Mirpurkhas Sugar Mills Limited

A Ghulam Faruque Group Company

Annual Report 2019

Chapters

Organizational Overview and External Environment

Diamond in the rough

Developing & nurturing fresh minds is at the core of our people strategy at Mirpurkhas Sugar Mills.

Mirpurkhas Sugar Mills strive to build a talent pipeline from reputable educational institutions and keeping them engaged.

We go the extra mile to hire the right cultural fit and potential for our organization before we polish them to shine as our most valuable asset.

Polishing Facets

Be it a fresh graduate who joins our ranks or a seasoned professional; refining skills, polishing talent and adding facets is an activity that never ceases at Mirpurkhas Sugar Mills.

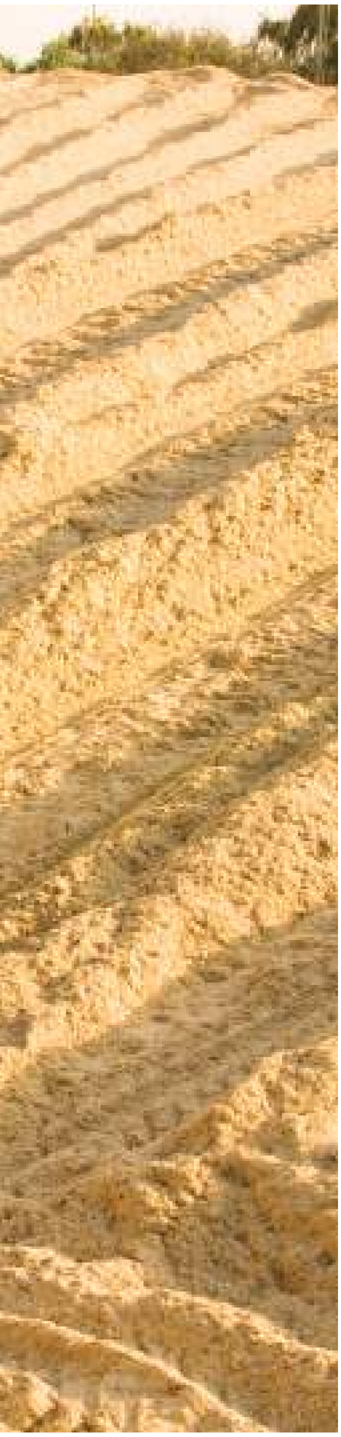
Our learning strategy is anchored in tuning a team into passionate professionals by exposing them to our learning and coaching programs. These professionals form the backbone of our organisation which will provide us leadership in years to come.

Developing
The 4Cs

A diamond, to be valued, must be judged by the 4Cs i.e. clarity, colour, carat, & cut.

Our employees are the jewels in Mirpurkhas Sugar Mills' crown; the onus is on us to ensure our gems meet and exceed Mirpurkhas Sugar Mills' 4Cs i.e. competence, conduct, character & career goals. These 4Cs will propel them to shine like diamonds.

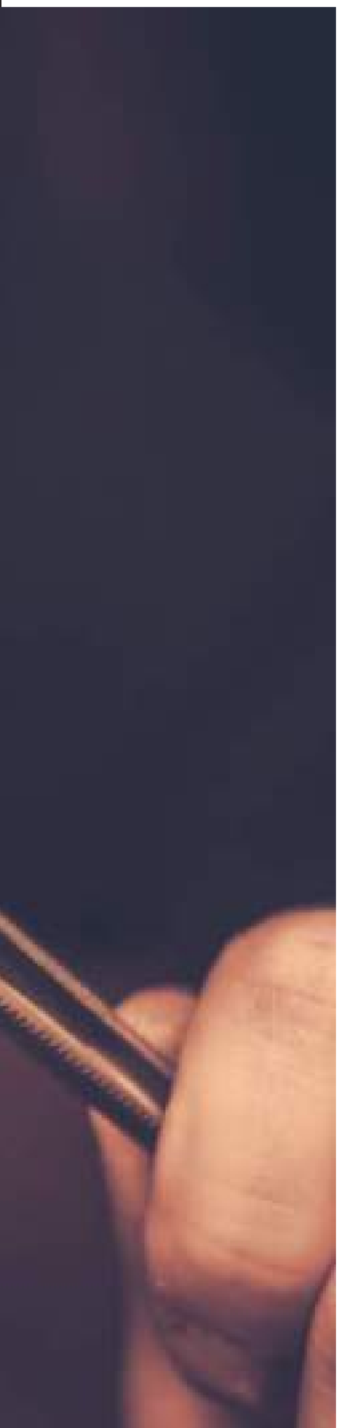
Our future leadership program enables our young talent to expand their horizon and seek valuable insights from our on-the-job training experience and challenging opportunities, to hone themselves as future leaders.



Nature of Business

The Company has a sugar cane crushing capacity of 12,500 M.Tons per day.

Established in 1964, its principal activity is manufacturing and selling of sugar. It is located about 230 km from the port city of Karachi, in Mirpurkhas and is listed on the Pakistan Stock Exchange. It is one of the most efficient sugar mills in Pakistan. Moreover, it is involved in development of higher yield sugar cane varieties on its 1,100 acre experimental farms and in adjoining areas of mills.



Vision

We aim to be a leading producer and supplier of high quality sugar in Pakistan. We aspire to be known for the quality of our product. We intend to play a pivotal role in the economic and social development of Pakistan, thereby, improving the quality of life of its people.

Mission

As a leading producer of quality sugar in Pakistan, we shall build on our core competencies and achieve excellence in performance. In doing so, we aim to meet or exceed the expectations of all our stakeholders.

In striving to serve our stakeholders better, our goal is not only to attain technological advancements in the field of sugar technology, but also to inculcate the most efficient, ethical and time tested business practices in our management.

We shall continue to look for innovative ways to introduce alternate uses of sugar to broaden our customer base.

Our Values

LIVE VALUES
BUILD CULTURE

RESPECT
is our way of life

OWNERSHIP
is our way to success

QUALITY
is our legacy

FAIRNESS
is our way of work

Culture

Organisational culture at Mirpurkhas Sugar Mills Limited is a manifestation of shared values and beliefs, which we practice every day to move towards a better and more vibrant organisation.

These shared values have a strong influence on the team and help them in achieving a win-win outcome for both employees and the organisation. Our values are what our culture is built on and bind us into a world class team, yearning to out perform the competition.

Ethics

Our Code of Conduct reflects our commitment to meet the expectations of our stakeholders and contains the fundamental principles and rules concerning ethical business conduct.

Mirpurkhas Sugar Mills Limited is committed to conducting its business with honesty and integrity, and we expect all our employees to maintain highest standards in accordance with this Code.

MSM's Code of Conduct forms an integral part of the terms of employment of all employees. The Company ensures full compliance and functions on zero tolerance on the same. Unethical behavior is not acceptable under any circumstances. Breach of Code of Conduct can lead to disciplinary action up to and including termination of employment.

It is the obligation of every employee to be responsible, honest, trustworthy, conscientious, and dedicated to the highest standards of ethical business practices. The employees have a legal, moral and ethical responsibility to report to their Line Managers or Compliance Committee, any known or suspected violations of law, regulations and / or corporate policies.

Code of Conduct

The Code of Conduct of the Company is based on the principles of honesty, integrity and professionalism at every stage.

Scope

The code of conduct policy is applicable to every individual working in the Company and its locations.

Compliance Committee and Reporting of Violations

Mirpurkhas Sugar Mills has established a Compliance Committee to provide advice concerning compliance with the code of conduct. All employees are encouraged to report any suspected violation of this Code of Conduct to their Line Managers (Functional Heads) or Compliance Committee or their respective Executive Director.

Compliance with the Law

The observance of the laws and regulations of the legal systems in which we operate is mandatory for all employees in their dealings with customers, suppliers, competitors, other employees, government bodies and officials.

Competition and Anti-trust Law

Mirpurkhas Sugar Mills obligates its employees for strict compliance with Competition and Anti-trust Laws wherever it operates.

Bribery and Corruption

Mirpurkhas Sugar Mills is committed to conducting its business in an open, honest and ethical manner in all the jurisdictions in which it operates and will not engage in any form of bribery or corruption in order to secure any kind of business advantage.

Money Laundering

It is MSM's policy to refrain from conducting business with persons or entities who are involved in criminal or illegal activities. All employees have to adhere to applicable anti-money laundering laws and regulations.

Product Quality

We discover, develop and manufacture high-quality products that meet all regulatory requirements, and pursue quality beyond compliance in both our products and processes. We focus on regularly updating ourselves with technological advancements to produce under the highest standards and maintain all relevant technical and professional standards.

Books, Records and Financial Reporting

The accuracy and completeness of our books, records and financial reporting is of critical importance for Mirpurkhas Sugar Mills. We fulfill all applicable legal obligations with regard to public filings and reporting.

Confidentiality

It is our policy that no employee entrusted with confidential information about the Company, its suppliers, customers or other business partners may disclose such information to any third party or use such information for his or her personal benefit while employed with the Company or thereafter, unless prior written approval is obtained from a duly authorized person, or the disclosure of confidential information is required by mandatory law, any governmental agency, court or other quasi-judicial or regulatory body.

Protection and Information Security

Mirpurkhas Sugar Mills has a policy that sets out rules on data protection and the legal conditions that must be satisfied in relation to the obtaining, handling, processing, storage, transportation and destruction of personal information. We comply with all applicable laws & regulations regarding the collection, processing and use of personal data. Any illegal collection, processing or use of personal data of our employees, suppliers, customers and third parties is strictly prohibited. All personal data must be safeguarded with appropriate care and protected against unauthorized access by third parties at all time.

Handling and Safeguarding of MSM's Property

Employees must handle MSM's property (including both tangible & intangible) with due care and in a responsible manner. Mirpurkhas Sugar Mills does not tolerate any unauthorized use or misappropriation of its property or services.

Equal Treatment and Fair Working Conditions

Mirpurkhas Sugar Mills is committed to promoting equality of opportunity for all staff and job applicants.

We aim to create a working environment in which all individuals are able to make best use of their skills and abilities, free from discrimination or harassment, and in which all decisions or promotions are objectively based on merit. We do not tolerate any form of discrimination, harassment or bullying in the workplace.

Health, Safety and Environmental Protection

We focus on all aspects of occupational health, safety and environmental protection. We identify and manage health, safety and environmental risks in our activities and over the entire value chain of our products and services. We make efficient use of natural resources and minimize the environmental impact of our activities and products over their life cycle.

Conflict of Interest

Employees may not engage in any activities, on or off the job, that conflict with the Company's business interest, nor they may use their position with the Company for their personal gains, or for the improper benefit to others. As a policy, conflicts of interest or the mere appearance of such a conflict must be avoided.

Group Structure

Since its inception, the Ghulam Faruque Group has continuously strengthened and diversified its lines of operations; and all group Companies are working under common directorship / management. Details and brief profile of other leading group companies / ventures are as follows:

Faruque (Pvt.) Ltd
Parent Company

Established in 1964 as a Parent Company of the Group, it primarily serves as an investment arm of the Group.

Cherat Cement Company Ltd
Manufacturer of Ordinary Portland Cement

Cherat Cement Company Limited was incorporated in 1981. Its main business activity is manufacturing, marketing and sale of Ordinary Portland Cement. The Company is amongst the pioneers of cement industry in Pakistan and is the number 1 cement in its region. The Company's annual installed capacity is around 4.5 million tons. The plant is located at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa (KPK) province. Due to the plant's geographical position, it is ideally located to export cement to Afghanistan as well as cater the local market needs in the KPK, FATA, Punjab and Azad Kashmir. The Company is registered on Pakistan Stock Exchange Limited and is also an ISO 9001 and 14001 certified. CCCL has installed its 3rd Cement line at its current location with annual clinker capacity of 2.1 million tons.

Cherat Packaging Ltd
Manufacturer of Kraft Paper, Polypropylene Bags and Flexible Packaging Products

Established in 1991, it is the largest producer and supplier of paper sack and polypropylene ("PP") bags to the cement industry in Pakistan. CPL also produces and provides bags to other industries such as sugar, rice and chemical etc. CPL is listed on Pakistan Stock Exchange. The Company has a production capacity of 400 million paper bags and 195 million PP bags and 12.6 million kg flexible Packaging Product. It caters to the domestic as well as export markets and is also a recipient of the prestigious Pakistan Stock Exchange "Top Companies" Award and Management Association of Pakistan's Best Company Award several times.

UniEnergy Limited
Joint Venture for Renewable Wind Energy

Zensoft (Pvt.) Ltd

Information Systems Services Provider
Specializing in Business Software Solutions

It was established in 1998 and is engaged in development and sale of computer softwares. The Company specializes in providing high quality business solutions.

Greaves Pakistan (Pvt.) Ltd

Providing Specialized Engineering Sales and Services

It was established in 1859 to provide specialized engineering equipment sales and services. However in 1964, the Group acquired a controlling interest in the shares of the Company and by 1981 Greaves became a wholly owned subsidiary of Faruque (Pvt.) Ltd. Greaves has the following divisions namely i) Power Generation, ii) CNG Equipment, iii) Industrial Machinery, iv) Solar Energy, v) LED, vi) Elevator, vii) Earth Moving & Construction Machinery, viii) Air Compressor ix) Fuel Dispenser and x) UPS.

Greaves Airconditioning (Pvt.) Ltd

Equipment Suppliers and HVAC Solution Provider

Commencing operations in 1975, this Company is the only HVAC solution provider of its kind and is the sole distributor of York (JCI) products in Pakistan. It is involved in providing a wide array of services related to HVAC equipments that includes designing, installation and maintenance of central and packaged units. Moreover, it has also launched residential light air conditioning units under the brand name of Euro Aire.

Greaves CNG (Pvt.) Ltd

Retail Sales of CNG to end consumers

Greaves CNG was established in 2001 with a prime motive to install CNG facilities at the retail outlets of Petroleum Companies. It is a preferred third party investor for all major petroleum companies in Pakistan.

Greaves Engineering Services (Pvt.) Ltd

HVAC Contractors

Established in 2003, its principal activity is to provide services associated with Airconditioning, installation and maintenance of central and packaged units.

Unicol Ltd

Joint Venture Distillery Producing
Ethanol and Liquid Carbon Dioxide (CO_2)

Incorporated in 2003, Unicol is a joint venture distillery project among Mirpurkhas Sugar Mills Ltd, Faran Sugar Mills Ltd and Mehran Sugar Mills Ltd. It is engaged in the production and marketing of ethanol from molasses and CO_2. Its current production capacity is 200,000 litres per day. It is involved in producing various varieties of Ethanol. Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.

Mirpurkhas Energy Ltd

Wholly owned subsidiary of
Mirpurkhas Sugar Mills Ltd

Mirpurkhas Energy Ltd., incorporated in 2016 as a public (unlisted) Company, is a fully owned subsidiary of Mirpurkhas Sugar Mills Limited.

Madian Hydropower Ltd

Joint Venture for Establishing
148 MW Hydro Power Plant.

Company Information

Board of Directors

Mr. Shehryar Faruque	Chairman
Mr. Aslam Faruque	Chief Executive
Mr. Arif Faruque	Director
Mr. Amer Faruque	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Yasir Masood	Director
Mr. Wasif Khalid	Director
Engr. Mahfuz-ur-Rehman Pasha (NIT)	Director

Audit Committee

Mr. Samir Mustapha Chinoy	Chairman
Mr. Shehryar Faruque	Member
Mr. Yasir Masood	Member

Human Resource and Remuneration Committee

Engr. Mahfuz-ur-Rehman Pasha (NIT)	Chairman
Mr. Arif Faruque	Member
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member

Chief Operating Officer & Chief Financial Officer

Mr. Wasif Khalid

Executive Director & Company Secretary

Mr. Abid Vazir

Head of Internal Audit

Mr. Aamir Saleem

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99 - B, Block - B, S.M.C.H.S.
Main Shahrah-e-Faisal Karachi – 74400
Tel: 0800-23275 UAN: 111-111-500
Email: info@cdcsrsl.com

BANKERS (Conventional)

Allied Bank Ltd.
Bank Al Habib Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
MCB Bank Ltd.
MCB Islamic Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Samba Bank Ltd.
Soneri Bank Ltd.
United Bank Ltd.

BANKERS (Islamic)

Askari Bank Ltd.
Al Baraka Bank (Pakistan) Ltd.
Bank Alfalah Ltd.
Dubai Islamic Bank Pakistan Ltd.
Meezan Bank Ltd.

Registered Office / Factory

Sub Post Office Sugar Mill
Jamrao, Umerkot Road
Mirpurkhas, Sindh

Head Office

Modern Motors House
Beaumont Road
Karachi-75530 Pakistan
UAN: +92 - 21-111- 354 -111
Fax: + 92 - 21- 35688036
Web: www.gfg.com.pk

Auditors

Kreston Hyder Bhimji & Co.
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

The Journey so Far

1965-66

Incorporated in 1964, Mirpurkhas Sugar Mills Ltd started sugar production in February 1966 with an initial cane crushing capacity of 1,500 TCD through DCDS process, (double carbonation double sulphitation).

Cane crushing capacity increased to 2,000 TCD

1968-69

1984-85

Process converted to DRCS (Defecation Remelt Carbonation and Sulphitation) with addition of complete juice/melt clarification, are refined sugar crystallization, separation, drying and grading processes. Crushing increased to 3,500 TCD.

Plant capacity enhanced to 4,500 TCD.

2001-02

2005-06

Plant capacity enhanced to 5,000 TCD.

Unicol Ltd, joint venture distillery producing Ethanol and Liquid Carbon Dioxide (LCO_2) commenced its production operations.

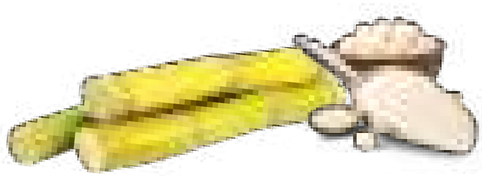
2006-07

2007-08

Plant capacity enhanced to 5,500 TCD.

Achieved sales revenue of over Rs. 2 billion.

2008-09



2009-10

SAP (ERP) implemented across the Company.

2010-11

Plant capacity enhanced to 6,200 TCD.

2011-12

Company started corporate farming activities in 871 acres land area.

2012-13

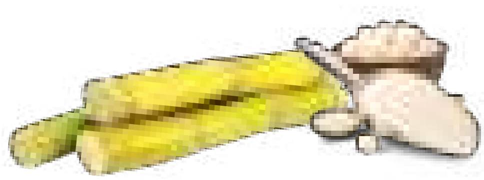
Achieved sales revenue of over Rs. 3 billion.

2013-14

Plant capacity enhanced to 7,000 TCD.

2015-16

Company farming operations extended to 1,700 acres land area and achieved improved sucrose recovery through improved varieties in its farms as a result of applying latest farming techniques and skills of agronomists and skilled workers.



2016-17

Plant capacity enhanced to 8,500 TCD.

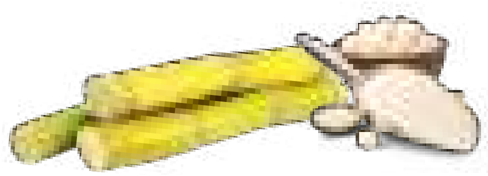
2017-18

Plant capacity was enhanced to 12,500 TCD.

Highest cane crushing of 774,171 MT.

Highest sucrose recovery of 11.39%.

Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.



2018-19

Third highest sucrose recovery of 11.25% in the Sindh Province.

Effluent Treatment Plant (ETP) installed and ready for operation in the coming season.

The Company secured First position in the Best Corporate and Sustainability Report Award in the sugar sector.

Implemented Environmental Management System ISO 14001:2015 certified.

Implemented Occupational Health & Safety Management System ISO 45001:2018 certified.

Unicol Limited has a production capacity of 200,000 liters or 160 metric tons per day

Unicol Limited, a public unquoted company, is a joint venture with shares equally held among Faran Sugar Mills Ltd, Mehran Sugar Mills Ltd and Mirpurkhas Sugar Mills Ltd. All three companies are listed on the Pakistan Stock Exchange.

Unicol commenced its operations in August 2007 and is producing ethanol from sugar cane molasses. The plant located at Mirpurkhas, Sindh, on approximately a 210 acre plot, had a designed capacity of 200,000 liters or 160 metric tons per day. The distillery plant is designed by Maguin Interis, France.

Presently 100% of Unicol's ethanol is being exported; with the majority destined for European, Middle East, Africa and Far Eastern markets.

Furthermore, Unicol has invested in purification and liquification of CO_2 which is a by-product. This plant, designed by Tecno Project Industriale, Italy, (www.technoproject.com) is in production since June 2014. The CO_2 plant has a capacity of 72 metric tons per day.

Unicol, being part of economic development and providing employment in Pakistani rural areas, ensures the compliance of all health, safety, and environmental laws and procedures.

Products

Unicol can produce various grades of Ethanol, including ENA Anhydrous (99.9%), ENA (>96%) and industrial grade (>92%). The Ethanol produced by Unicol has various uses in different industries like pharmaceuticals, aerosols, cleaning products, perfumes, personal care products, printing inks, fabric softeners, vinegar, paints and varnish, preserving agents and chemical manufacturing. Liquid CO_2 is its by product, and is used in beverages, dye making, dry cleaning, and fire extinguishers. Dry ice, another form of CO_2, is used in preservation and refrigeration.

Awards and Recognition

Unicol is the proud recipient of the FPCCI Prime Minister of Pakistan Award and the FPCCI Best Export Performance Award for 2017-18.

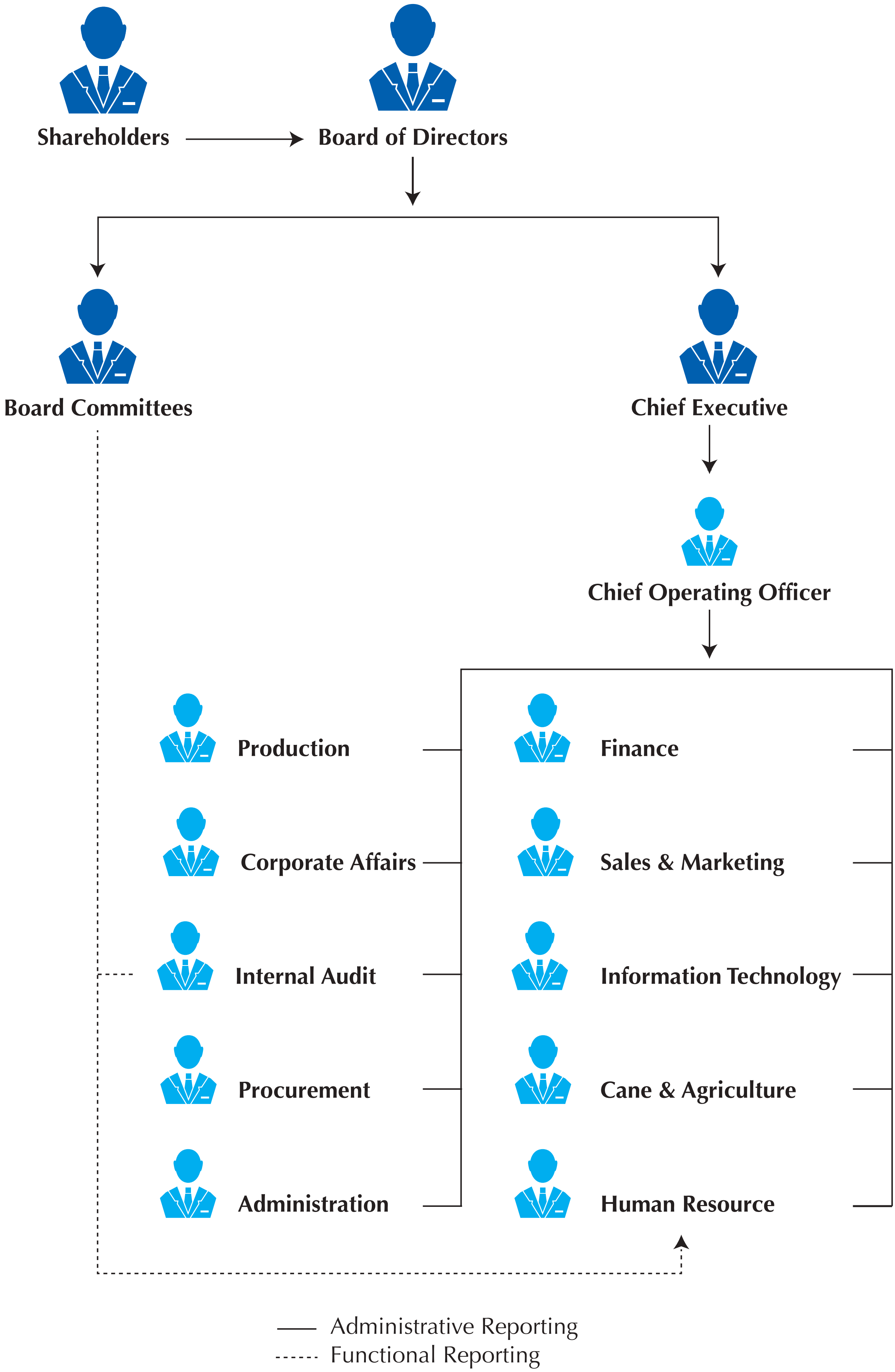
Geographical Presence

Registered Office / Factory

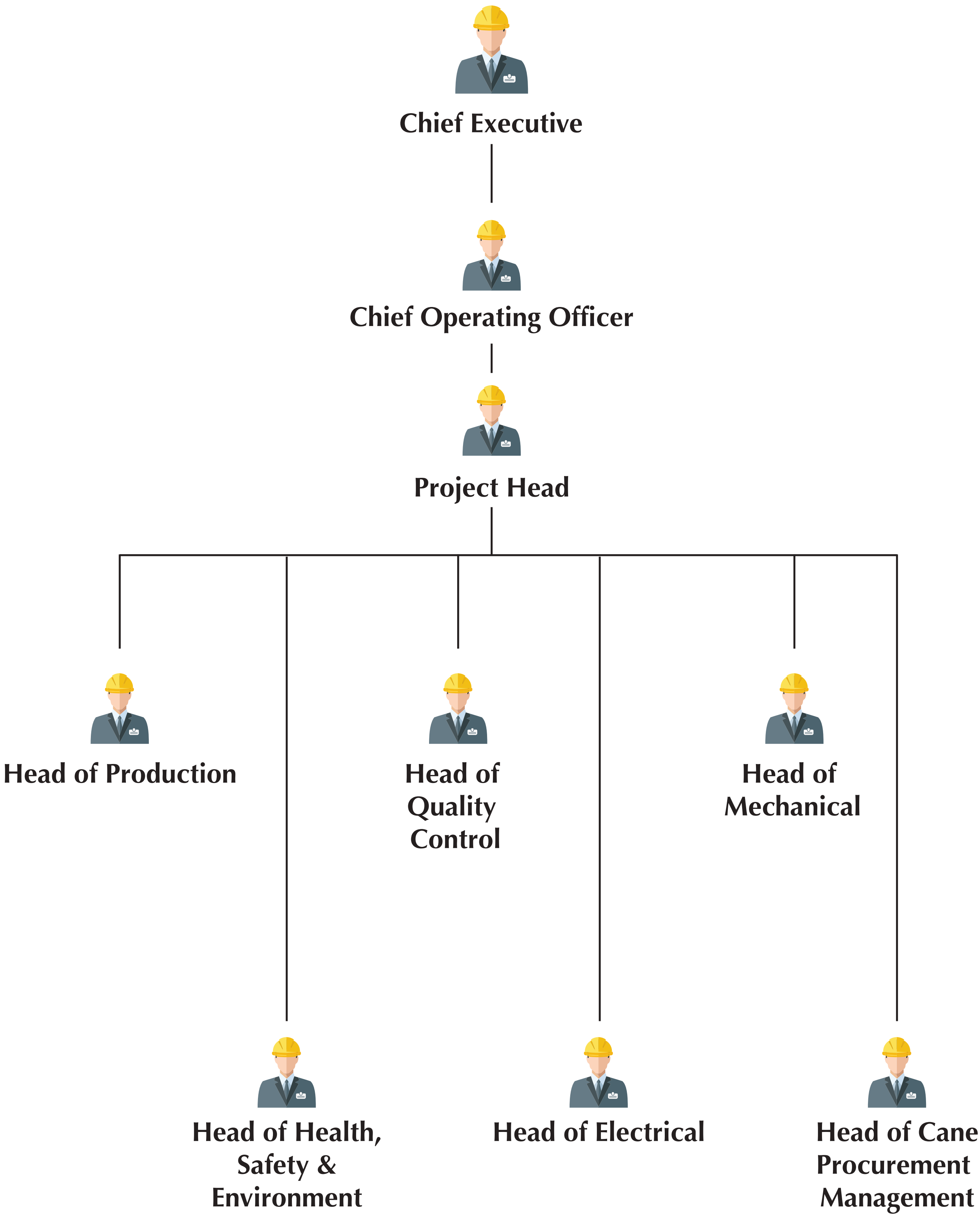
Head Office

Regional Offices

Organisational Structure



Factory Site Organizational Structure



Position within the Value Chain


Supplier/Sugarcane transported to Factory
Mirpurkhas Sugar Mills
Down Stream
Transportation

Significant Factors Affecting the External Environment & the Organization's Response

It's not possible for Organizations to work in vacuum. Organizations are affected by its external environment. Some of these factors are listed and elaborated below:

	P	E	S
Factor	**Political**	**Economic**	**Social**
Description	- Political uncertainty generally impacts organizations negatively	- Increase in Raw Material Cost - Increase in Labor Cost - High interest cost - High inflation - Low economic growth impacts the Organization negatively - Exchange rates	Corporate Social Responsibilities factors: - Providing safe and clean work environment - Charity and donation - Supporting the local community in healthcare and education
Significant change from last year	- Political uncertainty - Rift among political parties	- Devaluation of PKR - Hike in discount rate - Decelerated economy - Increased inflation	- Make HSE department more rigorous
Organization's response	- Management keeps a close eye on the political development - Industry issues are dealt through association - Sales, if made on credit, strong credit controls are enforced	Sugarcane is a major raw material for sugar production and constitute 90% of manufacturing cost. Sugarcane price is regulated by Provisional Government. Higher cost of sugarcane makes the sugar mills less competitive to operate. Company is utilizing its capacity at optimum level and produce sugar at high recovery. However, devaluation of currency, inflation factor and increase variable costs made their impact on the profitability of the Company. Company keeps on applying cost effective measures to manage inflationary pressure.	Company donates to various social and charitable causes including towards health, education and social sectors. The Company actively participates in various social work initiatives as part of its corporate social responsibility.

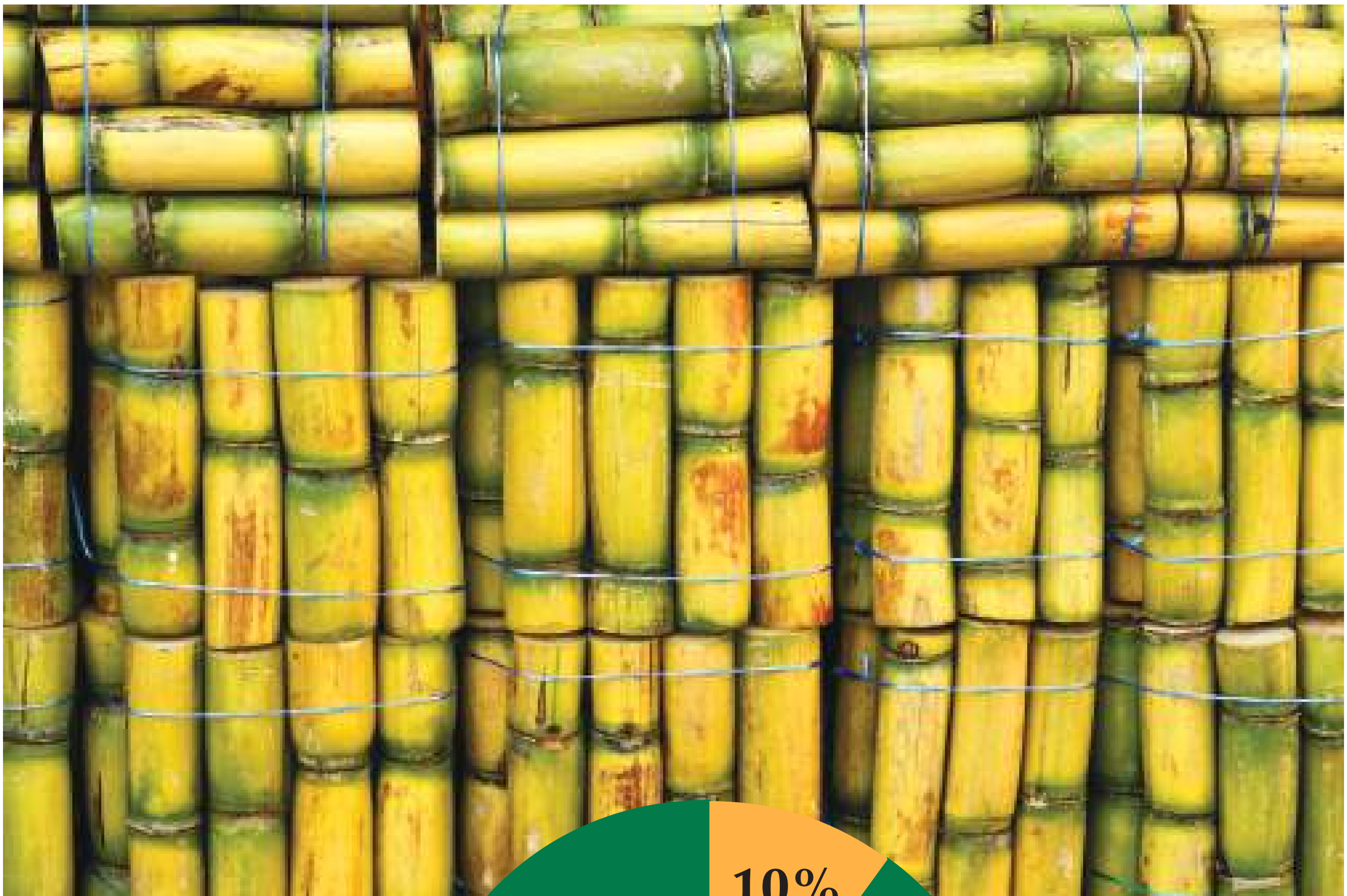
	T	L	E
Factor	**Technological**	**Legal**	**Environmental**
Description	Risk of technical obsolescence Introduction of new technology by competitors	Companies are require to abide by various laws and regulations. Every responsible company must follow all rules and regulations laid by the Government.	Adverse weather condition Growing attention to environmental protection Climate changes Natural Disasters
Significant change from last year	- Revamping network system - Product Innovation	- Companies Act - Income Tax Ordinance - Sales Tax Act - Pakistan Stock Exchange listing regulations - SECP Acts, Rules and Regulations - Code of Corporate Governance - International Financial Reporting Standard (IFRS) - Industrial relations laws etc.	- Implementation of proper HSE and Environment Standards within an organization
Organization's response	Keeping in view the technological advancements, the Company has always given priority to latest developments. The Company has installed latest machinery at its production site and keep it updated to meet the latest technological standards. Further, the Company is running world renowned SAP (ERP system).	The Company strongly abides all Acts, listing rules and regulations applicable on it. In this connection consistent efforts are put by the management to fulfill every legal aspect.	- The Company has complied with NEQS as required in SEPA Act, the effluent is being treated by successful installation and operation of effluent treatment plant (physicochemical and biological, activated sludge process). - Pre-treatment of effluent, oil skimmer followed by gravity oil separator at drain are installed to remove oil contamination from waste water - The plant is equipped with bagasse consumption boilers in order to minimize air pollution. - Further plant is equipped with bagasse dryers, Ash removing and collecting system for energy conservation and improvement of air quality. - Every year 2000 to 3000 trees planted in mills area & surrounding to improve shared environment

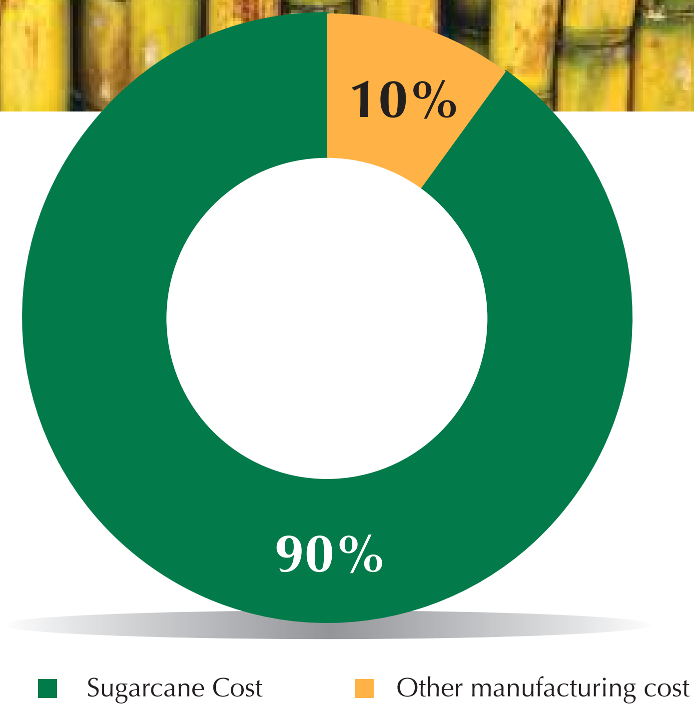
Seasonality of Business

The sugar season starts in November / December and ends in March / April. Sugar is produced in the first 4 months of the season and sold over a 12 month period.

