unappropriated profits		**2,099,148,776**	2,073,004,968
		2,184,148,776	2,158,004,968
Actuarial gain / (loss) on defined benefit plan		**2,695,731**	2,772,365
FV reserve of financial assets at FV through OCI		**(240,424,147)**	64,950,566
		2,009,701,610	2,289,009,149
20 LONG TERM FINANCING – secured			
From banking companies	20.1	**1,051,664,175**	948,747,507
Less: Current portion		**(315,833,332)**	(203,333,332)
		735,830,843	745,414,175

20.1 From banking companies

	Installments - Number	Installments - Commencing from	Mark-up	2019 Rupees	2018 Rupees
Al Baraka Bank Pakistan Limited	16 quarterly	Nov-14	6 months KIBOR plus 1.75% per annum	-	-
Bank Islami Pakistan Limited	24 quarterly	Jan-15	3 months KIBOR plus 1.25% per annum	10,414,173	18,747,505
Bank Al Habib Limited	20 quarterly	May-16	6 months KIBOR plus 0.8% per annum	25,000,000	45,000,000
Bank Al Habib Limited	20 quarterly	Dec-15	3 months KIBOR plus 0.8% per annum	90,000,000	130,000,002
Bank Al Habib Limited	20 quarterly	Jan-19	3 months KIBOR plus 0.8% per annum	306,250,002	-
Bank Al Falah Limited	20 quarterly	Feb-18	6 months KIBOR plus 0.5% per annum	195,000,000	255,000,000
Allied Bank Limited	20 quarterly	Jul-19	3 months KIBOR plus 0.4% per annum	425,000,000	500,000,000
				1,051,664,175	948,747,507

20.2 The above facilities are secured by way of first pari passu charge over operating fixed assets of the Company amounting to Rs. 1,761 million (2018: Rs. 1,602 million). There is no unutilised long-term financing facility as at the reporting date (2018: Rs. Nil).

21 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Represent finance leases entered into with commercial banks for vehicles. Lease rentals are payable in equal monthly installments latest by March 2022. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. In case of termination of agreement, the lessee has to pay the entire rent for unexpired period. Financing rates of approximately 10.63% to 15.61% (2018: 7.39% to 8.25%) per annum has been used as discounting factor. Purchase options can be exercised by the lessee in accordance with the respective lease agreements. The movement in the finance lease liability is as follows:

	2019		2018	
	Minimum lease Payments	Present Value	Minimum lease Payments	Present Value
	(Rupees)			
Within one year	17,733,642	9,773,410	23,086,576	20,790,894
After one year but not more than five years	20,017,903	20,591,783	21,737,915	18,206,588
Total minimum lease payments	37,751,545	30,365,193	44,824,491	38,997,482
Less: Amount representing finance charges	7,386,352	-	5,827,009	-
Present value of minimum lease payments	30,365,193	30,365,193	38,997,482	38,997,482
Less: Current maturity shown under current liability	9,773,410	9,773,410	20,790,894	20,790,894
	20,591,783	20,591,783	18,206,588	18,206,588

22 MARKET COMMITTEE FEE PAYABLE

	Note	2019 Rupees	2018 Rupees
Market committee fee payable		27,140,002	29,869,212
Less: Current portion		3,757,652	3,757,652
	22.1	23,382,350	26,111,560

22.1 During the year ended September 30, 2014, the Company entered into a settlement with the Market Committee against provision for market committee fee up to June 2008 amounting to Rs. 32.7 million. As per the settlement terms, the above amount is now payable in 15 equal yearly installments. Further, the Company entered into a settlement with the Market Committee against provision for market committee fee for the years 2008 to 2015 amounting to Rs. 47.329 million. As per the settlement terms, the above amount is now payable in 30 equal yearly installments commencing from July 2016. Further, this liability has not been discounted to the present value, since the impact is considered to be immaterial in the overall context of these unconsolidated financial statements.

23 DEFERRED LIABILITY

	Note	2019 Rupees	2018 Rupees
Staff gratuity	23.1	4,762,469	4,785,010
Unwinding of discount for market committee fee payable	22.1	35,076,602	36,105,044
		39,839,071	40,890,054

Staff gratuity

	2019	2018
Opening balance	4,785,010	4,878,275
Expense for the year	450,993	376,206
Benefits paid during the year	(550,168)	(351,391)
Actuarial (gain) / loss	76,634	(118,080)
Closing balance	4,762,469	4,785,010

(b) Principal acturial assumptions	2019	2018
Financial assumptions		
Discount rate	12.50%	10.00%
Expected rate of increase in salary level	12.50%	10.00%
Demographic assumptions		
Expected mortality rate	SLIC 2001-05	SLIC 2001-05
Expected withdrawal rate	Low	Low

(c) Historical information:	2019	2018	2017	2016	2015
	------	------	(Rupees)	------	------
Present value of defined benefit obligations	4,762,469	4,875,010	4,878,275	4,646,722	9,414,422

(d) The amount of the defined benefit obligation after changes in the weighted principal assumptions is as follows:

	2019			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	------	(Rupees)	------	------
Present value of defined benefit obligation	4,539,543	5,010,850	4,998,321	4,547,011

24 DEFERRED TAXATION

	Note	2019 Rupees	2018 Rupees
Credit balances arising due to:			
Accelerated tax depreciation		304,730,899	297,225,280
Assets subject to finance lease		12,517,369	11,201,441
		317,248,268	308,426,721
Debit balances arising due to:			
Provisions	24.1	(19,380,282)	(19,386,819)
Unused tax losses		(98,184,050)	(63,167,810)
Others		(102,660)	(102,660)
		(117,666,992)	(82,657,289)
		199,581,276	225,769,432

24.1 Included herein debit balance routed through other comprehensive income amounting to Rs. 35,424(2018: credit balance amounting to Rs. 8,463,733).

	Note	2019 Rupees	2018 Rupees
25 PROVISION FOR QUALITY PREMIUM	25.1	119,290,919	119,290,919

25.1 As required under the provisions of Sugar Factories Control Act, 1950, sugar mills in Sindh are required to pay quality premium to cane growers at the rate of 50 paisas per 40 Kg cane for each 0.1 percent of excess sucrose recovery above the benchmark of 8.7 percent, determined on the aggregate sucrose recovery of each mill. The Company along with other sugar mills had challenged the levy of quality premium through the Pakistan Sugar Mills Association (PSMA) – Sindh Zone before the Honorable High Court of Sindh, however, the matter was decided against the Company. Thereafter, the Company filed an appeal with the Honorable Supreme Court of Pakistan (SCP) which then granted stay to the Company, while admitting the appeal against the impugned judgment of the Court.

During the current year, the Honorable SCP has issued an order in this matter and has disposed the appeal filed by the sugar mills. However, the implementation of the said order is subject to clarification from relevant authorities. Accordingly, as a matter of prudence the management has retained the above referred provision in these financial statements.

26 TRADE AND OTHER PAYABLES

	Note	2019 Rupees	2018 Rupees
Creditors		310,929,608	97,586,364
Accrued expenses		261,874,807	268,767,715
Payable to provident fund		1,674,808	1,802,552
Workers' Profits Participation Fund	26.1	6,431,049	2,178,468
Workers' Welfare Fund		16,392,720	13,779,438
Advance from employees against purchase of vehicles		14,986,627	16,633,102
Others		29,590,350	11,673,797
		641,879,969	412,421,436

26.1 Workers' Profits Participation Fund

		2019 Rupees	2018 Rupees
Opening balance		2,178,468	-
Allocation for the year		6,431,049	2,178,468
		8,609,517	2,178,468
Payments made during the year		(2,178,468)	-
Closing balance		6,431,049	2,178,468

27 SHORT-TERM BORROWINGS – secured

	Note	2019 Rupees	2018 Rupees
Running finance under markup arrangements	27.1	14,009,213	565,909,276
Short term finance	27.2	1,736,696,461	1,400,984,000
		1,750,705,674	1,966,893,276

27.1 The aggregate facilities for short term running finance available from various banks amounted to Rs. 2,662 million (2018: Rs. 1,605 million). These facilities are secured against hypothecation of current assets of the Company. These carry mark-up ranging between 0.36% to 1.25% (2018: 0.4% to 1.25%) per annum above one to six months KIBOR payable quarterly.

27.2 The aggregate facilities for short term cash finance available from various banks amounted to Rs. 4,350 million (2018: Rs. 2,950 million). These carry mark-up ranging between 0.36% to 1.25% (2018: 0.5% to 1%) per annum above one to six months KIBOR. These are secured against pledge of stock-in-trade and are repayable within six months, latest by December 2019.

		Note	2019 Rupees	2018 Rupees
28	**PROVISION FOR MARKET COMMITTEE FEE**	28.1	**37,423,627**	30,401,039

28.1 Represents provision made for market committee of Rs. 10 (2018: Rs. 10) per MT of sugar cane crushed from 2016 till current crushing season.

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

(i) With the issue of notification in official Gazette of the Province of Sindh dated February 26, 1987 applying the provisions of section 35 to 45 of the Provincial Employees Social Security Ordinance, 1965 (Ordinance), which required the Company to pay the contribution under Section 20 of the Ordinance as the Company has failed to establish and maintain dispensary within the premises of the Mill or hospital at a place where sufficient number of secured persons worked or reside. Therefore, the Mill had to pay the medical allowance at Rs. 210 per month to the workers under an agreement with Collective Bargaining Agent (CBA). The Company had filed an appeal against the application of the said provisions against the liability of Rs. 3.38 million for the period July 1987 to August 1990 on the grounds that arrangements for benefits have been made by the Company under private settlement. The Appeal (Misc. Appeal no.39) in the High Court of Sindh was set aside at no cost under Order sheet M.A. No. 39 of 1997 on May 28, 2018. The Company then filed another appeal in Supreme Court of Pakistan against the said Order by the High Court of Sindh in October 2018 under appeal number CPLA 1150-K/18. The matter is pending in the Court. The management of the Company and its legal counsel are hopeful for a favorable outcome of the case and hence, no provision has been made against the above demand in these unconsolidated financial statements.

(ii) DGDP's risk purchase claim amounting to Rs. 33.582 million, was disputed by the Company on the grounds that the goods were delivered in time, however, the DGDP failed to lift the goods thereby indulging in breach of the contract. DGDP also withheld tender money paid by the Company amounting to Rs. 8.19 million (note 14.1) during the year 1995 and 1996. The said case filed by the Federation of Pakistan – Suit 158/03 is pending before Civil Judge 1st Class, Rawalpindi. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these unconsolidated financial statements.

(iii) The Company filed Constitutional petition no. H-267/05 dated November 21, 2005 on before the Court and was granted a stay against the order number of Customs, Excise and Sales Tax Appellate Tribunal, Karachi, upholding allegation of non-payment of sales tax on advances etc., amounting to Rs. 11.087 million. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these unconsolidated financial statements.

(iv) The Company has filed an appeal no. D-2123 of 2011 dated February 22, 2013 before Customs, Excise and Sales Tax Appellate Tribunal, Karachi, which is pending for hearing, against the order of the Deputy Collector, Collectorate of Customs, Excise and Sales Tax (Adjudication), Hyderabad to pay off alleged demand of Rs. 10.07 million including additional tax and penalty. On prudent basis, the management has made provision of the said amount in these unconsolidated financial statements.

(v) The Company filed an appeal no. 99 dated September 28, 2015 before the Commissioner Appeals against the order-in-original no. 01/11/2015 dated August 19, 2015 whereby sales tax liability along with penalty amounting to Rs. 18 million has been established for claiming inadmissible input tax adjustment for the tax periods July 2012 to March 2015. The Commissioner Appeals has remanded back the case to Deputy Commissioner Enforcement and Collection which is pending for hearing. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these unconsolidated financial statements.

(vi) During the prior year, the Deputy Commissioner Inland Revenue (DCIR) had passed an Order in Original no. 5/16/2018-19 dated September 17, 2018 for the tax periods from July 2016 to March 2018 and rendered input tax of Rs. 7.185 million inadmissible under section 8(1), (a), (f), (h) and (i) of the Sales Tax Act, 1990 and also ordered for imposition of penalty amounting to Rs. 0.359 million. Against the order, the Company had obtained stay order till 31 October 2018. The case is pending for hearing at Commissioner Inland Revenue (Appeals – II) Karachi. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these unconsolidated financial statements.

	2019 Rupees	2018 Rupees
29.2 Commitments		
Capital commitments	**149,552,483**	97,821,955
Commitments in respect of operating lease rentals for farms	**15,687,000**	21,309,750
Commitments in respect of finance lease obligation for vehicles	**30,365,193**	38,997,482
30 TURNOVER – net		
Sales		
- Sugar – exports	**455,005,253**	2,813,117,374
- local	**4,999,533,296**	1,777,930,322
- Molasses	**381,487,077**	334,812,155
- Bagasse	**95,519,241**	105,584,113
	5,931,544,867	5,031,443,964
Less:		
- Sales tax	**619,771,722**	240,654,106
	5,311,773,145	4,790,789,858

31 COST OF SALES

	Note	2019 Rupees	2018 Rupees
Manufactured sugar:			
Cost of sugarcane consumed (including procurement and other expenses)		**3,661,032,856**	3,383,643,793
Market committee fee		**7,022,588**	10,432,794
Road cess on sugarcane		**4,389,205**	6,520,684
Salaries, wages and other benefits	31.1	**220,487,055**	223,111,691
Stores and spare parts consumed		**215,093,435**	268,087,689
Repairs and maintenance		**59,238,315**	61,967,854
Fuel, electricity and water charges		**17,565,323**	12,805,332
Vehicle running and maintenance expenses		**4,637,168**	4,480,304
Insurance		**20,642,422**	20,632,533
Depreciation	6.1.1	**148,262,892**	141,997,699
Others		**26,528,074**	29,129,661
		4,384,899,333	4,162,810,034
Opening stock of work-in-process		**1,279,653**	2,519,343
Closing stock of work-in-process	11	**(2,589,011)**	(1,279,653)
		(1,309,358)	1,239,690
Cost of goods manufactured		**4,383,589,975**	4,164,049,724
Opening stock of finished goods		**1,165,877,767**	1,202,937,630
Closing stock of finished goods	11	**(1,058,006,932)**	(1,165,877,767)
		107,870,835	37,059,863
		4,491,460,810	4,201,109,587

31.1 Include gratuity expense of Rs. 450,993 (2018: Rs. 376,206) and contribution to provident fund of Rs. 5.145 million (2018: Rs. 5.066 million).

32 DISTRIBUTION COSTS

	Note	2019 Rupees	2018 Rupees
Salaries and other benefits	32.1	**3,315,280**	3,270,240
Insurance		**36,695**	27,912
Stacking and loading		**12,549,333**	18,809,172
Export expenses		**15,274,435**	64,033,967
Other Selling Expenses		**28,383,559**	25,307,027
		59,559,302	111,448,318

32.1 Include contribution to provident fund of Rs. 67,554 (2018: Rs. 68,988).

33 ADMINISTRATIVE EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries and other benefits	33.1	**141,744,378**	138,110,509
Electricity, telephone, fax and postage		**14,201,382**	10,986,142
Printing and stationery		**1,644,533**	2,497,472
Travelling and conveyance		**8,104,305**	10,019,703
Vehicle running and maintenance expenses		**11,198,819**	13,359,008
Auditors' remuneration	33.2	**2,308,100**	2,333,882
Legal and professional		**5,104,972**	3,263,743
Penalty		**-**	25,000
Fees and subscription		**5,695,855**	4,731,519
Insurance		**366,946**	279,117
Repairs and maintenance		**10,902,246**	12,409,689
Advertising		**170,202**	153,320
Donations	33.3	**30,287,000**	52,802,000
Depreciation	6.1.1	**22,610,727**	24,712,920
Others		**691,639**	580,677
		255,031,104	276,264,701

33.1 Include contribution to provident fund of Rs. 3.891 million (2018: Rs. 4.882 million).

33.2 Auditors' remuneration

	2019 Rupees	2018 Rupees
Statutory audit / consolidation fee	1,675,000	1,475,000
Review of half yearly unconsolidated financial information	400,000	375,000
Review of compliance with Code of Corporate Governance	175,000	175,000
Certifications	-	90,000
Out of pocket expenses	58,100	218,882
	2,308,100	2,333,882

33.3 Include Rs. 22.70 million (2018: Rs. 47 million) and Rs. 6.97 million (2018: Rs. 5.65 million) paid to Usman Memorial Hospital Foundation and Hasham Foundation respectively which are the projects of Hasham Group. Usman Memorial Hospital Foundation includes directors namely Mr. Mohammed Hussain Hasham and Mr. Ahmed Ebrahim Hasham who are the trustees of the said Foundation. Hasham Foundation include directors namely Mr. Mohammed Kasim Hasham, Mr. Mohammed Ebrahim Hasham, Mr. Mohammed Hussain Hasham, Mr. Khurram Kasim and Mr. Ahmed Ebrahim Hasham who are the trustees of the said Foundation. No other directors or their spouses have any interest in any donee's fund to which donation was made in both foundations.

34 OTHER EXPENSES

	Note	2019 Rupees	2018 Rupees
Provision for impairment of investment at FV OCI		-	63,465,886
Loss on exchange rate difference		3,667,612	-
Workers' Profits Participation Fund		6,431,049	2,178,468
Workers' Welfare Fund		2,613,282	1,074,441
Farm expenses - net	34.1	-	2,673,584
		12,711,943	69,392,379

34.1 Farm expenses – net

	Note	2019 Rupees	2018 Rupees
Revenue from farms		(11,407,357)	(14,988,416)
Less: Fair value of harvested crop	9.1	8,785,700	17,662,000
Harvesting and other charges	9.1	10,655,745	12,796,669
		8,034,088	15,470,253
Change in fair value less cost to sell of standing crop		(10,655,745)	(12,796,669)
Farm expenses / (income)		(2,621,657)	2,673,584

35 OTHER INCOME

	Note	2019 Rupees	2018 Rupees
Income from financial assets			
Dividend income		65,058,450	38,150,664
Gain on disposal of short term investments		-	11,239,520
Profit on term deposit receipts		851,852	1,712,039
Exchange gain		-	88,197,472
		65,910,302	139,299,695
Income from non-financial assets			
Farm income – net	34.1	2,621,657	-
Income from sale of electricity		3,820,358	19,945,129
Scrap sales		-	5,676,361
Gain on disposal of operating fixed assets		6,668,749	4,619,829
		13,110,764	30,241,319
		79,021,066	169,541,014

36 FINANCE COSTS

	2019 Rupees	2018 Rupees
Markup / interest on:		
Long-term financing	121,802,755	71,114,967
Short-term borrowings	254,512,984	120,959,833
Lease finance	3,620,237	3,340,534
Workers' Profits Participation Fund	63,475	-
	379,999,451	195,415,334
Bank charges	4,774,852	16,993,910
	384,774,303	212,409,244

37 TAXATION

	2019 Rupees	2018 Rupees
Current	121,116,922	69,731,232
Prior	13,384,075	1,106,292
	134,500,997	70,837,524
Deferred	26,188,156	(54,012,808)
	108,312,841	16,824,716

37.1 As the major portion is subject to final tax regime on export sales and minimum tax on local sales, therefore, no numerical tax reconciliation is presented.

37.2 Income tax assessments of the Company have been completed upto the tax year 2019 (accounting year ended September 30, 2018).

38 BASIC AND DILUTED EARNING PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2019	2018
Profit after taxation attributable to ordinary shares - (Rupees)	403,834,231	412,898,050
Weighted average number of ordinary shares	40,519,524	40,519,524
		Restated
Earnings per share - (Rupees)	9.97	10.19

39 WORKING CAPITAL CHANGES

	2019 Rupees	2018 Rupees
(Increase) / decrease in current assets		
Biological assets	(6,459,532)	8,876,300
Stores and spare parts	(752,650)	(17,789,589)
Stock-in-trade	106,561,477	38,299,553
Trade debts	51,448,927	43,931,250
Loans and advances	(624,051)	32,278,165
Trade deposits and short-term prepayments	3,622,119	(5,127,835)
Other receivables	263,237,176	(576,304,452)
	417,033,466	(475,836,608)
Increase / (decrease) in current liabilities		
Trade and other payables	229,458,533	32,669,099
Contract liabilities (advance from customers)	132,854,875	325,337,216
Sales tax payable	31,576,712	(42,897,821)
	393,890,120	(400,904,136)
	810,923,586	(876,740,744)

40 TRANSACTIONS WITH RELATED PARTIES

40.1 Related parties of the Company comprise of subsidiaries, associates, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. Transactions and balances with related parties, other than those disclosed elsewhere in the unconsolidated financial statements, are as follows:

	2019 Rupees	2018 Rupees
Subsidiary		
Advance against right issue of shares	**2,199,839**	1,530,339
Associates		
Investment made during the year	**71,592,000**	96,000,000
Dividend received during the year	**224,999,987**	224,999,987
Sales	**400,504,824**	345,312,029
Expenses shared	**1,357,981**	1,131,730
Donations	**29,687,000**	52,650,000
Retirement benefit plans		
Provident fund contribution	**9,104,081**	10,003,645

40.2 All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

40.3 Following are the related parties with whom the Company had entered into transactions with or has arrangement / agreement in place:

Name	Basis of relationship	Percentage of shareholding
Mehran Energy Limited	Subsidiary	100%
Unicol Limited	Associate	33%
Unifoods Industries Limited	Associate	24%
Unienergy Limited	Associate	20%
Pakistan Molasses Company (Private) Limited	Common directorship	Nil
Mogul Tobbaco Company (Private) Limited	Common directorship	Nil
Hasham Foundation	Common directorship	Nil
Usman Mermorial Foundation	Common directorship	Nil
Hasham (Private) Limited	Common directorship	Nil

41 CAPACITY AND PRODUCTION

	Days	Tons of Cane crushing per Day (TCD)	
		Rated Capacity	Average Capacity utilisation
Season 2018-2019	**94**	**12500 TCD**	**7471 TCD**
Season 2017-2018	129	12500 TCD	8087 TCD

The short fall in crushing is due to the decrease in market demand.

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

42.1 The aggregate amount, charged in the unconsolidated financial statements for the year are as follows:

	2019					2018				
	Chief Executive Officer	Executive Director	Non-Executive Directors	Executives	Total	Chief Executive Officer	Executive Director	Non-Executive Directors	Executives	Total
	Rupees									
Fees	-	-	450,000	-	450,000	-	-	370,000	-	370,000
Basic salary	7,608,000	7,608,000	-	23,222,053	38,438,053	7,608,000	7,608,000	-	20,032,300	35,248,300
House rent allowance	2,270,400	2,270,400		3,165,659	7,706,459	2,270,400	2,270,400	-	6,979,240	11,520,040
Utility allowance	760,800	760,800	-	2,322,205	3,843,805	760,800	760,800	-	2,003,230	3,524,830
Medical allowance	760,800	760,800	-	2,322,205	3,843,805	760,800	760,800	-	2,003,230	3,524,830
Retirement benefits	760,800	760,800	-	2,172,705	3,694,305	760,800	760,800	-	2,003,230	3,524,830
Bonus	1,902,000	1,902,000	-	2,172,705	5,976,705	2,536,000	2,536,000	-	6,660,667	11,732,667
	14,062,800	14,062,800	450,000	35,377,532	63,953,132	14,696,800	14,696,800	370,000	39,681,897	69,445,497
Number of persons	1	1	6	11	19	1	1	6	9	17

42.2 In addition, the Chief Executive Officer and Executive Director are provided with free use of the Company maintained cars, in accordance with their terms of service.

42.3 As per requirements of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

43.1 Credit risk

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

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The maximum exposure to credit risk at the reporting date is:

	2019 Rupees	2018 Rupees
Long term deposits	862,400	872,400
Trade debts	79,134,253	130,583,180
Trade deposits	358,640	358,640
Loans and advances	116,690,640	116,066,589
Other receivables	317,561,175	580,798,351
Bank balances	672,862,241	15,894,265
	1,187,469,349	844,573,425

Quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

43.1.1 Trade debts

There are no customers with defaults or past dues as at the current and prior year reporting date.

43.1.2 Bank balances

		2019 Rupees	2018 Rupees
With external credit rating:			
A1+	PACRA	671,950,235	3,985,130
A-1+	JCR – VIS	-	8,592,779
A1	PACRA	912,006	3,316,356
		672,862,241	15,894,265

43.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---Amount in Rupees---				
Long-term financing	-	57,083,333	258,749,999	735,830,843	1,051,664,175
Liabilities against assets subject to finance lease	-	5,916,721	3,856,689	20,591,783	30,365,193
Trade and other payables	263,783,538	362,625,833	15,470,598	-	641,879,969
Contract liabilities (advances from customers - unsecured)	415,587,300	-	-	-	415,587,300
Unclaimed dividend	17,692,483	-	-	-	17,692,483
Accrued markup	-	125,500,017	-	-	125,500,017
Short term borrowings	-	1,750,705,674	-	-	1,750,705,674
2019	697,063,321	2,301,831,578	278,077,286	756,422,626	4,033,394,811

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---Amount in Rupees---				
Long-term financing	-	32,083,333	171,249,999	745,414,175	948,747,507
Liabilities against assets subject to finance lease	-	4,969,857	16,261,418	18,206,588	39,437,863
Trade and other payables	263,110,334	149,311,102	-	-	412,421,436
Contract liabilities (advances from customers - unsecured)	282,732,425	-	-	-	282,732,425
Unclaimed dividend	19,503,183	-	-	-	19,503,183
Accrued markup	-	49,254,343	-	-	49,254,343
Short-term borrowings	-	1,966,893,276	-	-	1,966,893,276
2018	565,345,942	2,202,511,911	187,511,417	763,620,763	3,718,990,033

43.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

43.3.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates mainly relates to long term financing, short term borrowings and lease obligations. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's profit before tax by Rs. 21.7 million (2018: Rs. 8.6 million) and a 1% decrease would result in the increase in the Company's profit before tax by the same amount.