Composition of Sugarcane Cost vs. Other Manufacturing Cost

for the year ended September 30, 2019





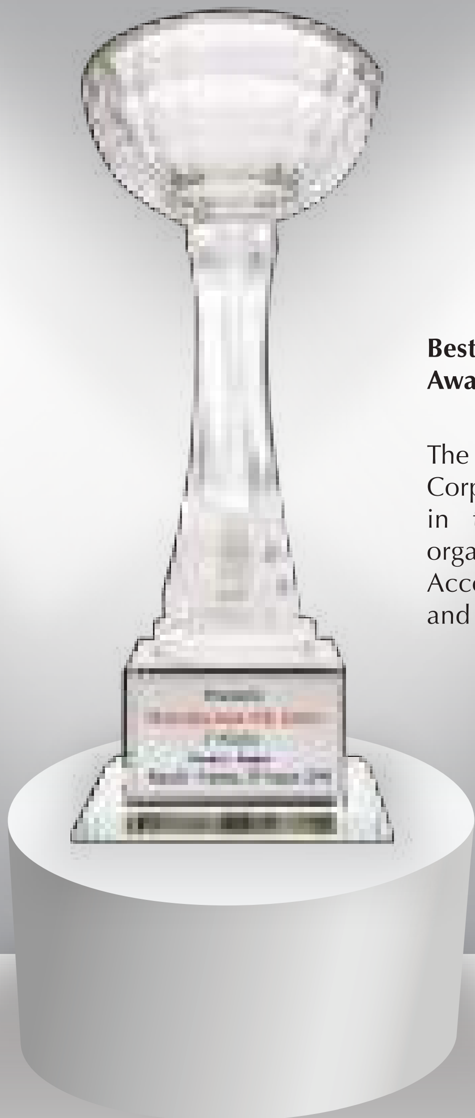
Sugarcane cost and other manufacturing cost represents 90% and 10% of Total cost of production respectively.

Significant Development and Changes

Following significant developments took place during the year:

- The Company has achieved Sucrose Recovery of 11.25% that is 3rd highest in the Sindh Province.
- Effluent Treatment Plant has been installed and trail run has been performed in crushing season 2018-19 and ready for operation in upcoming season.
- During the year 2018/19, the Company contributed approximately Rs. 345.72 million to the national exchequer in the form of taxes and levies.
- The Company has exported Sugar worth over US $1.664 million during the financial year 2018-19 and earned foreign exchange for the national exchequer.
- Implemented Environmental Management System ISO 14001:2015 certified.
- Implemented Occupational Health & Safety Management System ISO 45001:2018 certified.

Recognition



Best Corporate and Sustainability Report Award ICAP, ICMAP for 2018

The Company secured First position in Best Corporate and Sustainability Report Award in the Sugar sector for 2018, jointly organized by Institute of Chartered Accountants of Pakistan and Institute of cost and Management Accountants of Pakistan.


Technology
Innovation
SYSTEM
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

Strategy and Resource Allocation

Strategic Objectives

Core Objective

- The core objective of our management is to achieve excellence in business. To achieve our objectives, the management strives to enhance stakeholders' value and customer satisfaction.

Short term, Medium term and Long term Objectives

Following are the main strategic objectives of the Company :

Short term Objectives

- Effective and efficient use of available resources.
- Efficient utilization of production capacities.
- Cost minimization.
- Workers Training

Medium term Objectives

- Optimization of management processes and policies implementation
- Investing and modernizing Company's production facilities to ensure effective production.
- Increase in market and distribution avenues.

Long term Objectives

- Achieve excellence in business through implementation of diversification strategy of parallel, upstream and downstream in order to maximize revenues and reduce risks.
- Implementation of effective human resource solutions through personal development and create proper environment for professional growth.
- Implementation of corporate sustainability and community development.

Management Strategies and Resource Allocation Plan

Core Strategy

Mirpurkhas Sugar Mills Limited is committed to maximize revenues, optimize shareholder's value, and strive to achieve customer satisfaction.

Stakeholders Value

Resource Allocated – Human Capital
Manufactured Capital
Intellectual Capital
Finance Capital

The stakeholders' value is maximized through returns on investments, which management believes is achieved through continuous growth, revenue maximization, and cost control measures.

Marketing Targets

Resource Allocated – Finance Capital

The tone of our business is set by the marketing targets and budgets, which are aggressively designed by the management to achieve highest possible returns. The management is working for growth of the Company.

Stakeholders Relationships and Social Responsibility

Resource Allocated : Social and Relationship Capital

Mirpurkhas Sugar Mills maintains cordial relationship with all the stakeholders including farmers, reputable banks and financial institutions of the Country.

Being a responsible corporate citizen, the Company is committed to continuous improvements in safety, health and environment protection measures. Company ensures compliance of NEQs as issued by Sindh Environment Protection Agency (SEPA) in order to protect the environment from hazardous waste. In pursuing this objective, the Company has successfully installed a Water Treatment Plant at its production site.

Mirpurkhas Sugar Mills has earned great respect and appreciation through continuous donations to social and charitable causes including health, education and social sectors.

Financing Facilities

Resource Allocated : Finance Capital

Mirpurkhas Sugar Mills Limited maintains cordial relationship with all the reputable banks and financial institutions of the Country. Adequate short-term financing facilities are available at the Company's disposal. Moreover, the Company obtains export running finance facility that results in substantial savings for the Company.

Human Resource Excellence

Resource Allocated : Human Capital

Human Capital is an asset, and developing our people is the core of our success. Our Core Values, Code of Conduct, and HR policies provide an outline which serves as a guiding force for the whole organization.

Mirpurkhas Sugar Mills gives key consideration to Human Resource Management. A full fledged HR department is operative which is supervised by Human Resource and Remuneration Committee of the Board of Directors. Approved policies are in place. All the HR functions are integrated where the employees' performances are evaluated based on SMART goals. Moreover, Training Need Assessment (TNA) is effectively in place where in-house and external trainings are arranged at all management levels. Further, eligible employees receive Service Awards based on their performance and length of service. The Management's objective is to recognize and reward employee's contribution to the business. Moreover, the Company has effective succession planning system in place. These processes help the availability of high quality workforce which plays a vital role in achieving day-to-day targets and strategic objectives of the Company.

SAP ERP Solution

Resource Allocated : Intellect Capital

We take pride in being Pakistan's first Sugar Mills to successfully implement SAP ERP systems. The Company carried out one of the fastest implementation of SAP in Pakistan. The use of SAP helps management implement better internal controls, timely decision making and employ best business practices.

Efficiencies

Resource Allocated : Manufactured and Finance Capital

Lower availability of sugarcane in operational area of our Company resulted in higher procurement cost. Company was able to control its procurement costs at an optimum level and resulted to close its procurement price at a minimum level for the Season 2018/19. On the other hand, Company proved successful in utilizing its plant capacity during the peak crushing periods, which resulted in effective cost control and higher production of sugar.

Effectiveness

Resource Allocated : Human Capital

Effectiveness of internal controls is ensured through active Internal Audit Department, which independently recommends its suggestions to the Board's Audit Committee. The management takes immediate action as and when necessary.

Customers Satisfaction

Resource Allocated : Social and Relationship Capital

Another prime objective of the management is customer satisfaction for which management takes every step to ensure high quality customer care and product quality. The Company has secured GMP-21 CFR 110 that covers the standards of manufacturing, packing and handling of Food / White Refined Sugar. Moreover, Company has successfully implemented Quality Management System (QMS) ISO 9001-2015 and Environment Management System ISO 14001- 2015.

Significant Changes in Objectives and Strategies

There is no material change in Company's objectives and strategies from the prior years.

Liquidity Strategy

Current Liquidity Position

The Company has a legacy of making timely payments to all its vendors, especially sugarcane growers, in order to ensure smooth supply of sugarcane during the season. Company has financing arrangements with leading Commercial and Islamic Banks of Pakistan at very competitive rates. The Company reviews its liquidity position on a daily basis for effective fund utilization, and to keep finance cost at minimum possible levels. Due to the seasonal nature of sugar industry, Sugar is produced during the Season of four months and sold during season and off season. Company endeavors to achieve better sugar prices in order to maintain its gross margins.

Company has short term financing facility of Rs. 4,400 million and long term loan of Rs. 777.143 million. The gearing of the Company is maintained at satisfactory level. The Company has a sustainable growth and business stability. Company was able to achieve cash flow savings during the current financial year due to effective cash flow management and minimizing operational costs. Adequate debt and equity ratio is maintained.

Financial Arrangements

The Company has cordial business relations with all the reputable banks and financial institutions of the country. Adequate unutilized short-term financing facilities are available at the Company's disposal.

Significant Plans and Decisions

The Company has a consistent history of capital investment in capacity expansions and steam economy projects in order to ensure maximum production of sugarcane and saving of energy consumption during the production process. The Company continues to benchmark itself against regional and local efficiency standards for production.

The Company continues to look for energy intensive projects as it has more economical source of generating electricity i.e. bagasse. Management of the Company continuously focus on customer satisfaction and to achieve its higher standard, it continue to invest in processes and getting itself accredited from various management systems.

Risks and Opportunities

Risks and Opportunities

The Board of Directors principally assumes the responsibility to mitigate all possible risks by identifying them timely. They utilise each opportunities only after considering the risk appetite of the Company.

Risks

MSM is susceptible to various risks. Company identify, understand and mitigate the potential and perceived risks by comprehensive planning and business understanding. The Company maintains an established control framework comprising clear structure comprising clear authority limits and accountability, with implemented policies and procedures and performance monitoring against the same.

The Board of Directors of the Company establishes corporate strategy and business objectives. Moreover, the Board's Audit Committee is responsible for Internal Control function. The internal and external Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations and suggestions for improvement are submitted to the Board of Directors.

Following are the major risks which may affect our business operations and mitigating strategy for controlling these risks:

Risk & Risk level	Area of Impact	Source	Risk Description	Risk Mitigating Controls
Government Policy Risk Risk Level : High	Financial capital	External	Sugarcane is the main raw material for sugar production and contributes approx. 82% to 90% of the total cost of production. Any disturbance in its timely availability will have a substantial impact on the operational cost. This in turn has a significant adverse effect on costs since the market value does not factor the variable cost determined by the climatic conditions and the sugarcane economics. The extent of volatility in raw material quality is another key element.	The Company always maintains healthy relationship with its farmers. The risk of raw material short supply is mitigated to a large extent by educating farmers with latest sugarcane cultivating techniques, practical application by demonstration plot at farmer's lands combined with company's goodwill, long term relationship and reputation for ethical dealings earned by the Company since inception.
Government Policy Risk Risk Level : High	Relationship Capital Finance Capital	External	Provincial government regulates the sugarcane policies and it has a larger control on this industry by determining the raw material price and also influence the sugar mills operational commencement through various statutes. The Federal government regulates the export of sugar. Hence, a sugar company's credit risk profile is vulnerable to government policies. These policies influence cost of production of sugar through regulated sugarcane pricing and revenue through its regulated export permissions.	The Company works closely developing appropriate policy recommendations to represent the industry needs to the federal and provincial governments.
Commodity Risk Risk Level : High	Finance Capital Manufactured Capital	External	The sugar price is determined by the market forces through demand and supply both in domestic and international markets. Hence due to cyclical nature of sugar business gluts and shortages effect revenues. Currently, global sugar industry including Pakistan is facing sugar surpluses.	The Company insulates its self against price risk by diversifying its revenue sources. While adding more value added products like Ethanol production as value-added downstream products being produced from by-products of sugar production i.e. molasses and exploring the alternate use of energy through bagasse that is available with the sugar mill after meeting its own production requirement.

Risk & Risk level	Area of Impact	Source	Risk Description	Risk Mitigating Controls
Relationship with farmers Risk Level : Moderate	Relationship Capital	External	Variability in monsoon and changing weather patterns impact crops output and consequently sugarcane production. Healthy relationship with farmers is a must requirement for sugar companies, to ensure smooth flow of raw material. Hence, investments in sugarcane development activity and timely payments for sugarcane supplies are considered prerequisites for timely crop cultivation and adequate availability of sugarcane.	Sugarcane department continuously perform different activities during the year to ensure sound and healthy relationships with farmers. These activities include: providing financial assistance to farmers in form of fertilizers, sugarcane seeds and pesticides. Workshops and Seminars are conducted by qualified officers and other informative material is shared for helping out farmers in acquiring knowledge on latest farming techniques.
Location Risk Level : Moderate	Finance Capital	Internal	Freight is an important cost element. Factories close to high-yielding sugarcane farms are in a better position to procure sugarcane at minimum Freight Cost.	Company always endeavors to procure sugarcane first from its gate areas and maintains an optimum supply mix from subsidy and non subsidy areas in order to minimize the procurement cost.
Credit Risk Risk Level : Moderate	Customer relationship	External	Traditionally, sugar sales have been routed through dealers on advance terms of payment. In order to pursue the objective of market penetration, Institution buyers are extended credits. There is a risk factor of being default in payments by customers thus could cause a financial loss.	The Company regularly analyzes the Credit risk worthiness of the Customers and extends credit accordingly.
Working capital management Risk Level : High	Finance Capital	Internal	While sugarcane procurement is concentrated between November to April every year, whereas, the sale of sugar lasts throughout the year. Therefore, Company needs to efficiently manage its working capital requirements considering the sugarcane procurement price and fluctuating prices of sugar.	Company effectively manages its Credit lines with the banks and retains sufficient financing arrangements with banks at the minimal borrowing costs in order to effective manage its working capital requirements.
Employee Turnover Risk Level : Moderate	Human Capital	Internal	Key employees and workers are the most important Corporate Assets. Frequent turnover leads to effect Company operating performance significantly	Company values its employees as essential human Assets and provides congenial environment and growth opportunities. Company has robust succession plan in place to effectively manage employees turnover rate.
Natural Catastrophe Risk Level : Low	Manufactured Capital	External	Destruction of manufactured facility due to natural disaster.	The Company has comprehensive Insurance cover in case of any catastrophic event. Further, the Company has taken into every possible aspect of safety measures during construction and erection of building and plant. Company has well established disaster recovery plan and data backup facility to cope-up uncertain events.

Opportunities

Opportunity	Area of impact	Source	Key Source Opportunity	Strategies to materialize
Capacity	Manufactured Capital	Internal	Economies of scale achieved through optimum capacity utilization and very important to reduce production costs per unit by absorbing fixed cost. Sugarcane crushing is based on sugarcane crushed on daily basis and the sugar production is dependent upon certain factors that includes sucrose recovery percentage and availability of sugarcane.	Company plans to maximize its crushing rate and utilize full crushing capacity by implementing well-structured and planned sugarcane procurement goals. Thus, effectively implementing in its operational areas in order to procure best sugarcane varieties and attaining highest sucrose recovery.
Level of Integration and Diversification	Finance Capital Manufacture Capital	Internal	Forward integration into ensure optimal utilization of by-products such as molasses and bagasse. Molasses is used in Distillery that is a source of revenue maximization. Energy that is saved in manufacturing process results in bagasse saving that is available which can be used for projects like power generation, paper and board etc.	Diversification enables the companies to capture value across the production chain and ultimately results in high revenues and maximize the return to shareholders. An integrated sugar company functions on a de-risked model, which results in higher revenue and stable profitability for its stakeholders.

Materiality Approach

The Board of Directors of Mirpurkhas Sugar Mills Limited reposes authority and power to the Company management for taking day to day decisions. The management however, observes the approach of materiality in applying power and authority.

Materiality is a matter of judgment and the Company thinks that a matter is material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. In order to execute day to day operations/ transactions delegation of powers has also been defined clearly and formalized procedures are followed for their execution.

Governance

Notice of Annual General Meeting

Notice is hereby given that the 55th Annual General Meeting of the Company will be held on Tuesday, January 21, 2020 at 1:00 p.m. at the Registered Office of the Company at Factory premises, Jamrao, Umerkot, Road, Mirpurkhas, Sindh to transact the following businesses:

ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended September 30, 2019 with the Directors' and the Auditors' Reports thereon.

2. To consider and approve the issuance of Bonus Shares in proportion of 10 shares of every 100 shares held i.e. 10% for the financial year ended September 30, 2019 as recommended by the Board of Directors. Further, all fractions of bonus shares shall be consolidated and disposed of in the stock market and the proceeds of the same shall be paid to a charitable institution.

3. To elect seven (7) Directors of the Company as fixed by the Board of Directors u/s 159(1) of the Companies Act, 2017. The names of retiring Directors are (1) Mr. Shehryar Faruque (2) Mr. Aslam Faruque (3) Mr. Arif Faruque (4) Mr. Amer Faruque (5) Mr. Samir Mustapha Chinoy (6) Mr. Yasir Masood (7) Engr. Mahfuz-ur-Rehman Pasha (8) Mr. Wasif Khalid.

4. To appoint Auditors for the year 2019/20 and to fix their remuneration.

5. To transact any other business with the permission of the chair.

SPECIAL BUSINESS

6. To consider and approve the following resolution as Special Resolution:

a) "RESOLVED that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in Note 38 of the Financial Statements during the year ended September 30, 2019, be and are hereby ratified and approved."

b) "FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve all transactions to be carried out in the normal course of business with related parties and associated companies during the ensuing year ending September 30, 2020."

A statement under section 134 of the Companies Act, 2017, pertaining to the above-mentioned Special Business, is attached with the notice.

By Order of the Board of Directors

Abid Vazir
Executive Director & Company Secretary

Karachi: December 12, 2019

NOTES:

1. The register of members of the Company will be closed from Wednesday, January 15, 2020 to Tuesday, January 21, 2020 (both days inclusive) and no transfers will be registered during that time. Shares received in order at the Office of the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Tuesday, January 14, 2020 will be treated in time for the above entitlement.

2. A member of the Company eligible to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company's Head Office 48 hours before the Meeting.

3. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original Computerized National Identity Card along with their account number in CDS and participant's ID number for verification.

4. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.

5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.

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

7. In compliance of Section 244 of the Companies Act, 2017, once the Company has completed stipulated formalities, any unclaimed dividend and /or shares that have remained outstanding for a period of three years from the date of becoming due and payable or more shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares). Shareholders who could not collect their dividend/physical shares are advised to contact the Share Registrar of the Company to collect/inquire about their unclaimed dividend or shares, if any.

8. With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP; shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Head Office to update our record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if shareholders, in addition, request for hard copy of Audited Financial Statements, the same shall be provided free of cost within seven [7] days of receipt of such written request.

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

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

    "I/We, _________ of ________, being a member of Mirpurkhas Sugar Mills Limited, holder of__________ ordinary share(s) as per Registered Folio No.____ hereby opt for video conference facility at __________".

11. Any person who intends to contest the election for the office of the Directors or otherwise, shall file with the Company at its Head Office not later than fourteen (14) days before the date of the Annual General Meeting, a notice of his/her intention to offer himself/herself for election as Director in terms of Section 159(3) of the Companies Act, 2017 along with (a) consent to act as director in Form 28, duly completed and signed by the candidate; (b) a detailed profile along with office address for placement on the Company's website seven days prior to the date of the AGM, in terms of S.R.O. 1196 of October 3, 2019; and (c) declarations in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017.

Statement Under Section 166 (3) of Companies Act 2017 in respect of Election of Directors

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166(2) of the Act.

Statement Under Section 134 of the Companies Act, 2017

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on January 21, 2020. The approval of the Members of the Company will be sought for:

During the financial year ended September 30, 2019 the Company carried out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulation. Related party transactions require shareholders' approval under sections 207 and 208 of the Companies Act, 2017. Such transactions are being placed before the shareholders for their approval through special resolution proposed to be passed in the Annual General Meeting.

The shareholders are requested to ratify the transactions which have been disclosed in Note no. 38 of the Financial Statements for the year ended September 30, 2019 and further to authorize the Board of Directors to conduct transactions with related parties or associated companies for the year ending September 30, 2020.

Party wise breakup of transactions as disclosed in Note no. 38 of the Financial Statements for the year ended September 30, 2019 is given below:

Name of Related Party	Nature of Transaction	Amount (Rs.)
Zensoft (Pvt.) Ltd.	Service paid	(8,499,630)
Greaves Airconditioning (Pvt). Ltd.	Service paid	(831,439)
Greaves Pakistan (Pvt.) Ltd.	Service paid	(187,023)
Greaves Airconditioning (Pvt.) Ltd.	Purchase made	(404,000)
Greaves Pakistan (Pvt.) Ltd.	Purchase made	(1,486,679)
Cherat Cement Company Ltd.	Dividend Income received	23,081,008
Cherat Cement Company Ltd.	Purchase made	(5,280,799)
Cherat Packaging Ltd.	Dividend Income received	13,138,435
Cherat Packaging Ltd.	Purchase made	(41,763,331)
Unicol Limited	Sales made	367,167,367
Unicol Limited	Dividend Income received	224,999,997
Unicol Limited	Purchase made	3,290,250
Faruque (Pvt.) Ltd.	Dividend Paid	(7,622,991)
Greaves Pakistan (Pvt.) Ltd.	Dividend Paid	(439,103)
Cherat Cement Company Ltd.	Dividend Paid	(393,750)
Think Tank	Service paid	(339,334)
P.F/ G.F	Dividend Paid	(752,708)
P.F/ G.F	Charge for staff provident and gratuity Fund paid	(9,869,290)

Directors' Profile

Mr. Shehryar Faruque
Chairman

Mr. Shehryar Faruque is a graduate from Davis & Elkins College, Elkins, WV, USA. He serves on the Boards of Directors of Cherat Packaging Ltd., Mirpurkhas Energy Ltd., Faruque (Pvt.) Ltd, Greaves Modaraba Management Company (Pvt.) Ltd. and Zensoft (Pvt.) Ltd. Mr. Shehryar Faruque is also serving as Director of NBP Fullerton Asset Management Ltd., (NAFA).

Mr. Aslam Faruque
Chief Executive

Mr. Aslam Faruque is a graduate with a major in Marketing. He is the Chief Executive of Unicol Ltd., UniEnergy Ltd. and Mirpurkhas Energy Ltd. He is on the Board of Directors of Cherat Packaging Ltd., Greaves Airconditioning (Pvt.) Ltd and Greaves Engineering Services (Pvt.) Ltd. Currently; he is serving as Chairman of Pakistan Sugar Mills Association - Center. In the past, he has also served as the Chairman of Pakistan Sugar Mills Association– Sindh Zone, and Director of Sui Southern Gas Company Ltd., State Life Insurance Corporation of Pakistan and Pakistan Industrial Development Corporation.

Mr. Arif Faruque
Director

Mr. Arif Faruque is a Swiss - qualified Attorney-at-Law and also holds Masters degrees in both Law and Business Administration from the USA. He is the Chief Executive of Faruque (Pvt.) Ltd. as well as Madian Hydro Power Ltd. He is on the Board of Directors of Cherat Cement Company Ltd., Cherat Packaging Ltd. and UniEnergy Ltd. Besides the above, he is also a member of the Board of Governors of Lahore University of Management Sciences.

Mr. Amer Faruque
Director

Mr. Amer Faruque is a Bachelor of Science (BS) graduate in Business Administration majoring in Management / Marketing from Drake University, Des Moines, Iowa, USA. He is the Chief Executive of Cherat Packaging Ltd. He serves as a member of Board of Directors of Faruque (Pvt.) Ltd., Greaves Pakistan (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd., Greaves Modaraba Management Company (Pvt.) Ltd. and Executive Director Marketing of Cherat Cement Co. Ltd. In the past he has served as a member of the Board of Governors of Ghulam Ishaq Khan (GIK) Institute of Engineering Sciences and Technology, Lahore University of Management Sciences (LUMS) and the Centre of International Private Enterprise (CIPE). He is the Honorary Consul of Brazil in Peshawar.

Mr. Samir Mustapha Chinoy
Director

Mr. Samir M. Chinoy is currently serving as Director and Chief Operating Officer at International Steels Limited. Mr. Chinoy is a graduate of Babson College, USA with a Bachelors of Science in Finance and Entrepreneurship and a minor in Human Communication. Prior to International Steels Limited, Mr. Chinoy worked at Pakistan Cables, Deloitte & Touche, New York and Foothill Capital (a Wells Fargo Company), Boston.

Mr. Chinoy has served on the management committee of Landhi Association of Trade and Industry and has held the position of Vice Chairman. In addition to being a Director of Mirpurkhas Sugar Mills Ltd., IIL Australia Pty Limited, International Steels Ltd. and Intermark (Private) Ltd. He is Chairman of The Amir Sultan Chinoy Foundation. Mr. Chinoy is a certified Director from the Pakistan Institute of Corporate Governance.

Mr. Yasir Masood
Director

Mr. Yasir Masood is a fellow member of the Institute of Chartered Accountants of Pakistan. He is a Certified Internal Auditor (CIA) and qualified Certified Information Systems Auditor (CISA). He is also a certified Director from Pakistan Institute of Corporate Governance. He serves on the Boards of Cherat Cement Company

Limited, Greaves Airconditioning (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd., Greaves Engineering Services (Pvt.) Ltd., Madian Hydro Power Ltd. and Mirpurkhas Energy Ltd.

In the past he has served as an Independent Director on the board of NBP Exchange Company Limited.

He is the Chief Operating Officer and Chief Financial Officer of Cherat Packaging Ltd., Mr. Yasir Masood is also the Chief Financial Officer of Cherat Cement Company Ltd., Madian Hydro Power Ltd. and Faruque (Pvt.) Ltd. He has been working and contributing in various committees of different Business forums.

Engr. Mahfuz-ur-Rehman Pasha
Director (NIT)

Mr. Mahfuz-ur-Rehman Pasha is an engineering graduate holding a degree in B.Sc. (Electrical Engineering) from Peshawar University. Besides holding a diploma in elementary German language from the Department of modern languages from Peshawar University, he is also an Associate Member of the Institute of Engineers Pakistan (AMIEPAK). Mr. Pasha is presently serving as Chief Executive of Pak Gulf Leasing Company Ltd. and as a Director of National Transmission and Dispatch Company Ltd. with effect from September 2016. He is a director of Mirpurkhas Sugar Mills Ltd. with effect from December 30, 2016 and Kaghan Development Authority with effect from January 1, 2018.

Mr. Pasha has served the NBFI and Modaraba Association of Pakistan as Chairman with effect from October 2015 for a period of one year and as member of the Executive Committee during financial year 2013-2014. Before joining the corporate world, Mr. Pasha had the honour to serve the provincial Government of KPK as well as the Federal Government for a period of 39 years.

Mr. Pasha served in the communication & work Department of KPK province as an Assistant Executive Engineer from 1973-1981. In this position, he acquired extensive experience in the budgeting & execution of various development projects big & small. In September 1981, he joined the civil services of Pakistan (Initially Income Tax group later renamed as Inland Revenue Service). In the course of his service, he has served as Deputy Commissioner, Additional Commissioner & Commissioner in various branches of the service i.e. Audit, Enforcement, Legal, and Tax Facilitation & Human Resource Development. In 2011, he retired in BS-21 after having served the Department for 30 years. He also served as Secretary International Taxes in the Federal Board of Revenue & in this capacity drafted and finalized a number of bilateral tax treaties. He also served as Deputy Secretary in Economic Affairs Division, Ministry of Finance, Government of Pakistan, and in this capacity actively interfaced with DFIs of Pakistan and their respective foreign investment agencies, besides various international multilateral financial institutions. He is an avid book reader and a golfer. He is also a 'Certified Director' from the Pakistan Institute of Corporate Governance (PICG).

Mr. Wasif Khalid
Director

Mr. Wasif Khalid is a fellow member of Institute of Chartered Accountant of Pakistan and Fellow Member of the Pakistan Institute of Public Finance Accountants (PIPFA). He is also Masters in Business Administration (Marketing and Operations Management) from the Hamdard University, Karachi.

He is the Chief Operating Officer and Chief Financial Officer of Mirpurkhas Sugar Mills Ltd, Chief Financial Officer of Mirpurkhas Energy Ltd. and Zensoft (Pvt.) Ltd. Mr. Khalid is also serving on the Boards of Directors of Mirpurkhas Sugar Mills Ltd., Mirpurkhas Energy Ltd., Greaves Airconditioning (Pvt.) Ltd., Greaves CNG (Pvt.) Ltd., Greaves Engineering Services (Pvt.) Ltd. and as an Executive Director Finance of Unicol Ltd.

He has contributed immensely towards development of financial models and implementation of new projects. He has been actively involved with the regulators, practitioner and leading Shariah scholars of the industry for developing the commercial industry transactions. Prior to Ghulam Faruque group, Mr. Khalid was associated with various companies in Middle East and in Pakistan worked with one Big 4 audit firms. He has over 19 years' worth of rich experience in financial restructuring and modeling, project financings, operational management and internal audit.

He has served as a General body member of FPCCI, Head of Cost and Budget Committee of PSMA- Sindh Zone and Member committee agriculture development and cost of production at Ministry of Industries and Production on behalf of PSMA- Sindh Zone.

Chairman's Review

Dear Shareholders,

The issues faced by the sugar industry for year under review were considerable specially the excess carryover of sugar from the previous seasons. Despite the hurdles faced, the performance of the company for the year under review remained in line with the strategic objectives of the company.

Company's financial year 2018-19 started with unique challenges. To align the country with the goals and mile stones set by the government and IMF many initiatives were taken to reduce current account deficit including curbing luxury imports, enhancement of discount rate and expanding the tax net. The government in order to encourage and boost exports devalued the Rupee to help exporters compete in the international market. However, this resulted in overall slowdown of country's economy affecting almost all the sectors across Pakistan and the sugar industry as well.

The company due to economic down turn, was affected by the rising costs of raw materials, sugarcane and steep increase in financial charges. Furthermore, the government in June 2019, enhanced the sales tax on sugar from 8 percent to 17 percent which had an additional impact on the company and our margins were impacted by Rs. 3,600 per ton which affected the overall profitability of the company.

The rising costs were partially mitigated by increase in sales price of refined sugar during the second half of the financial year coupled with exports of 4,000 tons of sugar to China. The Company managed to report profits from its sugar operations for the year ended September 30, 2019 and its share of profit from associate stood at Rs.369.92 million. Annual contribution of Rs.345.72 million was made to the national exchequer in the form of taxes and levies.

The company will continue on the path for growth and sustainability by helping in educating the growers, developing high yielding sugarcane varieties and rehabilitating old tube wells of the Left Bank Outfall Drain (LBOD) surrounding the mills area to improve quality of land. We are also exploring using mud as a source of nutrients for improving yields on our farms.

The composition of Board of Director reflects a mix of varied background with rich experience in the field of business to provide strategic guidance and inputs regularly to the company's management. The Board approves budgets and ensures that a competent and energetic team is able to achieve the goals set during the year. As required under the Code of Corporate Governance the Board evaluates its own performance through a formal and effective mechanism developed by engaging an external independent consultant.

The Board is assisted by its committees. The Audit committee reviews the financial statements and ensures that the periodic / annual financial statements fairly represent the true financial position of the company. It also ensures the effectiveness of internal control. The HR committee overviews the HR policy framework and recommends selection and compensation of senior management team with a continuous watch on succession planning done by the company.

The Board also remains focused on increasing shareholders' value through efficiency enhancement and diversification initiatives and enduring contribution towards development of the farming community.

In the end I would like to acknowledge the immense contribution and commitment of each member of the leadership team and employees of the company, who played a role to ensure the company's continued growth and success.

Shehryar Faruque
Chairman

Karachi: December 12, 2019

Directors' Report to the Members

for the year ended September 30, 2019

The Board of Directors place before you the annual report of the company together with the audited accounts for the year ended September 30, 2019.

OVERVIEW

Pakistan has an annual consumption of approximately 5.20 million tons of sugar. During the season 2018/19, the country produced 5.20 million tons of sugar. However, the total stock of sugar available in the country was 6.72 million tons due to carry forward stock of nearly 1.52 million tons from previous year. After meeting the country's demand, the sugar industry exported approximately 0.75 million tons of sugar.

BUSINESS REVIEW

It was a challenging year for the sugar industry because of the high cost of sugarcane set by the government and increase in cost of various input items. Due to availability of surplus stock, the price of sugar did not increase in the same proportion as the cost of producing sugar during the year. During the year under review, the Company sold 71,829 metric tons of sugar including export of 4,000 metric tons.

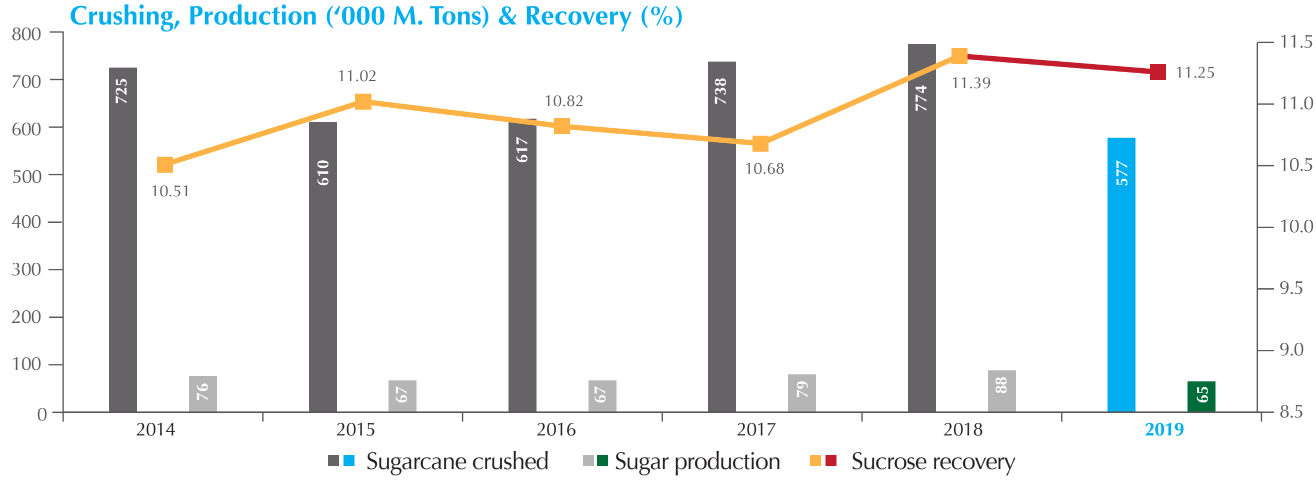
OPERATING PERFORMANCE

The crushing season 2018/19 started on December 14, 2018. During the season, the factory operated for 88 days compared to 143 days last season. It crushed 577,396 metric tons of sugarcane to produce 64,935 metric tons of sugar during the season compared to 774,171 metric tons of sugarcane to produce 88,183 metric tons of sugar during last season. During the season, the Company achieved sucrose recovery of 11.25% and also produced 26,445 metric tons of molasses.

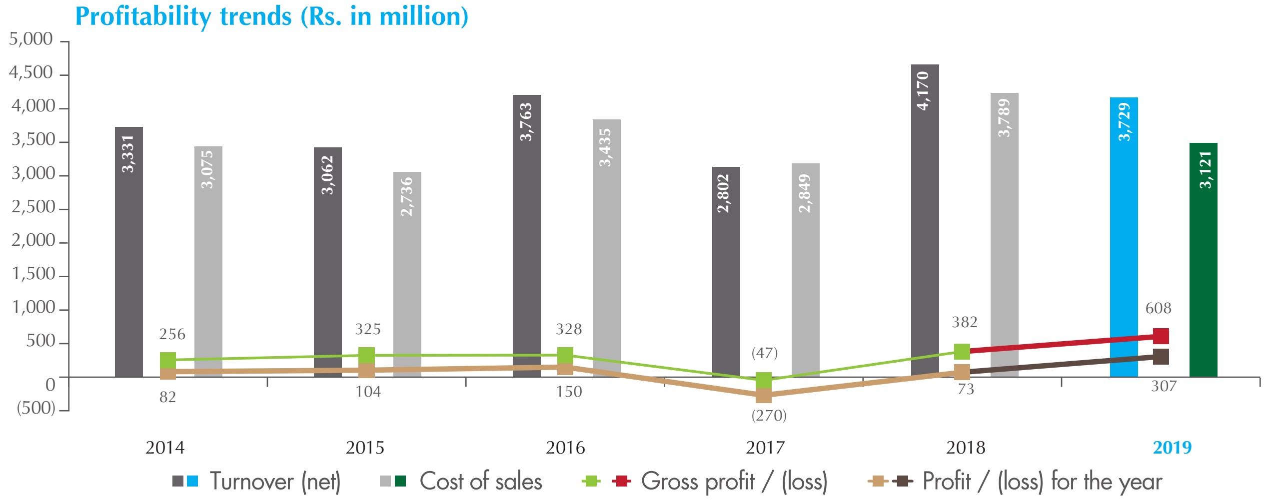
Key comparative data for the current year and that of previous year is as follows:

	2019	2018
• Season start date	Dec. 14, 2018	Nov. 28, 2017
• Days operated	88	143
• Sugar cane crushed (metric tons)	577,396	774,171
• Sugar production (metric tons)	64,935	88,183
• Molasses production (metric tons)	26,445	38,725
• Sucrose recovery (%)	11.25	11.39
• Sugar Sold (metric tons)	71,829	101,496

Crushing, Production ('000 M. Tons) & Recovery (%)



Profitability trends (Rs. in million)



FINANCIAL PERFORMANCE

During the year under review, the Company sold 71,829 metric tons of sugar compared to 101,496 metric tons sold last year. As a result, there was 11% decline in the turnover of the company during the year. This year's sales figures also include carryover stock from last year's production. There was an increase in cost of production during the year due to sugarcane procurement competition among the sugar mills which lead to much higher cost of sugarcane. During the period under review, there was a reduction in distribution costs due to decline in expenses pertaining to export of sugar. However, there was an increase in finance cost due to long term loan taken by the company, increase in working capital requirement and rise in discount rate by State Bank of Pakistan. The company accounted for its one-third share of profit in Unicol Limited amounting to Rs. 369.92 million and adjusted its investment in the associate by the same amount.