43.3.2 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The management of the Company manages the above market risks through diversification of investment portfolio. The management estimates that a 10% increase in the overall equity prices in the market with all of the factors remaining constant would decrease the Company's profit before tax by Rs.xxx million (2018: Rs.123.104 million) and 10% decrease would result in a decrease in the Company's profit before tax by the same amount.

43.3.3 Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables exist as a result of sales made in foreign jurisdictions. Financial assets of the Company include Rs. Nil (2018: Rs. 103.051 million) in foreign currency which is subject to currency risk exposure.

	2019 Rupees	2018 Rupees
The following exchange rate has been applied at the reporting date:		
Pakistani Rupees to US Dollars	157	124

The following figures demonstrate the sensitivity to a reasonably possible change in exchange rates, with all variables held constant, of the Company's profit before tax:

	Changes in exchange rate	Effect on profit before tax Rupees
2019	± 5%	-
2018	± 5%	6,910,313

44 CAPITAL RISK MANAGEMENT

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Company monitors capital using a debt equity ratio as follows:

	2019 Rupees	2018 Rupees
Long-term financing	1,051,664,175	948,747,507
Short-term borrowings	1,750,705,674	1,966,893,276
Total debt	2,802,369,849	2,915,640,783
Share capital	405,195,240	320,312,450
Reserves	2,009,701,610	2,289,009,149
Total equity	2,414,896,850	2,609,321,599
Capital (Debt + equity)	5,226,894,398	5,524,962,382
Gearing ratio	54%	53%

45 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

As of the reporting date, the Company has financial instruments designated at FV OCI using level 1 valuation technique and the biological assets measured at fair value using level 2 valuation technique. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

	2019 Rupees	2018 Rupees
46 NUMBER OF EMPLOYEES		
Total number of employees as at reporting date	**582**	580
Average number of employees during the year	**581**	583

47 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on December 30, 2019 by the Board of Directors of the Company.

48 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

48.1 Subsequent to the year end, the Board of Directors of the Group in their meeting held on December 30, 2019 have proposed a final cash dividend of Rs. 1.00 (2018: Rs. 3) per share and issue of bonus shares in the proportion of 15 (2018:15) ordinary shares for every hundred (100) ordinary shares held for the year ended September 30, 2019.

48.2 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), every public company is obliged to pay tax at the rate 5% on its accounting profit before tax if it derives profit for a tax year but, does not distribute atleast 20% of its after tax profits within six months of the end of the tax year, through cash.

Based on the above fact, the Board of Directors of the Company has recommended a final cash dividend amounting to Rs. 1.00 per share 10% (2018: Rs. 3/- per share i.e. 30%) and issue of bonus shares in the proportion of 15 (2018: 15) ordinary shares for every hundred (100) ordinary shares held for the year ended September 30, 2019. This exceeds the prescribed minimum dividend requirement as referred above. Accordingly, no further tax provision has been recorded under section 5A of the Ordinance.

The approval of the members for the proposed final cash dividend and the proposed bonus issue will be obtained at the Annual General Meeting of the Company to be held on Januray 28, 2020. The financial statements for the year ended September 30, 2019 do not include the effect of the final cash dividend and proposed bonus issue which will be accounted for in the financial statements for the year ending September 30, 2020.

48 GENERAL

48.1 Amounts have been rounded off to the nearest rupee unless otherwise stated.

48.2 Certain prior year figures were reclassified for comparison purposes. However, there are no material reclassifications to report.

48.3 The Company constitutes a single reportable segment, the principal class of product provided is Sugar.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

CONSOLIDATED FINANCIAL STATEMENTS

EY
Building a better working world

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INDEPENDENT AUDITORS' REPORT

To the members of Mehran Sugar Mills Limited

Opinion

We have audited the annexed consolidated financial statements of **Mehran Sugar Mills Limited** (the Holding Company) and its subsidiary company – **Mehran Energy Limited** (the Subsidiary Company) [collectively here-in-after referred to as the Group], which comprise the consolidated statement of financial position as at **30 September 2019**, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 Group's affairs as at 30 September 2019 and of the profit and other comprehensive loss, 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 Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

Following are the key audit matter:

Key audit matter	How our audit addressed the key audit matter
First time adoption of IFRS 9 – Financial Instruments	
As referred to in notes 3.1 and 5.14 to the accompanying consolidated financial statements, the Group has adopted IFRS 9 with effect from 1 October 2018. The new standard requires the Group to make provision for financial assets (including trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Group. Determination of ECL on trade debts requires significant judgements and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time adoption of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgements in this regard.	Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Group to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records of the Group as well as the related external sources as used for this purpose. We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. In addition to above, we assessed the adequacy of disclosures in the consolidated financial statements of the Group regarding application of IFRS 9 as per the requirements of the above standard.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the 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 Group's internal control.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a. proper books of account have been kept by the Group 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 Group's business; and

d. zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Group 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 Arif Nazeer.

Chartered Accountants

Date: January 15, 2020

Place: Karachi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,224,322,434	2,201,966,743
Long-term receivable	7	-	-
Long-term investments	8	1,320,174,823	1,148,692,487
Long-term deposits		862,400	872,400
		3,545,359,657	3,351,531,630
CURRENT ASSETS			
Biological assets	9	15,245,232	8,785,700
Stores and spare parts	10	102,423,181	101,670,530
Stock-in-trade	11	1,060,595,943	1,167,157,420
Trade debts	12	79,134,253	130,583,180
Loans and advances	13	116,690,640	116,066,589
Trade deposits and short-term prepayments	14	9,259,524	12,881,643
Other receivables	15	317,561,175	580,820,851
Short-term investments	16	995,383,024	1,258,744,288
Taxation – net		40,256,284	82,337,170
Cash and bank balances	17	673,182,195	16,197,136
		3,409,731,451	3,475,244,507
TOTAL ASSETS		6,955,091,108	6,826,776,137
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	405,195,240	320,312,450
Reserves	19	2,001,167,894	2,281,181,522
		2,406,338,134	2,601,493,972
NON-CURRENT LIABILITIES			
Long-term financing	20	735,830,843	745,414,175
Liabilities against assets subject to finance lease	21	20,591,783	18,206,588
Market committee fee payable	22	23,382,350	62,216,604
Deferred liabilities	23	39,839,071	4,785,010
Deferred taxation	24	199,581,276	225,769,432
Provision for quality premium	25	119,290,919	119,290,919
		1,138,516,242	1,175,682,728
CURRENT LIABILITIES			
Trade and other payables	26	642,055,469	695,359,661
Contract liabilities (advances from customers - unsecured)		415,587,300	-
Unclaimed dividend		17,692,483	19,503,183
Accrued mark-up		125,500,017	49,254,343
Short-term borrowings	27	1,750,705,674	1,966,893,276
Current portion of long-term financing	20	315,833,332	203,333,332
Current portion of liabilities against assets subject to finance lease	21	9,773,410	20,790,894
Current portion of market committee fee payable	22	3,757,652	3,757,652
Provision for market committee fee	28	37,423,627	30,401,039
Sales tax and federal excise duty payable		91,882,768	60,306,057
		3,410,211,732	3,049,599,437
CONTINGENCIES AND COMMITMENTS	29	-	-
TOTAL EQUITY AND LIABILITIES		6,955,091,108	6,826,776,137

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended September 30, 2019

	Note	2019 Rupees	2018 Rupees
Turnover - net	30	**5,311,773,145**	4,790,789,858
Cost of sales	31	**(4,491,460,810)**	(4,201,109,587)
Gross profit		**820,312,335**	589,680,271
Distribution costs	32	**(59,559,302)**	(111,448,318)
Administrative expenses	33	**(255,737,193)**	(281,959,541)
Other expenses	34	**(12,711,943)**	(69,392,379)
Other income	35	**79,021,066**	169,541,014
		(248,987,372)	(293,259,224)
Operating profit		**571,324,963**	296,421,047
Share of profit from associates – net		**324,890,323**	340,016,123
Finance costs	36	**(384,774,303)**	(212,571,493)
Profit before taxation		**511,415,983**	423,865,677
Taxation	37	**(108,312,841)**	(16,824,716)
Net profit for the year		**403,128,142**	407,040,961
			Restated
Basic and diluted earnings per share	38	**9.95**	10.05

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended September 30, 2019

	2019 Rupees	2018 Rupees
Net profit for the year	**403,128,142**	407,040,961
Other comprehensive income		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Actuarial (loss) / gain on defined benefit plan	**(76,634)**	118,080
Net loss on equity instruments designated at fair value through other comprehensive income	**(415,524,053)**	(21,948,930)
	(415,600,687)	(21,830,850)
Total comprehensive (loss) / income for the year, net of tax	**(12,472,545)**	385,210,111

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended September 30, 2019

	Issued, subscribed and paid-up capital	Reserves						Total
		Capital	Revenue		FV reserve of financial assets at FVOCI	Actuarial gain / (loss) on defined benefit plan	Sub-Total	
		Share Premium	General reserve	Unappropriated profits				
	Rupees							
Balance as at September 30, 2017	320,312,450	63,281,250	85,000,000	1,658,136,380	86,899,496	2,654,285	1,895,971,411	2,216,283,861
Net profit for the year	-	-	-	407,040,961	-	-	407,040,961	407,040,961
Other comprehensive loss for the year	-	-	-	-	(21,948,930)	118,080	(21,830,850)	(21,830,850)
Total comprehensive income for the year	-	-	-	407,040,961	(21,948,930)	118,080	385,210,111	385,210,111
Balance as at September 30, 2018	320,312,450	63,281,250	85,000,000	2,065,177,341	64,950,566	2,772,365	2,281,181,522	2,601,493,972
Final dividend for the year ended September 30, 2018 @ Rs. 3 per share	-	-	-	(96,093,735)	-		(96,093,735)	(96,093,735)
Bonus shares issued for the period ended September 30, 2018 in the ratio of 15 ordinary share for every 100 shares held	48,046,860	-	-	(48,046,860)	-	-	(48,046,860)	-
Interim dividend for the year ending September 30, 2019 @ Rs.1.25 per share	-	-	-	(46,045,033)	-	-	(46,045,033)	(46,045,033)
Interim Bonus shares issued for the period ending September 30, 2019 in the ratio of 10 ordinary share for every 100 shares held	36,835,930	-	-	(36,835,930)	-	-	(36,835,930)	-
Interim dividend for the year ending September 30, 2019 @ Re.1 per share	-	-	-	(40,519,525)	-	-	(40,519,525)	(40,519,525)
Net profit for the year	-	-	-	403,128,142	-	-	403,128,142	403,128,142
Other comprehensive loss for the year	-	-	-	-	(415,524,053)	(76,634)	(415,600,687)	(415,600,687)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	(110,149,340)	110,149,340	-	-	-
Total comprehensive loss for the year	-	-	-	292,978,802	(305,374,713)	(76,634)	(12,472,545)	(12,472,545)
Balance as at September 30, 2019	405,195,240	63,281,250	85,000,000	2,090,615,060	(240,424,147)	2,695,731	2,001,167,894	2,406,363,134

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended September 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		511,440,983	423,865,677
Adjustments for non-cash charges and other items:			
Depreciation	6.1.1	170,873,619	166,710,619
Share of profit from associates – net		(324,890,323)	(340,016,123)
Gain on disposal of operating fixed assets	35	(6,668,749)	(4,619,829)
Finance costs		384,774,303	212,571,493
Loss on disposal of short-term investments		-	(11,239,520)
Provision for gratuity	23	450,993	376,206
Provision for market committee fee		7,022,588	10,432,794
Provision for impairment of short-term investments	34	-	63,465,886
Working capital changes	39	810,935,286	(876,682,444)
		1,042,497,717	(779,000,918)
Gratuity paid	23	(550,168)	(351,391)
Income taxes paid		(92,420,112)	(98,557,561)
Finance costs paid		(308,528,629)	(195,641,907)
Market committee fee paid	22	(3,757,652)	(3,757,652)
Long term deposits – net		10,000	240,770
Net cash generated from / (used in) operating activities		1,148,692,139	(653,202,982)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(182,157,776)	(146,009,887)
Proceeds from disposal of operating fixed assets	6.1.2	13,654,215	7,913,423
Investments made		(878,589,973)	(1,829,348,323)
Proceeds from disposal of short-term investments		654,815,682	1,222,319,667
Dividend received	8.2	224,999,987	224,999,987
Net cash used in investing activities		(167,277,865)	(520,125,133)
CASH FLOWS FROM FINANCING ACTIVITIES*			
Long term financing obtained		102,916,668	343,976,392
Short-term borrowings (repaid) / obtained		(216,187,602)	849,853,570
Liabilities against assets subject to finance lease - net		(26,689,289)	(27,192,953)
Dividends paid		(184,468,992)	(16,268,216)
Net cash (used in) / generated from financing activities		(324,429,215)	1,150,368,793
Net increase / (decrease) in cash and cash equivalents		656,985,059	(22,959,322)
Cash and cash equivalents at the beginning of the year		16,197,136	39,156,458
Cash and cash equivalents at the end of the year	17	673,182,195	16,197,136

*No non-cash items are included in these activities.

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE OFFICER   CHIEF FINANCIAL OFFICER   DIRECTOR

1 LEGAL STATUS AND OPERATIONS OF THE GROUP

1.1 The Holding Company

Mehran Sugar Mills Limited (the Holding Company) was incorporated in Pakistan as a public limited Company in December, 1965 under the repealed Companies Act, 1913. The shares of the Holding Company are quoted on Pakistan Stock Exchange Limited. The Holding Company is principally engaged in the manufacturing and sale of sugar and its by-products. The registered office of the Holding Comapny is situated at 14th floor, Dolmen City Executive Tower, Marine Drive, Block 4, Clifton, Karachi. The mill of the Holding Company is located at Distt. Tando Allahyar, Sindh.

1.2 The Subsidiary Company

Mehran Energy Limited (the Subsidiary), a wholly owned subsidiary of Mehran Sugar Mills Limited (the Holding Company) was incorporated in Pakistan as a public unlisted company in October 2016. The Subsidiary is in start-up phase and has not commenced its operations. The principal activities of the Subsidiary will be to build, operate and maintain a 26.5 MW high pressure co-generation bagasse based power plant for the generation and supply of electric power in relation thereof. The Subsidiary obtained letter of intent (LOI) from the Government of Sindh (GoS) on November 07, 2016. However, the Subsidiary will commence its operations upon signing of Energy Purchase Agreement with Central Power Purchasing Agency (CPPA). The EPA has been delayed to a mutual disagreement of terms and conditions between the Subsidiary and CPPA. As the offered terms and conditions of the EPA are not in general acceptable to the electricity producing companies, the matter in dispute is pending before the Islamabad High Court in form of a petition. The Holding Company Company is committed to provide financial support to the Subsidiary as and when required.

1.3 Geographical location and addresses of all the business units are as under:

Location	Business unit
Karachi	
14th Floor Dolmen Executive Tower, Marine Drive, Clifton Block 4	Head office of Group
Tando Allahyar, Sindh	
Tando Adam Road	Mill
Deh Rechal, P.O. Khokhar	Farm

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for short-term investments which are carried at FV through OCI, investment in associates calculated using equity method, biological assets carried at fair value less costs to sell and staff gratuity which are carried at present value of defined benefit obligation (DBO) respectively.

2.3 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and the Subsidiary as at the reporting date, here-in-after referred to as 'the Group'.

2.3.1 Subsidiaries

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Holding Company meets all the above conditions and hence has power over the subsidiary.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the profit and loss account from the date the Group gains control until the date the Group ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in consolidated statement of profit or loss and is not reversed in future periods.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

The Subsidiary has same reporting period as that of the Holding Company. The accounting policies of the Subsidiary are consistent with the accounting policies of the Group.

3 STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED DURING THE YEAR

3.1 New standards, interpretations and amendments

Adoption of standards and amendments effective during the year

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

IFRS 2 Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)

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

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to accounting standard issued by IASB in December 2016

IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 9 and IFRS 15 is given below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Group generates its revenue from sale of goods. The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Group.

IFRS 9 Financial Instruments

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

Classification and measurement

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

At transition date to IFRS 9, the Group has financial assets measured at amortised cost and equity instruments at FVOCI. The new classification and measurement of the Group's financial assets are, as follows:

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

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's unquoted equity instruments were classified as AFS financial assets.

There is no significant impact of IFRS 9 on the classification and measurement of financial assets for the year ended 30 September 2019 other than the changes in classification of loans and receivables and available for sale financial assets to the category of amortised cost and fair value through other comprehensive income respectively.

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

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowances of the Group's debt financial assets.

The accounting policy in respect of financial instrument is stated in note 5.14 to these financial statements.

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 14	Regulatory Deferral Accounts	01 July 2019

IFRS 16	Leases	01 July 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

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

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

Standard or Interpretation		IASB effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	January 01, 2021

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

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these judgments and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

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

Property, plant and equipment

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

Allowance for expected credit loss

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for Grouping of various customer segments that have similar loss pattern. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic condition. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in future. The information about the ECLs on the Group's financial assets exposed to credit risk is disclosed in Note 43.

Inventories

The Group reviews the net realisable value (NRV) of stock-in-trade and stores and spare parts to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Taxation

In making the estimate for income tax payable by the Group, the Group takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

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

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment except for freehold land, which is stated at cost.

Depreciation is charged to the consolidated statement of profit or loss using the reducing balance method, at the rates specified in note 6.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the asset is in use.

The carrying values of the Group's property plant and equipment are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Repairs and maintenance cost is written off to the consolidated statement of profit or loss in the year in which it is incurred. Major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the Group.

An item of property plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of property plant and equipment is recognised in the period of disposal.

Leased

Leases, recorded under the requirements of IAS 17 – "Leases", which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalised at the inception of the lease, at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Assets acquired under finance lease are depreciated using the same basis as for owned assets.

Capital work-in-progress

These are stated at cost less accumulated impairment, if any, and represent expenditure on fixed assets in the course of construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for their intended use.

5.2 Investments

Associates

Investment in associates are accounted for using equity method of accounting. Investments over which the Group has "significant influence" are accounted for under this method i.e., investments to be carried in the reporting date at cost plus post-acquisition changes in the share of net assets of associates, less any impairment in value, if material. The consolidated statement of profit or loss reflects the Group's share of the results of operations of associates after the date of acquisition. If an associate uses accounting policies other than those of the Group, adjustments are made to conform the associate's policies to those of the Group, if the impact is considered material.

As the financial statements of all the associates may not necessarily be available at the year end, the Group uses the financial statements of the associates with a lag of three months for applying the equity method of accounting. Further, the Group considers the investment in associates as strategic investment.

5.3 Biological assets

These are measured at fair value less costs to sell on initial recognition and at each reporting date. Gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset at the reporting date is included in the consolidated statement of profit or loss for the period in which it arises.

To ascertain the fair value of the biological assets, the fair value less estimated point-of-sale costs of crops at the end of each reporting period is determined using prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets. Since, there exists an active market for the agricultural produce, the estimated selling price is obtained using the observable inputs and the estimated selling costs are the harvesting charges farmer takes for cutting the crop.

5.4 Stores and spare parts

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost.

Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

5.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

5.6 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. A provision for doubtful debts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables (refer note 43.1.1). Bad debts are written-off when identified.

5.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current accounts held with banks, which are subject to insignificant risk of change. These are carried at cost.

5.8 Employees' benefits

Gratuity

The Group operates an unfunded gratuity scheme for its permanent mill employees. An actuarial valuation of all defined benefit scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the consolidated statement of comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Group has recognised related restructuring or termination benefits.

Certain actuarial assumptions have been disclosed in note 23 to the financial statements for valuation of present value of defined benefit obligation and fair value of plan asset. Any changes in these assumptions in future years might affect gains and losses in those years.

Provident fund

The Group operates a recognised provident fund for those permanent employees who have opted for it. Equal monthly contributions are made to the fund by the Group and employees in accordance with the fund's rules. Contributions are made by the employees at mill and the employees at head office at the rate of 11% and 10% respectively, of the aggregate of basic salary.

Investments made in provident fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

Compensated absences

The Group accrues its estimated liability towards leaves accumulated by employees on an accrual basis using current salary level.

5.9 Taxation

Current

Provision for current tax is based on the taxable income in accordance with the Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognised using the liability method, on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside consolidated statement of profit or loss is recognised outside consolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in consolidated statement of comprehensive income or directly in equity.

5.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

5.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event if 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.

5.12 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

5.13 Borrowing and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. 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.

5.14 Financial instruments

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

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 5.15 to these consolidated financial statements.

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

Financial assets designated at fair value through OCI (equity instruments)

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

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

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

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

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

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions - note 3
- Trade receivables - note 12

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Financial liabilities at fair value through profit or loss

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

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 20.

Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.15 Revenue from contracts with customers

The Group is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 4.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of chemicals provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration. Contracts with the Group's customers provide them with a right of return, price adjustments and volume rebates and are considered as variable consideration.

Accounts receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Dividend income is recognised when the right to receive dividend is established.

Profit on short-term deposits is accounted for using the effective interest rate method.

Income from sale of electricity is recognised upon the output delivered at rates specified under the agreement with the Hyderabad Electricity Supply Group (HESCO).

Farm and other income is recognised on accrual basis.

5.16 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the consolidated financial statements are authorised for issue, disclosure is made in the consolidated financial statements.

5.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Group has a single reportable segment as the Board of Directors views the Group's operations as one reportable segment.

5.18 Functional and presentation currency

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

Following accounting Policies (from 5.19 to 5.21) were effective for the period ended on or before September 30, 2018.

5.19 Financial instruments

Available-for-sale

Investments which the management intends to hold for an indefinite period, but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

These investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment. After initial recognition, these investments are remeasured at fair value. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to review for impairment at each reporting date.

Gains or losses on available-for-sale investments are recognised in other comprehensive income until the investment is disposed of or determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is taken to consolidated statement of profit or loss.

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity investments. These are initially measured at cost, being the fair value of the consideration given including transaction costs associated with the investment, and are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated statement of profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Recognition

Financial assets and liabilities are recognised at the time when the Group becomes party to the contractual provisions of the instrument and are derecognised in the case of assets, when the contractual rights under the instruments are realised, expired or surrendered and in the case of liability, when the obligation is discharged, cancelled or expired.

Impairment

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Derecognition

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

5.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when the Group has a legally enforceable right to set-off the transaction and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

5.21 Revenue recognition

- Sales are recognised as revenue when invoiced, which generally coincides with the dispatch of goods. the Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. the Group has concluded that it is acting as a principal in all its revenue arrangements.
- Profit on term deposit receipts is recognised on effective interest rate.
- Dividend income is recognised when the right to receive the same is established.
- Gain / loss on sale of investment is recognised in the consolidated statement of profit or loss in the period in which investment is sold.
- Income from sale of electricity is recognised upon the output delivered at rates specified under the agreement with Hyderabad Electric Supply Group (HESCO).
- Farm and other income is recognised on accrual basis.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	6.1	**2,064,953,414**	2,064,524,860
Capital work-in-progress	6.2	**159,369,020**	137,441,883
		2,224,322,434	2,201,966,743

6.1 Operating fixed assets

Description	COST			ACCUMULATED DEPRECIATION			BOOK VALUE	
	At 01 October 2018	Additions / (deletions)	At 30 September 2019	At 01 October 2018	Charge for the year / (deletions)	At 30 September 2019	At 30 September 2019	Dep. Rate
	Rupees							%
Owned								
Freehold land	83,394,207	-	83,394,207	-	-	-	83,394,207	-
Buildings on freehold land								
- Factory	294,286,575	*6,651,292	300,937,867	146,804,949	15,247,010	162,051,959	138,885,908	10%
- Non-factory	50,996,147	-	50,996,147	17,872,173	1,656,199	19,528,372	31,467,775	5%
Plant, machinery and equipment (refer note 20.2)	2,751,051,403	28,118,001 *119,671,803 (1,170,228)	2,897,670,979	1,134,038,372	129,044,895 (663,399)	1,262,419,868	1,635,251,111	7.50%
Furniture and fittings	8,976,353	-	8,976,353	4,164,926	481,143	4,646,069	4,330,284	10%
Vehicles	18,750,233	1,071,600 **14,625,600 (16,804,500)	17,642,933	15,064,357	828,617 **8,639,588 (10,325,863)	14,206,699	3,436,234	20%
Office premises	85,022,551	-	85,022,551	23,165,448	3,092,855	26,258,303	58,764,248	5%
Office equipment	6,272,547	-	6,272,547	3,588,496	268,405	3,856,901	2,415,646	10%
Electric installation	24,994,502	2,601,577	27,596,079	7,751,521	1,896,516	9,648,037	17,948,042	10%
Weighbridge and scales	4,561,889	-	4,561,889	1,704,825	285,706	1,990,531	2,571,358	10%
Workshop tools and other equipment	6,341,923	-	6,341,923	5,016,265	132,566	5,148,831	1,193,092	10%
Computers	12,213,889	557,500	12,771,389	9,838,286	799,019	10,637,305	2,134,084	30%
Air conditioners and refrigerators	15,124,903	1,558,866	16,683,769	6,075,786	975,092	7,050,878	9,632,891	10%
	3,361,987,122	33,907,544 *126,323,095 **14,625,600 (17,974,728)	3,518,868,633	1,375,085,404	154,708,023 (10,989,262) **8,639,588	1,527,443,753	1,991,424,880	
Leased								
Vehicles	146,907,590	18,057,000 **(14,625,600)	150,338,990	69,284,448	16,165,596 **(8,639,588)	76,810,456	73,528,534	20%
	3,508,894,712	51,964,544 *126,323,095 **14,625,600 (17,974,728) **(14,625,600)	3,669,207,623	1,444,369,852	170,873,619 (10,989,262) **8,639,588 **(8,639,588)	1,604,254,209	2,064,953,414	
2019	**3,508,894,712**	**160,312,911**	**3,669,207,623**	**1,444,369,852**	**159,884,357**	**1,604,254,209**	**2,064,953,414**	