	2019	2018
	(Rs. in million)	
Net Sales	3,728.99	4,170.40
Cost of Sales	(3,121.03)	(3,788.51)
Gross Profit	607.96	381.89
Other Income	50.54	155.86
Share of profit in associate	369.93	404.62
Other expenses & taxes	(721.24)	(869.13)
Net Profit	307.19	73.24

UNICOL LIMITED

The joint venture distillery project continues to operate at optimal capacity. The distillery made a profit of Rs. 1.1 billion for the year 2018/19. The sustained performance was achieved due to stable margins in ISO and FCL sales coupled with exchange gains. The company has continued to build its molasses storage capacity to safeguard itself from molasses price fluctuations and retaining high quality molasses. The management remains confident that Unicol will bring further financial benefits to the company and its shareholders in the years to come.

UNIENERGY LIMITED

UniEnergy – a joint venture wind power project, has been granted Letter of Intent and formally allotted land for setting up the project at Jhimpir, district Thatta. The JV partners have made initial equity investment in the Company to meet the ongoing financial requirements for the project. In this regard, Mirpurkhas Sugar Mills has made an equity investment of Rs. 7.69 million following the approval of the shareholders. The government has, so far, not notified the tariff for the project.

RISK AND OPPORTUNITIES

- **Risk Management**

  As part of its responsibilities, the members of the Board of Directors have always kept a close watch on the socio-economic environment and consequential internal and external risks that might impact the safe and smooth operations and performance of the Company. As caretakers of the interest of all the stakeholders, the Directors remained vigilant in identifying and mitigating risks throughout the year. The Board of Directors identified potential risks, assessed their impact on the Company and formulated strategies to mitigate any and all foreseeable risks to the business. These strategies were enforced throughout the hierarchy of the company through the Audit Committee to ensure that no gaps remained in risk mitigation.

- **Risk Assessment**

  Businesses face numerous uncertainties that might pose threats to its objectives and if not addressed may cause preventable losses. The Board of Directors of the company has carried out vigilant and thorough assessment of both internal and external risks that the company might face.

- **Credit Risk**

  All financial assets of the company, except cash in hand, are subject to credit risk. The Company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of credit limits to its customers, growers and diversification of its investments.

- **Liquidity Risk**

  Prudent liquidity risk management ensures availability of sufficient funds for meeting contractual commitments. The company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit lines with financial institutions.

- **Foreign Exchange Risk**

  Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The company is mainly exposed to short term USD/PKR parity on its import of plant and machinery and foreign acquired consultancy services.

- **Debt Repayment**

  The Company regularly and efficiently paid of all its due debts as was budgeted and planned during the year 2018/19. This has lowered risks of default and improved the financial position of the Company.

- **Equity and Capital Management**

  The company's policy is to maintain a strong equity base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes to the company's approach to equity management during the year. The Company's current debt to equity ratio is about 0.56:1. The Board of Directors and the management are confident that the capital structure of the company will further improve in coming years.

DIVIDEND

The Board of Directors at its meeting held on December 12, 2019 has proposed issuance of 10% Bouns Shares for the year ended September 30, 2019. The approval of members for the Bouns Shares will be obtained at the Annual General Meeting to be held on January 21, 2020.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has always been very aware of its responsibility towards the people, environment and climate of Pakistan and has strived to ensure the wellbeing of all. In line with its corporate social responsibility policies, the Company has endeavored to improve the overall conditions of the people living around the manufacturing plants and the surrounding areas. Infrastructural development and continuous plantation have gone hand in hand to ensure that both the people and the climate of the area benefit. Your Company has worked with and contributed to leading organisations over the years and will continue to do so as it envisions a better environment, a better economy and a better Pakistan.

SAFETY, HEALTH AND ENVIRONMENT

Your Company has a firm policy on the health and safety of its people because it understands that people are the most important asset it has. Keeping the safety of the workers as top priority, the production plants have been set up and run as completely compliant and up to date with the prevailing standards of safety in the industry.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year 2018/19, the Company contributed approximately Rs. 345.72 million to the national exchequer in the form of taxes and levies.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- 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 departure therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six (6) years in summarized form is annexed.
- There is nothing outstanding against your Company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.
- The Company maintains Provident and Gratuity Fund accounts for its employees. Stated below are the values of the investments of the fund as on September 30, 2019.

• **Provident Fund**	**Rs. 324.72 million**
• **Gratuity Fund**	**Rs. 150.49 million**

BOARD OF DIRECTORS

Total number of Directors on the board is 8 and its composition is as follows:

• Male Directors	8
• Female Directors	-

a. Independent Directors	**2**
i. Mr. Samir Mustapha Chinoy	
ii. Engr. Mahfuz-ur-Rehman Pasha	

b. Non-Executive Directors	**4**
i. Mr. Shehryar Faruque	
ii. Mr. Arif Faruque	
iii. Mr. Amer Faruque	
iv. Mr. Yasir Masood	

c. Executive Directors	**2**
i. Mr. Aslam Faruque	
ii. Mr. Wasif Khalid	

During the year, five meetings of the Board of Directors were held. The attendance record of each Director is as follows:

Name of Directors	Meetings Attended
• Mr. Shehryar Faruque	5
• Mr. Aslam Faruque	5
• Mr. Arif Faruque	3
• Mr. Amer Faruque	5
• Mr. Samir Mustapha Chinoy	5
• Mr. Yasir Masood	5
• Engr. Mahfuz-ur-Rehman Pasha	5
• Mr. Wasif Khalid	5

During the year, four meetings of the Audit Committee were held. The attendance record of each director is as follows:

Name of Directors	Meetings Attended
• Mr. Samir Mustapha Chinoy	3
• Mr. Yasir Masood	4
• Mr. Shehryar Faruque	4

During the year, one meeting of the Human Resource and Remuneration Committee was held. The attendance record of each director is as follows:

Name of Directors	Meeting Attended
• Engr Mahfuz-ur-Rehman Pasha	1
• Mr. Aslam Faruque	1
• Mr. Amer Faruque	1
• Mr. Arif Faruque	1

- Pattern of shareholding is annexed with the report
- Earnings per share (EPS) during the year were Rs. 25.04 per share as against Rs. 5.97 last year.

DIRECTORS' REMUNERATION

Through the Articles of the Company, the Board of Directors is authorised to fix remuneration of Non-Executive and Independent Directors from time to time. In this regard, the Board of Directors has developed a Remuneration policy for Non-executive and Independent Directors of the company.

FUTURE PROSPECTS

Season 2019/20 is expected to be another challenging year for the sugar industry. Sugarcane crop is expected to be less by 10% compared to last year and sugarcane support price is also expected to increase as minimum support price of sugar cane in Punjab is announced at Rs. 190 per maund. Pakistan still has excess sugar in stock at the start of crushing season 2019/20 which should be exported out of Pakistan in order to maintain and stabilize the sugar prices in the market. Because of the intense efforts of the Pakistan Sugar Mills Association (PSMA) and the federal government the industry exported 300,000 tons of sugar to China. We urge the federal government to take necessary steps to help sugar industry export the excess stock to China in the coming year as well. Sugar and allied industries have added billions of dollars into national exchequer over past few years and they can continue to be a major export industry in Pakistan with timely decision from the federal and provincial level. The government is urged to develop policies to promote the sugar industry in Pakistan. Furthermore, it is also requested to rationalise the assessable value of sugar rate for sales tax purpose, which is currently fixed at Rs. 60 per kg.

Meanwhile, the Sindh government is requested to release on immediate basis export subsidy amounting to Rs.3.95 billion. The decision on Quality Premium will have an adverse impact on the sugar industry in Sindh as price of sugarcane will be much higher here compared to other provinces where there is no quality premium. This will have serious impact on the financial health of the sugar mills in Sindh.

AUDITORS

The present auditors M/s. Kreston Hyder Bhimji and Co. (Chartered Accountants) retire and being eligible, offer themselves for reappointment.

ACKNOWLEDGMENT

We would like to thank all the financial institutions having business relationship with us and our customers for their continued support and cooperation. We would also like to share our deepest appreciation for our staff for their dedication, loyalty and hard work.

For and on behalf of the Board of Directors

Shehryar Faruque
Chairman

Aslam Faruque
Chief Executive

Karachi: December 12, 2019

Board Meetings Held Outside Pakistan

During the year, 5 meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control, the management has conducted all meetings in Pakistan.

Annual Evaluation of Board, Committees and Individual Members

Board evaluation mechanisms facilitate the Board of Directors in evaluating and assessing its performance and ability to provide strategic leadership and oversight to the senior management of the Company. Accordingly appropriate procedures have been developed based on emerging and leading practices to assist in the assessment of the Board, its committees and the individual directors themselves.

Questionnaires have been developed based on relevant criteria such as effectiveness, accountability, planning, leadership and strategy formulation by the Board and also its committees. Directors are also asked to fill out a self-evaluation questionnaire which focuses on their participation and satisfaction with the different proceedings of the Board and their individual role as a member.

These questionnaires are circulated annually and are filled out by the Directors anonymously. The collected answers are then compiled by an independent chartered accountant firm.

Matters Delegated to the Management

Management is primarily responsible for implementing the strategies as approved by the Board of Directors. It is the responsibility of management to conduct the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals as approved by the Board and to identify and administer the key risks and opportunities which could impact the Company in the ordinary course of execution of its business.

Directors' Orientation and Training

All the Directors of the Company are well experienced and have diverse backgrounds. At the time of induction of any new director, he or she is given proper orientation about the operations of the Company and his or her fiduciary responsibilities. The Company had also arranged an in-house Directors' training program on November 29, 2018 to apprise the directors of their authorities and responsibilities. Four Directors of the Company namely Mr. Shehryar Faruque, Mr. Yasir Masood, Mr. Samir Mustapha Chinoy and Engr. Mahfuz ur-Rehman Pasha are also certified under the Board Development Series Program offered by Pakistan Institute of Corporate Governance (PICG).

Governance Practices Exceeding Legal Requirements

Mirpurkhas Sugar Mills has always believed in going the extra mile and staying ahead of the game. In line with this strategy, not only have we complied with all mandatory legal compliances under the Code of Corporate Governance, the Companies Act 2017 and other applicable rules, regulations and standards, we have also carried out the following activities in addition to the legal requirements;

a. Other Information: The management reports various other essential information in this annual report which is not required by law. We are trying to adopt Integrated Reporting framework.

b. Implementations of HSE: The Company has developed and implemented aggressive HSE strategies at its Plants to ensure proper safety of its people and equipment.

c. Dispersal of information: the Company has always ensured that all material information is communicated to the PSX, the SECP and the Company’s shareholders as soon as it becomes available. At all times we have ensured that such information is sent out much before the deadlines set out in the laws.

Female Director

The requirement for a female director on the board of a listed company has been mandated by the new Company laws. Mirpurkhas Sugar Mills shall induct a female director on its board in the next election of directors.

Independent Directors

Mirpurkhas Sugar Mills has ensured that the composition of its Board of Directors is compliant with all prevailing legal and governance requirements. The new law requires one - third of the Board to be independent and Mirpurkhas Sugar Mills will comply with this requirement after the upcoming elections. All independent Directors have submitted along with their consent to act as Director, the declaration as required under the Code or Companies Act, 2017, to the Company that they meet the criteria of Independent Director.

Investors' Grievance Policy

The Company has an Investors' Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied in writing. Our share registrar is CDC Share Registrar Services Limited (CDCSRSL) which is leading name in the field. The Company has many old and loyal shareholders, which shows the trust of the shareholders in the management of the Company.

Statement of Managements Responsibility towards the Preparation and Presentation of Financial Statements and Directors Compliance Statements

The Company, its Board of Directors and the management have always been keen to follow the standards set down by governing institutions. In lights of the same strict compliance of all standards set out by ICAP, the Companies Act, the international Accounting Reporting Standards have been adhered to and otherwise good and responsible reporting has been our general practice.

Diversity Policy

Mirpurkhas Sugar Mills Limited is committed to fostering, cultivating and preserving a culture of diversity and inclusion. Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and Company's achievement as well.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, Physical and mental ability, political affiliation, race, religion, socio-economic status, veteran status, and other characteristics that make our employees unique. Mirpurkhas Sugar Mills Limited's 'diversity initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Work/life balance through flexible work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity.

All employees of Mirpurkhas Sugar Mills Limited have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. All employees are also required to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.

Policy on Non-Executive & Independent Directors' Remuneration

Preamble

The Board of Directors (the "Board") of Mirpurkhas Sugar Mills Limited (the "Company") has adopted this Policy upon the implementation of Section 170 of the Companies Act 2017 read with Regulation No. 17 of the Code of Corporate Governance. Amendments, from time to time, to the Policy, if any, shall be considered by the Board in lights of changes in applicable laws and/or such external circumstances that directly apply to the scope of this Policy.

Scope and Applicability

The Policy shall apply to all Non-Executive and Independent Directors who attend Board meetings, Audit Committee meetings, Human Resource and Remuneration Committee meetings and any other meetings called by the Board.

Terms of the Policy

Through the Articles of the Company, the Board is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company shall be as determined by the Board of Directors from time to time.

Understanding Shareholders' Views

Company's shareholders comprise of investors including, mutual funds, investment companies, brokerage houses, insurance companies, foreign shareholders, pension funds, individuals, professionals, high profile individuals to housewives. The Company regularly interacts with all categories of shareholders, through Annual General Meeting, Extraordinary General Meeting, regular Corporate / investor briefings etc.

The Chief Finance Officer and the Company Secretary remain available to respond to any shareholder / investor's query. The non-executive members are also kept informed about the views of the major shareholders about the Company.

Related Party Transactions Policy

Preamble

The Board of Directors (the "Board") of Mirpurkhas Sugar Mills Limited (the "Company") has adopted this Policy pursuant to the provisions of Section 208 of the Companies Act 2017 read with Regulation No. 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 issued by the Securities and Exchange Commission of Pakistan.

Scope of the Policy

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions. It is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties. Amendments, from time to time, to the Policy, if any, shall be considered and approved by the Board. The policy covers all Related Party Transactions of Mirpurkhas Sugar Mills Limited as defined under Section 208 of the Companies Act 2017. The policy is applicable on all individuals responsible to initiate, authorize, record and report Related Party Transactions. The Policy is applicable to all Related Party Transactions irrespective of their value and size. This Policy is intended to work in conjunction with regulatory provisions and other Company policies.

Definitions

(i) Arm's length transaction means a transaction which is subject to such terms and conditions and is carried out in a way, as if:

(a) The parties to the transaction were unrelated in any way;

(b) The parties were free from any undue influence, control or pressure;

(c) Through its relevant decision-makers, each party was sufficiently knowledgeable about the circumstances of the transaction, sufficiently experienced in business and sufficiently well advised to be able to form a sound business judgment as to what was in its interests; and

(d) Each party was concerned only to achieve the best available commercial result for itself in all the circumstances.

(ii) Office of profit means any office:

(a) Where such office is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(b) Where such office is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(iii) Related party includes

(a) A director or his relative;

(b) A key managerial personnel or his relative; a key managerial personnel shall mean the following;
- The Chief Executive Officer of the Company;
- The Company Secretary of the Company;
- The whole time Directors on the Board of the Company; and
- The Chief Financial Officer of the Company.

(c) A firm, in which a director, manager or his relative is a partner;

(d) A private company in which a director or manager is a member or director;

(e) A public company in which a director or manager is a director or holds along with his relatives, any shares of its paid up share capital;

(f) Anybody corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

(g) Any person on whose advice, directions or instructions a director or manager is accustomed to act:

(h) Any company which is:
- A holding, subsidiary or an associated company of such company; or
- A subsidiary of a holding company to which it is also a subsidiary

(i) Such other person as may be specified.

(j) Relative means spouse, siblings and lineal ascendants and descendants of a person.

Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity.

*All other terms will be construed as per the Companies Act 2017 and all other relevant laws.

Types of related party transactions

Any contract or arrangement with respect to the following, but not limited to these;

(i) Sale, purchase or supply of any goods or materials;

(ii) Selling or otherwise disposing of, or buying, property of any kind;

(iii) Leasing of property of any kind;

(iv) Availing or rendering of any services;

(v) Appointment of any agent for purchase or sale of goods, materials, services or property; and

(vi) Such related party's appointment to any office or place of profit in the company, its or associated company, provided:

 (a) Where majority of the directors are interested in any of the above transactions, the matter shall be placed before the general meeting for approval as special resolution;

 (b) Also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business on an arm's length basis.

Disclosure and Approval of Related Party Transactions

The board shall approve related party transactions that require its approval and the following minimum information shall be circulated and disclosed to the directors along with agenda for board's meeting called for approval of related party transactions:

(i) Name of related party;

(ii) Names of the interested or concerned persons or directors;

(iii) Nature of relationship, interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in the related party;

(iv) Detail, description, terms and conditions of transactions;

(v) Amount of transactions;

(vi) Timeframe or duration of the transactions or contracts or arrangements;

(vii) Pricing policy;

(viii) Recommendations of the Audit Committee, where applicable; and

(ix) Any other relevant and material information that is necessary for the board to make a well informed decision regarding the approval of related party transactions.

Identification of Related Party Transactions

Every Director will be responsible for providing a notice containing the following information to the Board of Directors on an annual basis:

(i) A firm, in which the director, manager or his relative is a partner;

(ii) A private company in which the director or manager is a member or director;

(iii) A public company in which the director or manager is a director or holds along with his relatives, any shares of its paid up share capital;

(iv) Any body corporate whose chief executive or manager is accustomed to act in accordance with the advice, directions or instructions of the director or manager;

(v) Any person on whose advice, directions or instructions the director or manager is accustomed to act.

Terms of the policy

The terms of reference for the Policy are as follows:

(i) The management shall obtain approval of the policy by the Board;

(ii) The management may enter into any contract or arrangement with a Related Party only in accordance with the policy approved by the Board, subject to such conditions as may be specified;

(ii) The management shall obtain approval of the Board for contracts that are not on arm's length basis or not in the ordinary course of business;

(iv) The management shall present all Related Party transactions to the Audit Committee for their recommendation to the Board for approval;

(v) Every contract or arrangement entered into with a Related Party shall be referred to in the Board's report to the shareholders along with justifications;

(vi) Management shall maintain records of the transactions undertaken with Related Parties;

(vii) If a director or any other employee enters into any contract or arrangement with a Related Party without obtaining the consent of the Board or approval by a special resolution in the general meeting, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 90 days from the date of the contract, such contract or arrangement shall be voidable at the discretion of the Board.

Maintenance of Records

The Company shall maintain one or more registers with regards to transactions undertaken with Related Parties and contracts or arrangements in which directors are interested, in the manner prescribed, and shall enter therein the particulars of:

(i) Contracts or arrangements, in which any director is, directly or indirectly, concerned or interested; and

(ii) Contracts or arrangements with a related party with respect to transactions to which section 208 of the Companies Act, 2017 applies.

Pricing Methodology

Any related party transactions carried out on arm's length basis shall use one of the following pricing methodologies:

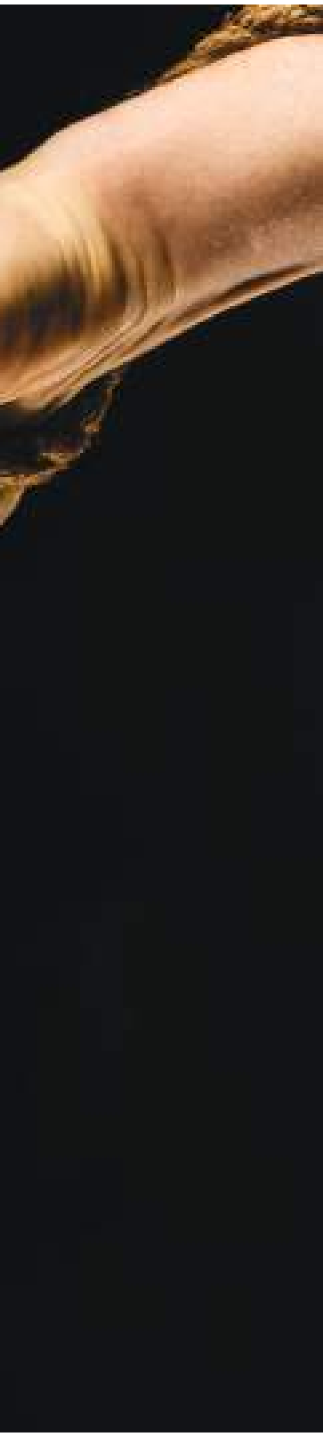
(i) Comparable Uncontrolled Price method;

(ii) Resale Price method;
(iii) Cost Plus method; and

(iv) Profit Split method

Scope Limitation

In the event of any conflict between the provisions of this Policy and the Companies Act 2017 or any other statutory enactments, rules, the provisions of the Companies Act 2017 or statutory enactments, rules shall prevail over this Policy.



Conflict of Interest Policy

A Conflicts of Interest Policy has been developed by Mirpurkhas Sugar to provide a framework for all directors of the Company ("Directors") to disclose actual, potential or perceived conflicts of interest.

The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

The policy is applicable to Directors as the Company strongly believes that a Director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentially to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise his or her powers for stakeholders' interests and not for their own or others interest.

Management of Conflict of Interest

The Company stands fully committed to the transparent disclosures, management and monitoring of actual potential or perceived conflicts of interest. All Directors under the policy are obligated and have a duty to avoid actual, potential or perceived conflicts of interest.

Any Director with personal interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders shall excuse himself or herself from any discussions on the matter that would give rise to the conflict of interest and, if necessary, from the Board meeting, or applicable part thereof.


CIAL REPORT
STATEMENT
CASHFLOW STATEMENT
Level
STATEMENT
92%

Insider Trading Policy

Mirpurkhas Sugar has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the Company. The Insider Trading Policy codifies the Company's standards on trading and enabling the trading of securities of the Company or other publicly-traded companies while in possession of material non-public information.

The general guidelines within the policy state that:

- No trading in the securities of the Company is permitted for directors and all employees who are "Executives" as defined in the Code of Corporate Governance, within the Closed Periods announced by the Company.
- No insider may purchase or sell any Company's security while in possession of material non-public information about the Company, its customers, suppliers, consultants or other companies with which the Company has contractual relationships or may be negotiating transactions.
- No insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.
- In addition, no insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about the Company that was obtained in the course of his or her involvement with the Company in the way of conducting official business. No insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

The Company's Responsibility to Disclose inside Information

The Company's responsibility, in case of inside information made known to a third party, shall be to ensure that in such case the knowledge is given full public disclosure or if such information still needs to be kept non-public then the Company must ensure that the third party, is placed under legal obligation to maintain confidentiality.

Safety of Records Policy

Mirpurkhas Sugar Mills is implementing the policy to ensure the safety of records efficiently and effectively. All records must be maintained for the period as long as they are mandatory to meet legal, administrative, operational, and other requirements of the Company.

The main purposes of the Company Policy are:

- To ensure that the Company's records are formed, managed, retained, and disposed off in an efficient and effective manner;
- To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;
- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required and disposed off in accordance with the record retention policy and retention schedules; and
- Records and information are owned by the Company, not by the individual or team.

IT Governance Policy

Mirpurkhas Sugar Mills has a well-conceived and implemented IT Governance Policy which seeks to ensure that IT is aligned with MSM's organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely, and informed decision-making concerning MSM's IT investments and operations. Specifically the policy aims to establish the IT governance structure and its associated procedures, roles, and responsibilities, as a critical component of the overall IT Management (ITM) Framework, which guides the management, implementation, and monitoring of IT investments for MSM.

Mirpurkhas Sugar Mills' IT Governance Policy is mainly charged with:

- Establishing a shared vision of how information technology can add value to the organization;
- Establishing information technology goals, and the strategies for achieving those goals;
- Establishing principles and guidelines for making information technology decisions and managing initiatives;
- Overseeing the management of institutional information technology initiatives;
- Establishing and communicating organizational information technology priorities;
- Determining information technology priorities in resource allocation;
- Establishing, amending and retiring, as necessary, organizational information technology and other technology related policies, and
- Determining the distribution of responsibility between the IT Department and end users.

Whistle Blower Policy

An important aspect of accountability and transparency is a mechanism to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information which they believe shows serious malpractice.

Our whistle blowing policy is therefore fundamental to the organization's professional integrity. In addition, it reinforces the value the organization places on staff to be honest and respected members of their individual professions. It provides a method of properly addressing bona fide concerns that individuals within the organization might have, while also offering whistle blowers protection from victimization, harassment or disciplinary proceedings.

It should be emphasized that the policy is intended to assist only those individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the organization nor should it be used to reconsider any matters which have been investigated under the harassment, grievance or disciplinary policies and procedures.

Fundamental elements of our Whistle Blower Policy are highlighted below:

- All staff are protected from victimization, harassment or disciplinary action as a result of any disclosure, where the disclosure is made in good faith and is not made maliciously or for personal gain.
- All disclosures are required to be made in writing.
- Disclosures made anonymously are not entertained.
- Disclosures made are investigated fully including interviews with all the witnesses and other parties involved.
- All whistle blowing disclosures made are treated as confidential and the identity of the whistle blower is protected at all stages in any internal matter or investigation.
- Disciplinary action (up to and including dismissal) may be taken against the wrong doer dependant on the results of the investigation.
- There are no adverse consequences for anyone who reports a whistle blowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action.

During the year no whistle blowing incidence was reported under the mentioned procedure.


HR

Human Resource Policies

The Company hires energetic, talented, and motivated human resources and provides them a congenial and healthy working environment to utilize their capabilities efficiently. The Company believes that its core strength is its people, who strive every day to meet individual challenges and help the Company achieve its collective targets. The Company has in place a Performance Review Process in order to recognize employees' contribution and reward them according to their performances. The Company also inducts apprentices in its Apprenticeship Program through which graduates from reputable institutions are regularly inducted. A management trainee program is also in place to meet the future requirements.

Industrial Relations Policy

We maintain excellent relations with our employees and labour. There is a formal labour union in place which represents all classes of workers and independently takes care of all labour related issues. The Company takes every reasonable step for swift and amicable resolution of all their issues.

Succession Planning Policy

Our Succession Planning policy is aimed at building a pipeline for future leadership and creating backups for critical roles.

The salient features of this policy are:

- Talent Assessment is conducted based on achievements, Competencies and Group Values.
- Gap Analysis is done to determine time period and tools needed to groom/ develop them as possible successors.
- Put through an outbound Leadership Course to determine areas of development viz a viz leadership.
- On-going coaching/ rotation/ training and developmental plans are in place to bring out best in class talent for succession.
- To deep reach successors at all levels, upward mobility is a pre-requisite in the hiring program.

Core Values

Values are what support the vision, shape the culture and reflect what an organization values. They are the essence of the organization's identity – the principles, beliefs or philosophy of values. We have relaunched our Core Values (Respect, Fairness, Quality, Ownership) and have imbedded them in our recruitment process, performance appraisals and recognition initiatives.

Other Policies

The Company has a complete set of other HR policies for recruitment, selection, training, tiredness, overtime and compensation. An employee Hand Book is also available.

Social and Environmental Responsibility Policy

Mirpurkhas Sugar Mills' Social and Environmental Responsibility Policy envisages an active commitment and participation on the part of the Company in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the Company contributes to various social and charitable causes including towards health and education sectors. In this regard, it has worked with many reputable organizations and NGOs in Pakistan.

The Company also participated in flood relief activities and helped IDPs (Internally Displaced Persons). Mirpurkhas Sugar Mills has always stood by the people of Pakistan in their hour of need and shall always continue to do so.

Mirpurkhas Sugar Mills is fully committed to acting in an environmentally responsible manner. To achieve this result, we:

1. Ensure our product and operations comply with relevant environmental legislation and regulations.

2. Maintain and continually improve our environmental management systems and complies with requirements as outlayed by specific markets or local regulations.

3. Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility amongst our employees.

4. There is no emission of hazardous materials from Mirpurkhas Sugar Mills Factory.

5. Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

Business Continuity and Disaster Recovery Policy

Introduction

The concept of Business Continuity Planning has over the past few years, become a major business management requirement. Business Continuity Planning is a process used to develop a practical plan for how a business could recover or partially restore critical business activities within a predetermined timeframe after a crisis or disaster. The resulting plan is called a Business Continuity Plan.

Business Continuity Plan

Manufacturing Facilities
Manufacturing facility of the company is in Sub Post office Sugar Mills Jamrao, Umerkot Mirpurkhas, Sindh Province of Pakistan. The building is fire resilient and is fully equipped modern firefighting equipment. It also meets HSE requirements at all levels. Despite of all these arrangements, Insurance coverage is made at the maximum level. In case of any natural disaster, the company would be able to recover its financial loss through insurance coverage. Hence, partial loss would not affect the company operations. Moreover, other locations of the Group are available as alternate locations therefore; interruptions, if any, can be managed.

Identification of Potential Issues and the Plan Update
Potential issues are identified and updated from time to time to have an up to the mark solution for the anticipated problems. For such identification, independent studies are conducted and drills are carried out. Plans are updated based on the results of the studies and drills.

Disaster Recovery Plan and IT Infrastructure
The company has its production server facility at PTCL Karachi with backup server facility at Lahore. In case of any disaster, the company would be able to continue its operations smoothly. Availability of servers at such distant locations enables the company to perform its IT functions without any glitches in case of any infrastructural damage at any one location. Moreover, the company has multiple locations within Pakistan. Operations can be carried through all of the locations situated in Pakistan.

Key Management Personnel
Being a part of Ghulam Faruque Group, the Companys' Senior management is located throughout Pakistan and not at any one location. In case of any mishap, operations can be taken over and continued from any other location.

Independent Auditor's Review Report to the Members of Mirpurkhas Sugar Mills Limited

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

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

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

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

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

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

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

Kreston Hyder Bhimji & Co

Karachi: December 12, 2019

CHARTERED ACCOUNTANTS

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050 to 53
Website : www.krestonhb.com Email: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

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Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019
For the year ended September 30, 2019

The company has complied with the requirements of the regulations in the following manner:

1. The total number of directors are 8 (eight) as per the following:

(a)	Male	8
(b)	Female	None

2. The Composition of board is as follows:

i)	Independent Directors	2
ii)	Non-executive Directors	4
iii)	Executive Directors	2
iv)	Female Director	None

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. 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;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The directors are well aware of their duties and responsibilities under the Code. Further following directors and executive have attended Directors' Training program:

Name of Directors	
Mr. Shehryar Faruque	Director
Engr. Mahfuz-ur-Rehman Pasha	Director
Mr. Samir Mustapha Chinoy	Director
Mr. Yasir Masood	Director

Name of Executive & Designation.	
Mr. Abid Vazir	Company Secretary

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

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

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

a) Audit Committee

Mr. Samir Mustapha Chinoy	Chairman
Mr. Shehryar Faruque	Member
Mr. Yasir Masood	Member

b) HR and Remuneration Committee

Engr. Mahfuz-ur-Rehman Pasha	Chairman
Mr. Aslam Faruque	Member
Mr. Arif Faruque	Member
Mr. Amer Faruque	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

a) Audit Committee. - Quarterly

b) HR and Remuneration Committee. - Yearly

15. The Board has set up an effective internal audit function supervised by a qualified Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan 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 Director of the Company.

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

18. We confirm that all requirements of Regulations have been complied with.

For and on behalf of the Board of Directors

Shehryar Faruque
Chairman

Karachi: December 12, 2019

Aslam Faruque
Chief Executive

Role and Responsibilities of Chairman and Chief Executive Officer

OFFICES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Being a corporate governance compliant company, Mirpurkhas Sugar Mills designates separate persons for the position of the Chairman of the Board of Directors and the office of the Chief Executive with clear division of roles and responsibility.

Pursuant to the provisions of Section 192(2) of the Companies Act, 2017, the Board of Directors of Mirpurkhas Sugar Mills Limited has outlined the roles and responsibilities of the Chairman as well as the Chief Executive Officer (CEO) of the Company, which are detailed here in below;

CHAIRMAN

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board. The Chairman acts as the communicator for Board decisions where appropriate.

More specifically, the duties and responsibilities of the Chairman are as follows:

- acting as a liaison between management and the Board, through the CEO;
- keeping abreast generally of the activities of the Company and its management;
- ensuring that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments and make informed decisions;
- preparing the review report (to be included with the annual financial statements) on the overall performance of the Board of Directors and effectiveness of the role played by the Board of Directors in achieving the Company's objectives.
- developing and setting the agendas for meetings of the Board;
- acting as Chair at meetings of the Board;
- ensuring that the minutes of Board meetings are appropriately recorded and reviewing and signing minutes of Board meetings;
- presiding over the Board meetings and ensuring that all relevant information has been made available to the Board;
- confirming the quorum of the meeting;
- ensuring that the agenda, notice of meeting along with all relevant material were circulated within stipulated time;
- ensuring that the minutes of the Board meetings are kept in accordance with applicable laws;
- ensuring that the appropriate recording and circulation of the minutes of the Board meeting to the Directors and officers entitled to attend the Board meetings;
- safeguarding shareholders' interest in the Company;
- issuing the letter to the directors at the commencement of each three year term of the Directors setting out their role, obligations, powers and responsibilities;
- ensuring that the Board is playing an effective role in fulfilling its responsibilities;
- determining the date, time and location of the annual or extraordinary general meetings of shareholders and to develop the agenda for the meeting;
- presiding as chairman at every General Meeting of the Company;
- recommending to the Board, after consultation with the Directors and management, the appointment of members of the Committees of the Board;
- assessing and making recommendations to the Board annually regarding the effectiveness of the Board.

CHIEF EXECUTIVE OFFICER

The CEO is, subject to control and directions of the Board, entrusted with the powers of management of affairs of the Company. In such capacity the CEO's role and responsibilities include:

- planning, formulating and implementing strategic policies; ensuring the achievement of productivity and profitability targets and efficient Company operations;
- ensuring that necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- maintaining an ongoing dialogue with the Directors in regard to changes in and implementation of Company's policies and the performance and development of the Company's business;
- ensuring that the Company's interests and assets are properly protected and maintained and all the required Government obligations are complied with in a timely manner;
- maintaining a close liaison with the Government, customers, suppliers and sales offices;
- chalking out human resource policies for achieving high professional standards, overall progress / betterment of the Company as a whole;
- ensuring that proper succession planning for all levels of hierarchy exist in the Company and the same is constantly updated;
- ensuring proper functioning of the Management Committees of the Company of which he is the chairman;
- preparing and presenting personally to the Board of Directors following reports/details:
- annual business plan, cash flow projections and long term plans.
- budgets including capital, manpower and overhead budgets along with variance analysis.
- quarterly operating results of the Company in terms of its operating divisions and segments.
- promulgation or amendment of the law, rules or regulations, accounting standards and such other matters as may affect the Company.
- reviewing performance against budgets / targets, revenue and capital expenditure, profits, other administration, commercial, personnel and other matters of importance to the Company.
- ensuring that open and progressive atmosphere is created among employees giving them a sense of participation and providing them with an opportunity to give their best.

Salient Features of Terms of Reference of the Audit Committee and the Human Resource & Remuneration Committee

The Board is assisted by two Committees, namely the Audit Committee and the Human Resource & Remuneration Committee, to support its decision-making in their respective domains:

AUDIT COMMITTEE

Mr. Samir Mustapha Chinoy	Chairman
Mr. Shehryar Faruque	Member
Mr. Yasir Masood	Member

The Audit Committee comprises of three Non-Executive Directors one of whom is an Independent. The Chairman of the Committee is an Independent Director.

Meetings of the Audit Committee are held at least once in every quarter. The Committee reviews the annual financial statements in the presence of external auditors. The recommendations of the Audit Committee are then submitted for approval of financial results of the Company by the Board. During the year 2018-19, the Audit Committee held Four [4] meetings. The minutes of the meetings of the Audit Committee are provided to all the Members, Directors and the Chief Financial Officer. The Head of Internal Auditor attends the Audit Committee meetings regularly and meets the Audit Committee without the presence of the Management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and mitigating actions are then implemented.

Terms of reference of Audit Committee

The Code of Corporate Governance 2019 mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Audit Committee.

In light of the mandate the Board of Directors of Mirpurkhas Sugar Mills Limited has drafted and approved the following terms of Reference for its Audit Committee. This is a non-exhaustive list and only outlines the most important guidelines for the Committee. Amendments to these shall be made from time to time in line with change in laws, and internal and external relevant factors.

The Committee shall;

a) determine appropriate measures to safeguard the company's assets;

b) review annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:

(i) major judgmental areas;

(ii) significant adjustments resulting from the audit;

(iii) going concern assumption;

(iv) any changes in accounting policies and practices;

(v) compliance with applicable accounting standards;

(vi) compliance with the regulations and other statutory and regulatory requirements; and

(vii) all related party transactions.

c) review preliminary announcements of results prior to external communication and publication;

d) facilitate the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) review management letter issued by external auditors and management's response thereto;

f) ensure coordination between the internal and external auditors of the company;

g) review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensure that the internal audit function has adequate resources and is appropriately placed within the company;

h) consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i) ascertain that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j) review the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;

k) institute special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and consider remittance of any matter to the external auditors or to any other external body;

l) determine compliance with relevant statutory requirements;

m) monitor compliance with the Code of Corporate Governance, 2019 and identify significant violations thereof;

n) review arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

o) recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.

p) consider any other issue or matter as may be assigned by the board of directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

Engr. Mahfuz-ur-Rehman Pasha	Chairman
Mr. Aslam Faruque	Member
Mr. Amer Faruque	Member
Mr. Arif Faruque	Member

The Code of Corporate Governance 2019 mandates that the Board of Directors of the Company shall determine the Terms of Reference of the Human Recourse and Remuneration Committee.