Description	COST			ACCUMULATED DEPRECIATION			BOOK VALUE	
	At 01 October 2017	Additions / (deletions)	At 30 September 2018	At 01 October 2017	Charge for the year / (deletions)	At 30 September 2018	At 30 September 2018	Dep. Rate
	---------- Rupees ----------							%
Owned								
Freehold land	83,394,207	-	83,394,207	-	-	-	83,394,207	-
Buildings on freehold land								
- Factory	275,851,465	*18,435,110	294,286,575	131,099,813	15,705,136	146,804,949	147,481,626	10%
- Non-factory	50,996,147	-	50,996,147	16,128,806	1,743,367	17,872,173	33,123,974	5%
Plant, machinery and equipment	2,552,597,528	39,048,680 *159,405,195	2,751,051,403	1,011,672,871	122,365,501	1,134,038,372	1,617,013,031	7.50%
Furniture and fittings	8,820,352	156,001	8,976,353	3,638,759	526,167	4,164,926	4,811,427	10%
Vehicles	18,790,428	1,245,270 **2,469,384 (3,754,849)	18,750,233	14,684,933	840,693 (461,269)	15,064,357	3,685,876	20%
Office premises	85,022,551	-	85,022,551	19,909,811	3,255,637	23,165,448	61,857,103	5%
Office equipment	5,877,222	395,325	6,272,547	3,304,502	283,994	3,588,496	2,684,051	10%
Electric installation	13,557,279	11,437,223	24,994,502	6,031,684	1,719,837	7,751,521	17,242,981	10%
Weighbridge and scales	4,513,889	48,000	4,561,889	1,388,262	316,563	1,704,825	2,857,064	10%
Workshop tools and other equipment	6,341,923	-	6,341,923	4,868,970	147,295	5,016,265	1,325,658	10%
Computers	11,868,399	345,490	12,213,889	8,902,230	936,056	9,838,286	2,375,603	30%
Air conditioners and refrigerators	13,076,108	2,048,795	15,124,903	5,215,484	860,302	6,075,786	9,049,117	10%
	3,130,707,498	54,724,784 *177,840,305 **2,469,384 (3,754,849)	3,361,987,122	1,226,846,125	148,700,548 (461,269)	1,375,085,404	1,986,901,718	
Leased								
Vehicles	142,649,590	10,069,000 **(5,811,000)	146,907,590	54,615,993	18,010,071 **(3,341,616)	69,284,448	77,623,142	20%
	3,273,357,088	64,793,784 *177,840,305 **2,469,384 -3,754,849 **(5,811,000)	3,508,894,712	1,281,462,118	166,710,619 (461,269) **(3,341,616)	1,444,369,852	2,064,524,860	
2018	3,273,357,088	235,537,624	3,508,894,712	1,281,462,118	162,907,734	1,444,369,852	2,064,524,860	

6.1.1 Depreciation charge for the year has been allocated as follows

	Note	2019 Rupees	2018 Rupees
Cost of sales	31	148,262,892	141,997,699
Administrative expenses	33	22,610,727	24,712,920
		170,873,619	166,710,619

6.1.2 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser	Relationship with purchaser
	(Rupees)							
Vehicles								
Honda City	1,713,000	404,458	1,308,542	1,820,000	511,458	Negotiation	Misal Khan	Vendor
Toyota Corolla	1,789,000	633,306	1,155,694	1,746,900	591,206	Negotiation	Sanaullah	Employee
Toyota GLI	1,827,502	1,166,286	661,216	1,474,926	813,710	Negotiation	M. Yasin	Vendor
Suzuki Wagon-R	1,049,000	420,766	628,234	1,050,000	421,766	Negotiation	Rashid Ali	Employee
Other assets with book value less then Rs. 500,000 each								
	11,596,228	8,364,448	3,231,780	7,562,389	4,330,609	Various	Various	
TOTAL	**17,974,730**	**10,989,264**	**6,985,466**	**13,654,215**	**6,668,749**			

6.1.3 Particulars of immovable assets of the Group are as follows:

Particulars	Usage of Property	Address	Covered Area (Sq. ft.)
Freehold land	Mill	Tando Adam road , Tando Allahyar	5.5 million sq.ft.
Office premises	Registered Office	14th Floor Dolmen Executive Tower, Dolmen City, Marine Drive , Clifton , Karachi	5,850 sq.ft.
Building on freehold land	Office at mill	Tando Adam road , Tando Allahyar	-

6.2 Capital work-in-progress

	Buildings on freehold land	Plant, machinery and equipment	Total
	Rupees		
Balance as at September 30, 2017	46,152,924	177,844,161	223,997,085
Capital expenditure incurred / advances made during the year	9,017,112	82,267,991	91,285,103
Transfer to operating fixed assets	(25,495,627)	(152,344,678)	(177,840,305)
Balance as at September 30, 2018	29,674,409	107,767,474	137,441,883
Capital expenditure incurred / advances made during the year	6,532,802	141,717,430	148,250,232
Transfer to operating fixed assets	(6,651,292)	(119,671,803)	(126,323,095)
Balance as at September 30, 2019	**29,555,919**	**129,813,101**	**159,369,020**

7 LONG-TERM RECEIVABLE

	Note	2019 Rupees	2018 Rupees
Tender earnest money		1,000,000	1,000,000
Down payment		33,125,000	33,125,000
Other costs		8,385,996	8,385,996
	7.1	42,510,996	42,510,996
Allowance for ECL		(42,510,996)	(42,510,996)
		-	-

7.1 Represents down payment made in respect of purchase of Thatta Sugar Mills (the Mill) and other costs incurred in running the Mill from November 1992 up to July 1993, when the Mill was forcibly taken over by the Government of Sindh (GoS) without paying any amount. The Group filed a law suit for Rs. 166 million being the amount of down payment, expenses incurred (including payment to workers) and loss of profits. The GoS made a counter claim of Rs.402 million against the Group. The case is currently pending in the Honorable High Court of Sindh (the Court) for recording of evidences. While the Group's suit for recovery of compensation is pending in the Court, the GoS invited bids for the sale of the Mill through Sindh Privatisation Commission but it could not succeed. The GoS is now trying to privatise it through the Federal Privatization Commission. The Group has made provision against the aforesaid receivable of Rs. 42.510 million as a matter of prudence and the fact that the debt is outstanding for a considerable period.

8 LONG TERM INVESTMENTS

	Note	2019 Rupees	2018 Rupees
Associates			
Unicol Limited (UL)			
49,999,997 (2018: 49,999,997) ordinary shares of Rs. 10 each | % of holding: 33.33% (2018: 33.33%)	8.1	1,176,986,929	1,022,228,271
UniEnergy Limited (UEL)			
1,999,998 (2018: 1,999,998) ordinary shares of Rs. 10 each | % of holding: 20% (2018: 20%)	8.2	19,852,179	19,842,090
UniFoods Industries Limited (UFL)			
23,959,200 (2018: 16,800,000) ordinary shares of Rs. 10 each | % of holding: 24% (2018: 24%)	8.3	123,335,715	106,622,126
		1,320,174,823	1,148,692,487

8.1 UL is incorporated in Pakistan as a public unlisted company with its registered office situated at Sub Post Office Sugar Mills, Umerkot Road, Mirpurkhas. The principal activity of the UL is to manufacture and sell ethanol and carbon dioxide (Co2). The summarised financial information of UL is as follows:

	2019 Rupees	2018 Rupees
Aggregate amount of:		
- assets	**5,868,887,000**	5,207,925,000
- liabilities	**2,337,926,000**	2,141,240,000
- revenue	**5,501,600,000**	5,167,711,000
- profit after taxation	**1,109,767,900**	1,184,448,000
Movement of investment is as follows:		
Opening balance	**1,022,228,271**	852,412,955
Share of profit – net of tax	**379,758,645**	394,815,303
	1,401,986,916	1,247,228,258
Less : Dividend received during the year	**(224,999,987)**	(224,999,987)
	1,176,986,929	1,022,228,271

8.2 UEL is incorporated in Pakistan as a public unlisted company with its registered office situated at 1st Floor, Modern Motors House, Beaumont Road, Karachi. The principal activity of UEL will be to build, operate and maintain wind power generating project of 50 Mega Watts for the generation and supply of electric power in relation thereof, however, it is in start-up phase and has not commenced its operations. The summarised financial information of UEL is as follows:

	2019 Rupees	2018 Rupees
Aggregate amount of:		
- assets	**102,170,223**	102,381,073
- liabilities	**2,610,558**	3,170,466
- profit / (loss) after taxation	**349,118**	417,887
Movement of investment is as follows:		
Opening balance	**19,842,090**	19,925,667
Share of profit / (loss)	**10,089**	(83,577)
	19,852,179	19,842,090

8.3 UFL was incorporated in Pakistan as a public unlisted company on 01 September 2016 with its registered office situated at 2nd Floor, Bank House No. 1, Habib Square, M.A Jinnah Road, Karachi. The Group is still in its start-up phase and yet to achieve its full potential operational capacity. The principal activity is manufacture, sell and distribution of bakery and confectionery items. The summarised financial information of UFL is as follows:

	2019 Rupees	2018 Rupees
Aggregate amount of:		
- assets	**1,218,130,489**	1,105,554,638
- liabilities	**727,878,124**	661,295,782
- revenue	**368,546,749**	44,006,203
- loss after taxation	**417,062,592**	227,981,681
Movement of investment is as follows:		
Opening balance	**106,622,126**	72,000,000
Right issue	**71,592,000**	96,000,000
Share of loss – net	**(54,878,411)**	(61,377,874)
	123,335,715	106,622,126

8.4 The investments in associated companies or undertakings have been made in accordance with the requirements under the Act.

		Note	2019 Rupees	2018 Rupees
9	**BIOLOGICAL ASSETS**	9.1	**15,245,232**	8,785,700
9.1	Carrying value at beginning of the year		**8,785,700**	17,662,000
	Increase due to cultivation	34.1	**10,655,745**	12,796,669
	Change in fair value less costs to sell of standing crop		**4,589,487**	(4,010,969)
			24,030,932	26,447,700
	Reduction due to harvesting	34.1	**(8,785,700)**	(17,662,000)
	Carrying value at the end of the year		**15,245,232**	8,785,700

9.2 The Group is engaged in cultivation of different sugarcane varieties. These varieties are then provided to growers for multiplication. During the year, the Group harvested 31,802 (2018: 107,068) maunds sugarcane at the yield of 374 (2018: 605) maunds per acre. Approximately 18,121 (2018: 49,943) maunds were supplied to growers for variety multiplication while remaining sugarcane was used for crushing at mill.

		Note	2019 Rupees	2018 Rupees
10	**STORES AND SPARE PARTS**			
	Stores		**32,972,612**	31,699,287
	Spare parts		**69,450,569**	69,971,243
			102,423,181	101,670,530

11 STOCK-IN-TRADE

	Note	2019 Rupees	2018 Rupees
- Work-in-process		**2,589,011**	1,279,653
- Finished goods	11.1	**1,058,006,932**	1,165,877,767
		1,060,595,943	1,167,157,420

11.1 As of the reporting date, all finished goods are carried at cost (being the lower of cost and NRV).

12 TRADE DEBTS – unsecured

	Note	2019 Rupees	2018 Rupees
Considered good	12.1	**79,134,253**	130,583,180
Considered doubtful		**16,987,867**	16,987,867
		96,122,120	147,571,047
Less: Allowance for ECL	12.2	**(16,987,867)**	(16,987,867)
	12.3	**79,134,253**	130,583,180

12.1 Includes an amount of Rs: Nil (2018: Rs. 103.351 million) due from a debtor to whom export sales amounting to Rs. Nil (2018: Rs. 91.520 million) were made. The jurisdiction falls in South-east Asia for the trade debts pertaining to export sales that were made the current year and similarly, the trade debts pertaining export sales made in prior year falls in Africa. The sales were made with confirmed LC in place.

12.2 Includes an amount of Rs. 14.519 million due from the GoS which was withheld by the GoS from the bills raised by the Group during the years 1981 to 1983, on account of a dispute regarding the quality of sugar. Consequently, the Group has withheld mark-up due to the GoS, amounting to Rs. 6.192 million. Since then, the matter is under litigation and pending before the Court. The said amount has been fully provided as a matter of prudence as the case is pending for a considerable long period.