Terms of Reference

In light of the mandate the Board of Directors of Mirpurkhas Sugar Mills Limited has drafted and approved the following terms of Reference for its HR&R Committee. This is a non-exhaustive list and only outlines the most important guidelines for the Committee. Amendments to these shall be made from time to time in line with change in laws, and internal and external relevant factors.

The Committee shall;

i. recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;

ii. undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultants and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;

iii. recommend human resource management policies to the Board;

iv. recommend to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;

v. carry out consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer;

vi. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company; and

vii. carry out all actions in addition to those stated above, in order to ensure that the Company's risks are mitigated and growth in the right direction is taking place.

Records: All documentation related to the holding, proceedings and recommendations of the HR & RC shall be ensured by and stored with the Secretary (HR & RC).

Report of the Audit Committee

AUDIT COMMITTEE

Mr. Samir Mustapha Chinoy	Chairman
Mr. Shehryar Faruque	Member
Mr. Yasir Masood	Member

The Audit Committee of the Company comprises of two Non-Executive Directors and one Independent Non-Executive Director who is the Chairman of the Committee. The Head of Internal Audit attends Audit Committee meetings. The Chief Executive Officer and Chief Financial Officer attend Audit Committee meetings by invitation. The Audit Committee also separately meets the external auditors at least once in a year without the presence of the Management.

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2018-19. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.

2. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors. Further, the financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.

3. The Audit Committee has reviewed and approved all related party transactions.

4. The Audit Committee takes into account any feedback from the Board of Directors and incorporates for improvement.

INTERNAL AUDIT AND RISK MANAGEMENT

1. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Internal Audit department. The Audit Committee reviewed the resources and performance of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function. Head of Internal Audit Department has direct access to the Audit Committee.

2. An Internal Audit Risk Assessment document is submitted to the Audit Committee and based on that an Audit Plan is prepared to mitigate the risks involved in the Company's operations. Further, on the basis of this plan, audits are conducted and reports are submitted. The Committee on the basis of the said reports reviews the adequacy of controls and compliance shortcomings in areas audited and discuss corrective actions in the light of management responses. Regular follow ups of these reports are also taken. This ensures the continual evaluation of controls and improved compliance. Minutes of Audit Committee meetings are timely circulated to the Board of Directors.

3. For continuous improvement of internal controls, the Committee also discussed the internal controls and the management letter with the external auditors.

EXTERNAL AUDIT

1. The external auditors M/s. Kreston Hyder Bhimji & Co. Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

2. The Audit Committee has reviewed and discussed with the external auditors and management, all the Key Audit Matters and other issues identified during the external audit along with the methods used to address the same.

3. Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s. Kreston Hyder Bhimji & Co. Chartered Accountants as External Auditors of the Company for the year ending September 30, 2020 as it is one of the reputable audit firms and has thorough knowledge of the Company's business and industry due to long association with the Company.

4. The Company also obtains taxation related services from M/s. Bhimji Gardezi & Co. Chartered Accountants.

By order of the
Audit Committee

Samir Mustapha Chinoy
Chairman,
December 11, 2019

Performance and Position

Financial Indicators

Actual Results

Season 2018/19 started on December 14, 2018. Shortage of water due to less monsoon rains resulted in shorter crushing season of 2018/19 that resulted in lesser sugar production by 25% as compared to Season 2017/18.This proved Season 2018/19 challenging and sugarcane procurement price competition was witnessed among all Company gate areas and out zones areas for cane procurement.

Summarized operating performance of the Company for the current year as compared to last year is as follows:

	2019	2018
	(Rupees in '000)	
Net sales	3,728,986	4,170,397
Cost of sales	(3,121,032)	(3,788,510)
Gross Profit	607,954	381,887
Expenses & Taxes and other Income	(670,694)	(713,263)
Share of profit from Associate	369,926	404,620
Net Profit	307,186	73,244

Company has reported turnover of Rs. 3,728.99 Million for the year as against Rs. 4,170.40 Million in last year, resulting a 11% decrease of the turnover mainly due to less export sales during the current year compared to last year. Average net sale price per ton of sugar for the current year under review was Rs. 51,915 as against 41,089 per metric ton last year. The saleable closing stock is 22,418 metric tons to date.

	2019	2018
	(In tons)	
Local sales (Local, Pharma & Food Grade)	67,829	27,475
Export sales	4,000	74,021
Total sales	71,829	101,496

Budgeted Results

Actual profit was realized during the year as compared to budget mainly due to sugarcane payment has been made @ Rs. 188.20 per maund against planned cost of Rs. 194.48 per maund. We have planned in budget 11% recovery for the season whereas actual recovery was 11.25% for the Season 2018/19. We have achieved higher Gross Profit for the year as compared to budgeted gross profit. Furthermore, Company exported 4,000 metric tons to China as against 30,000 metric tons planned in Budget We paid less Sugar export freight & port handling expenses in actual as compared to budget. We achieved Share of profit/loss from Associate in line with budget estimates.

	Actual	Budgeted
	2018 - 19	
	(In tons)	
Total sales volume	71,829	89,312

Actual vs budget figure under respective head is as follows:

	Actual	Budgeted
	2018 - 19	
	(Rupees in '000)	
Net sales	3,728,986	4,158,133
Cost of sales	(3,121,032)	(4,077,247)
Gross Profit	607,954	80,886
Expenses & Taxes and other Income	(670,694)	(630,086)
Share of profit from Associate	369,926	333,300
Net Profit	307,186	(215,900)

Key Performance Indicators

FINANCIAL INDICATORS

Turnover
3,728,986
(Rs. In Thousands)
Increased by
10.58
(%)

Gross profit
607,954
(Rs. In Thousands)
Increased by
59.19
(%)

Dividend per Share
1.0
(Rs.)
Decreased by
33.33
(%)

Profit after tax
307,188
(Rs. In Thousands)
Increased by
319.40
(%)

Earnings per share
25.04
(Rs.)
Increased by
319.43
(%)

Breakup value per share
161.71
(Rs.)
Decreased by
11.84
(%)

Total Assets
5,800,571
(Rs. In Thousands)
Decreased by
10.83
(%)

Wealth Distributed
1,707,074
(Rs. In Thousands)
Increased by
89.92
(%)

Cash Generated From Operating Activities
882,009
(Rs. In Thousands)
Increased by
4.95
(%)

Financial Leverage
1.30
(Times)
Decreased by
6.47
(%)

Methods and Assumptions in Compiling Indicators

A Key Performance Indicator (KPI) should immediately inform the reader how the business is performing which in turn should suggest what actions need to be taken. KPIs provide understanding of a company's performance in key areas and measure to analyze current standing of the company and likely path the company would follow. Comparability over time is a key principle of good corporate reporting. It is recognized that KPIs may evolve over time as strategies change or more information becomes available. Mirpurkhas Sugar Mills Limited has identified and updated following KPIs that are critical to its business. While identifying KPIs, the Company analyzed various indicators, their interpretations and accordingly their extent to which they may correctly and clearly communicate the Company's performance.

Non-Financial Indicators

Capital forms	Objective	KPI Monitored	Future relevance
Manufactured Capital	Product development	Produce high quality sugar for various industries including FMCG and Pharmaceuticals.	The Company believes in innovation and introducing new varieties of sugar in Pakistan.
	Business Diversification	Analyze various prospects of upstream, parallel and downstream diversification options in Sugar and Allied Industries in order to avail the benefit of excess energy available with Sugar Mill.	Business diversification is our long-term objective.
	Maintain industry leadership and expand sales	Market share, price management and identification of new markets.	Leadership is our continuous endeavor and has to be maintained. Invest in operational efficiency and economies of scale to maintain it in the years to come. KPIs shall relevant in future.
	Enhance operational efficiency and efficient inventory management	Production efficiency ratios and Activity ratios.	
	Economize on costs – eliminating redundancies	Optimization of available resources and better allocation of fixed costs.	
	Sustainability	Keep a close eye on Current Ratio, Gearing and Interest Cover.	
Human Capital	Health & Safety of workers	Provision of a congenial and clean environment along with safety for smooth work.	We believe in continuously providing environment which harmonize the workers efforts in higher productivity.
	Training and Education	Continuous training of employees and workers. Monitor training need analysis with special focus on health and safety at work.	
Relationship Capital	Shareholder Value	EPS, ROE, Asset Turnover and DPS	We value our relationship with all our stakeholders therefore, we will continue to strive to improve shareholders' value. Improve our customer services and maintain timely payments.
	Stock Value	Analyse market price as a measure of relationship capital	
	Suppliers and Customers Relationships	Assess the payment stream and ensure timely payment. Provide customer with maximum support beyond customer -supplier relationship.	
Intellectual capital	Highest product strength at lowest cost in industry Maintain industry leadership	Regularly monitor avenues to increase product strength. Produce high quality sugar to facilitate our customers.	We shall continue to innovate products according to the changing needs of Customer and market demand.

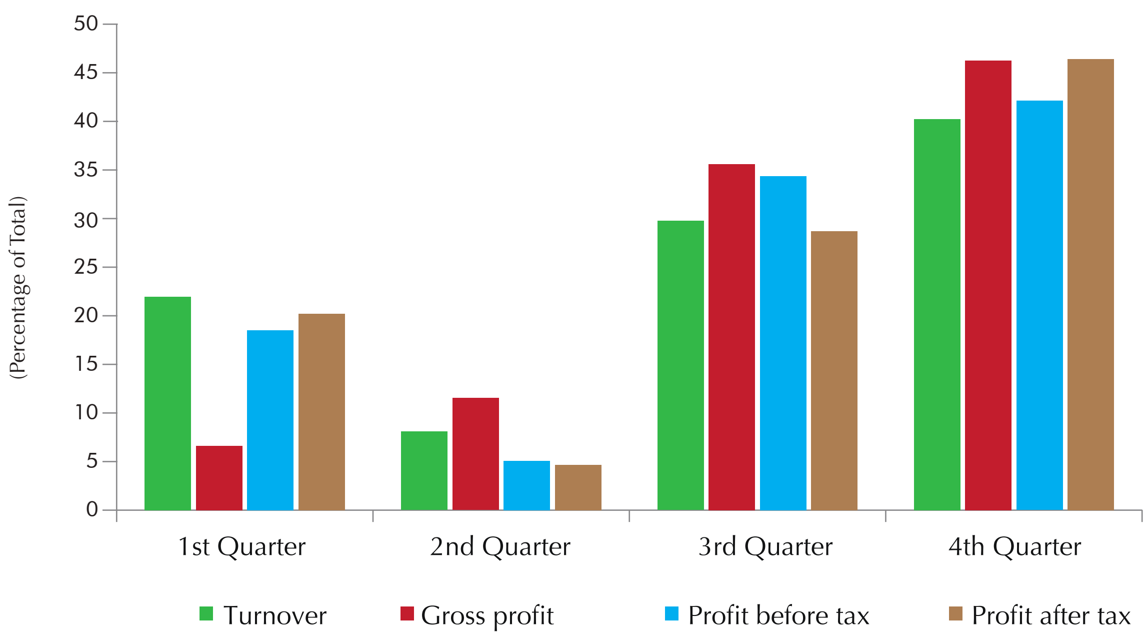
All the above KPIs will remain relevant in the near future.

Quarterly Performance Analysis

Particulars	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
			(Rupees in '000)		
Turnover-net	818,968	300,822	1,109,260	1,499,936	3,728,986
Cost of sales	(778,783)	(230,785)	(892,799)	(1,218,665)	(3,121,032)
Gross profit	40,185	70,037	216,461	281,271	607,954
Distribution cost	(2,811)	(4,621)	(4,778)	(18,326)	(30,536)
Administrative expenses	(37,330)	(34,241)	(39,723)	(42,531)	(153,825)
Other operating expenses	(7,737)	(8,072)	3,170	(9,387)	(22,026)
	(47,878)	(46,934)	(41,331)	(70,244)	(206,387)
Other income	34,035	6,736	724	9,039	50,534
Operating profit	26,342	29,839	175,854	220,066	452,101
Finance cost	(67,194)	(103,828)	(124,607)	(108,729)	(404,358)
	(40,852)	(73,989)	51,247	111,337	47,743
Share of profit in an associate	118,121	95,099	92,166	64,540	369,926
Profit before taxation	77,269	21,110	143,413	175,877	417,669
Taxation	(15,125)	(6,825)	(55,216)	(33,315)	(110,481)
Profit after tax	62,144	14,285	88,197	142,562	307,188

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Sales (% of total)	21.96	8.07	29.75	40.22	100%
Gross Profit (% of total)	6.61	11.52	35.60	46.27	100%
Profit before tax (% of total)	18.50	5.05	34.34	42.11	100%
Profit after tax (% of total)	20.23	4.65	28.71	46.41	100%

Profitability Trend



Comments Quarterly Performance Analysis

Quarter 1

- Turnover was on higher side during the quarter due to sales of last year carried over stock

- Cost of sales was higher due to higher sugarcane cost for the season 2018-19.

- Operating profit and net profit was reported due to efficient operation management and share of profit from Associate. Finance Cost was on the higher side due to increase in discount rates.

Quarter 2

- Turnover was on lower side due to depressed selling prices in local market resulted in less sales as compared to the 1st Quarter

- Cost of sales per ton decreased due to improved final recovery for the season 2018-19.

- Gross profit margin and Operating profit improved due to decrease in Cost of Sales per ton during the Q2. Higher finance cost was recorded due to higher discount rates and Company holding of last year carried over stocks.

Quarter 3

- Turnover increased significantly as Company sold its carried over stocks of last year at attractive prices as prices of sugar in local market got improved on expectation of increase in sales tax @ 17% instead of 8% in Finance Bill 2019.

- Cost of sales was increased due to the impact of labor and factory overhead.

- Gross profit and net profit was reported in Q3 due to efficient operation management, decrease in distribution cost and share of profit from Associate as compared to Q2.

Quarter 4

- Turnover increased significantly as Company sold its carried over stocks of last year at attractive prices as prices of sugar in local market got stabilized after favorable measures of the Government relating to sales tax changes implementation. Turnover includes 4,000 metric tons of export to China at price of US$ 416 per metric ton.

- Cost of sales per ton was increased due to the impact of labor and factory overhead.

- Gross profit and net profit was reported in Q4 due to translation of efficient operation measures taken by the management in financial year in spite of higher finance cost due to increase in discount rates

Six Years Statistics and Ratios

		2019	2018	2017	2016	2015	2014
Production Data							
Sugarcane crushed	(M. Tons)	577,396	774,171	738,378	616,716	609,569	725,210
Sucrose recovery	(%)	11.25	11.39	10.68	10.82	11.02	10.51
Sugar production	(M. Tons)	64,935	88,183	78,897	66,753	67,175	76,228
Molasses production	(M. Tons)	26,445	38,725	34,860	28,325	28,570	35,100
		(Rupees `000)					
Sales & Profitability							
Turnover - net		3,728,986	4,170,397	2,802,150	3,762,892	3,061,737	3,330,536
Cost of sales		3,121,032	3,788,510	2,849,191	3,434,737	2,736,332	3,074,914
Gross profit		607,954	381,887	(47,041)	328,155	325,405	255,622
Operating profit / (Loss)		452,101	(82,596)	(173,588)	253,674	198,588	187,461
Profit / (Loss) before taxation		417,669	111,649	(292,927)	225,560	147,597	85,077
Profit / (Loss) for the year		307,188	73,244	(270,044)	150,069	103,940	82,184
Financial Position							
Fixed assets - net		2,482,420	2,416,009	2,366,349	2,036,694	1,682,179	1,614,501
Other non-current assets		1,491,021	1,812,593	882,594	752,876	664,855	564,161
	A	3,973,441	4,228,602	3,248,943	2,789,570	2,347,034	2,178,662
Current assets		1,827,130	2,276,581	4,131,912	2,472,894	1,889,474	1,055,989
Current liabilities		(2,547,469)	(2,914,100)	(3,495,721)	(1,465,464)	(1,217,943)	(1,019,325)
Working capital	B	(720,339)	(637,519)	636,191	1,007,430	671,531	36,664
Capital employed	(A+B)	3,253,102	3,591,083	3,885,134	3,797,000	3,018,565	2,215,326
Less: Non current liabilities		(1,269,197)	(1,340,778)	(1,377,166)	(856,347)	(773,235)	(561,916)
Shareholders' equity		1,983,905	2,250,305	2,507,968	2,940,653	2,245,330	1,653,410
Represented by:							
Share capital		122,682	122,682	122,682	122,682	122,682	122,682
Reserves		1,045,158	1,311,052	1,568,715	2,262,222	1,566,899	956,713
Surplus on revaluation of fixed assets		816,065	816,571	816,571	555,749	555,749	574,015
		1,983,905	2,250,305	2,507,968	2,940,653	2,245,330	1,653,410
Performance indicators							
Profitability Ratios							
Gross profit ratio	(%)	16.30	9.16	(1.68)	8.72	10.63	7.68
Net profit to sales	(%)	8.24	1.76	(9.64)	3.99	3.39	2.47
EBITDA margin to sales	(%)	14.68	0.21	(3.43)	8.43	8.54	7.44
Operating leverage ratio	(times)	1.64	(17.75)	(7.33)	2.09	1.18	(0.13)
Return on equity	(%)	15.48	3.25	(10.77)	5.10	4.63	4.97
Return on capital employed	(%)	29.77	9.99	(1.75)	10.02	10.60	11.22
Liquidity Ratios							
Current ratio	(times)	0.72	0.78	1.18	1.69	1.55	1.04
Quick/ acid test ratio	(times)	0.24	0.32	0.53	1.37	1.07	0.56
Cash to current liabilities	(times)	0.02	0.01	0.01	0.01	0.05	0.02
Cash flow from operations to sales	(times)	0.24	0.20	(0.75)	0.10	0.02	0.05
Activity/ Turnover Ratios							
Inventory turnover ratio	(times)	3.04	2.44	2.53	11.34	8.28	16.06
No. of days in inventory	(days)	119.96	149.55	144.02	32.18	44.11	22.73
Debtor turnover ratio	(times)	18.23	9.21	10.99	14.34	14.66	12.51
No. of days in receivables	(days)	20.02	39.63	33.20	25.46	24.89	29.17
Creditor turnover ratio	(times)	25.56	29.00	28.38	15.50	24.37	44.23
No. of days in creditors	(days)	14.28	12.59	12.86	23.55	14.98	8.25
Total assets turnover ratio	(times)	0.64	0.64	0.38	0.72	0.72	1.03
Fixed assets turnover ratio	(times)	1.50	1.73	1.18	1.85	1.82	2.06
Operating cycle	(days)	105.67	136.96	131.16	8.63	29.13	14.48
Investment/ Market Ratios							
Earnings per share - basic **	(rupees)	25.04	5.97	(22.01)	12.23	8.47	6.70
Price earning ratio **	(times)	2.48	21.77	(6.45)	14.34	10.03	9.20
Cash dividend yield ratio	(%)	-	1.15	-	2.85	4.12	4.38
Dividend payout ratio	(%)	3.99	25.12	-	40.88	41.31	40.30
Dividend cover ratio	(times)	25.04	3.98	-	2.45	2.42	2.48
Cash dividend per share	(rupees)	-	1.50	-	5.00	3.50	2.70
Bonus Shares	(%)	10.00	-	-	-	-	-
Market price per share:							
- Closing	(Rupees)	62.00	130.00	142.00	175.40	85.00	61.62
- High	(Rupees)	130.00	157.44	262.00	176.30	85.90	82.50
- Low	(Rupees)	62.00	114.00	136.30	72.25	48.50	41.30
Break-up value per share**	(Rupees)	161.71	183.43	204.43	239.70	183.02	134.77
Capital Structure Ratios							
Financial leverage ratio	(times)	1.30	1.39	1.54	0.46	0.53	0.55
Weighted average cost of debt	(%)	11.87	6.71	6.18	7.02	8.68	10.89
Debt to equity ratio		56:44	58:42	61:39	32:68	35:65	36:64
Interest cover ratio	(times)	2.03	1.53	(0.28)	2.69	1.97	1.55

** restated, based on weighted average number of ordinary shares in issue

Comments on Ratios

Profitability Ratios

The Company was affected by the exorbitant increase in sugarcane cost due to intense competition witnessed in all operational areas coupled with less quantity of sugar exported during the year as compared to last year. However, efficient operational management and the utilization of capacity resulted in a tremendous increase in gross profit ratio to 16% as compared to 9% last year. Net profitability of the Company also increased by 7% as compared to last year in spite of increase in finance cost due to increase in discount rates and holding of sugar stocks. Decrease in distribution costs and share of profit from Associate also positively contributed in Net profit of the Company.

Liquidity Ratios

Increase in cost of doing business i.e. consistent increase in sugar cane cost over the years vis-a-vis holding of sugar stocks due to depressed selling prices resulted in higher financial cost as compared to last year. However, the Company has been able to manage a positive trend of current asset ratios and acid test ratio from the last three years.

Activity / Turnover Ratios

Efficient operations management resulted in better cash flows generated during the year. This factor in turn resulted in an improvement in Activity/ Turnover Ratios. Cash operating cycle improved during the year in spite of rising operational costs and holding of sugar stocks which was sold later in the 3rd and 4th Quarter of the current financial year by the Company.

Investment / Market Ratios

Investment / Market ratios reflect the performance of the Company. Depressed selling prices coupled with increase in operational and finance cost due to higher inflation rate, increase in discount rates and devaluation of Pak Rupee affected the share price and Price Earning Ratio of the Company.

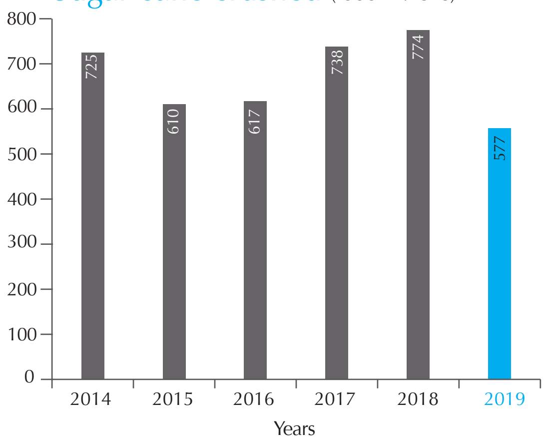
Capital Structure Ratios

The Company effectively managed its gearing by effectively utilizing bank financing obtained at very competitive rates which resulted in a well managed finance cost, weighted average cost of debt of the Company in spite of higher discount rates.

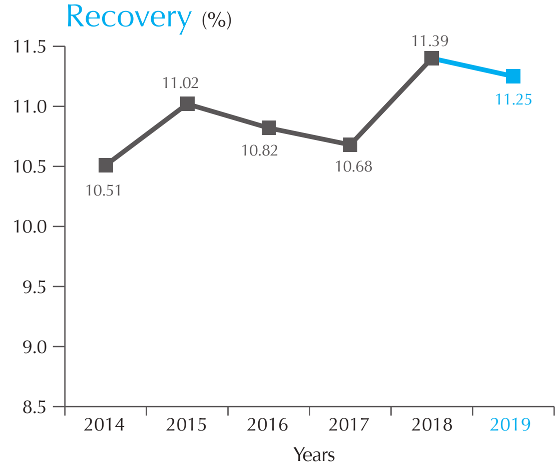
Key Operating Highlights

Production Highlights

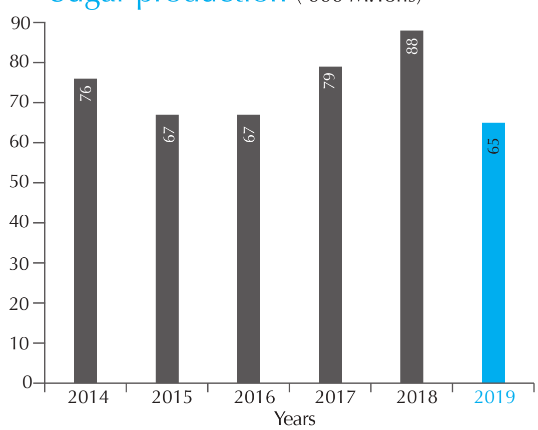
Sugar cane crushed ('000 M.Tons)



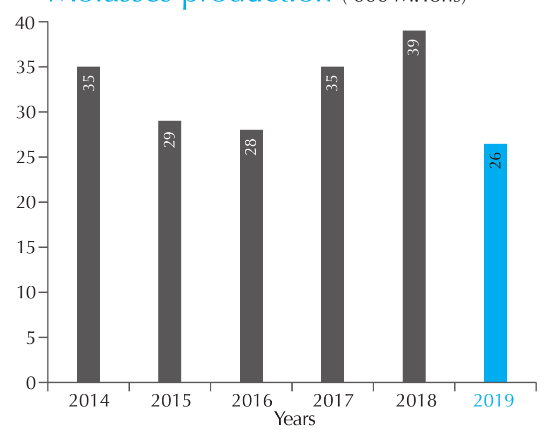
Recovery (%)



Sugar production ('000 M.Tons)

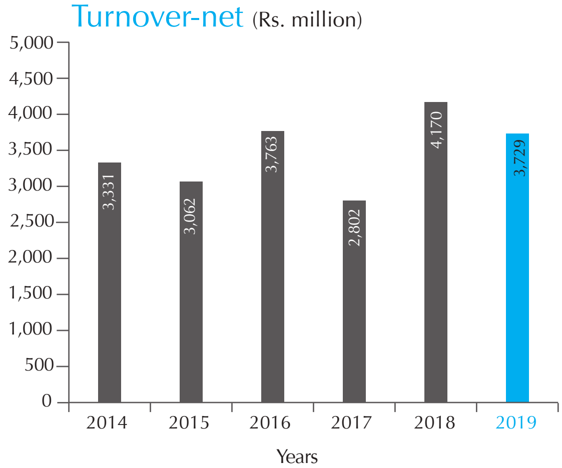


Molasses production ('000 M.Tons)

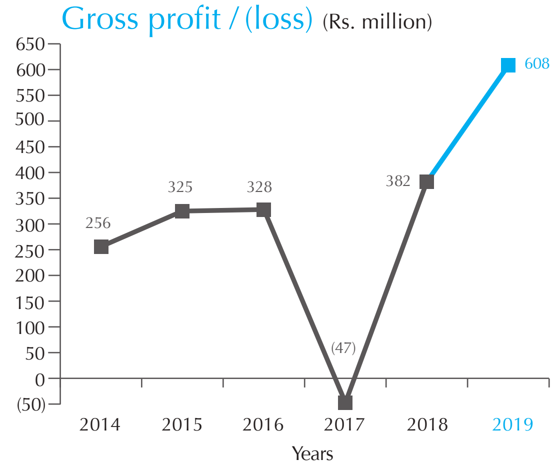


Financial Highlights

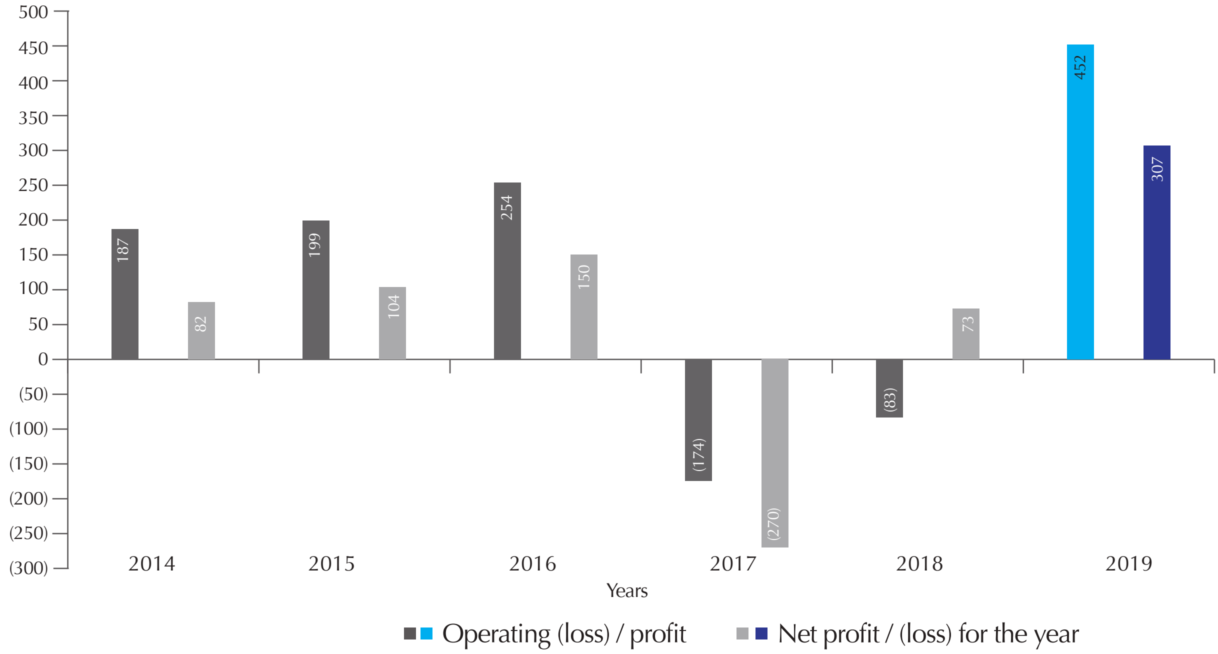
Turnover-net (Rs. million)



Gross profit / (loss) (Rs. million)

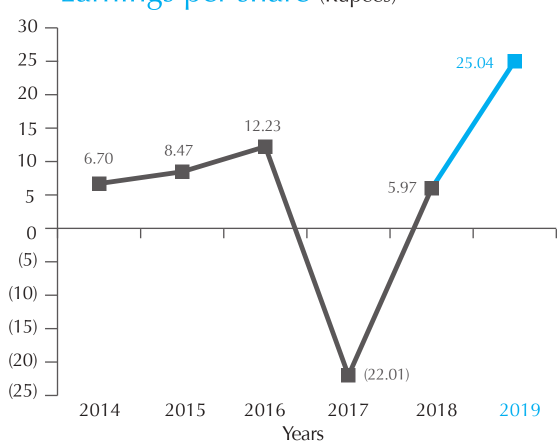


Operating vs Net [profit / (loss)] (Rs. million)

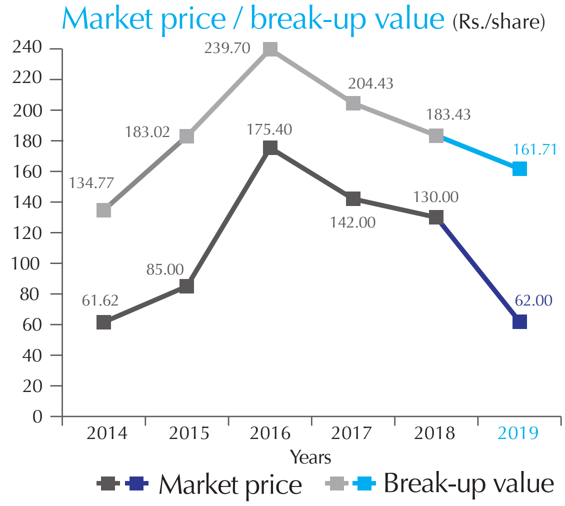


Shareholders' equity / Reserves (Rs. million)

Earnings per share (Rupees)

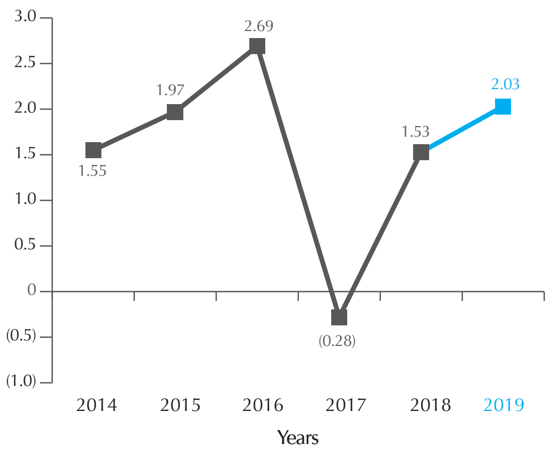


Market price / break-up value (Rs./share)

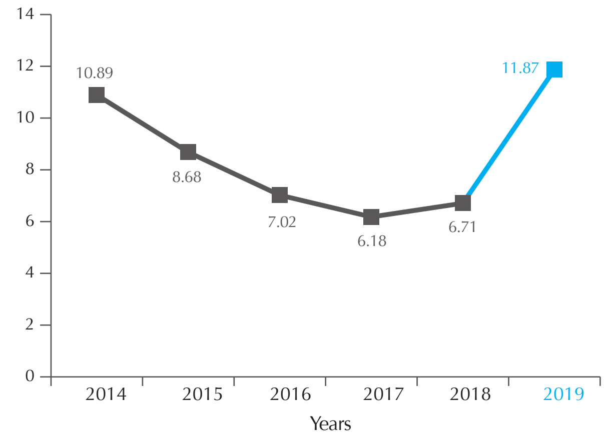


Key Operating Highlights

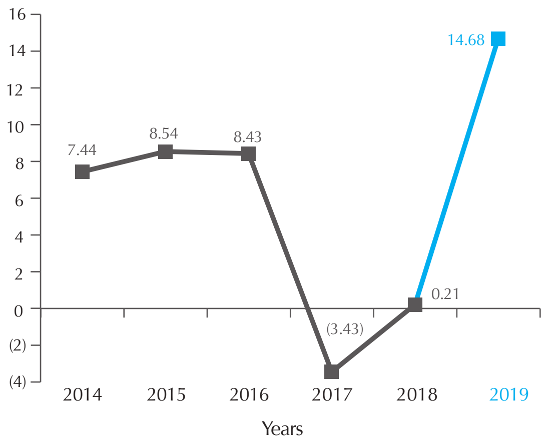
Interest coverage (times)



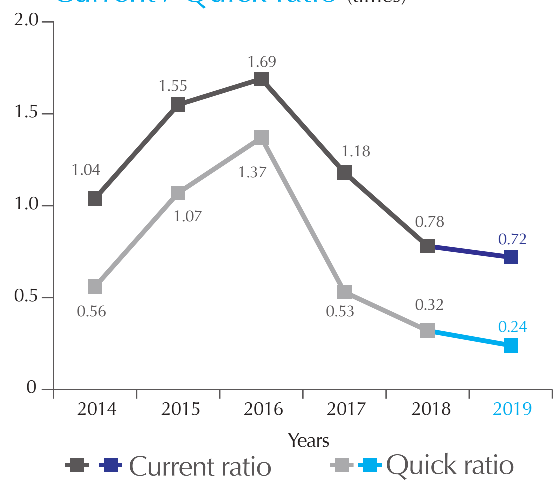
Weighted average cost of debt (%)



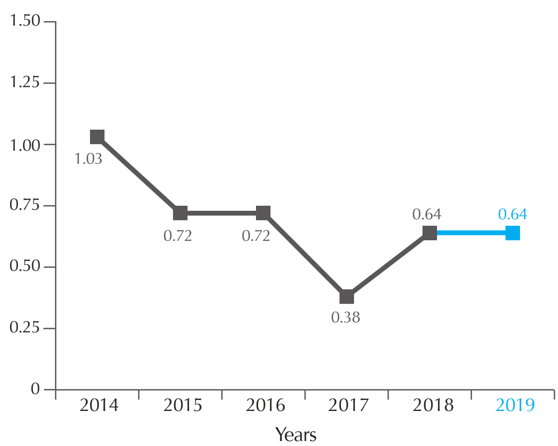
EBITDA margin to turnover (%)



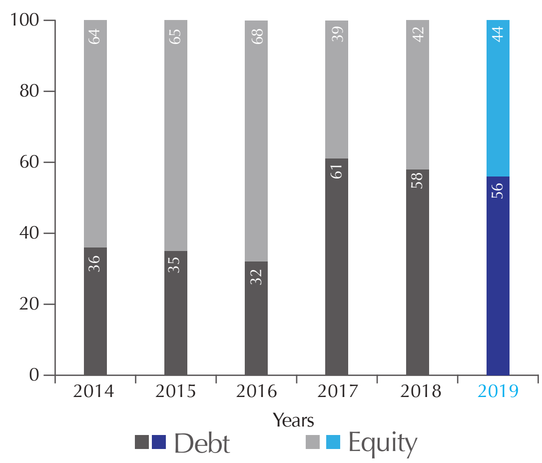
Current / Quick ratio (times)



Total assets turnover ratio (times)



Debt-equity ratio (%)