12.3 The aging of trade debts is as follows:

	2019 Rupees	2018 Rupees
Neither past due nor impaired	**79,134,253**	-
Past due but not impaired (within 90 days)	**-**	130,583,180
	79,134,253	130,583,180

13 LOANS AND ADVANCES – considered good

	2019 Rupees	2018 Rupees
Loans to employees	**4,163,174**	3,398,260
Advances		
- to suppliers	**27,196,576**	29,129,133
- to cane growers	**24,593,826**	43,926,941
- to employees against expenses (as per HR policy)	**11,636,064**	4,788,255
- against sales tax	**49,101,000**	34,824,000
	112,527,466	112,668,329
	116,690,640	116,066,589

14 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2019 Rupees	2018 Rupees
Trade deposits			
Considered good		358,640	358,640
Considered doubtful		8,196,113	8,196,113
		8,554,753	8,554,753
Less: Allowance for ECL	14.1	(8,196,113)	(8,196,113)
		358,640	358,640
Short-term prepayments			
Considered good		8,900,884	12,523,003
		9,259,524	12,881,643

14.1 Represents amount paid by the Group during the years 1995 and 1996 to the Director General Defence Procurement (DGDP) as tender money, which was withheld by the DGDP on account of his risk purchase claim on the Group, as fully described in note 29.1 (ii) to these consolidated financial statements. Although the matter is under litigation, the Group, as a matter of prudence, has made full provision against the deposit in these consolidated financial statements.

15 OTHER RECEIVABLES – considered good

	Note	2019 Rupees	2018 Rupees
Subsidy receivable	15.1	304,117,888	579,146,715
Due from related parties:			
Pakistan Molasses Company (Private) Limited		782,873	738,622
Mogul Tobacco Company (Private) Limited		242,849	644,609
	15.2	1,025,722	1,383,231
Others		12,417,565	290,905
		317,561,175	580,820,851

15.1 Represents subsidy receivable from Federal Government amounting to Rs. 302.089 million (2018: Rs. 577.983 million) and Rs. 1.209 million (2018: Rs. 1.209 million) from Provincial Government with respect to cash freight support on export sales.

15.2 The ageing analysis of balances due from related parties is as follows:

	2019 Rupees	2018 Rupees
Neither past due nor impaired	1,025,722	-
Past due but not impaired (within 90 days)	-	1,383,231
	1,025,722	1,383,231

15.3 The maximum aggregate amount due from related parties at any time during the year calculated by reference to month-end balances is as follows:

	2019 Rupees	2018 Rupees
Pakistan Molasses Company (Private) Limited	804,911	2,038,461
Mogul Tobacco Company (Private) Limited	828,915	644,609

16 SHORT-TERM INVESTMENTS

	Note	2019 Rupees	2018 Rupees
Amortised cost			
Term deposit certificates	16.1	3,300,000	3,300,000
Fair value through other comprehensive income (FVOCI)			
Equity securities	16.2	992,083,024	1,255,444,288
		995,383,024	1,258,744,288

16.1 These carry profit rate of 3.5% (2018: 3.5%) per annum, having maturity up to six months.

16.2 Fair value through other comprehensive income (FVOCI)

2019	2018		2019	2018
Number of shares at par value Rs. 10/- each		Quoted companies	Rupees	Rupees
-	1,000,000	Aisha Steel Mills Limited	-	12,840,000
100,000	90,000	Allied Bank Limited	8,677,000	9,172,800
200,000	-	Amreli Steel Limited	4,362,000	-
200,000	25,000	Bank Al Falah Limited	8,188,000	1,241,000
2,315,000	2,400,000	Bank Al Habib Limited	154,665,150	193,656,000
2,000,000	-	Bank of Punjab	17,440,000	-
107,400	100,600	Bestway Cement Limited	9,024,822	12,187,690
1,900,000	1,125,000	Cherat Cement Limited	53,542,000	90,618,750
235,900	100,000	Cherat Packaging Limited	15,618,939	17,304,000
2,251,000	17,00,000	D.G.K.Cement Limited	108,813,340	174,097,000
-	125,000	Engro Corporation Limited	-	38,953,750
300,000	700,000	Engro Fertilizers Limited	20,469,000	52,843,000
268,000	263,500	Faran Sugar Mills Limited	9,782,000	19,762,500
500,000	400,000	Habib Bank Limited	59,085,000	60,548,000
-	45,500	Habib Sugar Mills Limited	-	1,808,625
-	12,500	Honda Atlas Limited	-	3,183,878
60,000	100,000	Hub Power Company Limited	4,245,000	8,747,000
22,500	2,500	Indus Motors Limited	21,743,550	36,085,170
1,740,000	800,000	International Steel Limited	69,147,600	72,776,000
77,150	72,150	JDW Sugar Mills Limited	24,610,850	21,645,000
140,800	130,400	Jubilee Life Insurance Company Limited	44,352,000	81,500,000
57,000	5,000	Lucky Cement Limited	19,501,410	2,564,700
20,000	32,500	Mari Petroleum Company Limited	17,983,201	50,645,725
545,000	370,000	MCB Bank Limited	92,415,650	74,447,700
1,400,000	900,000	Meezan Bank Limited	100,856,000	80,262,000
163,500	315,000	Noon Sugar Mills Limited	8,381,012	17,010,000
-	100,000	Oil Gas Development Corporation Limited	-	15,299,000
100,000	-	Pak Elektron Limited	1,684,000	-
-	500,000	TRG Pakistan	-	13,845,000
850,000	600,000	United Bank Limited	117,495,500	92,400,000
			992,083,024	1,255,444,288

17 CASH AND BANK BALANCES

	2019 Rupees	2018 Rupees
Cash in hand	121,394	59,922
Cash with banks - current accounts	673,060,801	16,137,214
	673,182,195	16,197,136

18 SHARE CAPITAL

Authorised capital

2019 (Number of shares)	2018 (Number of shares)		2019 Rupees	2018 Rupees
50,000,000	50,000,000	Ordinary shares of Rs.10/- each	500,000,000	500,000,000

Issued, subscribed and paid-up capital

2019 (Number of shares)	2018 (Number of shares)		2019 Rupees	2018 Rupees
		Ordinary shares of Rs.10/- each issued as:		
6,318,750	6,318,750	fully paid in cash	63,187,500	63,187,500
34,200,774	25,712,495	fully paid bonus shares	342,007,740	257,124,950
40,519,524	32,031,245		405,195,240	320,312,450

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

19 RESERVES

	Note	2019 Rupees	2018 Rupees
Capital reserve			
Share premium		63,281,250	63,281,250
Revenue reserves			
General reserve		85,000,000	85,000,000
Unappropriated profits		2,090,615,060	2,065,177,341
		2,175,615,060	2,150,177,341
Actuarial gain on defined benefit plan		2,695,731	2,772,365
FV reserve of financial assets at FV through OCI		(240,424,147)	64,950,566
		2,001,167,894	2,281,181,522

20 LONG TERM FINANCING – secured

	Note	2019 Rupees	2018 Rupees
From banking companies	20.1	1,051,664,175	948,747,507
Less: Current portion		(315,833,332)	(203,333,332)
		735,830,843	745,414,175

20.1 From banking companies	Installments Number	Installments Commencing from	Mark-up	2019 Rupees	2018 Rupees
Bank Islami Pakistan Limited	24 quarterly	Jan-15	3 months KIBOR plus 1.25% per annum	**10,414,173**	18,747,505
Bank Al Habib Limited	20 quarterly	May-16	6 months KIBOR plus 0.8% per annum	**25,000,000**	45,000,000
Bank Al Habib Limited	20 quarterly	Dec-15	3 months KIBOR plus 0.8% per annum	**90,000,000**	130,000,002
Bank Al Habib Limited	20 quarterly	Jan-19	3 months KIBOR plus 0.8% per annum	**306,250,002**	-
Bank Al Falah Limited	20 quarterly	Feb-18	6 months KIBOR plus 0.5% per annum	**195,000,000**	255,000,000
Allied Bank Limited	20 quarterly	Jul-19	3 months KIBOR plus 0.4% per annum	**425,000,000**	500,000,000
				1,051,664,175	948,747,507

20.2 The above facilities are secured by way of first pari passu charge over plant and machinery of the Group amounting to Rs. 1,761 million (2018: Rs. 1,602 million). There is no unutilised long-term financing facility as at the reporting date (2018: Rs. Nil).

21 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Represent finance leases entered into with commercial banks for vehicles. Lease rentals are payable in equal monthly installments latest by March 2022. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. In case of termination of agreement, the lessee has to pay the entire rent for unexpired period. Financing rates of approximately 10.63% to 15.61% (2018: 7.39% to 8.25%) per annum has been used as discounting factor. Purchase options can be exercised by the lessee in accordance with the respective lease agreements. The movement in the finance lease liability is as follows:

	2019 Minimum lease Payments	2019 Present Value	2018 Minimum lease Payments	2018 Present Value
	(Rupees)			
Within one year	**17,733,642**	**9,773,410**	23,086,576	20,790,894
After one year but not more than five years	**20,017,903**	**20,591,783**	21,737,915	18,206,588
Total minimum lease payments	**37,751,545**	**30,365,193**	44,824,491	38,997,482
Less: Amount representing finance charges	**7,386,352**	**-**	5,827,009	-
Present value of minimum lease payments	**30,365,193**	**30,365,193**	38,997,482	38,997,482
Less: Current maturity shown under current liability	**9,773,410**	**9,773,410**	20,790,894	20,790,894
	20,591,783	**20,591,783**	18,206,588	18,206,588

22 MARKET COMMITTEE FEE PAYABLE	Note	2019 Rupees	2018 Rupees
Market committee fee payable		27,140,002	65,974,256
Less: Current portion		3,757,652	3,757,652
	22.1	23,382,350	62,216,604

22.1 During the year ended September 30, 2014, the Group entered into a settlement with the Market Committee against provision for market committee fee up to June 2008 amounting to Rs. 32.7 million. As per the settlement terms, the above amount is now payable in 15 equal yearly installments. Further, the Group entered into a settlement with the Market Committee against provision for market committee fee for the years 2008 to 2015 amounting to Rs. 47.329 million. As per the settlement terms, the above amount is now payable in 30 equal yearly installments commencing from July 2016.

23 DEFERRED LIABILITIES	Note	2019 Rupees	2018 Rupees
Staff gratuity	23.1	4,762,469	4,785,010
Unwinding of discount for market committee fee payable	22.1	35,076,602	36,105,044
		39,839,071	40,890,054

23.1 Staff gratuity

	2019	2018
Opening balance	4,785,010	4,878,275
Expense for the year	450,993	376,206
Benefits paid during the year	(550,168)	(351,391)
Actuarial (gain) / loss	76,634	(118,080)
Closing balance	4,762,469	4,785,010

23.1.1 Principal actuarial assumptions	2019	2018
Financial assumptions		
Discount rate	12.50%	10.00%
Expected rate of increase in salary level	12.50%	10.00%
Demographic assumptions		
Expected mortality rate	SLIC 2001-05	SLIC 2001-05
Expected withdrawal rate	Low	Low

(c) Historical information:

	2019	2018	2017	2016	2015
	----------	----------	(Rupees)	----------	----------
Present value of defined benefit obligations	4,762,469	4,875,010	4,878,275	4,646,722	9,414,422

(d) The amount of the defined benefit obligation after changes in the weighted principal assumptions is as follows:

	2019			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	----------	(Rupees)	----------	----------
Present value of defined benefit obligation	4,539,543	5,010,850	4,998,321	4,547,011

24 DEFERRED TAXATION

	Note	2019 Rupees	2018 Rupees
Credit balances arising due to:			
Accelerated tax depreciation		304,730,899	297,225,280
Assets subject to finance lease		12,517,369	11,201,441
		317,248,268	308,426,721
Debit balances arising due to:			
Provisions	24.1	(19,380,282)	(19,386,819)
Unused tax losses		(98,184,050)	(63,167,810)
Others		(102,660)	(102,660)
		(117,666,992)	(82,657,289)
		199,581,276	225,769,432

24.1 Included herein debit balance routed through other comprehensive income amounting to Rs. 35,424 (2018: credit balance amounting to Rs. 8,463,733).

	Note	2019 Rupees	2018 Rupees
25 PROVISION FOR QUALITY PREMIUM	25.1	119,290,919	119,290,919

25.1 As required under the provisions of Sugar Factories Control Act, 1950, sugar mills in Sindh are required to pay quality premium to cane growers at the rate of 50 paisas per 40 Kg cane for each 0.1 percent of excess sucrose recovery above the benchmark of 8.7 percent, determined on the aggregate sucrose recovery of each mill. The Group along with other sugar mills had challenged the levy of quality premium through the Pakistan Sugar Mills Association (PSMA) – Sindh Zone before the Honorable High Court of Sindh, however, the matter was decided against the Group. Thereafter, the Group filed an appeal with the Honorable Supreme Court of Pakistan (SCP) which then granted stay to the Group, while admitting the appeal against the impugned judgment of the Court.

During the year 2018, the Honorable SCP has issued an order in this matter and has disposed the appeal filed by the sugar mills. However, the implementation of the said order is subject to clarification from relevant authorities. Accordingly, as a matter of prudence the management has retained the above referred provision in these financial statements.