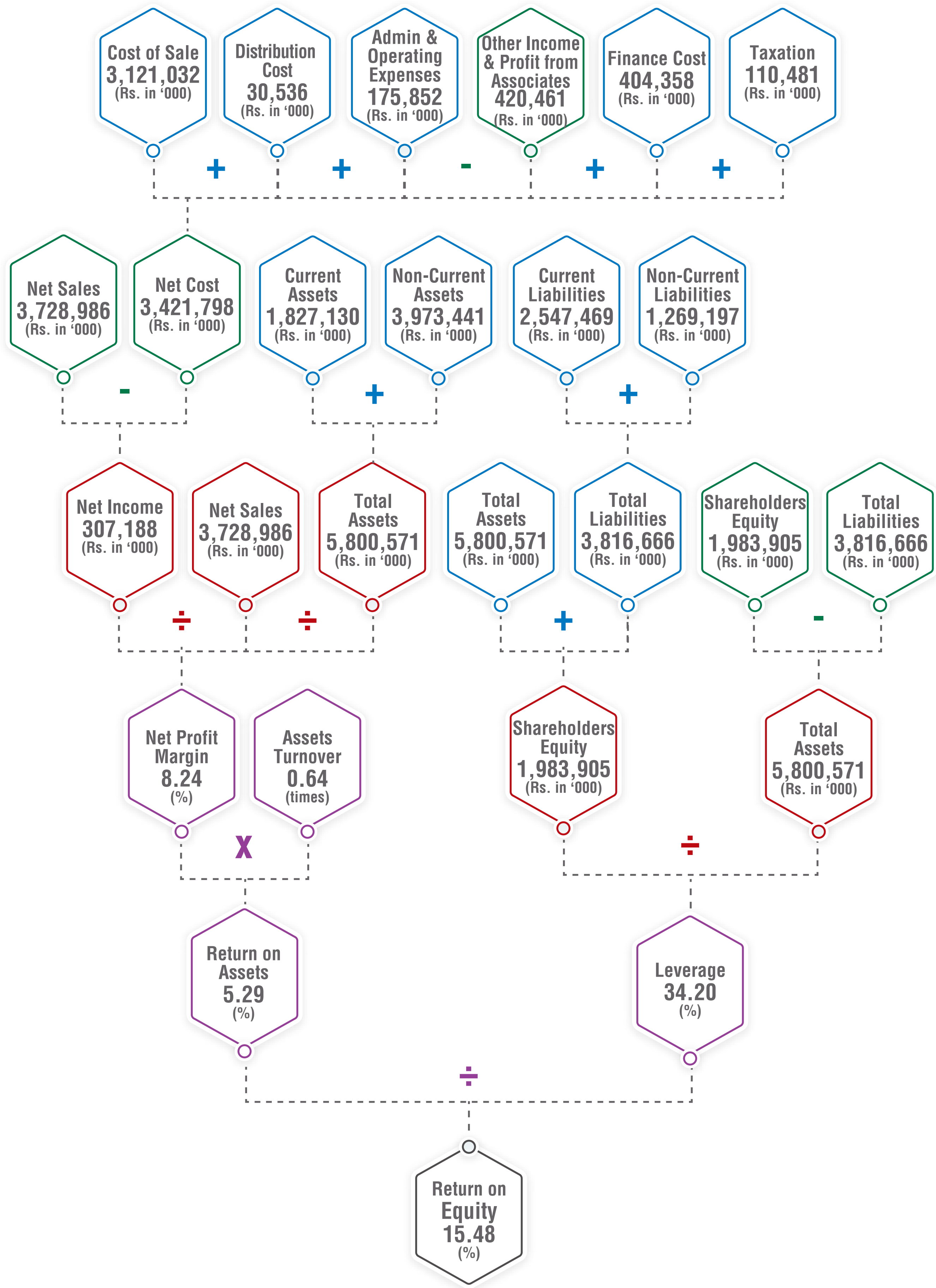


DuPont Analysis

Description	Year 2019	2018	2017	2016	2015	2014
Operating margin (%)	12.12	(1.98)	(6.19)	6.74	6.49	5.63
Asset turnover (times)	0.64	0.64	0.38	0.72	0.72	1.03
Interest burden / efficiency (%)	92.38	135.17	(168.75)	88.92	74.32	45.38
Tax burden / efficiency (%)	73.55	65.60	92.19	66.53	70.42	96.60
Leverage (Equity Multiplier)	2.92	2.89	2.94	1.79	1.89	1.96
Return on Equity (%)	15.48	3.25	(10.77)	5.10	4.63	4.97

Graphical Presentation of DuPont Analysis -ROE (%)

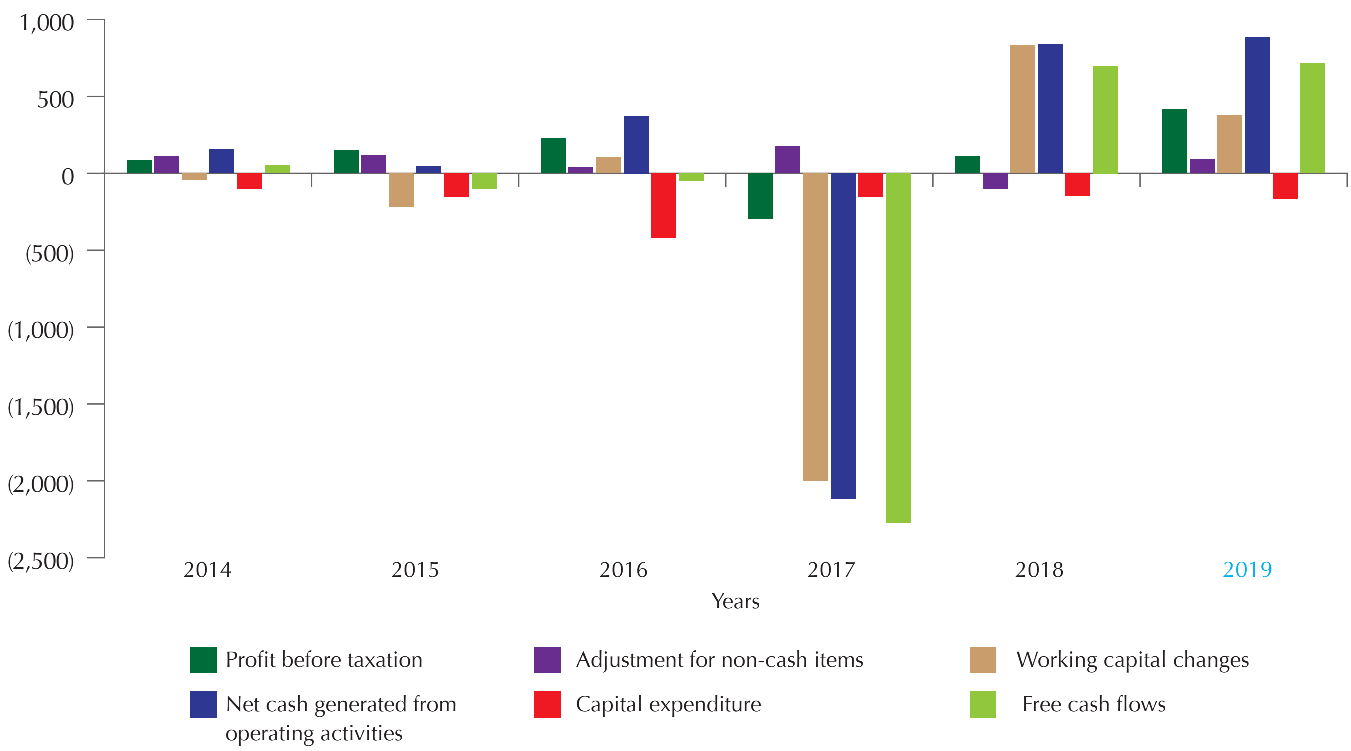
DuPont Chart



Free Cash Flows

	2019	2018	2017	2016	2015	2014
	(Rupees in '000)					
Profit / (Loss) before taxation	417,669	111,649	(292,927)	225,560	147,597	85,077
Adjustment for non-cash items	89,476	(100,911)	176,416	42,414	120,137	111,857
Working capital changes	374,864	829,639	(1,998,954)	106,212	(220,166)	(41,178)
Net cash generated from operating activities	882,009	840,379	(2,115,465)	374,186	47,568	155,756
Capital expenditure	(167,757)	(144,761)	(156,016)	(419,983)	(150,480)	(104,492)
Free cash flows	714,252	695,618	(2,271,481)	(45,797)	(102,912)	51,264

Graphical Presentation of Free Cash Flows (Rs. in Million)

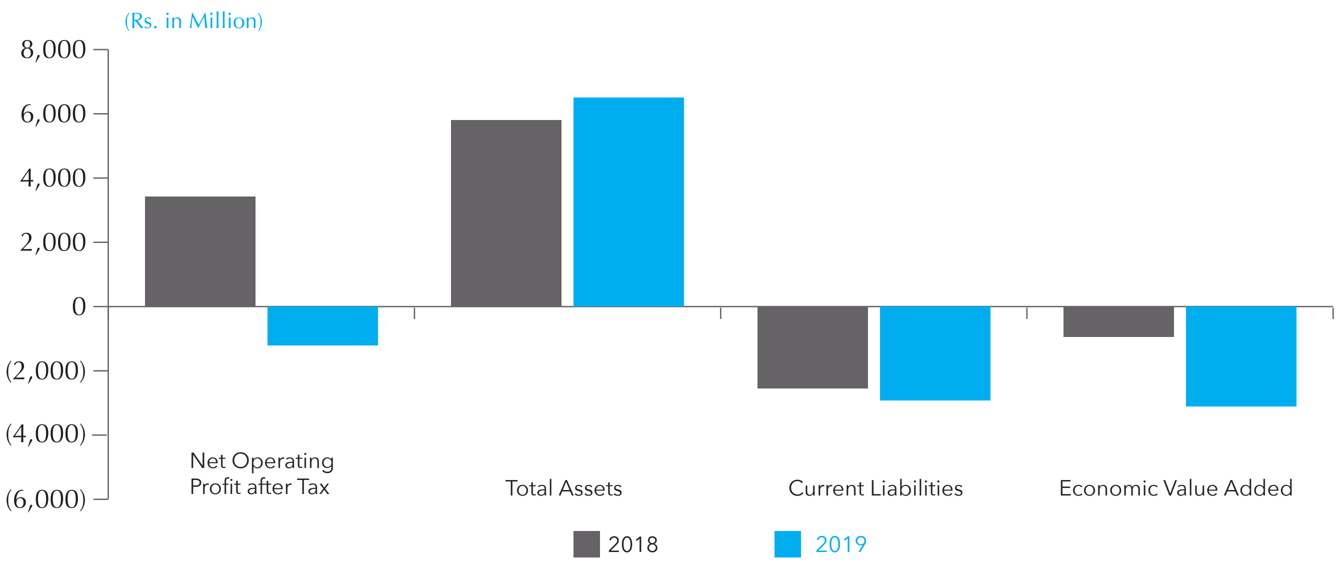


Economic Value Added

	2019	2018
	(Rupees in '000)	
Net Operating Profit After Tax	341,619	(121,001)
Cost of Capital	(436,241)	(190,327)
Economic Value Added	(94,622)	(311,328)
Cost of Capital		
Total Assets	5,800,571	6,505,183
Currents Liabilities	(2,547,469)	(2,914,100)
Invested Capital	3,253,102	3,591,083
Weighted Average Cost of Capital	13.41%	5.30%
Cost of Capital	436,241	190,327

Comments

Economic value addition is better than last year in spite of higher cost of WACC due to increase in discount rates coupled with improved profitability during the year.



Horizontal Analysis - Last Six Years

	2019		2018	
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
Assets				
Non current assets	3,973,441	(6)	4,228,602	30
Current assets	1,827,130	(20)	2,276,581	(45)
Total Assets	5,800,571	(11)	6,505,183	(12)
Equity & Liabilities				
Shareholders equity	1,983,905	(12)	2,250,305	(10)
Non current liabilities	1,269,197	(5)	1,340,778	(3)
Current liabilities	2,547,469	(13)	2,914,100	(17)
Equity & Liabilities	5,800,571	(11)	6,505,183	(12)
Turnover & Profit				
Turnover-net	3,728,986	(11)	4,170,397	49
Gross profit/(Loss)	607,954	59	381,887	912
Operating profit/(Loss)	452,100	647	(82,596)	(52)
Profit/(Loss) before taxation	417,669	274	111,649	138
Profit/(Loss) for the year	307,188	319	73,244	127

Comments on Horizontal Analysis:

Statement of Financial Position

Non-current assets decreased due to lower fair value of investment of shares in related parties through other Comprehensive Income.

Current assets decreased due to receipt of Provisional Government Share of Balance Inland Freight Subsidy of Rs.200 million and a decrease in tax refunds from the Government.

Reserves increased due to profit reported for the year and decreased due to fair value loss on Investment in securities through other comprehensive Income and actuarial loss on defined benefit plan.

Non-current liabilities increased mainly due to reclassification of Federal Excise Duty/ Sales Tax Liability to deferred liability from Current Liability and decreased due to repayment of long-term loan as compared to year 2018.

Current liabilities decreased significantly as compared to year 2018 due to decrease in short term borrowing for the year and reclassification of Federal Excise/Sales tax liability to Deferred liability.

2017		2016		2015		2014	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
3,248,943	16	2,789,570	19	2,347,034	8	2,178,662	22
4,131,912	67	2,472,894	31	1,889,474	79	1,055,989	44
7,380,855	40	5,262,464	24	4,236,508	31	3,234,651	28
2,507,968	(15)	2,940,653	31	2,245,330	36	1,653,410	39
1,377,166	61	856,347	11	773,235	38	561,916	(24)
3,495,721	139	1,465,464	20	1,217,943	19	1,019,325	71
7,380,855	40	5,262,464	24	4,236,508	31	3,234,651	28
2,802,150	(26)	3,762,892	23	3,061,737	(8)	3,330,536	(4)
(47,041)	(114)	328,155	1	325,405	27	255,622	11
(173,588)	(168)	253,674	28	198,588	6	187,461	52
(292,927)	(230)	225,560	53	147,597	73	85,077	(28)
(270,044)	(280)	150,069	44	103,940	26	82,184	(41)

Statement of Profit or Loss

Turnover has decreased by 11% as compared to year 2018 due to a decrease in exports as compared to last year and depressed selling prices in the first half of the financial year.

Operating profit improved significantly due to efficient operations management, controlled sugarcane cost and better sucrose recovery.

Finance cost increased significantly during the year due to increase in discount rates and longer period of holding sugar stocks. This majorly effected the before and after tax profitability of the Company.

Vertical Analysis - Last Six Years

	2019		2018	
	(Rupees in '000)	%	(Rupees in '000)	%
Statement of Financial Position				
Assets				
Non current assets	3,973,441	69	4,228,602	65
Current assets	1,827,130	31	2,276,581	35
Total Assets	5,800,571	100	6,505,183	100
Equity & Liabilities				
Shareholders equity	1,983,905	34	2,250,305	35
Non current liabilities	1,269,197	22	1,340,778	21
Current liabilities	2,547,469	44	2,914,100	45
Equity & Liabilities	5,800,571	100	6,505,183	100
Turnover & Profit				
Turnover-net	3,728,986	100	4,170,397	100
Gross profit/(Loss)	607,954	16	381,887	9
Operating profit	452,100	12	(82,596)	(2)
Profit/(Loss) before taxation	417,669	11	111,649	3
Profit/(Loss) for the year	307,188	8	73,244	2

Comments on Vertical Analysis:

Statement of Financial Position

Non current assets showed an improvement of 4% as compared to last year due to share of profit of JV partner share of profit and addition to property, plant and equipment.

Current Assets decreased by 4% due to net effect of decrease in other receivable and tax refunds due from the government.

Non current liabilities have increased due to reclassification of Federal Excise / Sales Tax Liabilities from Deferred liabilities to Current liabilities.

Shareholders equity increased due to net profit for the year 2019 and decreased due to a decrease in fair value of investment through other comprehensive income and actuarial loss on defined benefit plan.

2017		2016		2015		2014	
(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
3,248,943	44	2,789,570	53	2,347,034	55	2,178,662	67
4,131,912	56	2,472,894	47	1,889,474	45	1,055,989	33
7,380,855	100	5,262,464	100	4,236,508	100	3,234,651	100
2,507,968	34	2,940,653	56	2,245,330	53	1,653,410	51
1,377,166	19	856,347	16	773,235	18	561,916	17
3,495,721	47	1,465,464	28	1,217,943	29	1,019,325	32
7,380,855	100	5,262,464	100	4,236,508	100	3,234,651	100
2,802,150	100	3,762,892	100	3,061,737	100	3,330,536	100
(47,041)	(2)	328,155	9	325,405	11	255,622	8
(173,588)	(6)	253,674	7	198,588	6	187,461	6
(292,927)	(10)	225,560	6	147,597	5	85,077	3
(270,044)	(10)	150,069	4	103,940	3	82,184	2

Statement of Profit or Loss

Gross profit increased due to controlled cost and better sucrose recovery achieved during the year.

Operating profit improved significantly due to efficient operations management, controlled sugarcane cost and decrease in distribution cost due to less export in current year compared to year 2018.

Finance cost increased significantly during the year due to increase in discount rates and longer period of holding sugar stocks. This majorly effected the before and after tax profitability of the Company. Company was able to maintain its net profitability higher by 8% as compared to year 2018 in spite of higher cost of doing business.

Summary of Cash Flow - Last Six Years

	2019	2018	2017	2016	2015	2014
	(Rupees in `000)					
Summary of Cash flows						
Net cash generated from operating activities	882,009	840,340	(2,115,465)	374,186	47,568	155,756
Net cash used in investing activities	105,853	102,251	(133,105)	(379,821)	(141,856)	(70,990)
Net cash generated from / (used in) financing activities	(963,778)	(946,904)	2,250,160	(29,488)	130,105	(75,921)
Change in cash and cash equivalents	24,084	(4,312)	1,590	(35,123)	35,817	8,845
Cash and cash equivalents - beginning of the year	18,311	22,623	21,033	56,156	20,339	11,494
Cash and cash equivalents - Year end	42,395	18,311	22,623	21,033	56,156	20,339

Comments on Cash Flow

Cash flow from operating activities witnessed fluctuation but remain positive during the year. It is evident that the operation generated healthy cash flows, which is a sign of strong commitment of the management in managing operations efficiently. The Company manage to pay its creditors including sugarcane that were settled well on time.

Cash generated from investing activity as a result of dividend received from an associate, the Company also invested to modernise & enhance the capacity of its plant, depicts the Company's desire to grow as one of the top players in the industry.

The Company used cash in financing activities to repay its long-term loans, short-term borrowings and Finance cost which was needed to fulfil its working capital requirements.

Cash Flow Statement - Direct Method

For the year ended September 30, 2019

	2019	2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	3,865,692	4,097,497
Cash paid to suppliers and employees	(3,027,965)	(3,434,099)
Cash generated from operations	837,727	663,398
Long-term deposits - net	(754)	401
Deferred liability	115,316	266,052
Income tax paid	(70,280)	(89,510)
Net cash generated from operating activities	882,009	840,341
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(167,757)	(144,761)
Sale proceeds of operating property, plant and equipment	12,391	-
Long-term investment related party	-	(24,805)
Dividend received from an associate	225,000	224,999
Dividend received from related parties	36,219	39,592
Net cash used in investing activities	105,853	102,251
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(389,385)	(211,480)
Short-term borrowings	(361,289)	(579,720)
Long-term financing	(195,714)	(155,714)
Payment of dividend	(17,390)	10
Net cash Used in financing activities	(963,778)	(946,904)
Net increase / (decrease) in cash and cash equivalents	24,084	(4,312)
Cash and cash equivalents as at the beginning of the year	18,311	22,623
Cash and cash equivalents as at the end of the year	42,395	18,311

Share Price Sensitivity Analysis

Many factors may result in changes in Company's share price. Following are some key factors that may affect the price of the share in the stock exchange:

Industry Performance:

The share price of the Company will move in correlation tandem with share prices of other companies in the industry with similar performance parameters. The economic and market conditions along with cost and revenue variables, that are regulated through Government, influence generally affect the industry performance. Prices of Sugarcane i.e. key raw material of Sugar Industry is controlled through Support price mechanism by the Provisional Government coupled with regulated exports as allowed by the Federal Government from time to time. Increase in discount rate and inflationary pressure also affect the cost of production of sugar which results in share price variation. Any adverse news related to competitors will benefit the share price.

Selling Price:

The profitability in the sugar industry is highly sensitive to the price of sugar, which eventually has a strong effect on the share price of the Company.

Raw Material Costs:

Manufacturing cost mainly includes sugarcane cost which directly effects the cost of production of sugar. The cost of procurement of sugarcane is directly affected by the minimum support price for the relevant Season and also through fair market competition in operational areas of procurement. The fluctuation in Sugarcane procurement cost affects the profitability of the Company and resultantly affects the share price.

Government Policies and Regulations:

The policies adopted and regulations promulgated by the Government have a direct association with share prices. Any policy that will result in increased demand, improved tax rates, reducing production costs, the better economic environment may positively influence the share price. Whereas the policies that create hindrances for the sugar ndustry and for the overall business environment will adversely impact the share price.

Law and Order:

Improved law and order conditions and stable political environment foster the business conditions. Poor law order conditions disrupt business activities and will have a negative effect on performance. Therefore, these have a direct effect on the share price sensitivity of the Company.

Economic Conditions:

The Company's performance has a direct relationship with economic conditions so as the share price. The factors that contribute to economic conditions include the discount rate, currency devaluation, and inflation. Increased in the discount rate will expose the Company to higher cost of debts. Currency devaluations will benefit the Company in terms of exports however, on the other hand, will result in a higher cost of imported stores and spares and plant and machinery. However, all these factors will improve the performance of the company if contributes positively to the economic conditions.

Operational Efficiencies:

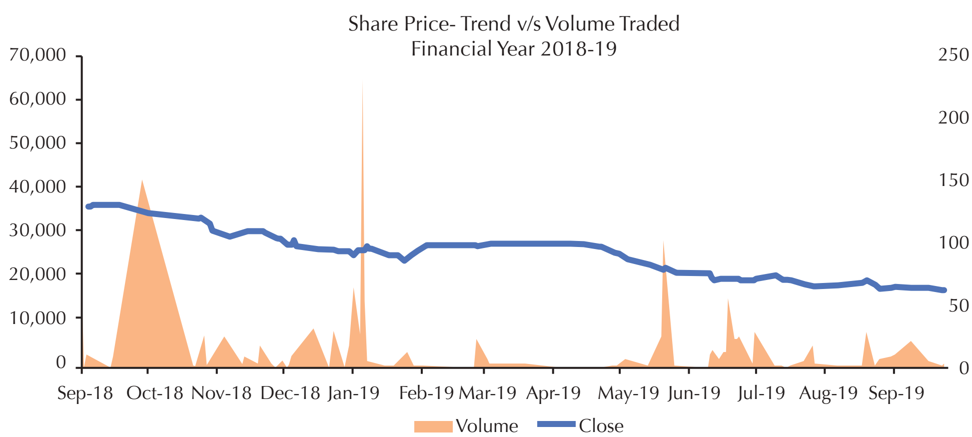
Employment of cost reduction techniques, stable plant operations, better production planning, taking benefits of synergies of the production facility will have a significant and positive effect on the profitability of the Company and eventually on the share price as well.

Investor Sentiments:

The share price of the Company is also open to the volatility of investor sentiments or confidence in the stock market and macro-economic conditions. In a strong stock market, the investors' confidence is growing and so as the share prices. Whereas in weak stock market investors' sentiments are negative so do the share prices. Stock market's strength is closely associated with economic conditions.

Sensitivity Analysis of Change in Market Capitalization

Share Price as of 30.06.2019		Rs. 62.00
Market Capitalization as of 30.09.2019		Rs. 760,629,578
Change in Share Price by		Change in Market Capitalization
	+10%	Rs. 76,062,957
	-10%	Rs. (76,062,957)



Calendar of Notable Events

October 2018 - September 2019

JANUARY

Audit Committee Meeting - 1st Quarter	22nd
Board of Director Meeting - 1st Quarter	24th
54th Annual General Meeting	28th
Tree Plantation in mill area	29th

FEBRUARY

61st Annual Flower Show 2019	9th
Participation in Dubai Sugar Conference	13th
Inauguration Ceremony of waste water treatment plant.	23th

MARCH

Loyalty Awards Ceremony – 2019	1st
International Women's Day 2019	8th
Group Table Tennis Tournament	8th
Annual Picnic 2019	16th

APRIL

Inauguration of New Dispensary at factory site	3rd

MAY

Labour Day Celebration	1th
Audit Committee Meeting - 2nd Quarter	17th
Board of Director and Human Resources & Remuneration Committee Meeting - 2nd Quarter	20th
Tree Plantation in mill area	21st

JULY

Eid Millan Party - HO	1st
Audit Committee Meeting - 3rd Quarter	23rd
Board of Directors Meeting - 3rd Quarter	25th

AUGUST

Independence Day Celebration	14th
Best Corporate & Sustainability Reports Award 2018 (1st position in the Sugar Category)	20th

SEPTEMBER

Martyrs Day as Kashmir Solidarity Day	6th
Board of Directors Meeting on Budget 2019/20	17th

Outlook

Forward Looking Statement

Pakistan is currently undergoing one of the most challenging economic situations that has affected almost all the sectors negatively. Mirpurkhas Sugar Mills Limited is also facing the same. Rising inflationary pressure, increasing discount rates and Pakistan Rupee devaluation against the dollar has all affected the economy, and the company as well. Rapidly changing Environmental conditions including availability of irrigation water in Sindh, cultivation of Sugarcane vs other crops patterns and National Agriculture Policies are the key factors that translates into various opportunities and challenges for Sugar Industry. Pakistan has highest taxes on sugar sector as compared to other sugar producing countries coupled with lowest retail prices in proportion of sugarcane support price.

Crushing season 2019/20 will again be challenging as the global sugar glut continues and international prices continue to move in the range of US$ 330 to US$ 345. A shortage of 5 to 10 percent is expected in sugarcane production in Sindh, mainly due to reduction in crop cultivation area. The government of Sindh plans to increase sugarcane support price in line with the inflation statistics ignoring the fact of overall market scenario and critical situation of the sugar industry as a whole. In addition to the increased in sugarcane price, the Honorable Supreme Court of Pakistan has directed all Sugar Mills operating in Sindh to pay quality premium for future Sugar Seasons starting from Season 2018/19. This decision will have an adverse impact on the sugar industry in Sindh as the price of sugarcane in Sindh will be much higher compared to other provinces where there is no quality premium.

Inflation and higher borrowing costs is another challenging task that the Company needs to manage in the coming year. The company intends to keep its finance cost at minimum levels by taking timely operational decisions and better cash flow management.

Federal government has released all its Subsidy share of Season 2017/18 exports whereas provisional share is still outstanding. PSMA - Sindh has requested the provincial government to release on immediate basis all the remaining amount as it carries a high financial cost to the company. Furthermore, the association has requested to rationalize the assessable value of sugar sales price for sales tax purpose, which is currently fixed at Rs.10.20 per kg (fixed at a sugar sale price of Rs.60 per KG) as announced in Federal Budget 2019.

Keeping in view of long term sustainable business operations, the company is consistently making efforts to increase the cane cultivation area and yield per acre. In this regard, a cane development team comprises of experts in sugarcane scientology has been formed. Sugarcane department along with sugarcane development team continuously perform different activities, seminars and workshops during the year to ensure sound and healthy relationships with farmers and educate them about the latest development in the field. Sugarcane development team is working very hard to improve the situation in our areas of sugarcane procurement. The management is directly involved with this team and is fully aware of development activities. The company expects that the sugarcane availability situation will improve in coming years.

Exports from Pakistan to the world market will remain slow due to depressed international prices. In addition, Indian sugar mills have so far contracted for export of 1 million tons sugar during 2019-20. India has set target of exporting 6 million tonne sugar to ease the situation of surplus sugar in the country. Exports from India were signed for $310 per tons FOB for raw sugar and $313 per tons FOB for white sugar. Indian government has extended cash incentive of US$ 130 per ton to be paid to the sugar industry. The Indian government has also extended the last date to exhaust last year’s export quota by December 31, 2019. However, sugar mills in Pakistan will continue to export fine grade sugar to Afghanistan and central Asia due to its premium quality compared to Indian Sugar. Pakistan Sugar Mills Association is also in the process of getting approvals from the Government to make further exports to China during the coming season 2019-20.

On the human resource side, based on the last year’s Training Need Analysis (TNA) and performance appraisal of the company personnel, adequate technical trainings were conducted for the identified employees. The same process is followed on yearly basis. The company has developed extensive training program for all levels of management. The company will be conducting these trainings in future also which would equip the employees with required technical and management skills in the years to come.

Revenue Projections

The Company on an annual basis sets sales, production and other targets in the form of a budget which is duly approved by the Board of Directors. We have met all the key targets set in our last year's budget.

Future revenue projections based on management best judgement and estimates are as follows:

Year	Revenue – net (Rs. In '000')
2019-20	4,468,667
2020-21	4,638,000
2021-22	5,208,512

Sources of Information used for projections of future revenue

The Company with its departments adopts and practices meaningful budgetary exercises for various areas of company operations. Based on the inputs provided production, sales and sugarcane procurement plans are developed for the next financial year. On the basis of sound sugarcane procurement plan, company sets its crushing target for every season to quantify sugar and molasses production.

Company performance against last year projection

The Company has performed well against the last year projections as the prices of sugar improved during the second half of the financial year which helped the company to sell off its stock gradually over the increasing prices. However, inflation coupled with steep increase in financial charges have affected the bottom line. Since sugar is a cyclical business hence all the sugar is produced in four months causing outflows of billions of rupees worth sugarcane payments whereas it is sold over a period of 12 months hence creating additional burden of financial charges over the Company. Unlike the year 2017-18 during which the company exported 74,000 tons approx. during 2018-19 the Company was only able to export 4,000 tons to China.

Additional Disclosures

Fair Value of Property, Plant and Equipment

Total Assessed Present Market Value of existing plant, machinery, building and land is over Rs. 3.5 billion however, MSM has only accounted for revaluation in respect of land in its financial statements.

Significant Material Assets

Significant material assets of the Company are land, building, complete set of mills, Boilers, Steam Turbines, Evaporators, Centrifugal and Diesel Generator Sets.

Plant Capacity

The Company has Mills Crushing Capacity of 12,500 MT per day.

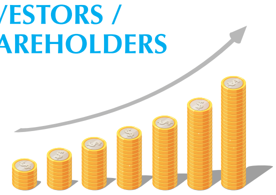
Stakeholders' Relationship and Engagement

Stakeholders' Engagement

Our stakeholders extend valuable contribution towards our growth and existence. Procedure for stakeholders' engagement includes effective communication, harmony and compliance with laws & regulations. We cannot truly execute our purpose without input from our stakeholders.

STAKEHOLDERS

INSTITUTIONAL INVESTORS / SHAREHOLDERS



SHAREHOLDERS

Safeguarding our shareholders' interest is our prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliance. We respond to our shareholders' expectations through improvement in business mechanics, effective governance and corporate reporting framework. Annual General Meetings and statutory reporting are the most effective means of our engagement with our shareholders. Support of shareholders is critical in achieving the Company objectives.

MINORITY SHAREHOLDERS

The management of the Company firmly believes in encouraging and ensuring the equitable treatment of all shareholders including minority shareholders to attend, speak and vote at the Annual General Meeting and appoint another member as his / her proxy in his / her instead. The Notice of the AGM is published in Urdu and English language in one issue of a daily newspaper of respective language having a nationwide circulation. Such notice is also placed on the Company's website.

INVESTORS SECTION

To keep transparency in the relation between the Company and its shareholders, the website of Mirpurkhas Sugar Mills (http://gfg.com.pk/msm) contains all the major financial information needed for investors' decision making in a separate tab of "Investor Relations".

CUSTOMERS & SUPPLIERS

WHOLESALERS, CUSTOMERS AND TRANSPORTERS

Sustaining and developing long term relationship with our wholesalers, customers and transporters forms the key of our business' success. Their expectations are focused on product quality, pricing and service delivery. Our sales team remain in close contact to this segment of our stakeholders to resolve issues on a priority basis. We continue to engage them through meetings and market visits and communications. We derive success from the brand loyalty of Mirpurkhas Sugar Mills Ltd and the cooperation from our transporters.

SUGARACANE FARMERS AND OTHER VENDORS

Efficient supplier network is a key for effective working capital management. To achieve this objective, we conduct market surveys to strengthen our bond with our sugarcane farmers and other vendors. Our supply chain management team is in continuous contact with suppliers and vendors through meetings and correspondence to resolve all queries for on time deliveries. Cooperation of our sugarcane farmers in supplying sugarcane on timely basis in order to run smooth crushing operations.

BANKS AND OTHER LENDERS

BANKS AND OTHER LENDERS

We value our relationship with our financial partners and lenders. Financial risk management and business sustainability are few of the interests of this segment of stakeholders. Periodic briefings, Quarterly financial reporting, Head Office and Site visits are the main means for our engagement with this category of stakeholders. Bank and other institutes help us in obtaining loans at attractive rates and advise on strategic issues whenever needed.

MEDIA

REGULATORS

ANALYSTS

EMPLOYEES

MEDIA

Ads and campaigns are launched in media based on marketing requirements. Interaction with media improves the Company brand image.

GOVERNMENT AND REGULATORY BODIES

Our commitment to compliance with laws and regulations is evident from our Corporate and Legal team's continued efforts for efficient and effective legal and regulatory obedience. The engagement includes submission of periodic reports, responding to enquiries and meetings as and when required. Active engagement with regulators improves level of compliance.

AGM PROCEEDINGS

The last AGM was conducted at Mirpurkhas Sugar Mills Site on Monday, January 28, 2019 at 1:30 p.m. The meeting was well organized and well attended by the Shareholders. The Shareholders appreciated the management for making tireless efforts to achieve another noteworthy year in terms of production, sales and profitability. Shareholders asked different questions regarding Company's increase in market share and exploring new markets and avenues to sustain. Shareholders also raised questions on the Company's cost saving strategy. Shareholders approved the Financial Statements and also gave approval for appointment of M/s. Kreston Hyder Bhimji & Co, Chartered Accountants as external auditors.

INSTITUTIONAL INVESTORS AND ANALYSTS BRIEFING

Corporate / analyst briefings are the interactive sessions between the management of Mirpurkhas Sugar Mills Limited and the investors where the Company takes the opportunity to apprise investors about the Company in explaining its financial performance, business outlook, competitive environment and right perspective of affairs of the Company in which it operates and invests. The Company has strong connections with the institutional investors and analysts. Institutional investors regularly obtain Company's business briefings and financial reports.

The management of the Company firm believes in conducting corporate briefing session in accordance with the directions / regulations issued by the Pakistan Stock Exchange to update the shareholders, institutional investors and analysts about the status of the Company's operational and financial performance.

EMPLOYEES

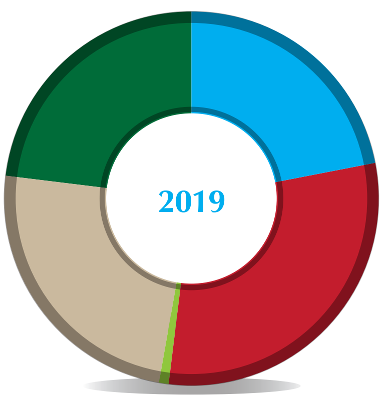
Our company has extensive employee engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. We have educational loan schemes, in-house and outside training programs and long-term employment reward schemes in place to value our employees as Human Capital. Employee meetings are on regular intervals in form of Annual get-togethers, celebrating sports day and team building activities. Employees' engagement improves the level of dedication and hard work.

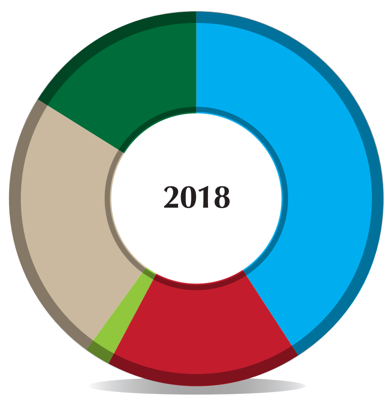
Statement of Value Addition and Distribution of Wealth

	2019		2018	
	(Rupees in '000)	%	(Rupees in '000)	%
Wealth Generated				
Gross Sales	4,119,843		4,280,571	
Material and Services	(2,833,229)		(3,942,246)	
	1,286,614		338,325	
Other income	50,534		155,863	
Share of profit in an associate	369,926		404,620	
	1,707,074		898,808	
Wealth Distributed				
EMPLOYEES REMUNERATION	383,155	22%	367,713	41%
GOVERNMENT AS:				
Direct & Indirect taxes	513,177		155,708	
Workers' Funds	3,538		-	
	516,715	30%	155,708	17%
CHARITY & DONATIONS	514	*	237	*
SHAREHOLDERS AS DIVIDEND				
Cash dividend	-	-	18,402	2%
Bonus Shares	12,268	1%	-	-
FINANCE COST	404,358	24%	210,375	24%
RETAINED IN BUSINESS				
Depreciation & Amortisation	95,144		91,531	
Retained profit	294,920		54,842	
	390,064	23%	146,373	16%
	1,707,074	100%	898,808	100%

* Negligible

Distribution of Wealth





	2019		2018
Employees	22%	Employees	41%
Government	30%	Government	17%
Shareholders	1%	Shareholders	2%
Finance cost	24%	Finance cost	24%
Retained in business	23%	Retained in business	16%
	100%		100%

Sustainability and Corporate Social Responsibility

Sustainability Highlights

We remain committed to continuous improvement in Health, Safety and Environment (HSE) aspects as we expand our business and production capacities. Company has always been very aware of its responsibility towards the people, environment and climate of Pakistan and has strived to ensure the wellbeing of all. We have a dedicated HSE department to ensure effective systems of measuring, monitoring and reporting of necessary compliance with HSE matters. It is adequately staffed and Head of HSE directly reports to the Chief Executive.

The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations General Assembly in 2015 for the year 2030. The Company takes the initiative to adopt many of these goals and has made strong efforts in complying the same.

Certifications acquired international standards related to Environment, Occupational health and safety

As per commitment of acquiring international standards, Mirpurkhas Sugar Mills has fulfilled its Environmental obligations by integrating ISO 14001:2015 based on Environmental Management System in their business and manufacturing operations and their ethical obligation towards protection of employees' Health & Safety by integrating ISO 45001:2018 based on Occupational Health & Safety Management system in its manufacturing operations.