26 TRADE AND OTHER PAYABLES

	Note	2019 Rupees	2018 Rupees
Creditors		310,929,608	97,586,364
Accrued expenses		262,069,807	268,973,515
Advances from customers - unsecured		-	282,732,425
Payable to provident fund		1,674,808	1,802,552
Workers' Profits Participation Fund	26.1	6,431,049	2,178,468
Workers' Welfare Fund		16,392,720	13,779,438
Advance from employees against purchase of vehicles - secured		14,986,627	16,633,102
Others		29,570,850	11,673,797
		642,055,469	695,359,661

26.1 Workers' Profits Participation Fund

	2019 Rupees	2018 Rupees
Opening balance	2,178,468	-
Allocation for the year	6,431,049	2,178,468
	8,609,517	2,178,468
Payments made during the year	(2,178,468)	-
Closing balance	6,431,049	2,178,468

27	SHORT-TERM BORROWINGS – secured	Note	2019 Rupees	2018 Rupees
	Running finance under markup arrangements	27.1	14,009,213	565,909,276
	Short term finance	27.2	1,736,696,461	1,400,984,000
			1,750,705,674	1,966,893,276

27.1 The aggregate facilities for short term running finance available from various banks amounted to Rs. 2,662 million (2018: Rs. 1,605 million). These facilities are secured against hypothecation of stock-in-trade, stores, spares & receivables of the Group. These carry mark-up ranging between 0.36% to 1.25% (2018: 0.4% to 1.25%) per annum above one to six months KIBOR payable quarterly.

27.2 The aggregate facilities for short term cash finance available from various banks amounted to Rs. 4,350 million (2018: Rs. 2,950 million). These carry mark-up ranging between 0.36% to 1.25% (2018: 0.36% to 1%) per annum above one to six months KIBOR. These are secured against pledge of stock-in-trade and are repayable within six months, latest by December 2019.

		Note	2019 Rupees	2018 Rupees
28	PROVISION FOR MARKET COMMITTEE FEE	28.1	37,423,627	30,401,039

28.1 Represents provision made for market committee of Rs. 10 (2018: Rs. 10) per MT of sugar cane crushed from 2016 till current crushing season.

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

(i) With the issue of notification in official Gazette of the Province of Sindh dated February 26, 1987 applying the provisions of section 35 to 45 of the Provincial Employees Social Security Ordinance, 1965 (Ordinance), which required the Group to pay the contribution under Section 20 of the Ordinance as the Group has failed to establish and maintain dispensary within the premises of the Mill or hospital at a place where sufficient number of secured persons worked or reside. Therefore, the Mill had to pay the medical allowance at Rs. 210 per month to the workers under an agreement with Collective Bargaining Agent (CBA). The Group had filed an appeal against the application of the said provisions against the liability of Rs. 3.38 million for the period July 1987 to August 1990 on the grounds that arrangements for benefits have been made by the Group under private settlement. The Appeal (Misc. Appeal no.39) in the High Court of Sindh was set aside at no cost under Order sheet M.A. No. 39 of 1997 on May 28, 2018. The Group then filed another appeal in Supreme Court of Pakistan against the said Order by the High Court of Sindh in October 2018 under appeal number CPLA 1150-K/18. The matter is pending in the Court. The management of the Group and its legal counsel are hopeful for a favorable outcome of the case and hence, no provision has been made against the above demand in these consolidated financial statements.

(ii) DGDP's risk purchase claim amounting to Rs. 33.582 million, was disputed by the Group on the grounds that the goods were delivered in time, however, the DGDP failed to lift the goods thereby indulging in breach of the contract. DGDP also withheld tender money paid by the Group amounting to Rs. 8.19 million (note 14.1) during the year 1995 and 1996. The said case filed by the Federation of Pakistan – Suit 158/03 is pending before Civil Judge 1st Class, Rawalpindi. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these consolidated financial statements.

(iii) The Group filed Constitutional petition no. H-267/05 dated November 21, 2005 on before the Court and was granted a stay against the order number of Customs, Excise and Sales Tax Appellate Tribunal, Karachi, upholding allegation of non-payment of sales tax on advances etc., amounting to Rs. 11.087 million. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these consolidated financial statements.

(iv) The Group has filed an appeal no. D-2123 of 2011 dated February 22, 2013 before Customs, Excise and Sales Tax Appellate Tribunal, Karachi, which is pending for hearing, against the order of the Deputy Collector, Collectorate of Customs, Excise and Sales Tax (Adjudication), Hyderabad to pay off alleged demand of Rs. 10.07 million including additional tax and penalty. On prudent basis, the management has made provision of the said amount in these consolidated financial statements.

(v) The Group filed an appeal no. 99 dated September 28, 2015 before the Commissioner Appeals against the order-in-original no. 01/11/2015 dated August 19, 2015 whereby sales tax liability along with penalty amounting to Rs. 18 million has been established for claiming inadmissible input tax adjustment for the tax periods July 2012 to March 2015. The Commissioner Appeals has remanded back the case to Deputy Commissioner Enforcement and Collection which is pending for hearing. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these consolidated financial statements.

(vi) During the prior year, the Deputy Commissioner Inland Revenue (DCIR) had passed an Order in Original No. 5/16/2018-19 dated September 17, 2018 18 for the tax periods from July 2016 to March 2018 and rendered input tax of Rs. 7.185 million inadmissible under section 8(1), (a), (f), (h) and (i) of the Sales Tax Act, 1990 and also ordered for imposition of penalty amounting to Rs. 0.359 million. Against the order, the Group had obtained stay order till 31 October 2018. The case is pending for hearing at Commissioner Inland Revenue (Appeals – II) Karachi. Based on the advice of the tax advisor, the management is confident of a favorable outcome and hence, no provision is made in these consolidated financial statements.

		2019 Rupees	2018 Rupees
29.2	**Commitments**		
	Capital commitments	**149,552,483**	97,821,955
	Commitments in respect of operating lease rentals for farms	**15,687,000**	21,309,750
	Commitments in respect of finance lease obligation for vehicles	**30,365,193**	38,997,482
30	**TURNOVER – net**		
	Sales		
	- Sugar – exports	**455,005,253**	2,813,117,374
	– local	**4,999,533,296**	1,777,930,322
	- Molasses	**381,487,077**	334,812,155
	- Bagasse	**95,519,241**	105,584,113
		5,931,544,867	5,031,443,964
	Less:		
	- Sales tax	**619,771,722**	240,654,106
		5,311,773,145	4,790,789,858

31 COST OF SALES

	Note	2019 Rupees	2018 Rupees
Manufactured sugar:			
Cost of sugarcane consumed [Including procurement and other related expenses]		3,661,032,856	3,383,643,793
Market committee fee		7,022,588	10,432,794
Road cess on sugarcane		4,389,205	6,520,684
Salaries, wages and other benefits	31.1	220,487,055	223,111,691
Stores and spare parts consumed		215,093,435	268,087,689
Repairs and maintenance		59,238,315	61,967,854
Fuel, electricity and water charges		17,565,323	12,805,332
Vehicle running and maintenance expenses		4,637,168	4,480,304
Insurance		20,642,422	20,632,533
Depreciation	6.1.1	148,262,892	141,997,699
Others		26,528,074	29,129,661
		4,384,899,333	4,162,810,034
Opening stock of work-in-process		1,279,653	2,519,343
Closing stock of work-in-process	11	(2,589,011)	(1,279,653)
		(1,309,358)	1,239,690
Cost of goods manufactured		4,383,589,975	4,164,049,724
Opening stock of finished goods		1,165,877,767	1,202,937,630
Closing stock of finished goods	11	(1,058,006,932)	(1,165,877,767)
		107,870,835	37,059,863
		4,491,460,810	4,201,109,587

31.1 Include gratuity expense of Rs. 450,993 (2018: Rs. 376,206) and contribution to provident fund of Rs. 5.145 million (2018: Rs. 5.066 million).

32 DISTRIBUTION COSTS

	Note	2019 Rupees	2018 Rupees
Salaries and other benefits	32.1	3,315,280	3,270,240
Insurance		36,695	27,912
Stacking and loading		12,549,333	18,809,172
Export expenses		15,274,435	64,033,967
Others		28,383,559	25,307,027
		59,559,302	111,448,318

32.1 Include contribution to provident fund of Rs. 67,554 (2018: Rs. 68,988).

33 ADMINISTRATIVE EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries and other benefits	33.1	141,744,378	138,851,479
Electricity, telephone, fax and postage		14,201,382	10,986,142
Printing and stationery		1,644,533	2,497,472
Travelling and conveyance		8,201,686	10,448,795
Vehicle running and maintenance expenses		11,198,819	13,359,008
Auditor's remuneration	33.2	2,483,100	2,668,782
Legal and professional		5,540,900	7,382,121
Penalty		-	25,000
Fees and subscription		5,695,855	4,731,519
Insurance		366,946	279,117
Repairs and maintenance		10,902,246	12,409,689
Advertising		170,202	153,320
Donations	33.3	30,287,000	52,802,000
Depreciation	6.1.1	22,610,727	24,712,920
Others		694,419	652,177
		255,737,193	281,959,541

33.1 Include contribution to provident fund of Rs. 3.891 million (2018: Rs. 4.882 million).

33.2 Auditor's remuneration

	2019 Rupees	2018 Rupees
Statutory audit / consolidation fee	1,850,000	1,650,000
Review of half yearly consolidated financial information	400,000	375,000
Review of compliance with Code of Corporate Governance	175,000	175,000
Certifications	-	230,400
Out of pocket expenses	58,100	238,382
	2,483,100	2,668,782

33.3 Include Rs. 22.70 million (2018: Rs. 47 million) and Rs. 6.97 million (2018: Rs. 5.65 million) paid to Usman Memorial Hospital Foundation and Hasham Foundation respectively which are the projects of Hasham Group. Usman Memorial Hospital Foundation includes directors namely Mr. Mohammed Hussain Hasham and Mr. Ahmed Ebrahim Hasham who are the trustees of the said Foundation. Hasham Foundation include directors namely Mr. Mohammed Kasim Hasham, Mr. Mohammed Ebrahim Hasham, Mr. Mohammed Hussain Hasham, Mr. Khurram Kasim and Mr. Ahmed Ebrahim Hasham who are the trustees of the said Foundation. No other directors or their spouses have any interest in any donee's fund to which donation was made in both foundations.

34 OTHER EXPENSES

	Note	2019 Rupees	2018 Rupees
Provision for impairment of short-term investments		-	63,465,886
Loss on exchange rate difference		3,667,612	-
Workers' Profits Participation Fund		6,431,049	2,178,468
Workers' Welfare Fund		2,613,282	1,074,441
Farm expenses - net	34.1	-	2,673,584
		12,711,943	69,392,379

		Note	2019 Rupees	2018 Rupees
34.1	**Farm expenses – net**			
	Revenue from farms		(11,407,357)	(14,988,416)
	Less: Fair value of harvested crop	9.1	8,785,700	17,662,000
	Harvesting and other charges	9.1	10,655,745	12,796,669
			8,034,088	15,470,253
	Change in fair value less cost to sell of standing crop		(10,655,745)	(12,796,669)
	Farm (income) / expenses		(2,621,657)	2,673,584
35	**OTHER INCOME**			
	Income from financial assets			
	Dividend income		65,058,450	38,150,664
	Gain on disposal of short term investments		-	11,239,520
	Profit on term deposit receipts		851,852	1,712,039
	Exchange gain		-	88,197,472
			65,910,302	139,299,695
	Income from non-financial assets			
	Farm income – net	34.1	2,621,657	-
	Income from sale of electricity		3,820,358	19,945,129
	Scrap sales		-	5,676,361
	Gain on disposal of operating fixed assets		6,668,749	4,619,829
			13,110,764	30,241,319
			79,021,066	169,541,014
36	**FINANCE COSTS**			
	Markup / interest on:			
	Long-term financing		121,802,755	71,114,967
	Short-term borrowings		254,512,984	120,959,833
	Lease finance		3,620,237	3,340,534
	Workers' Profits Participation Fund		63,475	-
			379,999,451	195,415,334
	Bank charges		4,774,852	17,156,159
			384,774,303	212,571,493
37	**TAXATION**			
	Current		121,116,922	69,731,232
	Prior		13,384,075	1,106,292
			134,500,997	70,837,524
	Deferred		(26,188,156)	(54,012,808)
			108,312,841	16,824,716
	Deferred tax related to items recognised in OCI during in the year:			
	Net gain / (loss) on equity instruments designated at fair value through OCI		-	8,428,309
	Remeasurement gain / (loss) on gratuity		(35,424)	35,424
			(35,424)	8,463,733

37.1 As the major portion is subject to final tax regime on export sales and minimum tax on local sales, therefore, no numerical tax reconciliation is presented.

37.2 Income tax assessments of the Group have been completed up to the tax year 2019 (accounting year ended September 30, 2018).