Further highlights of the Company's performance, policies, initiatives and plans in place relating to various aspects of sustainability are as follows:

1. ENVIRONMENTAL

The Company's aim in respect of environment is to reduce all adverse environmental aspects arising out of our operations. Since the Mirpurkhas Sugar Mills realized the adverse effect of generating polluting effluents and considering its corporate social responsibility, is actively working to reduce solid waste & effluents flow in accordance with the NEQs as stipulated in Sindh Environment Protection Act (SEPA) 2013. Mirpurkhas Sugar has formulated a comprehensive strategy for reducing its wastes and pollutants parameters gradually according to EPA requirement.

Following are the key measures taken by Mirpurkhas Sugar Mills for protecting the environment:

a. Energy

Energy efficiency has proven to be a lucrative and proficient way to guarantee a sustainable future. The efficient energy usage is not only vital in terms of the environment, but it can also provide the Company a competitive edge in terms of cost factors. Energy is a significant component of our sugar production process and further due to the national energy crisis, this topic has become of significant importance to the Company. The Company has taken numerous initiatives to save energy which also decrease the costof production. In order to reduce reliance on conventional fuels and attaining steam economy through efficient use of bagasse in steam generation process, the Company continuously seeks to undertake significant measures to conserve energy by creating awareness at Head Office and Plant site on efficient energy usage through regular sessions.

Captive Power Plant

The company has steam turbines of 14.5 MW which can run on steam. This reduces the environmental impact on our society and attaining steam economy through efficient use of bagasse in steam generation process.

Following are the other key steps taken by the Company to achieve this target:

- Up gradation of boiler DCS system to improve boiler efficiency.
- Replacement of steam drives of two mills with electric drives.
- Addition of VFD drives across the manufacturing plant.
- Partial Automation of crystallization process.
- Addition of melt evaporation process.
- Replaced of ordinary lighting with energy efficient LED.
- Energy auditing is a system in place to avoid transmission losses.
- Replacement of old inefficient electric motors with high efficiency electric motors.

Energy Conservation Drive at Head Office

Installation of LED lights and through trainings and awareness on energy conservation measures has resulted in considerable savings in electricity consumption at Head Office as compared to last year.

b. Emissions and Effluents

Emissions control relates directly to climate change and the impact of gaseous emissions on the ozone layer. As a manufacturing concern, this is of vital importance. As stated above the Company is in full compliance with national and governmental regulations. All of our emission parameters monitored from power generation and sugar manufacturing process are well below their respective limits as specified in the National Environmental Quality Standards (NEQS).

Water Conservation Plan

- Water balance was carried out.
- A list of water consuming and draining points was prepared. Inauguration ceremony of waste water treatment plant with capacity of 3,000 M.T/Day.
- The next utilization of used water was identified according to the nature of process.
- Effluent Treatment Plant has been installed and trail run has been performed in the crushing season 2018-19 and ready for operation in the upcoming season.

Achievements

- Approx. 2,000 tons/day canal water consumption has been reduced.
- Source of contamination has been blocked as a result BOD and COD decreased.
- Decrease in level of TSS & TDS , about 90% of total suspended solid collected from waste water drain.
- Reduced the level of oil & grease.
- About 70 to 80 Ton / h condensate water has been reused the same level is reduced for effluents.
- Improve working environment.
- All sugars, Molasses, Spillages, Leakages recovered and recycled to avoid contamination of waste water and improve sugar yield.

Air Emission

Our plant is equipped with bagasse consumption boilers and their emission complies with NEQS limits.

Pollution Control Equipments

MSM has installed and also enhanced the capacity of pollution control equipments in order to reduce emission load:

- Bagasse Dryers: About 80% Flue gasses used in these dryers to dry wet Bagasse.
- Ash removing and Collecting system: Ash Removed / Collected from Flue gasses.
- Dust Catcher: Dusted Extracted.
- Oil Skimmer: Grease Collected from waste water.
- Strainers: About 90% total suspended solid collected from waste water drain.
- Automated DCS Boiler system and I-Boilers: To reduce fuel consumption and flue gases emission.
- Pan automation project: Overall 2% of steam has been saved as a result fuel burning and its emission level is also reduced.
- Energy saving project through installation of VFDs.

Products

Our food product, white refined sugar, by products Molasses, Bagasse, Mud and Effluents are of organic nature and do not have any harmful effect on environment.

c. Quality Management

Mirpurkhas Sugar Mills (MSM) is focused to produce high quality food grade sugar by the implementation of comprehensive integrated Quality and Food Safety Management System.

Quality and Food Safety Management System includes

- Designed, installation, operational and performance qualification of all manufacturing equipments and testing instruments as part of Quality Assurance.
- Manufacturing Process Validation &Analytical Test Methods validations as part of Quality Assurance.
- Timely and Accurate testing of incoming materials raw/packaging, in-process, final product.
- Performing concurrent and stability studies for shelf life determination and in order to monitor preservation of quality characteristics within shelf life.
- Implementation of current Good Manufacturing Practices (cGMP) w.r.t. housekeeping at mill and process house, yards and godowns, workers hygiene, pest management and documentation.
- Formal Risk Assessment before any Change and Change Control Mechanism during Change Implementation.
- Formal Deviation Management system related to suppliers, in process, finished product including customer complaints and implementation of Corrective & Preventive Action (CAPA) management system.
- Planning and conducting all inspection and testing activities as per Good Laboratory Practices.
- Monitoring of whole sugar manufacturing process against the standard of cGMP
- Use of Statistical Process Control Tools to monitor the process capability of manufacturing process.

The consistency of performance across the sugar manufacturing is vital for our customers; hence, reliability of our testing of raw materials, in process and final product is a part of manufacturing Quality Assurance activity.

Quality Control System Work Facilities

High levels of quality operations are essential to achieve MSM business objectives. Quality is a source of competitive advantage, should remain an attribute of MSM products. As everyone knows that High quality is not an added value; it is a fundamental basic requirement.

Quality operation work facility

- Sugarcane quality control laboratory focus on the quality of sugarcane, testing of sugarcane against each arrival and performing source/field inspection frequently during the sugarcane growing season.
- Process control laboratory / Main laboratory Focuses on the manufacturing activity, testing of raw materials, each step of in process and final product
- Quality Assurance monitors the entire operational activity through process parameters and product attributes, focused on stability studies, validations, handling customer complaint and investigating all deviations with the coordination of main laboratory, process and mill house.

  For integrity of data ERP-SAP & Oracle used for controlled data recording and different reports generations

Major Quality Achievements

- Quality sugar production has started as per USP / BP standard and Consistency in the production of high quality white Refined Sugar.
- 1 Ton Jumbo bags of packing has been started as per requirement of customer.
- SAP (ERP) Quality Management Module implemented and successfully run
- Acquired certification against GMP-CFR 110 and Codex Alimentarius from France based certification body
- Increased productivity by supporting development work of high quality sugar cane in the operational area
- Decreased losses of in process and finished materials by Control during manufacturing activity.
- Improved the efficiency of plant by close monitoring and measuring the performance against agreed indicator and target limits.

Upcoming Quality Planning:

- Accreditation of Integrated management system in season 2019-20 which includes quality, environmental, occupational health and safety management system.
- Presenting small packing of multi-purpose sugar for commercial market

Mirpurkhas Sugar mills has human resource in the area of Quality Control and Assurance comprising of academic qualifications from science graduates to Masters and remarkable experience of sugar manufacturing.

Good Manufacturing Practices (Codex Alimentarius) & Integrated Management System (ISO Standards)

Implementation of ISO 9001:2015 Quality Management System standard helped to engage and integrate other support business functions in sustainable Quality production of white refined sugar.

As the responsible corporate entity, Mirpurkhas Sugar Mills has also fulfilled its Environmental obligations by integrating ISO 14001:2015 based Environmental Management System in its business and manufacturing operations and its ethical obligation towards protection of its employees' Health & Safety by integrating ISO 45001:2018 based Occupational Health & Safety Management system in its manufacturing operations.

GMP CFR-110 (Codex Alimentaring) for food products

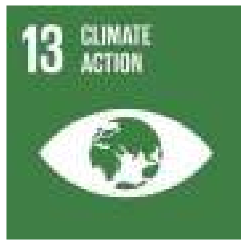
Sugar Quality of Mirpurkhas Sugar Mills is recognized as a quality producer in the International as well as local market at corporate and consumer level enabling it to maintain substantial market share among quality producers of white refined sugar. The executive management's commitment and professional management's passion at mill level helped Mirpurkhas Sugar Mills to streamline its sugar manufacturing operations with International Good Manufacturing Practices standard of GMP-CFR 110 and Codex Alimentarius thereby increasing consumer confidence on Quality and Safety of its products.

To achieve confidence of its customers, Mirpurkhas Sugar Mills has already acquired certification against GMP-CFR 110 and Codex Alimentarius from France based certification body while certification against standards of Quality, Environment and Occupational Health & Safety are in process and expected to be achieved by Jan 2020.

d. Transport

The mechanism by which our Sugar is transported to wholesaler and register sector through qualified transporters by heavy trucks. The Company is cognizant aware to the fact that these trucks could have an impact on surroundings as small mishaps can lead to heavy accidents. In order to mitigate this risk the Company has adopted the procedure of Pre delivery inspections which is performed by QA/QC inspectors before lifting of sugar bags in the trucks for product safety and safe transportation.

Further, for load management truck`s capacity is effectively utilized in order to avoid risk of accidents resulting from overloading. For bulk Sugar, the Company allows only 'specialized bulk trailers' to dispatch Sugar.



e. Tree Plantation Drive and Zoo

Company wide tree plantation drives were continued through the year surrounding the factory along with the Head Office. The Company has planted a large number of trees in and around the factory premises.

Moreover, the Company has maintained a Zoo for wild life protection at factory location where different kinds of birds and animals redecorate the environment.

2. SOCIAL

a. Employment

Mirpurkhas Sugar Mills Ltd has given tremendous employment opportunities through expansion of business operations, created especially for the locals. Mirpurkhas Sugar Mills is recognized among top employers due to its excellent employee benefits.

b. Labour / Management Relations

The Company supports right to exercise freedom of association and collective bargaining. Sufficient time is given by the Company to employees and their elected representatives for any significant operational changes which affect them.

c. Occupational Health and Safety

We manage and utilize resources and operations in such a way that the safety and health of our people is ensured. We believe our safety and health responsibilities extend beyond protection and enhancement of our own facilities. We have a highly trained safety team, emergency response team, a qualified doctor and paramedical staff at our plant. In addition, the factory is provided with dedicated and fully equipped ambulance and an in-house dispensary. Moreover, safety sign boards are in place at all important visible places.

Our workers are sufficiently trained through fire & safety trainings and are also adequately equipped with Personal Protection Equipment which is monitored at regular intervals. Workers are also trained by theoretical explanations and practical drills to handle unforeseen emergencies. Regular mock drills are also carried out to familiarize everyone with the steps and procedure to follow in emergency situations. Mock drills of chemical spillage, firefighting, evacuation, casualty handling and security are also conducted. Moreover, safety audits are also conducted on regular basis.

At Mirpurkhas Sugar Mills, Health and Safety is the first and foremost agenda topic for our each in-house and higher management meetings. The Company has made safety manual containing policies and procedures. Moreover, contractors' safety measures and mechanism are also in place, which are in full compliance. In addition, Health and Safety concerns are explicitly included in SMART goals of head of departments and senior management of plant.

Hundred percent compliance with policy programmes resulted in the conclusion of the year with no reportable occupational illness. These programmes include the regular testing of plant equipment and sites from a health perspective, as well as monitoring of employee health. Additionally, health awareness sessions on basic lifesaving techniques, medical emergency handling and first aid were conducted at our factory and head office.

Basic Life Support is a first-aid resuscitation that educates and equipped individuals to recognize various life-threatening emergencies. By educating our employees' basic life support and medical practices, we are maintaining a safe and healthy workplace.

Our production facility including milling and process house operated without any major injury. Reported injury case if happens, is thoroughly investigated by trained personnel and findings are subsequently circulated to higher ups. Once investigations are completed, actions and recommendations are assigned to individuals with a strict follow-up system put in place to avoid any recurrence.

For further compliance Mirpurkhas is going to implement latest ISO standard of Health and occupational safety management system i.e. ISO 45001:2018.

d. Training and Education

The training, education and development of our people is a topic of critical importance to us. We have the long-standing ambition to be an employer of choice and to be known as a "Talent factory", recruiting and retaining the best and the brightest. We work towards this goal on a continuous basis, with formal training, development and growth opportunities, effective and timely performance appraisal and feedback systems, and by creating an open culture that encourages feedback and discussion. An extensive program Training Need Assessment (TNA) in this regard is in place. Moreover, Apprenticeship and Management Trainee Programs are also in place.

e. Diversity and Equal Opportunity

As part of our HR policy, we strive to be an equal opportunity employer. Mirpurkhas Sugar Mills is committed to encourage greater diversity and ensuring equal opportunities for individuals based on merit. Policies, objectives and progress in this regard is elaborated in detail under the governance policies section presented earlier in this report.

f. Non-discrimination

Mirpurkhas Sugar Mills is committed to ensure equal treatment and fair working conditions for employees. This belief is driven by our core values and our Code of Conduct.

g. Child Labour

Despite of manufacturing concern near rural area of Mirpurkhas, the Company has strict policy over prohibition of child labour. No child has ever been employed by the Company and the same policy will go in future.

h. Forced or Compulsory Labor

The Company believes in free working environment; no employed worker is a forced and compulsory.

i. Consumer Protection Measures

The Company ensures that the Sugar is packed and dispatched to its consumers in a safe manner. It also complies with all safety standards and industrial requirements. The Company ensures that the customers get best value for money.

j. Business Ethics and Anti-Corruption Measures

The Company is fully committed to promoting the highest standards of ethical behavior throughout its business. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work. The Company expects all its employees to perform services with integrity and professionalism.

Fundamental to this is the adoption of a 'zero tolerance' approach to all forms of corruption and misrepresentation.

k. Local Communities

We strive for the development of communities surrounding us. Investment in the communities we operate in, and near, is a strong focus for Mirpurkhas Sugar Mills. Further details on this topic are presented under the next section of Corporate Social Responsibility.

Corporate Social Responsibility Highlights

The Company actively participates in various social work initiatives as part of its Corporate Social Responsibility. Being a diligent member of the corporate community, the Company contributes to various social and charitable causes including towards health, education and social sectors. Here is an overview of the progress of our community supports and CSR projects for 2018-19.

DONATIONS

Education
Giving back to the community in the form of educational support is one of the major interests of the Company. Donations have been extended to many educational institutes.

Health
Support extended to health related initiatives includes funding for hospitals and different medical centers such as:

a) *The Marie Adelaide Leprosy Centre*
The Company promotes well-being of society by becoming a part of medical and health related initiatives. In lieu of promoting better health the Company has made donations during the year.

b) *Treatment Supports*
For those people who lack facilities of medical treatment or cannot afford them, the Company has made efforts by donating a reasonable amount. By providing medical facilities to the less privileged, the Company made it easier for them to take care of themselves and their families. A Free Medical Camp has been arranged at MSM Factory Site for employees and their families in collaboration with M/S Getz Pharma.

Special Person Education And Employment
The Company always cares for special people who are integral part of our society. In this regard the Company has made donations to special trusts and schools for their education and vocational training including:

- Gulistan-e-Mazooreen for disabled persons.
- Poor Patient Aid Society.

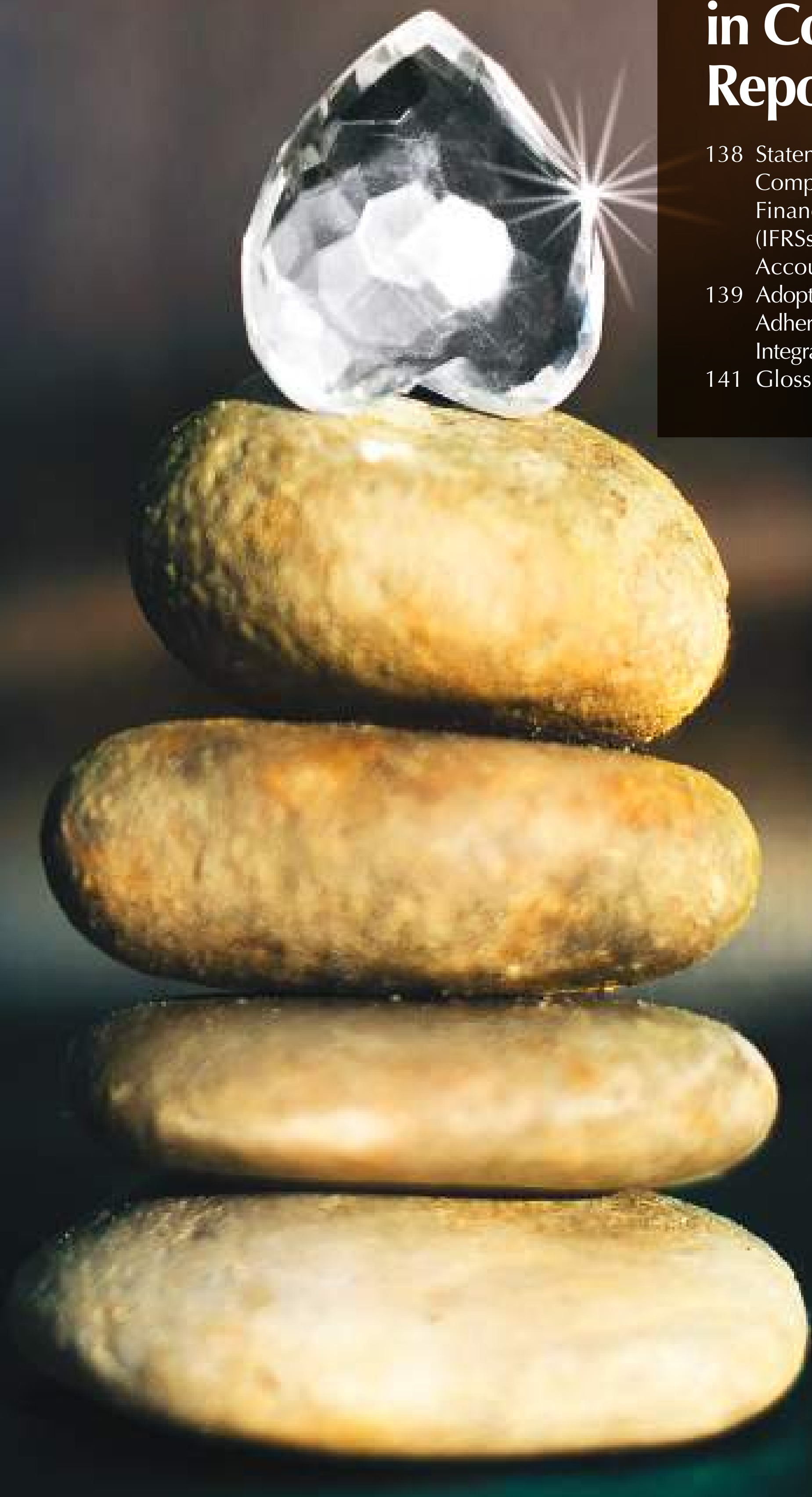
Development And Community Support
Our operations are supported by our communities, both directly and indirectly. And we know that giving back to them and helping them develop simply makes good sense in the long run for them and for us. In this regard, the Company has made donations to:

a) *Local Government and Bodies*
Company supported local Government and Bodies through donations for following events:
- Independence Day Ceremony
- Mango Festival Mirpurkhas
- Flower Show Mirpurkhas.

TREE PLANTATION ACTIVITY

Along with education and health, environment also contributes in development of societies and communities. As aiming to play a part in making a better community, the Company also contributed in Tree Plantation Activity of WWF through donations and funding.

Excellence in Corporate Reporting



Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB)

Mirpurkhas Sugar Mills Limited is preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act 2017 including the disclosure requirements of fourth schedule.

However, SECP has not notified adoption of following IFRS:

Standards	IASB effective date (annual periods beginning on or after)
IFRS 1 - First Time Adoption of IFRSs	01 January 2004
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

In addition to this, note 39 to the Unconsolidated financial statement specify few standards and interpretations which are yet to be effective in Pakistan. The Company believes that that the impact of the above standards and those referred in note 39 does not have any material impact to the Unconsolidated financial statements.

Shehryar Faruque
Chairman

Karachi: December 12, 2019

Adoption and Statement of Adherence with the International Integrated Reporting Framework (IIRF)

Overview:

This annual report (report) of the Mirpurkhas Sugar Mills Limited (Company) has been prepared in guidelines of the International Integrated Reporting (IR) framework and the Global Reporting Initiative (GRI) Standards. The report is aim to provide its stakeholders a quality, concise and transparent briefing of the Company's ability, position and expertise to create sustainable value, which is vital for its position, performance and reporting capabilities. Since then the Company has adapted its structure in response to global changes and development, the Company advanced its management processes.

Management of the Company is following the spirit of adhering to the best corporate and governance practices. The management is also committed to achieve excellence in all aspects of transparent reporting. The Company also achieved good stage of compliance. The Company also considers the importance and strengthening of this report in terms of information connectivity and demonstration of results impact regarding various capital employed.

Business operations:

The Company is engaged in manufacturing, marketing and sale of sugar since 54 years. The data and information presented in this report pertains to its plants, marketing offices and head office.

Objectives and Contents:

The contents of this report are based on Company's engagement with its stakeholders, IR framework and GRI Standards sustainability and to provide quality information of interest of various group of stakeholders of impacts of activities on economy, market, environment and society as well as long-term sustainability of the Company's business.

It is imperative to ensure that the material is being presented in such a way that it enables the stakeholders to better understand these activities. The business strategy information has been linked directly to business activities and non-financial information.

Methodologies:

In compilation of data basic scientific measurements, mathematical calculation methods, accounting principles, actual basis and other different logical methodologies used. The Company makes every effort to ensure the accuracy of the sustainability as well as the information being provided.

Role of the Board:

The Board of Directors (the Board) has crucial role, since directors are elected by shareholders and IR framework is a mechanism of ensuring long-term value creation and increasing transparency. The IR framework requires involvement and support of the Board and Chief Executive.

Henceforth, the Management of the Company is guided to achieve Company objectives by advising, assessing, and monitoring the business strategies and ensuring the execution and modification of these activities.

Role of Management:

The Management has laid the business foundation built on the principles of ethics and corporate professionalism. The same is being developed by devising and disseminating procedural steps and policies thereby highlighting need of good governance and resource allocation in achieving the desired objectives.

Financial and Non-Financial Information:

The report also includes both financial and non-financial information about the Company's brand, financial structure, operations, performance, insight, risks & opportunities and outcome attributable to the value creation ability.

The Company has adopted the IR framework to give an overview of the Company's business affairs and philosophy by connecting and presenting the financial and non-financial information considering the varied interest and widenge of stakeholders.

The forward-looking statement explains the future challenges and how the Company plans to address these.

Connectivity, Monitoring and Control:

The Company's reporting is monitored and ensure that the relevant information is shared in the most suited way for the stakeholders. Connectivity of the information is another aspect which needs to be addressed properly.

Thus, the stakeholders are made aware of the Company's philosophy and attitude towards achieving the enhanced stakeholders' value and customer satisfaction. The stakeholders' value is maximized through returns on investment, which management believes can be achieved through revenue maximization and cost control measures.

Other factors:

This report also includes other factors, which challenged the economic performance of the Company. The Company also provides an overview of Health, Safety and Environment (HSE) to its stakeholders and addresses complaints and grievances. Achieving sustainable corporate value by focusing economic, societal, technological and environmental factors and their impacts is the Company's core strength.

The analysis and conclusions presented in this report demonstrates various factors that have been taken into account and the management is taking measures to increase the resiliency of the business and its operations.

Users:

This report intended to address the needs of users, investors, stakeholders, suppliers, employee, regulators and society to provide view of value creation potential taking into account risks and opportunities. The Company believes that to the stakeholders provide better understanding of its business strategies, opportunities & risks, business model, governance, performance which creates value to the Company and its shareholders. The Company shall continue to improve the information produced to make it even easier to understand.

Materiality:

The report includes the information relevant for its stakeholders to make decisions on the organization's economic, social and environmental performance.

Reporting period:

This report of the Company is published annually and covers period beginning from October 01, 2018 till September 30, 2019.

Our Report:

This report of the Company has included following content elements for the users of this report:

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Performance and position
- Stakeholder's relationship and engagement
- Sustainability and corporate social responsibility
- Excellence in corporate reporting

Shehryar Faruque
Chairman

Karachi: December 12, 2019

Glossary of Terms

Acid Test Ratio:
The ratio of liquid assets to current liabilities.

AGM:
A mandatory, public yearly gathering of a publicly traded company's executives, directors and interested shareholders.

Amortization:
To charge a regular portion of an expenditure over a fixed period of time.

Borrowing Cost:
Finance costs that are directly attributable to the construction/acquisition of a qualifying assets and included in the cost of such asset.

Current Ratio:
The current ratio indicates a company's ability to meet short-term debt obligations.

Dividend Payout Ratio:
The ratio found by dividing the annual dividends per share by the annual earnings per share.

Earnings Per Share:
Earnings found by dividing the net income of the Company by the number of shares of common outstanding stock.

EBITDA:
Earnings before Interest, Taxes, Depreciation and Amortization.

Financial leverage Ratio:
The ratio found by dividing total debt by the equity held in stock. This is a measure of financial risk.

Gearing Ratio:
Compares some form of owner's equity (or capital) to borrowed funds.

HR & RC:
Human Resource and Remuneration Committee.

HS&E:
Health, Safety and Environment.

IAS:
International Accounting Standards.

IASB:
International Accounting Standards Board.

IFRIC:
International Financial Reporting Issues Committee.

IIRF:
International Integrated Reporting Framework.

IFRS:
International Financial Reporting Standard.

Joint Venture:
A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.

KIBOR:
Karachi Inter Bank Offer Rate.

MSM:
Mirpurkhas Sugar Mills Limited

Price-Earnings Ratio (P/E):
The ratio found by dividing market price per share by earnings per share (This ratio indicates what investors think of the firm's earnings' growth and risk prospects).

Principal:
In commercial law, the principal is the amount that is received, in the case of a loan, or the amount from which flows the interest.

Qualifying Asset:
An asset that takes substantial period of time to get ready for its intended use/sale.

Return on Equity (ROE):
The value found by dividing the Company's net income by its net assets (ROE measures the amount a company earns on investments).

Security:
A pledge made to secure the performance of a contract or the fulfillment of an obligation.

Spread:
Rate charged by the bank over KIBOR.

Term:
The maturity or length of time until final repayment on a loan, bond, sale or other contractual obligation.

Unconsolidated Financial Statements

Independent Auditors' Report to the Members of Mirpurkhas Sugar Mills Limited

Report on the Audit of the Unconsolidated Financial Statements

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2019 and of the profit, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics* for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

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

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050 to 53
Website : www.krestonhb.com Email: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

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Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	Contingencies:	
	The Company is under litigation cases in respect of various matters including the matter of fixation of minimum price of sugarcane for crushing season 2017-18 and other miscellaneous cases as disclosed in note 26 to the annexed unconsolidated financial statements. Given the nature and amounts involved in such contingencies and the appellate forums at which these are pending, the probability of the related payments and the appropriate accounting in the unconsolidated financial statements requires significant professional judgments. These judgments can change over time as new facts emerge and as the case progresses. Therefore, we have identified this matter as a key audit matter.	Our audit procedures included the following: • Evaluating management's processes and controls to identify new possible obligations and changes in existing obligations through meetings with the management and review of the minutes of meetings of the Board of Directors and Audit Committee. • Review of the relevant information including case proceedings and correspondences with regulatory authorities and company's external counsel in respect of the ongoing litigations. • Circularizing confirmations to the legal counsels of the Company to evaluate the status of the pending litigations and view point of any Company's legal counsels thereon. • Verifying legal and professional expenses to confirm that all pending legal matters are identified and disclosed. • Re-computing the amounts of obligations based on available underlying information and confronted parameters. • Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed unconsolidated financial statements.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is Faiza Hanif.

Kreston Hyder Bhimji & Co.

Chartered Accountants
Karachi
Dated: December 12, 2019

Unconsolidated Statement of Financial Position

As at September 30, 2019

	Note	2019	2018
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,482,420	2,416,009
Intangible asset	5	4,638	6,448
Long-term investments	6	1,474,259	1,794,775
Long-term loan and deposits	7	12,124	11,370
		3,973,441	4,228,602
CURRENT ASSETS			
Stores, spare parts and loose tools	8	206,876	227,486
Stock-in-trade	9	976,972	1,074,451
Biological assets	10	34,492	30,952
Trade debts	11	27,840	37,817
Loans and advances	12	135,312	137,598
Trade deposits and short-term prepayments	13	4,710	2,556
Other receivables	14	227,340	540,769
Current portion of long-term investments	15	1,710	-
Tax refunds due from the Government	16	169,483	206,641
Cash and bank balances	17	42,395	18,311
		1,827,130	2,276,581
TOTAL ASSETS		5,800,571	6,505,183
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	122,682	122,682
Reserves	19	1,045,158	1,311,052
Surplus on revaluation of property, plant & equipment	19	816,065	816,571
		1,983,905	2,250,305
NON-CURRENT LIABILITIES			
Long-term financing	20	581,429	777,143
Deferred liabilities	21	610,861	489,771
Deferred tax liability-net	22	76,907	73,864
		1,269,197	1,340,778
CURRENT LIABILITIES			
Trade and other payables	23	474,524	495,851
Unclaimed dividend		8,513	7,501
Accrued mark-up	24	70,385	55,412
Short-term borrowings	25	1,798,333	2,159,622
Current portion of long-term financing	20	195,714	195,714
		2,547,469	2,914,100
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		5,800,571	6,505,183

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

Aslam Faruque	**Yasir Masood**	**Wasif Khalid**
Chief Executive	Director	Director & Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended September 30, 2019

	Note	2019	2018
		(Rupees in '000)	
Turnover - net	27	3,728,986	4,170,397
Cost of sales	28	(3,121,032)	(3,788,510)
Gross profit		607,954	381,887
Distribution cost	29	(30,536)	(220,794)
Administrative expenses	30	(153,825)	(161,769)
Other operating expenses	31	(22,026)	(237,783)
		(206,387)	(620,346)
Other income	32	50,534	155,863
Operating profit / (loss)		452,101	(82,596)
Finance cost	33	(404,358)	(210,375)
		47,743	(292,971)
Share of profit in associates - net	6	369,926	404,620
Profit before taxation		417,669	111,649
Taxation	34	(110,481)	(38,405)
Profit after taxation		307,188	73,244
Earnings per share - basic & dilutive (Rupees)	35	25.04	5.97

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Director & Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended September 30, 2019

	2019	2018
	(Rupees in '000)	
Profit after taxation	307,188	73,244
Other Comprehensive loss		
Items that may not be reclassified subsequently to statement of profit or loss		
Actuarial loss on defined benefit plan	(91,335)	(73,290)
Unrealised loss on remeasurement of equity investment at fair value through Other Comprehensive income	(463,851)	(257,617)
	(555,186)	(330,907)
Total comprehensive loss	(247,998)	(257,663)

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

Aslam Faruque	**Yasir Masood**	**Wasif Khalid**
Chief Executive	Director	Director & Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended September 30, 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		417,669	111,649
Adjustments for :			
Depreciation	4	93,334	89,721
Amortization	5	1,810	1,810
Provision for market committee fee		5,774	7,747
Provision for Bad debts (growers loan)		-	4,125
Provision for Store obsolescence		-	683
Accrued profit term deposit		(119)	(38)
Impairment of investment in subsidiary		-	11,000
Subsidy written-off		-	79,045
Fair value adjustment of biological assets	10	(5,157)	19,627
Reversal of provision against doubtful growers		-	(78,985)
Dividend income from related parties	32	(36,219)	(39,592)
Share of profit in associates	6	(369,926)	(404,620)
Gain on disposal of property, plant and equipment	32	(4,379)	(1,846)
Finance cost	33	404,358	210,375
		89,476	(100,948)
		507,145	10,701
Working capital changes :			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		20,610	(32,564)
Stock-in-trade		97,479	955,501
Biological assets		1,617	7,259
Trade debts		9,977	66,252
Loans and advances		2,286	76,617
Short-term prepayments		(2,154)	(1,004)
Other receivables		222,094	(378,558)
		351,909	693,503
Increase in current liabilities:			
Trade and other payables		(21,327)	(40,806)
Cash generated from operations		837,727	663,398
Long-term deposits - net		(754)	401
Deferred liability		115,316	266,052
Income tax paid		(70,280)	(89,510)
		44,282	176,943
Net cash generated from operating activities		882,009	840,340
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(167,757)	(144,761)
Sale proceeds of property, plant and equipment	4.2	12,391	7,226
Long-term investments in related party		-	(24,805)
Dividend received from an associate	6	225,000	224,999
Dividend received from related parties	32	36,219	39,592
Net cash generated from investing activities		105,853	102,251
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(389,385)	(211,480)
Short-term borrowings-net		(361,289)	(579,720)
Long-term financing repaid	20	(195,714)	(155,714)
Payment of dividend		(17,390)	10
Net cash used in financing activities		(963,778)	(946,904)
Net increase / (decrease) in cash and cash equivalents		24,084	(4,312)
Cash and cash equivalents at the beginning of the year		18,311	22,623
Cash and cash equivalents at the end of the year		42,395	18,311

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Director & Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended September 30, 2019

Description	Issued, subscribed and paid-up capital	Reserves						Total
		General reserves	Unappropriated profit	Actuarial gain on defined benefit plan Net-off tax	Unrealised gain / (loss) on investment at fair value through other comprehensive income	Surplus on revaluation of property, plant and equipment	Total reserves	
	(Rupees in '000)							
Balance as at October 01, 2017	122,682	34,250	485,300	162,955	886,210	816,571	2,385,286	2,507,968
Profit after taxation	-	-	73,244	-	-	-	73,244	73,244
Other comprehensive loss	-	-	-	(73,290)	(257,617)	-	(330,907)	(330,907)
Total comprehensive loss	-	-	73,244	(73,290)	(257,617)	-	(257,663)	(257,663)
Balance as at September 30, 2018	122,682	34,250	558,544	89,665	628,593	816,571	2,127,623	2,250,305
Balance as at October 01, 2018	122,682	34,250	558,544	89,665	628,593	816,571	2,127,623	2,250,305
Profit after taxation	-	-	307,188	-	-	-	307,188	307,188
Surplus on revaluation realised on disposal of land	-	-	506	-	-	(506)	-	-
Other comprehensive loss	-	-	-	(91,335)	(463,851)	-	(555,186)	(555,186)
Total comprehensive loss	-	-	307,694	(91,335)	(463,851)	(506)	(247,998)	(247,998)
Transaction with owners								
Final cash dividend for the year ended September 30, 2018 @ Rs. 1.5/= per share	-	-	(18,402)	-	-		(18,402)	(18,402)
Balance as at September 30, 2019	122,682	34,250	847,836	(1,670)	164,742	816,065	1,861,223	1,983,905

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Director & Chief Financial Officer

Notes to the Unconsolidated Financial Statements

For the year ended September 30, 2019

1. STATUS AND NATURE OF BUSINESS

1.1 Mirpurkhas Sugar Mills Limited (the Company) was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. Principal activity of the Company is manufacturing and selling of sugar.

The Company has a wholly owned subsidiary M/s Mirpurkhas Energy Limited.

The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
Head Office	Modern Motors House, Beaumont Road, Karachi.
Registered Office / Factory (Immovable assets)	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh. (Land measuring 606.05 acres and covered area 569,434 sq.ft)

2. STATEMENT OF COMPLIANCE

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements are the separate financial statement of the Company in which Investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

These financial statements have been prepared following accrual basis of accounting except for cash flow statement.

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the following material items in the statement of financial position:

a. Derivatives financial instruments and investments which are stated at their fair values in accordance with IFRS-9;

b. Inventories which are valued at lower of weighted / moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;

c. Biological assets that are valued at fair value less estimated cost to sell in accordance with IAS 41;

d. Obligation under certain employees retirement benefits that are based on actuarial valuation in accordance with IAS 19; and

e. Free hold land which stands at revalued amount in accordance with IAS 16.

3.1.1 New standards, interpretations and amendments

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting amendments of IFRSs which became effective for the current year:

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

IFRS 9 - Financial Instruments; This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

IFRS 15 - Revenue from Contracts with Customers; This standard will supersede IAS 18, IAS 11, IFRIC 13, IFRIC 15 and SIC 31 upon its effective date.

IAS 40 - Investment Property: Clarification on transfers of property to or from Investment Property (Amendments);

IFRIC 22 - Foreign Currency Transactions and Advance Consideration; Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

Improvements to IFRSs 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 IFRS did not have any material effect on these financial statements, except for IFRS 15 and IFRS 9 as explained 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 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. 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' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The Company has applied IFRS 9 retrospectively, on 1 October 2018. During February 2019, the SECP modified the effective date for applicability of IFRS 9 in place of IAS 39 as reporting period/ year ending on or after 30 June 2019.

The Company's financial assets mainly includes long term investments, long term loans, long term deposits, trade debts, loans, trade deposits, other receivables, cash and bank balances held with commercial banks.

IFRS 9 retain but simplifies the measurement model and establishes the measurement categories of financial asset amortised cost, fair value through other comprehensive income and fair value through the statement of profit or loss The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. The Company continues measuring at fair value all the financial assets previously held at fair value under IAS 39. The measurement basis followed by the Company under IFRS 9 are as follows:

- Listed equity investments previously classified as available for sale are now classified and measured at fair value through other comprehensive income.

- Trade debts and other financial assets previously classified as loans and receivables are now measured at amortised cost.