38 BASIC AND DILUTED EARNING PER SHARE

There is no dilutive effect on the basic earnings per share of the Group, which is based on:

	2019	2018
Profit after taxation attributable to ordinary shares - (Rupees)	403,103,142	407,040,961
Weighted average number of ordinary shares	40,519,524	40,519,524
		Restated
Earnings per share - (Rupees)	9.95	10.05

39 WORKING CAPITAL CHANGES

	2019 Rupees	2018 Rupees
(Increase) / decrease in current assets		
Biological assets	(6,459,532)	8,876,300
Stores and spare parts	(752,650)	(17,789,589)
Stock-in-trade	106,561,477	38,299,553
Trade debts	51,448,927	43,931,250
Loans and advances	(624,051)	32,278,165
Trade deposits and short-term prepayments	3,622,119	(5,127,835)
Other receivables	263,259,676	(576,326,952)
	417,055,966	(475,859,108)
Increase / (decrease) in current liabilities		
Trade and other payables	229,447,733	(357,925,514)
Contract liabilities (advances from customers)	132,854,875	(325,337,216)
Sales tax payable	31,576,712	(42,897,822)
	393,879,320	(726,160,552)
	810,935,286	(1,202,019,660)

40 TRANSACTIONS WITH RELATED PARTIES

40.1 Related parties of the Group comprise of associates, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Group. Transactions and balances with related parties, other than those disclosed elsewhere in the consolidated financial statements, are as follows:

	2019 Rupees	2018 Rupees
Associates		
Investment made during the year	71,592,000	96,000,000
Dividend received during the year	224,999,987	224,999,987
Sales	400,504,824	345,312,029
Expenses shared	1,357,981	1,131,730
Donations	29,687,000	52,650,000
Defined contribution plan		
Provident fund contribution	9,104,081	10,003,645

40.2 Following are the related parties with whom the Group had entered into transactions with or has arrangement / agreement in place:

Name	Basis of relationship	Percentage of shareholding
Unicol Limited	Associate	33%
Unifoods Industries Limited	Associate	24%
Unienergy Limited	Associate	20%
Pakistan Molasses Company (Private) Limited	Common directorship	Nil
Mogul Tobacco Company (Private) Limited	Common directorship	Nil
Hasham Foundation	Common directorship	Nil
Usman Memorial Foundation	Common directorship	Nil
Hasham (Private) Limited	Common directorship	Nil

41 CAPACITY AND PRODUCTION

	Days	Tons of Cane crushing per Day (TCD) Rated Capacity	Average Capacity utilisation
Season 2018-2019	**94**	**12500 TCD**	**7471 TCD**
Season 2017-2018	129	12500 TCD	8087 TCD

The short fall in crushing is due to the decrease in market demand.

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

42.1 The aggregate amount, charged in the consolidated financial statements for the year are as follows:

	2019					2018				
	Chief Executive Officer	Executive Director	Non-Executive Directors	Executives	Total	Chief Executive Officer	Executive Director	Non-Executive Directors	Executives	Total
	Rupees									
Fees	-	-	450,000	-	450,000	-	-	370,000	-	370,000
Basic salary	7,608,000	7,608,000	-	23,222,053	38,438,053	7,608,000	7,608,000	-	20,032,300	35,248,300
House rent allowance	2,270,400	2,270,400		3,165,659	7,706,459	2,270,400	2,270,400	-	6,979,240	11,520,040
Utility allowance	760,800	760,800	-	2,322,205	3,843,805	760,800	760,800	-	2,003,230	3,524,830
Medical allowance	760,800	760,800	-	2,322,205	3,843,805	760,800	760,800	-	2,003,230	3,524,830
Retirement benefits	760,800	760,800	-	2,172,705	3,694,305	760,800	760,800	-	2,003,230	3,524,830
Bonus	1,902,000	1,902,000	-	2,172,705	5,976,705	2,536,000	2,536,000	-	6,660,667	11,732,667
	14,062,800	14,062,800	450,000	35,377,532	63,953,132	14,696,800	14,696,800	370,000	39,681,897	69,445,497
Number of persons	1	1	6	11	19	1	1	6	9	17

42.2 In addition, the Chief Executive Officer and Executive Director are provided with free use of the Group maintained cars, in accordance with their terms of service.

42.3 As per requirements of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

43.1 Credit risk

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

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The maximum exposure to credit risk at the reporting date is:

	2019 Rupees	2018 Rupees
Long term deposits	862,400	872,400
Trade debts	79,134,253	130,583,180
Trade deposits	358,640	358,640
Loans and advances	116,690,640	116,066,589
Other receivables	317,561,175	580,798,351
Bank balances	673,060,801	16,137,214
	1,187,667,909	844,816,374

Quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

43.1.1 Trade debts

There are no customers with defaults or past dues as at the current and prior year reporting date.

43.1.2 Bank balances

With external credit rating:

		2019 Rupees	2018 Rupees
A1+	PACRA	671,950,235	4,228,079
A-1+	JCR – VIS	-	8,592,779
A1	PACRA	912,006	3,316,356
		672,862,241	16,137,214

43.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Group's financial liabilities at the following reporting dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---------- Amount in Rupees ----------				
Long-term financing	-	57,083,333	258,749,999	735,830,843	1,051,664,175
Liabilities against assets					
subject to finance lease	-	5,916,721	3,856,689	20,591,783	30,365,193
Trade and other payables	263,783,538	362,625,833	15,470,598	-	641,879,969
	415,587,300	-	-	-	415,587,300
Unclaimed dividend	17,692,483	-	-	-	17,692,483
Accrued markup	-	125,500,017	-	-	125,500,017
Short term borrowings	-	1,750,705,674	-	-	1,750,705,674
2019	**697,063,321**	**2,301,831,578**	**278,077,286**	**756,422,626**	**4,033,394,811**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	---------- Amount in Rupees ----------				
Long-term financing	-	32,083,333	171,249,999	745,414,175	948,747,507
Liabilities against assets					
subject to finance lease	-	4,529,476	16,261,418	18,206,588	38,997,482
Trade and other payables	546,048,559	149,311,102	-	-	695,359,661
	-	-	-	-	-
Unclaimed dividend	19,503,183	-	-	-	19,503,183
Accrued markup	-	49,254,343	-	-	49,254,343
Short-term borrowings	-	1,966,893,276	-	-	1,966,893,276
2018	565,551,742	2,202,071,530	187,511,417	763,620,763	3,718,755,452

43.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

43.3.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates mainly relates to long term financing, short term borrowings and lease obligations. Management of the Group estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Group's profit before tax by Rs. 21.7 million (2018: Rs. 8.6 million) and a 1% decrease would result in the increase in the Group's profit before tax by the same amount.

43.3.2 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The management of the Group manages the above market risks through diversification of investment portfolio. The management estimates that a 10% decrease in the overall equity prices in the market with all of the factors remaining constant would decrease the Group's profit before tax by Rs.99.20 million (2018: Rs.125.54 million) and 10% decrease would result in a decrease in the Group's profit before tax by the same amount.

43.3.3 Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables exist as a result of sales made in foreign jurisdictions. Financial assets of the Group include Rs. Nil (2018: Rs. 103.051 million) in foreign currency which is subject to currency risk exposure.

	2019 Rupees	2018 Rupees
The following exchange rate has been applied at the reporting date:		
Pakistani Rupees to US Dollars	**157**	124

The following figures demonstrate the sensitivity to a reasonably possible change in exchange rates, with all variables held constant, of the Group's profit before tax:

	Changes in exchange rate	Effect on profit before tax Rupees
2019	**± 5%**	**-**
2018	± 5%	6,910,313

44 CAPITAL RISK MANAGEMENT

The Group finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Group monitors capital using a debt equity ratio as follows:

	2019 Rupees	2018 Rupees
Long-term financing	1,051,664,175	948,747,507
Short-term borrowings	1,750,705,674	1,966,893,276
Total debt	2,802,369,849	2,915,640,783
Share capital	405,195,240	320,312,450
Reserves	2,001,167,894	2,281,181,522
Total equity	2,406,363,134	2,601,493,972
Capital (Debt + equity)	5,208,732,983	5,517,134,755
Gearing ratio	54%	53%

45 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

As of the reporting date, the Group has financial instruments designated at FV OCI using level 1 valuation technique and the biological assets measured at fair value using level 2 valuation technique. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

	2019	2018
46 NUMBER OF EMPLOYEES		
Total number of employees as at reporting date	**582**	580
Average number of employees during the year	**581**	583

47 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on December 30, 2019 by the Board of Directors of the Group.

48 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

48.1 Subsequent to the year end, the Board of Directors of the Group in their meeting held on December 30, 2019 have proposed a final cash dividend of Rs. 1.00 (2018: Rs. 3) per share and issue of bonus shares in the proportion of 15 (2018:15) ordinary shares for every hundred (100) ordinary shares held for the year ended September 30, 2019.

48.2 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), every public company is obliged to pay tax at the rate 5% on its accounting profit before tax if it derives profit for a tax year but, does not distribute at least 20% of its after tax profits within six months of the end of the tax year, through cash.

Based on the above fact, the Board of Directors of the Group has recommended a final cash dividend amounting to Rs. 1.00 per share 10% (2018: Rs. 3/- per share 30%) and issue of bonus shares in the proportion of 15 (2018: 15) ordinary shares for every hundred (100) ordinary shares held for the year ended September 30, 2019. This exceeds the prescribed minimum dividend requirement as referred above. Accordingly, no further tax provision has been recorded under section 5A of the Ordinance.

The approval of the members for the proposed final cash dividend and the proposed bonus issue will be obtained at the Annual General Meeting of the Group to be held on Januray 28, 2020. The financial statements for the year ended September 30, 2019 do not include the effect of the final cash dividend and proposed bonus issue which will be accounted for in the financial statements for the year ending September 30, 2020.

49 GENERAL

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

49.2 Certain prior year figures have been reclassified for comparison purposes. However, there are no material reclassifications to report in this regard.

CHIEF EXECUTIVE OFFICER   CHIEF FINANCIAL OFFICER   DIRECTOR


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FORM OF PROXY

I/We____of____ ________________being member of Mehran Sugar Mills Limited, holding _______________Ordinary Shares as per Registered Folio No. / CDC A/c No. (for members who have shares in CDS)____________ hereby appoint Mr./Mrs./Miss____of (full address)____ or failing him / her Mr./Mrs./ Miss____of (full address) ____ (being member of the company) as my/our Proxy to attend, act and vote for me/us and behalf at the 54th Annual General Meeting of the Company to be held on January 28, 2020 at 4:30 pm and /or any adjournment thereof.

As witness my/our hands seal this __________day of _________2020.

Signed by ____________________ in the presence of

1. Witness	2. Witness
Signature __________________	Signature______________________
Name _________________	Name ______________________
Address: ___________________	Address: ______________________
__________________	______________________
CNIC No.__________________	CNIC No._____________________

Signature on Rs. 5/-
Revenue Stamp

Important:

1. This form of proxy, duly completed and signed, must be deposited at the office of the Company's Shares Registrar, not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is a Member.

For CDC Account Holders / Corporate Entitles:

In Addition to the above following requirements have to be met:

i. The Proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
ii. Attested copies of CNIC or Passport of the beneficial owners and proxy shall be furnished with the proxy form.
iii. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
iv. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form.

پراکسی فارم

میں / ہم: ____

____

بطور رُکن (حصص دار) مہران شوگر ملز لمیٹڈ (حصص کی تعداد) ____________________ جو کہ رجسٹرڈ ہیں بذریعہ فولیو نمبر سی ڈی سی / اکاؤنٹ نمبر (اُن اراکین

کے لئے جن کے حصص سی ڈی ایس میں ہیں) ____________________

بذریعہ ہذا تقرر کرتا ہوں جناب / محترمہ ____________________

مکمل پتہ ____________________

میری / ہماری غیر موجودگی میں میرے / ہمارے پراکسی (نمائندے) کے طور پر کمپنی کی 54 ویں سالانہ جنرل میٹنگ 28 جنوری 2020 بروز منگل دن 4:30 بجے، بمقام انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹس کراچی میٹنگ میں شرکت کرے گا اور میری / ہماری جگہ ووٹ استعمال کرے گا۔

میں بطور گواہ اس ____________ دن ____________ 2020

ریونیو مُہر

دستخط منظور کنندہ ____________________

دستخط کمپنی کے پاس موجود نمونے کے دستخط کے مطابق ہونا چاہیئے

گواہان

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

ضروری:

1۔ پروکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹر آفس میں جمع کرا دیا جائے۔

2۔ فارم پر ممبر یا اس کا تحریراً مقرر کردہ اٹارنی دستخط کرے گا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مُہر فارم پر ثبت کرنی ہوگی۔

3۔ اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب شرکت اور رائے دہی کے لئے دوسرے ممبر کو اپنا پروکسی مقرر کرسکتا ہے تاہم کارپوریشن کسی بھی غیر ممبر کو اپنا پروکسی مقرر کرسکتی ہے۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریشن اینٹٹی

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا:

(i) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیئے جن کے نام، پتے اور سی این آئی سی یا پاسپورٹ نمبر فارم میں درج ہوں۔

(ii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم کے ہمراہ منسلک کرنی ہونگی۔

(iii) پروکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔

(iv) کارپوریٹ اینٹٹی کی صورت میں ڈائریکٹرز کی قرارداد / پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پروکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔

Executive Tower, Dolmen City,
14th Floor, Block-4, Marine Drive, Clifton, Karachi-75600
Tel : (92 21) 35297814-17
Fax : (92 21) 35297818, 35297827
info@mehransugar.com

m e h r a n s u g a r . c o m