The Classification and measurement of IFRS 9, as descried above did not have a significant impact on the Company's financial statements.

Further, the adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach.

Expected Credit Loss (ECL) 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.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL.

The adoption of the ECL approach under IFRS 9 resulted in an immaterial impact on the Company's financial assets.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

3.2 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the disclosures of contingent liabilities at the end of reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources.

However, uncertainity about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and any future periods affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

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

a) Employees retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 3.4(b) to the financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases and mortality rates.

b) Property, plant and equipment and intangible assets

The Company reviews appropriateness of the rate of depreciation / amortization, useful life and residual value used in the calculation of depreciation / amortization. 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 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 and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment. As of the year end the Company estimates that there is no impairment on any of its assets.

c) Classification of investments

The management has exercised its judgment in respect of classification of investments as disclosed in note 6 to the financial statements. Any change in such judgment might materially affect the accounting policy applied in respect of such investments.

d) Stock-in-trade

The Company reviews Net Realizable Value (NRV) of stock in trade, to assess any diminution in their 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.

e) Stores, spare parts and loose tools

These are valued at cost determined on weighted average basis less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

f) Biological assets

The Company reviews the fair value of biological assets to assess changes in fair value less cost to sell during a period. Agriculture produce is measured at fair value less cost to sell at the point of harvest because harvested produce is a marketable commodity as there is no “measurement reliability” exception for produce.

g) Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company’s view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Deferred tax is provided using the statement of financial position liability method on all temporary differences arising at the statement of financial position date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, Unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilised.

h) Provision for impairment

The Company reviews carrying amount of assets except deferred tax assets and inventories at statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the statement of profit or loss.

i) Contingencies

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

3.3 Taxation

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 1.50% of turnover tax, calculated at applicable tax rates under section 113 & alternate corporate tax U/s 113C of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income and not in statement of profit or loss.

c) Sales tax and Government duties

Revenues, expenses and assets are recognized net of amount of sales tax and government duties except:

- Where amount incurred on a purchase of asset or service is not recoverable from the taxation authority, the tax / duties is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- Receivables or payables that are stated with the amount of sales tax and government duties included.

The net amount of sales tax and government duties recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.4 Employees retirement benefits

a) Provident fund scheme

The Company operates an approved defined contribution provident fund scheme for its eligible permanent employees who opted for the benefits. Equal monthly contributions are made, both by the Company and the employees to the fund at the rate of 8.33 % of basic salary.

	2019	2018
	(Rupees in '000)	
Size of the trust	337,197	372,533
Cost of investments made	336,243	285,901
Fair value of investments	324,722	363,588
	(Percentage)	
Percentage of investments made	96.30	97.60
Loans to employees on mark-up	3.70	2.40
	100	100
The major categories of investments		
	(Rupees in '000)	
Government securities	260,608	193,238
Listed securities	56,427	126,964
Units of collective investment scheme	2,498	35,504
Banks	5,189	7,882
	324,722	363,588

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

b) Gratuity scheme

The Company operates an approved and funded gratuity scheme for all of its eligible permanent employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with the actuarial valuation using Projected Unit Credit (PUC) method.

The PUC method used the following significant assumptions for the valuation of the scheme.

Principal actuarial assumptions used are as follows:

	2019	2018
	(% per annum)	
Valuation discount rate	12.50	9.00
Expected rate of return on plan assets	12.50	9.00
Expected rate of salary increase	11.50	8.00

The fair value of scheme's assets and the present value of obligation under the scheme at the statement of financial position date were as follows:

	2019	2018
	(% per annum)	
Staff gratuity fund (Asset) / Liability:		
Present value of defined benefit obligation	140,391	124,340
Fair value of plan assets	(150,485)	(227,757)
Asset recognized as at September 30	(10,094)	(103,417)
Amounts charged to statement of profit or loss:		
Current service cost	11,374	8,403
Interest cost	11,034	7,239
Expected return on plan assets	(20,420)	(21,136)
	1,988	(5,494)
Total re-measurements chargeable in other comprehensive income:		
Remeasurement gain / (loss) on obligations	4,623	(18,211)
Remeasurement loss on plan assets	(95,958)	(55,079)
	(91,335)	(73,290)
Movement in (Net Assets) / Liability recognized in the statement of financial position:		
Balance as at October 1	(103,417)	(171,213)
Net charge for the year	1,988	(5,494)
Actuarial loss / (gain) charged to other comprehensive income	91,335	73,290
Balance as at September 30	(10,094)	(103,417)
Movement in the present value of defined benefit obligation:		
Balance as at October 1	124,340	95,468
Current service cost	11,374	8,403
Interest cost	11,034	7,239
Benefits paid during the year	(1,734)	(4,981)
Actuarial (gain) / loss	(4,623)	18,211
Balance as at September 30	140,391	124,340
Movement in the fair value of plan assets:		
Balance as at October 1	227,757	266,682
Expected return	20,420	21,135
Benefits paid	(1,734)	(4,981)
Actuarial loss	(95,958)	(55,079)
Balance as at September 30	150,485	227,757
Composition of plan assets is as follows		
Government securities	81,444	68,480
Mutual funds / Shares	65,637	159,173
Bank Balances	3,404	104
	150,485	227,757

The expected return on plan assets was based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation.

The return on plan assets was assumed to equal the discount rate. Return on plan assets during 2019 was Rs.75.54 million (2018: Rs.33.94 million), calculated on the basis of market conditions as allowed under IAS-19.

Sensitivity Analysis

Particulars	PVDBO (Rupees in 000)	Percentage Change
Current Liability	140,391	-
+ 1% Discount rate	132,094	(5.91%)
- 1% Discount rate	149,727	6.65%
+1% Salary increase rate	150,405	7.13%
- 1% Salary increase rate	131,354	(6.44%)
+ 10% withdrawal rates	140,415	0.02%
- 10% withdrawal rates	140,366	(0.02%)
1 Year mortality age set back	140,406	0.01%
1 Year mortality age set forward	140,375	(0.01%)

Comparisons with past years :	2019	2018	2017	2016	2015
	(Rupees in 000)				
Present value of defined benefit obligation	140,390	124,340	95,468	83,440	79,242
Fair value of plan assets	(150,485)	(227,757)	(266,682)	(285,753)	(191,174)
Surplus	(10,095)	(103,417)	(171,214)	(202,313)	(111,932)
Experience adjustments arising on plan liabilities	4,623	(18,211)	(3,704)	7,108	5,797
Experience adjustments arising on plan assets	(95,957)	(55,079)	(36,394)	78,615	70,416
	(91,334)	(73,290)	(40,098)	85,723	76,213

Maturity Profile

Particulars	Undiscounted Payments (Rupees in 000)
Year 1	39,437
Year 2	428
Year 3	334
Year 4	981
Year 5	2,179
Year 6 to 10	3,266
Year 11 and above	71,368

Risks associated with defined benefit plans

Investment Risks:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risks:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risks:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

3.5 Property, plant and equipment

a) Owned assets

These are stated at cost less accumulated depreciation except for freehold land which is stated at revalued amount and capital work-in-progress, which is stated at cost. The revaluation of freehold land is carried out once in every three years.

Assets having cost exceeding the minimum threshold as determined by the management are capitalized. All other assets are charged to income in the year when acquired.

Depreciation is charged, on a systematic basis over the useful life of the assets, to income applying reducing balance method, except for building on leasehold land furniture and fittings, office and other equipment and computer and accessories which are depreciated using straight line method at the rates mentioned in note 4 to the financial statements, which reflects the patterns in which the assets' economic benefits are consumed by the Company. Rate of Building on leased hold land is determined on the basis of lease tenure. Additions to assets are depreciated from the month of addition while no depreciation is charged on assets disposed off during the month.

Maintenance and normal repairs are charged to income, when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets, if any, are recognized in the statement of profit or loss when incurred.

The carrying values of owned assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

b) Assets subject to finance lease

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of asset acquired. The related obligation under the lease is accounted for as liability. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of change on the net standing liability.

Depreciation is charged to the statement of profit or loss using the same basis as for owned assets.

c) Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

d) Operating leases / Ijarah contracts

Leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases and Ijarah contracts (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

3.6 Intangible assets

An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of such asset can also be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible assets.

Intangible assets are stated at cost less accumulated amortization and any impairment loss. Intangible assets are amortized when assets are available for use on straight line method. Amortization is charged from the month of the year in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

Useful lives of intangible assets are reviewed, at each financial year end and adjusted if appropriate.

The carrying values of intangible assets are reviewed for impairment at each financial year end when events or changes in circumstances, indicate that carrying value may not be recoverable. An impairment loss is recognized in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognized in the statement of profit or loss, however, it is restricted to the original cost of the asset.

3.7 Investments

a) In Subsidiary

Investment in Subsidiary is initially recognized at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount is exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

b) In associate

Investment in an associate is accounted for using the equity method. Under this method, the investment is initially recognized at cost as adjusted for post acquisition changes in the Company's share of net assets of the associate and impairment in the value of investment and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition which is recognized in the statement of profit or loss. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the Company's equity in proportion of the equity held. Profit / loss from material transactions with associate is eliminated. The reporting dates of the associate and the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

c) At fair value through other comprehensive income

Equity investments are initially recognised at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on fair value through other comprehensive income are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

d) At fair value through profit or loss

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

3.8 Stores, spare parts and loose tools

These are valued at moving average cost. Provision / write-off if required is made for slow moving items, where necessary and recognized in statement of profit or loss.

Items in transit are valued at invoice plus other charges incurred thereon.

3.9 Biological Assets

Biological assets comprise of crop in field. These assets are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognized in the statement of profit or loss.

Costs of harvested and consumed biological assets are charged to statement of profit or loss.

The fair value is determined using the present value of expected net cash-flow from the asset based on significant assumptions stated in note 3.2(f). Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

Biological assets are categorized as mature or immature. Mature biological assets are those that have attained harvestable specifications.

3.10 Stock-in-trade

Stock-in-trade is valued at the lower of average manufacturing cost or NRV. The cost of sugar in process includes cost of sugarcane and proportionate manufacturing expenses.

NRV signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.11 Trade debts, loans, advances and receivables

Trade debts, loans, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and other receivables. Bad debts are written off when considered irrecoverable.

3.12 Trade and other payables

Liabilities for trade and other payables are recognized initially at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company and subsequently measured at amortised cost.

3.13 Revenue recognition

a) Revenue from sale of goods is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are dispatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.

b) Income / return on investments, loans, advances and bank deposits are recognized on an accrual basis.

c) Dividend income on equity investment is recognized, when the right to receive the same is established.

d) Capital gains or losses on sale of investments and disposal of Property, plant and equipment are recognized in the period in which they arise.

e) Mark-up on growers' loans is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.

f) Profit / (loss) on biological assets is recognized at actual and fair value gain / (loss) is recognized on standing crops

g) Unrealized gains / (losses) arising on revaluation of securities classified as 'at fair through other comprehensive income' are included in other comprehensive income in the period in which they arise.

3.14 Foreign currency transactions and translations

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are translated into Pak Rupees at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling 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 to monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

3.15 Impairment of assets

Financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balance for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are Companied together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Companies of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

3.16 Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest / profit on loan and other costs that an entity incurs in connection with the borrowing of funds.

3.18 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in note 38 to the financial statements.

3.19 Financial instruments

The Company classifies its financial assets in to following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortized cost.

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

Subsequent measurement

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

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

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

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

3.20 Financial liabilities

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

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where 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 and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

3.21 Offsetting of financial assets and liabilities

A financial asset and financial liability is only offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

3.22 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances in current, deposit and PLS accounts with the commercial and Islamic banks.

3.23 Dividend and appropriation to reserves

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

3.24 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.25 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.

3.26 Operating segment

For management purposes, the activities of the Company are organized into one operating segment i.e., manufacturing, marketing and sale of sugar. The Company operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

3.27 Earnings per share

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		(Rupees in '000)	
Property, plant and equipment - owned	4.1	2,410,997	2,346,187
Capital work in progress	4.5	71,423	69,822
		2,482,420	2,416,009

4.1 Following are the statements of operating fixed assets for current and prior years:

2019	Cost			Depreciation				Book value as at Sep. 30, 2019	Deprecia-tion rate per annum / Life
	As at Oct. 01, 2018	Additions/ transfers/ (disposals)/ (revaluation reversal)	As at Sep. 30, 2019	As at Oct. 01, 2018	Adjustment on disposals	For the year	As at Sep. 30, 2019		
	(Rupees in '000)								
Free hold land (Note 4.3)	855,534	25,756 - (3,527) (506)	877,257	-	-	-	-	877,257	-
Building on free hold land: -Factory	39,986	- 31,930	71,916	29,869	-	1,810	31,679	40,237	10%
-Non factory	26,831	- 6,128	32,959	21,092	-	625	21,717	11,242	10%
Building on lease hold land:									
-Non factory	15,211	-	15,211	549	-	507	1,056	14,155	30 Years
Plant & machinery	2,129,838	5,468 84,637 (885)	2,219,058	743,844	(706)	71,710	814,848	1,404,210	5%
Furniture & fittings	6,006	1,509	7,515	721	-	1,151	1,872	5,643	5 Years
Vehicles	124,504	6,877 - (13,190)	118,191	67,879	(9,390)	11,676	70,165	48,026	20%
Office & other equipment	14,366	1,173	15,539	10,880	-	1,083	11,963	3,576	5 Years
Computers & accessories	17,454	2,678	20,132	8,709	-	4,772	13,481	6,651	3 Years
	3,229,730	43,461 122,695 (17,602) (506)	3,377,778	883,543	(10,096)	93,334	966,781	2,410,997	

2018	Cost			Depreciation				Book value as at Sep. 30, 2018	Deprecia-tion rate per annum / Life
	As at Oct. 01, 2017	Additions/ transfers/ (disposals)	As at Sep. 30, 2018	As at Oct. 01, 2017	Adjustment on disposals	For the year	As at Sep. 30, 2018		
	(Rupees in '000)								
Free hold land (Note 4.3)	855,534	-	855,534	-	-	-	-	855,534	-
Building on free hold land: -Factory	39,986	-	39,986	28,745	-	1,124	29,869	10,117	10%
-Non factory	26,831	-	26,831	20,455	-	637	21,092	5,739	10%
Building on lease hold land: -Non factory	15,211	-	15,211	42	-	507	549	14,662	30 Years
Plant & machinery	1,992,224	3,309 145,896 (11,591)	2,129,838	682,807	(8,712)	69,749	743,844	1,385,994	5%
Furniture & fittings	838	5,168	6,006	571	-	150	721	5,285	5 Years
Vehicles	126,615	4,804 (6,915)	124,504	58,523	(4,550)	13,906	67,879	56,625	20%
Office & other equipment	15,252	1,740 (2,626)	14,366	12,653	(2,582)	809	10,880	3,486	5 Years
Computers & accessories	14,863	6,232 (3,641)	17,454	9,419	(3,549)	2,839	8,709	8,745	3 Years
	3,087,354	21,253 145,896 (24,773)	3,229,730	813,215	(19,393)	89,721	883,543	2,346,187	

4.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in '000)	
Cost of sales	28	84,089	80,657
Distribution cost	29	83	153
Administrative expenses	30	9,162	8,911
		93,334	89,721

	2019	2018
	(Rupees in '000)	

4.1.2 Reconciliation of carrying amount:

	2019	2018
Carrying amount at beginning of the year	2,346,187	2,274,139
Addition during the year	43,461	21,253
Transfers during the year	122,695	145,896
Reversal of revaluation of free hold land - sold	(506)	-
Depreciation for the year	(93,334)	(89,721)
Disposal during the year at carrying amount	(7,506)	(5,380)
	2,410,997	2,346,187

4.2 Disposal of property, plant and equipment

Description	Cost/ Carrying value	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Free hold land							
Free hold land (5-1.66 acres)	4,033	-	4,033	4,159	126	Negotiation	Unicol Ltd - related party
	4,033	-	4,033	4,159	126		
Vehicles							
Honda City - AUY-031 (1/3 share)	443	364	79	342	263	Tender	Mr. Hasan
Suzuki Alto VXR - AWR-323	776	609	167	194	27	Employee Car Scheme	Mr. Rafiq Ahmed
Suzuki Alto VXR - AWR-805	776	603	173	194	21	Employee Car Scheme	Mr. Fasihuddin
Toyota Corolla GLI - AWS-235	1,719	1,349	370	388	18	Employee Car Scheme	Syed Shaukat Bukhari
Suzuki Alto VXR CNG - AXY-429	832	621	211	211	-	Employee Car Scheme	Mr. Anwar Fahim
Honda City 1300cc - AYU-084	1,507	1,108	399	399	-	Employee Car Scheme	Mr. Riaz Tabani
Suzuki Alto VXR CNG - AWR-135	771	599	172	193	21	Employee Car Scheme	Mr. Khalid Jamil
Suzuki Alto VXR- AVA-362	705	574	131	175	44	Employee Car Scheme	Mr. Talib Hussain
Suzuki Alto VXR - AXY-427	790	617	173	316	143	Employee Car Scheme	Mr. Shehzad Anjum
Toyota Corolla GLi - AZV-936	1,688	1,250	438	438	-	Employee Car Scheme	Syed Mudasser Ali
Suzuki Jimny - BF-9479	1,330	666	664	980	316	Tender	Mr. Danish Alvi
Suzuki Jimny - BF-9477	1,410	666	744	1,550	806	Insurance claim	EFU General Insurance
	12,747	9,026	3,721	5,380	1,659		
Aggregate of assets disposed-off/Written-off having book value below Rs.500,000 each:							
Plant & Machinery	885	706	179	2,500	2,321		
Vehicles - Motorcycles	443	364	79	352	273		
	1,328	1,070	258	2,852	2,594		
2019	18,108	10,096	8,012	12,391	4,379		
2018	24,773	19,393	5,380	7,226	1,846		

4.3 This includes Rs.816.065 million (2018 : Rs. 816.571 million) in respect of revaluation surplus (Refer note no.19.1). Had the revaluation not been carried out the freehold land would have been stated at Rs.61.192 million (2018: Rs.38.963 million).

4.4 Forced sale value of freehold land is Rs. 701.81 million.

4.5 Capital work in progress:

	2019	2018
	(Rupees in '000)	
Civil works	913	9,552
Plant and machinery	70,510	60,270
	71,423	69,822

4.5.1 Movement in Capital work in progress:

	2019	2018
Opening	69,822	92,210
Add: Addition during the year	124,296	123,508
	194,118	215,718
Less: Transferred during the year	(122,695)	(145,896)
	71,423	69,822

5. INTANGIBLE ASSET

ERP System & Software Licence	COST			AMORTIZATION			Book value as at Sep. 30,	Life
	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30		
	(Rupees in '000)							
2019	14,548	-	14,548	8,100	1,810	9,910	4,638	5 Years
2018	14,548	-	14,548	6,290	1,810	8,100	6,448	5 Years

5.1 Amortization charged for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in '000)	
Cost of sales	28	1,086	1,086
Distribution cost	29	181	181
Administrative expenses	30	543	543
		1,810	1,810

5.2 Intangible assets as at September 30, 2019 include items having aggregate cost of Rs. 5.50 million (2018: Rs. 5.50 million) that have been fully amortized and still in use of the Company.

6. LONG TERM INVESTMENTS

	Note	2019	2018
In Associates			
Unicol Limited			
50,000,000 (2018: 50,000,000) fully paid ordinary shares of Rs.10/- each			
Equity held : 33.33% (2018 : 33.33%)	6.1	1,032,066	852,413
Dividend received		(225,000)	(224,999)
		807,066	627,414
Share of profit	6.1.2	369,922	404,652
		1,176,988	1,032,066
UniEnergy Limited			
768,999 (2018:768,999) fully paid ordinary shares of Rs.10/- each			
Equity held : 7.69% (2018: 7.69%)	6.2	7,629	7,661
Share of profit / (loss)	6.2.2	4	(32)
		7,633	7,629
		1,184,621	1,039,695
In Subsidiary			
Mirpurkhas Energy Limited			
1,100,000 (2018:1,100,000) fully paid ordinary shares of Rs.10/- each			
Equity held : 100% (2018: 100%)	6.3	11,000	11,000
Less: Impairment loss		(11,000)	(11,000)
		-	-
In Related Parties			
At fair value through other comprehensive income			
Cherat Cement Company Limited			
5,770,252 (2018: 5,770,252) fully paid ordinary shares of Rs.10/- each		162,606	464,794

	Note	2019	2018
		(Rupees in '000)	
Cherat Packaging Limited			
1,918,628 (2018: 1,668,373) fully paid ordinary shares of Rs.10/- each		127,032	288,695
		289,638	753,489
In Term deposit 3 years			
Bank Alfalah Ltd,		1,710	1,591
Less: Current maturity classified as short term investment	15	(1,710)	-
		-	1,591
		1,474,259	1,794,775

6.1 Unicol Limited

The Company holds 33.33 percent (2018: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to the statement of profit or loss account in accordance with the accounting policy as mentioned in note no.3.7(b) to the annual audited financial statements for the year ended September 30, 2019. The share of Company in the net assets has been determined on the basis of the audited financial statements for the year ended September 30, 2019. The Board of Directors of the Investee Company and Board of Directors of the Company has decided to list the shares of Unicol Limited on Pakistan Stock Exchange (PSX). In this regard, various approvals were sought, required for listing at PSX. However, subsequently due to deteriorating stock market conditions in light of political and economic developments led the Company management to postpone the listing process for the time being. Once the management decides to again attain the status of listing on PSX, it would revalidate and secure fresh approvals and update the stakeholders accordingly.

6.1.1 The Company's interest in assets & liabilities of Unicol Limited:

	2019	2018
Non-current assets	927,335	946,744
Current assets	1,028,961	799,253
	1,956,296	1,745,997
Long-term liabilities	(50,416)	(101,463)
Current liabilities	(728,892)	(612,468)
	(779,308)	(713,931)
Net assets	1,176,988	1,032,066

6.1.2 The Company's share in profit and loss of Unicol Limited:

	2019	2018
Sales	1,833,867	1,722,570
Cost of sales	(1,265,813)	(1,123,706)
	568,054	598,864
Other expenses, income and taxes	(198,132)	(194,212)
	369,922	404,652

6.2 UniEnergy Limited

The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2018: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture 50MW wind power project. The Company is in process of taking various regulatory approvals. This investment in UniEnergy Limited has been accounted for using the Equity method. Share of profit / (loss) arising from the associate has been taken to statement of profit or loss in accordance with the accounting policy as mentioned in note no.3.7(b) to the annual audited financial statements for the year ended September 30, 2019. The share of Company in the net assets has been determined on the basis of the audited financial statements as of June 30, 2019.

6.2.1 The Company's interest in assets & liabilities of UniEnergy Limited:

	2019	2018
Non-current assets	4,253	4,299
Current assets	3,617	3,574
	7,870	7,873
Long-term liabilities	-	-
Current liabilities	(237)	(244)
	(237)	(244)
Net assets	7,633	7,629

	Note	2019	2018
6.2.2 The Company's share in profit and loss of UniEnergy Limited:		(Rupees in '000)	
Administrative expense		(114)	(122)
Other expenses, income and taxes		118	90
		4	(32)

6.3 Mirpurkhas Energy Limited

The Company was incorporated on August 4, 2016 as a public limited (Un-quoted) Company and is a wholly owned subsidiary of Mirpurkhas Sugar Mills Limited. Principal activity of the company is to establish and operate 26 MW Bagasse based power plant and thereafter sales of electricity.On September 11, 2017, the Company has been awarded an upfront tariff by National Electricity Power Regulatory Authority (NEPRA) that stipulates to commission the project in 24 months from the award of such tariff. Subsequent to award of tariff the Company has also secured Letter of Support (LOS) from Alternative Energy Development Board (AEDB).

Considering the unfavorable conditions imposed by cabinet committee of energy (CCOE) related to renewable energy projects and other uncertainties involved, the Board of Directors of Mirpurkhas Energy Limited in its meeting held on June 6, 2018 decided to not to pursue the power project any further and recorded impairment loss on carrying value of investment.

7. LONG-TERM LOANS AND DEPOSITS

	Note	2019	2018
Loan:			
Loan to subsidiary Company	7.1	9,979	9,979
Deposits:			
Deposits against ijarah contracts		946	692
Others	7.2	1,199	699
		12,124	11,370

7.1 This represents unsecured long term loan to subsidiary Company M/s. Mirpurkhas Energy Limited which is interest free. The maximum aggregate amount at any month end during the year was Rs. 9.98 million (2018: Rs. 9.98 million).

7.2 This includes an amount of Rs 0.50 million deposited with High court of Sindh with regards to a labour case.

8. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2019	2018
Stores		74,119	94,198
Spare parts		140,101	140,799
Loose tools		2,161	1,994
		216,381	236,991
Provision for obsolescence		(9,505)	(9,505)
		206,876	227,486

9. STOCK-IN-TRADE

	Note	2019	2018
Sugar	28	974,084	1,072,896
Sugar in process	28	2,888	1,555
		976,972	1,074,451

10. BIOLOGICAL ASSETS

	Note	2019	2018
Sugarcane		26,085	17,903
Others		8,407	13,049
		34,492	30,952

Movement during the year

		2019	2018
As at October 01		30,952	57,838
Addition due to cultivation		61,533	71,480
Gain / (loss) arising from initial recognition of standing crop less cost to sell		5,157	(19,627)
Decrease due to harvest sales		(63,150)	(78,739)
		34,492	30,952

10.1 The value of sugarcane crop is based on estimated average yield of 450 maunds per acre (2018: 450 maunds) on cultivated area of 360 acres (2018: 370 acres).

11. TRADE DEBTS - unsecured, considered good

	Note	2019	2018
		(Rupees in '000)	
Neither past due nor impaired			
Domestic Sales		27,840	37,817
		27,840	37,817

12. LOANS AND ADVANCES - unsecured

	Note	2019	2018
Considered good:			
To suppliers		31,504	46,627
To employees classified as recoverable within next twelve months		183	211
Against letters of credit		3,749	-
To sugar cane growers		99,747	86,245
To transport contractors		129	4,515
		135,312	137,598
Considered doubtful:			
Sugar cane growers		-	10,424
Provision there against	12.1	-	(10,424)
		-	-
		135,312	137,598

12.1 Movement during the year

	Note	2019	2018
Opening Balance		10,424	6,299
Provided during the year		-	4,125
Reversal of provision	32	(6,276)	-
Write-off doubtful growers loan		(4,148)	-
Closing Balance		-	10,424

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2019	2018
Prepaid insurance		1,714	1,113
Prepaid rent		1,209	184
Other prepayments		1,787	1,259
		4,710	2,556

14. OTHER RECEIVABLES

	Note	2019	2018
Sales tax on unlifted sugar		18,190	40,340
Freight subsidy	14.1	199,056	397,012
Staff Gratuity fund	14.2	10,094	103,417
		227,340	540,769

14.1 This amount relates to freight subsidy on sugar exports receivable from State Bank of Pakistan. A cash freight subsidy of Rs. 10.70/ kg was announced by Ministry of Commerce vide letter No.7(2)/ 2012-Exp.III in lieu of which, the Company exported 74,021 M.tons of sugar during 2018 and submitted the total claim of subsidy of Rs. 754.34 million with State Bank of Pakistan. Out of the subsidy claimed, the Company has recieved Rs. 555.28 million till date. This remaining subsidy amount relates to the provincial government whereas the share pertaining to the federal government has been received in full.

14.2 This represents amount determined on the basis of accounting policy as explained in note 3.4 (b)

15. CURRENT PORTION OF LONG-TERM INVESTMENTS

	Note	2019	2018
In Term deposit 3 years			
Bank Alfalah Ltd,	15.1	1,710	-
		1,710	-

15.1 The Company has invested a sum of Rs. 1.50 million in term deposit for a period of three years it carries markup @ 4.95% per annum, renewable on maturity (January 16, 2020).

16. TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2019	2018
		(Rupees in '000)	
Income tax refundable		169,483	206,641

17. CASH AND BANK BALANCES

	Note	2019	2018
Islamic banks			
Current accounts		9,505	441
Conventional Banks			
Current accounts		6,146	10,756
Saving accounts	17.1	25,132	5,397
		31,278	16,153
		40,783	16,594
Cash in hand		1,612	1,717
		42,395	18,311

17.1 Effective profit rate in respect of PLS accounts is 11.25% per annum (2018: 4.50 % per annum).

18. SHARE CAPITAL

18.1 Authorized capital

2019	2018		2019	2018
(Number of Shares)			(Rupees in '000)	
150,000,000	150,000,000	Ordinary shares of Rs. 10/- each	1,500,000	1,500,000

18.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

2019	2018		2019	2018
1,770,000	1,770,000	Alloted for consideration paid in cash	17,700	17,700
10,498,219	10,498,219	Issued as fully paid bonus shares	104,982	104,982
12,268,219	12,268,219		122,682	122,682

18.3 Following is the detail of shares held by the related parties.

Name of related parties	(Number of Shares)	
Faruque (Private) Limited	5,081,994	5,081,994
Greaves Pakistan (Private) Limited	292,735	292,735
Cherat Cement Company Limited	262,500	262,500
Mirpurkhas Sugar Mills Limited-Employees Provident Fund	2,489	2,489
Mirpurkhas Sugar Mills Limited-Employees Gratuity Fund	499,316	499,316
	6,139,034	6,139,034

18.4 Voting rights, Board selection, right of first refusal and block voting are in proportion to the shareholding.

19. RESERVES

	Note	(Rupees in '000)	
Revenue reserves			
General reserve		34,250	34,250
Unappropriated profit		847,836	558,544
Actuarial gain on defined benefit plan		(1,670)	89,665
Unrealised gain on investment at fair value through other comprehensive income		164,742	628,593
		1,045,158	1,311,052
Surplus on revaluation of Property plant & equipment	19.1	816,065	816,571
		1,861,223	2,127,623

19.1 It represents revaluation of freehold land which had been carried out by independent valuers M/s. K.G. Traders (Pvt.) Limited, on January 23, 2017 to determine the present (realizable) market value by enquiring from local active realtors. Surplus on revaluation of property, plant and equipment has been disclosed as per requirement and mentioned in note. 4.3 of the financial statements.

20. LONG TERM FINANCING - secured

From commercial banks	Mode & commencement of repayment	Security	2019	2018	Markup / Profit Rate
			(Rupees in 000)		
Plant Expansion / BMR loans					
Conventional Banks					
Finance 1	Twenty quarterly installments commencing from December, 2017	First pari-passu hypothecation charge on plant & machinery	90,000	120,000	3 months average KIBOR + 0.60%
Finance 2	Twenty quarterly installments commencing from May, 2018	First pari-passu hypothecation charge on plant & machinery	70,000	90,000	3 months average KIBOR + 0.60%
Finance 3	Ten Semi annual installments commencing from Sep. 2018	First pari-passu hypothecation charge on plant & machinery	210,000	270,000	6 months average KIBOR + 0.20%
Finance 4	Twenty eight quarterly installments commencing from July, 2017	First pari-passu hypothecation charge on plant & machinery	407,143	492,857	3 months average KIBOR + 0.20%
			777,143	972,857	
Less: Current maturity			195,714	195,714	
			581,429	777,143	

	Note	2019	2018
		(Rupees in '000)	
21. DEFERRED LIABILITIES			
Market committee fee		77,101	71,327
Deferred Sugar cane liability and FED / sales tax	21.1, 26.1.7, 26.1.8, 26.1.9 & 26.1.10	533,760	418,444
		610,861	489,771

21.1 This includes the effect of price difference of sugar cane, which is subjudice and subject matter of court cases and not likely to be crystalised in the next twelve months hence, has been classified as deferred liability.

Furthermore, it also includes an amount of Rs 115.32, which represents the Federal Excise Duty payable and sales tax and not likely to be payable in the next twelve months hence, has been classified as deferred liability.

22. DEFERRED TAX LIABILITY - NET

	2019	2018
Taxable temporary differences arising in respect of:		
- Accelerated tax depreciation allowance and investment	490,026	312,616
Deductible temporary differences arising in respect of:		
- Unabsorbed tax losses, tax credits and others	(390,760)	(218,067)
- Unpaid Liabilities	(22,359)	(20,685)
	(413,119)	(238,752)
	76,907	73,864

23. TRADE AND OTHER PAYABLES

	Note	2019	2018
Creditors		99,038	130,518
Accrued liabilities		55,628	168,684
Advances from customers	23.2	310,405	183,676
Withholding tax payable		966	1,819
Sales tax payable		2,505	8,561
Workers' profit participation fund	23.1	2,564	-
Workers' welfare fund		974	-
Other liabilities		2,444	2,593
		474,524	495,851

23.1 Workers' profit participation fund

	2019	2018
Opening balance	-	-
Interest thereon	-	-
	-	-
Less: Paid during the year	-	-
	-	-
Charge for the Year	2,564	-
Closing Balance	2,564	-

		Note	2019	2018
			(Rupees in '000)	
23.2	This include the following amounts of advances from related parties:			
	Unicol Limited		173,655	38,898

24. ACCRUED MARK-UP

Islamic banks		
Short-term borrowings	-	30,632
Conventional banks		
Long-term financing	19,836	13,448
Short-term borrowings	50,549	11,332
	70,385	55,412

25. SHORT-TERM BORROWINGS - secured

Islamic banks			
Short-term	25.1	-	1,000,000
Conventional banks			
Short-term	25.1	1,198,333	501,122
Money market	25.2	600,000	658,500
		1,798,333	2,159,622

25.1 This represents utilized portion of short term finance facilities aggregating Rs.4,400 million (2018 : Rs.4,400 million) obtained from various commercial banks. These carry mark-up ranging from KIBOR+0.25% to KIBOR + 1% per annum. In case of financing obtained from various Islamic banks, the profit rate ranges from KIBOR + 0.20% to KIBOR + 0.50%. The facilities are secured against registered first pari-passu hypothecation charge over various assets of the Company. These facilities are renewable annually.

25.2 This represents Money Market Loans obtained from commercial banks. These loans carry mark-up at KIBOR+0.20% to KIBOR +0.25%.(2018 : KIBOR+0.20% to KIBOR +0.25%) The money market loan facility is a sub-limit of regular running finance facility and hence secured against registered first pari passu hypothecation charge over various assets of the Company.

26. CONTINGENCIES AND COMMITMENTS

26.1 CONTINGENCIES:

26.1.1 The Company had filed suits before the Honorable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company has paid the amount demanded by the Government. The amount has already been charged off in the financial statements. The petition for leave to appeal against the impugned judgement of Honorable High Court of Sindh was filed in Honorable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and finally the Honorable Supreme Court of Pakistan vide its judgment dated February 26, 2018, allowed both appeals filed in Honorable High Court of Sindh with a direction that the Company shall be entitled to exemption under the terms and conditions of SRO 505(I)/90 dated June 7, 1990 for the respective financial years and if any, taxes that are collected by the Excise Authorities, the same should be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such taxes have not been passed on to the general public. In light of the aforesaid judgment, the Company has filed a refund application through their tax consultants in Excise and Taxation Department and in order to claim the duty duly paid by the Company is in the process of consultation with its legal advisors and filing of refund application with Excise Department in order to claim the duty duly paid by the Company.

26.1.2 The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisa per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on overall sucrose recovery of each mill. The Company challenged the levy of quality premium before the Honorable High Court of Sindh, which decided the matter against the Company. Aggrieved with the judgment, the Company has filed an appeal with the Honorable Supreme Court of Pakistan. While admitting the appeal against the impugned judgment of the Honorable High Court, the Honorable Supreme Court granted stay. The Honorable Supreme Court of Pakistan vide its Order dated March 5, 2018, has dismissed the writ petition filed by the Company in Honorable High Court of Sindh relating to impugned Notification of crushing season 1998-99 . The Company has already provided and paid quality premium liability of that crushing season. Furthermore, as per the Supreme Court Order, there is no valid notification for quality premium under section 16 of Sugar cane Act 1950 hence notifications have been issued by the provincial government for the period from 1998-

99 till to date, so no liability of quality premium arises between the crushing season 1998-99 till the date of Supreme Court Order dated March 5, 2018.Further, the management also takes consideration of the additional / excess payments made to the cane growers over and above the minimum support price fixed by the Provincial Government which are considered to be all-inclusive (including payment for quality premium). Accordingly, the Company has reversed all related provision during last financial year 2018/19.

26.1.3 a) The Company challenged levy of further sales tax @1.5 % under the Sales Tax Act 1990, amounting to Rs.4.89 million in the Sindh High Court, for which relief was granted. Against the judgment, the department preferred appeal with the Honourable Supreme Court, and got stay order. The Honorable Supreme Court of Pakistan has set aside the case and referred it to the lower level. No provision is made in this regard since the management is confident that the outcome would be in Company's favor.

b) The amendment brought in vide Finance Ordinance 2001 in the Sales Tax Act with the intention to nullify the decision of the High Court on levy of further tax @3% w.e.f June 18, 2001 does not change the legal position of further tax. However, the Company made the payment of 3% further tax under protest in order to avoid the Additional Tax and penalties. In previous years, Honorable Supreme Court of Pakistan had set asided the case and referred it to the tribunal level, where the Company appeal is pending. In view of the contingencies involved in this case, the Company has not accounted for as refund an amount of Rs.50.97 million being the further sales tax paid in this behalf.

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

26.1.5 The Company in 2010, has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs.1.40 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. On December 4, 2012, the said petition filed in the Honorable High Court of Sindh has been allowed in favor of the Company. Furthermore, the Company has filed caveat in 2015 in respect of an appeal to be filed by PSQCA against the judgement in CP-2515 of 2010 in the Honourable Supreme Court of Pakistan. No Provision has been made in this regard since the management is confident that the outcome would be in Company's favour and the amount is insignificant and is not likely to be materialized.

26.1.6 The Company in 2011, filed a petition vide CP no. D-2130 of 2011, before the Honourable High Court of Sindh against Federation of Pakistan and Large Taxpayer Unit, Inland Revenue challenging the vires of Section 3A of the Federal Excise Act 2005 and SRO 655(1)/2007 dated June 6, 2007 said to have been issued in terms thereof. Company submitted that this SRO was a nullity in law and without any legal effect or force whatsoever. Company prayed for suitable declaratory and injunctive relief as well as a refund of all the duty that had been collected for the period from July 2007 to June 2011 under this section and notification. On February 22, 2013. The Honorable High Court of Sindh has accepted the said petition and termed that the section 3A was void ab initio, a nullity in law and no legal effect and SRO 655(1)/2007 dated June 29, 2007 was likewise a nullity and of no legal effect. It follows the suspension of the said notification and refund of the collected amount by way of direct repayment or adjustment (against any tax or duty). However, due to the contingent nature, the Company has not accounted for any revenue in this regard in its financial statements. The department has filed in Honorable Supreme Court of Pakistan, a civil petition for leave to appeal against the judgement passed by Honorable High Court of Sindh in Company's favor and the Company is contesting the same.

26.1.7 The company in 2014 has filed a petition vide CP No. D-759 of 2014, before the Honorable High Court of Sindh against the orders of Additional/ Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 81.32 million on local sales equivalent to exported quantity, on which the company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. Aggrieved with the order passed by Additional / Deputy Commissioner Inland Revenue, Company filed an appeal with Commissioner Inland Revenue Appeals, where relief was granted against the order passed by Additional/ Deputy Commissioner Inland Revenue. Tax Department filed an appeal in an Appellate tribunal Inland Revenue against the judgement passed by Commissioner Inland Revenue Appeals. Appellate Tribunal Inland Revenue maintained the order of Commissioner Inland Revenue Appeals and directed that DCIR to follow the principle decided by this forum in the referred appeals. In a recent development, department has filed a reference against the order of the Appellate Tribunal Inland Revenue in the Honorable High Court of Sindh, and Company is contesting the same, However, Company has made provision in its financial statements as a matter of prudence.

26.1.8 The company in 2015 has filed a petition vide CP No. D-2040 of 2015, before the Honorable High Court of Sindh against the orders of Additional / Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 15.75 million on local sales equivalent to exported quantity, on which the company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. The matter was in adjudication at Appellate Tribunal level. As a result of efforts made by the Company, Appellate Tribunal decided the matter in favor of the Company and remanded back to the concerned Commissioner Inland Revenue level for further verification and reconciliation. The effect of the order is that alleged demand of Rs.15.75 million along with penalty and default surcharge stands deleted. However, as a matter of prudence, the provision has been made in this financial statement.

26.1.9 The matter of fixation of minimum price of sugarcane fixed under two different notifications for crushing season 2014-15 issued by the Government of Sindh is still subjudice before Honorable High Court of Sindh and Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Company on prudence basis has accounted for the liability of sugarcane cost of Rs.152.39 million under notification number 8(142)/S.O(Ext)95-XXIII dated 07-11-2014 in its financial statements for the year ended September 30, 2015. The matter is still in adjudication and Company is contesting the same.

26.1.10 The matter of fixation of minimum price of sugarcane fixed under notification for crushing season 2017-18 issued by the Government of Sindh was challenged in Honorable High Court of Sindh. Honorable High Court vide its decision passed in C.P No. 8666 of 2017 and 7951 of 2017 dated January 30, 2018, after taking consent of all the stakeholder / petitioners of the aforesaid petitions, directed the Sugar mills to pay sugarcane at Rs.160/- per 40kg to the growers for crushing season 2017-18 . The matter is still subjudice before Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Company on prudence basis has accounted for the liability of sugarcane cost of Rs.266.05 million under notification number 8(142)/S.O(Ext)/2017-18 dated December 5, 2017 during the financial year 2018.

		2019	2018
		(Rupees in '000)	
26.2	**COMMITMENTS**		
26.2.1	Letters of credit issued by commercial banks	25,996	-
26.2.2	Letter of guarantee issued by a commercial bank	-	7,475
26.2.3	Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:		
	Year		
	2018-19	-	549
	2019-20	4,060	549
	2020-21	4,060	549
	2021-22	4,060	549
	2022-23	3,721	503
	2022-23	199	-
		16,100	2,699
	Payable not later than one year	4,060	549
	Payable later than one year but not later than five years	12,040	2,150
		16,100	2,699

27. TURNOVER

	2019	2018
Local sales - gross	3,856,178	1,452,430
Less: Sales tax	(390,857)	(110,174)
	3,465,321	1,342,256
Export sales	263,665	2,828,141
	3,728,986	4,170,397

	Note	2019	2018
		(Rupees in '000)	

28. COST OF SALES

		Note	2019	2018
Sugar cane cost			2,716,579	2,429,432
Stores and spare parts consumed			165,899	160,612
Packing material and expenses			43,568	54,232
Salaries, wages and other benefits		28.1	292,820	281,965
Water, fuel and power			27,789	22,844
Insurance			9,723	8,203
Repairs and maintenance			28,163	29,119
Vehicles expenses			16,190	13,216
Sugar handling expenses			4,551	7,915
Other expenses			10,166	11,469
Ijarah rentals			2,310	-
Depreciation		4.1.1	84,089	80,657
Amortization		5.1	1,086	1,086
			3,402,933	3,100,750
Sugar-in-process	- opening		1,555	2,713
	- closing	9	(2,888)	(1,555)
			(1,333)	1,158
			3,401,600	3,101,908
Less:	- sale of molasses	28.2	(330,983)	(254,256)
	- sale of bagasse	28.2	(48,397)	(13,485)
			(379,380)	(267,741)
Cost of goods manufactured			3,022,220	2,834,167
Finished goods	- opening		1,072,896	2,027,239
	- closing	9	(974,084)	(1,072,896)
			98,812	954,343
			3,121,032	3,788,510

28.1 This includes Rs. 5.72 million (2018: Rs.4.31million) in respect of staff retirement benefits.

28.2 These figures are net of sales tax of Rs. Nil (2018 : Rs. Nil) in respect of molasses and Rs.8.23 million (2018 : Rs. 2.29 million) in respect of bagasse.

29. DISTRIBUTION COST

	Note	2019	2018
Salaries, wages and other benefits	29.1	5,984	4,805
Insurance		3,819	4,529
Sugar export freight & port handling expenses		13,782	205,935
Brokerage and commission		740	-
Other expenses		4,901	5,191
Ijarah rentals		1,046	-
Depreciation	4.1.1	83	153
Amortization	5.1	181	181
		30,536	220,794

29.1 This includes Rs. 0.07 million (2018: Rs. Nil) in respect of staff retirement benefits.

30. ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries, wages and other benefits	30.1	84,351	80,943
Directors' fee		1,760	1,880
Rent, rates and taxes		3,523	9,896
Communication expense		3,890	2,977
Conveyance and travelling		9,700	15,679
Printing and stationery		1,225	2,284
Entertainment		1,620	1,533
Vehicles expenses		4,728	4,170
Insurance		3,481	4,230
Repairs and maintenance		3,621	8,217
Subscription		2,954	2,802
Legal and professional charges		14,022	12,215
General expenses		5,476	2,468
Utilities		3,213	3,021
Ijarah rentals		556	-
Depreciation	4.1.1	9,162	8,911
Amortization	5.1	543	543
		153,825	161,769

30.1 This includes Rs. 4.06 million (2018: Rs. 2.94 million) in respect of staff retirement benefits.

31. OTHER OPERATING EXPENSES

	Note	2019	2018
		(Rupees in '000)	
Auditors' remuneration	31.1	1,038	1,094
Provision for stores obsolescence		-	683
Provision against growers loan		-	4,125
Inland freight subsidy charged-off		-	79,045
Impairment of investment in subsidiary		-	11,000
Demand against Sales tax		4,055	-
Net loss from agriculture produce		1,558	51,804
Exchange loss from Export sales		3,848	-
Workers' profit participation fund	23	2,564	-
Workers' welfare fund	23	974	-
Project feasiblity & Evaluation cost		7,475	89,795
Charity and donation	31.2	514	237
		22,026	237,783

31.1 Auditors' Remuneration

	2019	2018
Annual audit and consolidation fee	725	690
Half yearly review fee & certification	150	250
Out of pocket expenses	163	154
	1,038	1,094

31.2 Recipient of donations do not include any donee in which any director or his spouse had any interest.

32. OTHER INCOME

	Note	2019	2018
Income from financial assets			
Dividend income from related parties		36,219	39,592
Profit on PLS and deposit accounts with conventional banks		1,750	971
Mark-up on growers' loans		39	1,500
		38,008	42,063
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	4.2	4,379	1,846
Reversal of provision against doubtful growers	12.1	6,276	-
Exchange gain from Export sales		-	78,985
Net gain from agriculture produce		-	32,795
		10,655	113,626
Other			
Miscellaneous		1,871	174
		50,534	155,863

33. FINANCE COST

	2019	2018
Islamic Banks		
Profit on short-term borrowings	84,905	43,896
Bank charges	454	484
	85,359	44,380
Conventional Banks		
Mark-up on long-term financing	93,882	71,033
Mark-up on short-term borrowings	223,014	93,113
Bank charges	2,103	1,849
	318,999	165,995
	404,358	210,375

34. TAXATION

	2019	2018
Current	100,037	88,813
Less: Tax credit u/s 65B	-	14,920
	100,037	73,893
Prior	7,401	-
	107,438	73,893
Deferred	3,043	(35,488)
	110,481	38,405

In view of unabsorbed tax losses the Company is only liable to pay minimum tax in the current year at the rate of 1.50% under section 113 of the Income Tax Ordinance, 2001.

35 EARNINGS PER SHARE- basic

	2019	2018
Profit / (loss) after taxation	307,188	73,244
	Number of Shares	
Weighted average number of ordinary shares in issue during the year	12,268,219	12,268,219
Earnings per share - basic (Rupees)	25.04	5.97

35.1 There is no dilutive effect on basic earnings per share of the Company.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but are not limited to, market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are as follows:

- Market risk including currency risk, interest rate risk and price risk.
- Credit risk
- Liquidity risk.

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

The Company risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, financial instruments and investment of excess liquidity.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below :

36.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. The Company is exposed to market risks such as interest rate risk and price risk.

Financial instruments affected by market risk include short-term investments (investments at fair value through other comprehensive income), long-term financing and short-term borrowings.

a) Foreign currency risk

Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the change in foreign exchange rates. The Company's exposure to this risk arises mainly from future economic transactions or receivables and payables that exist due to transactions entered ino foreign currencies.

Exposure to foreign currency risk

The Company is exposed to foreign currency risk arising from foreign exchange fluctuations primarily with respect to the US $. The Company's exposure to foreign currency risk is as follows:

	2019	2018
	(USD '000')	
Trade debts	-	-
Net exposure	-	-

The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

The following significant exchange rates were applied during the year:

Rupee per USD

Reporting date rate (Buying/Selling)	156.20 / 156.70	126.35 / 127.10

Foreign currency sensitivity analysis

A ten percent strengthening / weakening of the PKR against the USD as at September 30, 2019 would have increased / decreased the equity and profit/ loss after tax by Rs. Nil (2018: Rs. Nil). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for September 30, 2019.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the financial instruments will fluctuate due to change in the market interest rates. The Company interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained in functional currencies. Applicable interest rates of financial instruments are given in respective notes.

Fair value risk

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 69.06 million (2018: Rs. 64.13 million) in the statement of profit or loss account before taxation. This analysis has been made based on the assumption that all the other variables remain constant.

Future cash flow risk

Presently, the Company is not exposed to future cash flow risk.

c) Other Price risk

Other Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices (other then those arising from interest rate risk). The Company is currently exposed to the other price risk like equity risk that arise from Company's investment in listed securities that are classified as investments at fair value through other comprehensive income. Listed securities are susceptible to market price risk arising from uncertainties about future returns of the investment securities.

At the reporting date, the exposure to listed equity securities at fair value was Rs.289.64 million (2018 Rs.753.49 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.28.96 million (2018: Rs.75.35 million) on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the same would impact equity by a similar amount but will not have an effect on income unless there is an impairment charge associated with it.

36.2 Credit Risk

Credit risk is the risk of financial loss to the Company if counter parties to a financial instrument fail to meet their contractual obligations. The Company does not have significant exposure in relation to individual customers. Aging analysis of trade debts is disclosed in note no.11 of this financial statements. The Company exposure to credit risk is minimal as the Company significantly receives advance against sale of goods to customers.

	2019	2018
The maximum exposure to credit risk at the reporting date is as follows :	(Rupees in '000)	
Loans & Deposits	12,124	11,370
Trade debts	27,840	37,817
Advances	99,930	86,456
Long-term investment - Related parties	289,638	753,489
Short-term investment - TDR	1,710	-
Bank balances	40,783	16,594
	472,025	905,726

36.2.1 Credit quality of financial assets

The credit policy of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates :

	2019	2018
Trade debts		
Customers with no default in the past one year	27,840	37,817
Advances		
Counter parties without credit rating	99,930	86,456
Long-term investments - Related parties		
Counter parties without credit rating	289,638	753,489
Cash at bank		
A1 +	40,429	12,296
A1	354	372
A-1	-	107
A-1+	-	3,819
	40,783	16,594

36.3 Liquidity risk

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

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Company has unused credit facilities of Rs. 2,602 million (2018 Rs.2,240 million).

Table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates based on contractual undiscounted payments.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	INTEREST BEARING			NON-INTEREST BEARING			2019	2018
	Less than one year	One to five years	Sub Total (a)	Less than one year	One to five years	Sub Total (b)	Total (a+b)	
	(Rupees in '000)							
Financial liabilities:								
Long-term financing	195,714	581,429	777,143	-	-	-	777,143	972,857
Deferred liabilities	-	-	-	-	610,861	610,861	610,861	489,771
Short-term borrowings	1,798,333	-	1,798,333	-	-	-	1,798,333	2,159,622
Trade & other payables	2,564	-	2,564	157,110	-	157,110	159,674	301,795
Accrued mark-up	-	-	-	70,385	-	70,385	70,385	55,412
Unclaimed dividend	-	-	-	-	8,513	8,513	8,513	7,501
	1,996,611	581,429	2,578,040	227,495	619,374	846,869	3,424,909	3,986,958

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements.

36.4 Fair value measurement

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

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

Level 1: Quoted prices 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)

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

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

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

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

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

Financial assets measured at fair value

	Total	Level 1	Level 2	Level 3
	(Rupees in 000)			
30 September 2019				
Investment at fair value through other comprehensive income	289,638	289,638	-	-
Biological Assets	34,492	-	34,492	-
30 September 2018				
Investment at fair value through other comprehensive income	753,489	753,489	-	-
Biological Assets	30,952	-	30,952	-

As at the reporting date, the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land and capital work in progress. Free hold land which is stated at a revalued amount, it's revaluation has been carried out by independent valuers. Capital Work in progress is stated at cost. Long term investments in subsidiary represents the investment in unquoted shares of company carried at cost and investment in associates is carried at equity method. The Company does not expect that unobservable inputs may have significant effect on fair values.

36.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

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

The gearing ratios as at September 30, 2019 and 2018 were as follows:

	2019	2018
	(Rupees in '000)	
Total Long-term debt	777,143	972,857
Share Capital	122,682	122,682
Reserves	1,045,158	1,311,052
Surplus on revaluation of property, plant and equipment	816,065	816,571
Total Equity	1,983,905	2,250,305
Total Equity and Long-term debt	2,761,048	3,223,162
Gearing ratio	28.15%	30.18%

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

Particulars	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Remuneration & bonus	43,459	-	26,698	41,546	-	21,558
Housing allowance	1,452	-	7,567	1,452	-	6,921
Utilities	250	-	1,681	250	-	1,538
Leave fare assistance	2,299	-	-	1,999	-	-
Retirement benefits	4,654	-	1,087	4,372	-	1,028
	52,114	-	37,033	49,619	-	31,045
No. of persons	1	-	9	1	-	9

The Chief Executive, Directors and Executives are provided with the use of Company maintained cars and are also provided with the residential telephone facility which is reimbursed at actual to the extent of their entitlements.

37.1 The aggregate amount charged in the financial statements for the year for meeting fee to five directors amounted to Rs.1.76 million (2018: 5 directors - Rs.1.88 million).

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associated companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, contribution to staff benefit funds, mark-up on loans, amount due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below:

Relationship	Nature of transactions	2019	2018
		(Rupees in '000)	
Group Companies	Services received	9,857	8,399
	Goods purchased	48,935	45,636
	Dividend received from related party	36,219	39,592
	Dividend paid	9,209	-
	Investment made in related parties	-	24,805
Associated Company	Dividend received from associated company	225,000	225,000
	Sales made	367,167	263,231
	Goods purchased	3,290	-
Subsidiary	Reimbursement of expense to subsidiary	-	1,106
	Advance to subsidiary	-	4,376
Other related parties	Staff provident and gratuity funds	9,869	7,251

38.1 In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.

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

Name	Basis of association	Aggregate % of Shareholding
Faruque (Pvt) Ltd.	Common directorship	-
Cherat Cement Company Ltd.	Common directorship	3.27
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship	4.97
Greaves Engineering Services (Pvt) Ltd.	Common directorship	-
Greaves Airconditioning (Pvt) Ltd.	Common directorship	-
Madian Hydro Power Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Mirpurkhas Energy Ltd.	Subsidiary Company	100.00
Zensoft (Pvt) Ltd.	Common directorship	-

39. RECENT ACCOUNTING DEVELOPMENTS

Standards, interpretations and amendments issued but not yet effective.

The following revised 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 standards or interpretation:

Standard or Interpretation		Effective dates (accounting periods beginning on or after)
IFRS - 3	Definition of a Business (Amendments)	January 1, 2020
IFRS - 3	Business Combinations: Previously held interests in a joint operation	January 1, 2019
IFRS - 9	Prepayment Features with Negative Compensation (Amendments)	January 1, 2019
IFRS -10/IAS 28	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 finalized
IFRS - 11	Joint Arrangements: Previously held interests in a joint operation	January 1, 2019
IFRS 16	Leases	January 1, 2019
IAS - 1 / IAS 8	Definition of Material (Amendments)	January 1, 2020
IAS - 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 1, 2019
IAS - 19	Plan Amendment, Curtailment or Settlement (Amendments)	January 1, 2019
IAS - 23	Borrowing Costs - Borrowing costs eligible for capitalization	January 1, 2019
IAS 28	Long-term Interests in Associates and Joint Ventures – (Amendments)	January 1, 2019
IFRIC 23	Uncertainty Over Income tax Treatment	January 1, 2019

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

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 1 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, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The management of the Company expects that below new standards will not have any material impact on the Company's financial statements in the period of initial application.

Standard or Interpretation		IASB Effective dates (annual periods beginning on or after)
IFRS 1	First time adoption of IFRSs	01 January 2004
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 17	Insurance Contracts	01 January 2021

40. CAPACITY AND PRODUCTION

	2019	2018
No. of days mill operated	88	143
Crushing Capacity per day (M.tons)	12,500	12,500
Total Crushing capacity on the basis of no. of days (M.tons)	1,100,000	1,787,500
Actual crushing (M.tons)	577,396	774,171
Sugar production (M.tons)	64,935	88,183

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery percentage and availability of sugar cane for crushing.

41. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2019	2018
	(Number)	
	Total	Total
Total number of employees	190	181
Average number of employees during the year	201	190

42. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segments.

All sales of the Company comprise of Sugar

Total sales of the Company relating to customers in Pakistan were 94.43% during the year ended September 30, 2019 (2018: 34%)

All non-current assets of the Company at the end of the current and preceeding year were located in Pakistan.

Sales to 10 major customers of the Company are around 92.01% of the Company's total sales during the year (2018: 73.89%)

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on December12, 2019 by the Board of Directors of the Company.

44. DIVIDEND AND APPROPRIATIONS

Subsequent to year ended September 30, 2019, the Board of Directors in its meeting held on December 12, 2019 has proposed bonus shares @ 10% (2018 : Cash dividend Rs.1.50 per share amounting to Rs.18.40 million) for approval of the members at the Annual General Meeting.

45. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassifications to these financial statements during the year except as mentioned below:

Reclassification from statement of financial position	Reclassification to statement of financial position	2018 (Rupees in '000)
Short term investment	Long term investment	753,489
Trade deposits & short term	Long term loan & deposits	83
Loans & Advances	Long term loan & deposits	9,979

46. GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

Aslam Faruque	**Yasir Masood**	**Wasif Khalid**
Chief Executive	Director	Director & Chief Financial Officer

Consolidated Financial Statements

Independent Auditors' Report to the Members of Mirpurkhas Sugar Mills Limited

Report on the Audit of the Consolidated Financial Statements

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Opinion

We have audited the annexed consolidated financial statements of Mirpurkhas Sugar MIlls Limited and its subsidiaries (''the Group'') which comprise the consolidated statement of financial position as at September 30, 2019, and consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the annexed consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at September 30, 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of matter

We draw attention to note 1.2 to the annexed consolidated financial statements wherein reasons for preparation of financial statements of subsidiary company on a going concern basis have been stated, despite the fact that the subsidiary company has not yet commenced its business activities and the Directors have decided not to pursue the project any further and write off any cost directly related thereto owing to legal complexities and unfavorable conditions.

Furthermore, the subsidiary Company's shareholders equity is negative by Rs. (10.36) million (2018: Rs. 4.98 million) and the Company is likely to continue as a going concern for the reason that the parent has undertaken to provide / arrange necessary finance to meet the requirements as well as draw an alternate business plan for revival. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the subsidiary Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matter(s)

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

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050 to 53
Website : www.krestonhb.com Email: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

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KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	Contingencies:	
	The Group is under litigation cases in respect of various matters including the matter of fixation of minimum price of sugarcane for crushing season 2017-18 and other miscellaneous cases as disclosed in note 26 to the annexed consolidated financial statements. Given the nature and amounts involved in such contingencies and the appellate forums at which these are pending, the probability of the related payments and the appropriate accounting in the financial statements requires significant professional judgments. These judgments can change over time as new facts emerge and as the case progresses. Therefore, we have identified this matter as a key audit matter.	Our audit procedures included the following: • Evaluating management's processes and controls to identify new possible obligations and changes in existing obligations through meetings with the management and review of the minutes of meetings of the Board of Directors and Audit Committee. • Review of the relevant information including case proceedings and correspondences with regulatory authorities and Group's external counsel in respect of the ongoing litigations. • Circularizing confirmations to the legal counsels of the Group to evaluate the status of the pending litigations and view point of any Group's legal counsels thereon. • Verifying legal and professional expenses to confirm that all pending legal matters are identified and disclosed. • Re-computing the amounts of obligations based on available underlying information and confronted parameters. • Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed consolidated financial statements.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Faiza Hanif.

Kreston Hyder Bhimji & Co.

Chartered Accountants
Karachi
Dated: December 12, 2019

Consolidated Statement of Financial Position

As at September 30, 2019

	Note	2019	2018
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,482,420	2,421,287
Intangible asset	5	4,638	6,448
Long-term investments	6	1,474,259	1,794,775
Long-term loan and deposits	7	2,145	1,391
		3,963,462	4,223,901
CURRENT ASSETS			
Stores, spare parts and loose tools	8	206,876	227,486
Stock-in-trade	9	976,972	1,074,451
Biological assets	10	34,492	30,952
Trade debts	11	27,840	37,817
Loans and advances	12	135,312	137,598
Trade deposits and short-term prepayments	13	4,710	2,556
Other receivables	14	227,340	540,769
Current portion of long-term investments	15	1,710	-
Tax refunds due from the Government	16	169,483	206,641
Cash and bank balances	17	42,395	18,618
		1,827,130	2,276,888
TOTAL ASSETS		5,790,592	6,500,789
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	122,682	122,682
Reserves	19	1,034,791	1,306,071
Surplus on revaluation of property, plant & equipment	19	816,065	816,571
		1,973,538	2,245,324
NON-CURRENT LIABILITIES			
Long-term financing	20	581,429	777,143
Deferred liabilities	21	610,861	489,770
Deferred tax liability-net	22	76,907	73,864
		1,269,197	1,340,777
CURRENT LIABILITIES			
Trade and other payables	23	474,912	496,439
Unclaimed dividend		8,513	7,501
Accrued mark-up	24	70,385	55,412
Short-term borrowings	25	1,798,333	2,159,622
Current portion of long-term financing	20	195,714	195,714
		2,547,857	2,914,688
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		5,790,592	6,500,789

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

Aslam Faruque	**Yasir Masood**	**Wasif Khalid**
Chief Executive	Director	Director & Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended September 30, 2019

	Note	2019	2018
		(Rupees in '000)	
Turnover - net	27	3,728,986	4,170,397
Cost of sales	28	(3,121,032)	(3,788,510)
Gross profit		607,954	381,887
Distribution cost	29	(30,536)	(220,794)
Administrative expenses	30	(153,826)	(162,767)
Other operating expenses	31	(27,412)	(240,495)
		(211,774)	(624,056)
Other income	32	50,535	155,863
Operating profit / (loss)		446,715	(86,306)
Finance cost	33	(404,358)	(210,375)
		42,357	(296,681)
Share of profit in associates - net	6	369,926	404,620
Profit before taxation		412,283	107,939
Taxation	34	(110,481)	(38,405)
Profit after taxation		301,802	69,534
Earnings per share - basic & dilutive (Rupees)	35	24.60	5.67

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Director & Chief Financial Officer

Consolidated Statement of Comprehensive Income
For the year ended September 30, 2019

	2019	2018
	(Rupees in '000)	
Profit after taxation	301,802	69,534
Other Comprehensive loss		
Items that may not be reclassified subsequently to statement of profit or loss		
Actuarial loss on defined benefit plan	(91,335)	(73,290)
Unrealised loss on remeasurement of equity investment at fair value through Other Comprehensive income	(463,851)	(257,617)
	(555,186)	(330,907)
Total comprehensive loss	(253,384)	(261,373)

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Director & Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended September 30, 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		412,283	107,939
Adjustments for :			
Depreciation	4	93,334	89,721
Amortization	5	1,810	1,810
Provision for market committee fee		5,774	7,747
Provision for Bad debts (growers loan)		-	4,125
Provision for Store obsolescence		-	683
Accrued profit term deposit		(119)	(38)
Impairment loss on property, plant & equipment	31	5,278	-
Subsidy written-off		-	79,046
Fair value adjustment of biological assets	10	(5,157)	19,627
Reversal of provision		-	(78,985)
Dividend income from related parties	32	(36,219)	(39,592)
Share of profit in associates	6	(369,926)	(404,620)
Gain on disposal of property, plant and equipment	32	(4,379)	(1,846)
Finance cost	33	404,358	210,375
		94,754	(111,947)
		507,037	(4,008)
Working capital changes :			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		20,610	(32,564)
Stock-in-trade		97,479	955,501
Biological assets		1,617	7,259
Trade debts		9,977	66,252
Loans and advances		2,286	80,993
Short-term prepayments		(2,154)	(1,004)
Other receivables		222,094	(378,558)
		351,909	697,879
Increase in current liabilities:			
Trade and other payables		(21,527)	(40,218)
Cash generated from operations		837,419	653,653
Long-term deposits - net		(754)	401
Deferred liability		115,317	266,052
Income tax paid		(70,280)	89,512
		44,283	176,941
Net cash generated from operating activities		881,702	830,594
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(167,757)	(139,886)
Sale proceeds of property, plant and equipment	4.2	12,391	7,226
Long-term investments in related party		-	(24,805)
Dividend received from an associate	6	225,000	224,999
Dividend received from related parties	32	36,219	39,592
Net cash generated from investing activities		105,853	107,126
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost paid		(389,385)	(211,480)
Short-term borrowings-net		(361,289)	(579,720)
Long-term financing repaid	20	(195,714)	(155,714)
Payment of dividend		(17,390)	10
Net cash used in financing activities		(963,778)	(946,904)
Net increase / (decrease) in cash and cash equivalents		23,777	(9,184)
Cash and cash equivalents at the beginning of the year		18,618	27,802
Cash and cash equivalents at the end of the year		42,395	18,618

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Director & Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended September 30, 2019

Description	Issued, subscribed and paid-up capital	Reserves						Total
		General reserves	Unappropriated profit	Actuarial gain on defined benefit plan net-off Tax	Unrealised gain / (loss) on investment at fair value through other comprehensive income	Surplus on revaluation of property, plant and equipment	Total reserves	
	(Rupees in '000)							
Balance as at October 01, 2017	122,682	34,250	484,029	162,955	886,210	816,571	2,384,015	2,506,697
Profit after taxation	-	-	69,534	-	-	-	69,534	69,534
Other comprehensive loss	-	-	-	(73,290)	(257,617)	-	(330,907)	(330,907)
Total comprehensive loss	-	-	69,534	(73,290)	(257,617)	-	(261,373)	(261,373)
Balance as at September 30, 2018	122,682	34,250	553,564	89,665	628,593	816,571	2,122,642	2,245,324
Balance as at October 01, 2018	122,682	34,250	553,563	89,665	628,593	816,571	2,122,642	2,245,324
Profit after taxation	-	-	301,802	-	-	-	301,802	301,802
Surplus on revaluation realised on disposal of land	-	-	506	-	-	(506)	-	-
Other comprehensive loss	-	-	-	(91,335)	(463,851)	-	(555,186)	(555,186)
Total comprehensive loss	-	-	302,308	(91,335)	(463,851)	(506)	(253,384)	(253,384)
Transaction with owners								
Final cash dividend for the year ended September 30, 2018 @ Rs. 1.5/= per share	-	-	(18,402)	-	-		(18,402)	(18,402)
Balance as at September 30, 2019	122,682	34,250	837,469	(1,670)	164,742	816,065	1,850,857	1,973,539

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

Aslam Faruque
Chief Executive

Yasir Masood
Director

Wasif Khalid
Director & Chief Financial Officer

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

1. GROUP AND ITS OPERATIONS

The group consists of Mirpurkhas Sugar Mills Limited ("the Holding Company") and its subsidiary company Mirpurkhas Energy Limited. Brief profiles of Holding company and its subsidiary company are as follows:

1.1 Mirpurkhas Sugar Mills Limited

The Holding Company was incorporated in Pakistan on May 27, 1964 as a public limited company and its shares are quoted at Pakistan Stock Exchange. Principal activity of The Group is manufacturing and selling of sugar. The registered office of The Group is situated at Sub Post Office Sugar Mill Jamrao, Umerkot Road Mirpurkhas, Sindh.

The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	**Address**
Head Office	Modern Motors House, Beaumont Road, Karachi.
Registered Office / Factory (Immovable assets)	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas Sindh. (Land measuring 606.05 acres and covered area 569,434 sq.ft)

1.2 Mirpurkhas Energy Limited

The Company was incorporated on August 4, 2016 as a public limited (Un-quoted) Company and is a wholly owned subsidiary of Mirpurkhas Sugar Mills Limited. Principal activity of the company is to establish and operate 26 MW Bagasse based power plant and thereafter sales of electricity. On September 11, 2017, the Company has been awarded an upfront tariff by National Electricity Power Regulatory Authority (NEPRA) that stipulates to commission the project in 24 months from the award of such tariff. Subsequent to award of tariff the Company has also secured Letter of Support (LOS) from Alternative Energy Development Board (AEDB).

Considering all the above factors and uncertainty involved in the project, the Board of Directors in its meeting held on June 6, 2018 decided to not to pursue the power project any further and write off any cost directly related to the power project under the approved policy. Accordingly, management applied to AEDB, on June 19, 2018 for cancellation of LOS; refund of processing fee and release of Performance Guarantee given by the Company which has been materialized during the year.

Moreover, the company's shareholders equity is negative by Rs 10.36 million (2018: Rs.4.98 million). Yet, it will continue as a going concern for the reason that the parent company has undertaken to provide / arrange necessary finance to meet the requirements as well as draw alternate business / revival plan upon changes in circumstances in future. Hence, the preparation of these financial statements on going concern basis stands justified.

The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	**Address**
Head Office	Modern Motors House, Beaumont Road, Karachi.
Registered Office / Factory	Sub Post Office Sugar Mill Jamrao, Umerkot Road, Mirpurkhas, Sindh.

1.3 Basis of Consolidation

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary, herein-after collectively referred to as the Group. A company is a subsidiary if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary companies are prepared for the same reporting period as the Holding Company's, using consistent accounting policies. The assets and liabilities of the subsidiary companies have been consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the subsidiary's share capital. All intra group balances, transactions and unrealised gains/losses resulting from intra-group transactions and dividends are eliminated in full.

2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These Consolidated financial statements have been prepared following accrual basis of accounting except for cash flow statement.

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the following material items in the statement of financial position:

a. Derivatives financial instruments and investments which are stated at their fair values in accordance with IFRS-9;

b. Inventories which are valued at lower of weighted / moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;

c. Biological assets that are valued at fair value less estimated cost to sell in accordance with IAS 41;

d. Obligation under certain employees retirement benefits that are based on actuarial valuation in accordance with IAS 19; and

e. Free hold land which stands at revalued amount in accordance with IAS 16.

3.1.1 New standards, interpretations and amendments

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the group has adopted the following accounting amendments of IFRSs which became effective for the current year:

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

IFRS 9 - Financial Instruments; This standard will supersede IAS 39 Financial Instruments: Recognition and

Measurement upon its effective date.

IFRS 15 - Revenue from Contracts with Customers; This standard will supersede IAS 18, IAS 11, IFRIC 13, IFRIC 15 and SIC 31 upon its effective date

IAS 40 - Investment Property: Clarification on transfers of property to or from Investment Property (Amendments);

IFRIC 22 - Foreign Currency Transactions and Advance Consideration; Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

Improvements to IFRSs 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 IFRS did not have any material effect on these financial statements, except for IFRS 15 and IFRS 9 as explained 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 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. 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' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The group has applied IFRS 9 retrospectively, on 1 October 2018. During February 2019, the SECP modified the effective date for applicability of IFRS 9 in place of IAS 39 as reporting period/ year ending on or after 30 June 2019.

The group's financial assets mainly includes long term investments, long term loans, long term deposits, trade debts, loans, trade deposits, other receivables, cash and bank balances held with commercial banks.

IFRS 9 retain but simplifies the measurement model and establishes the measurement categories of financial asset amortised cost, fair value through other comprehensive income and fair value through the statement of profit or loss The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. The group continues measuring at fair value all the financial assets previously held at fair value under IAS 39. The measurement basis followed by the group under IFRS 9 are as follows:

- Listed equity investments previously classified as available for sale are now classified and measured at fair value through other comprehensive income.

- Trade debts and other financial assets previously classified as loans and receivables are now measured at amortised cost.

The Classification and measurement of IFRS 9, as descried above did not have a significant impact on the group's financial statements.

Further, the adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach.

Expected Credit Loss (ECL) 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.

Considering the nature of the financial assets, the group has applied the standard's simplified approach and has calculated ECL based on life time ECL.

The adoption of the ECL approach under IFRS 9 resulted in an immaterial impact on the group's financial assets.

The group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the group's financial liabilities.

3.2 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the disclosures of contingent liabilities at the end of reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources.

However, uncertainity about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and any future periods affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

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

a) Employees retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 3.4(b) to the financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases and mortality rates.

b) Property, plant and equipment and intangible assets

The group reviews appropriateness of the rate of depreciation / amortization, useful life and residual value used in the calculation of depreciation / amortization. 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 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 and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment. As of the year end the group estimates that there is no impairment on any of its assets.

c) Classification of investments

The management has exercised its judgment in respect of classification of investments as disclosed in note 6 to the financial statements. Any change in such judgment might materially affect the accounting policy applied in respect of such investments.

d) Stock-in-trade

The group reviews Net Realizable Value (NRV) of stock in trade, to assess any diminution in their 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.

e) Stores, spare parts and loose tools

These are valued at cost determined on weighted average basis less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

f) Biological assets

The group reviews the fair value of biological assets to assess changes in fair value less cost to sell during a period. Agriculture produce is measured at fair value less cost to sell at the point of harvest because harvested produce is a marketable commodity as there is no “measurement reliability” exception for produce.

g) Taxation

In applying the estimate for income tax payable, the group takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the group’s view differs from the view taken by the income tax department at the assessment stage and where the group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Deferred tax is provided using the statement of financial position liability method on all temporary differences arising at the statement of financial position date, between the tax bases of the assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, Unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilised.

h) Provision for impairment

The group reviews carrying amount of assets except deferred tax assets and inventories at statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the statement of profit or loss.

i) Contingencies

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

3.3 Taxation

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The tax charge as calculated above is compared with 1.50% of turnover tax, calculated at applicable tax rates under section 113 & alternate corporate tax U/s 113C of the Income Tax Ordinance, 2001 and under final tax regime, whichever is higher is provided in the financial statements. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income and not in statement of profit or loss.

c) Sales tax and Government duties

Revenues, expenses and assets are recognized net of amount of sales tax and Government duties except:

- Where amount incurred on a purchase of asset or service is not recoverable from the taxation authority, the tax / duties is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- Receivables or payables that are stated with the amount of sales tax and government duties included.

The net amount of sales tax and government duties recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.4 Employees retirement benefits

a) Provident fund scheme

The group operates an approved defined contribution provident fund scheme for its eligible permanent employees who opted for the benefits. Equal monthly contributions are made, both by the group and the employees to the fund at the rate of 8.33 % of basic salary.

	2019	2018
	(Rupees in '000)	
Size of the trust	337,197	372,533
Cost of investments made	336,243	285,901
Fair value of investments	324,722	363,588
	(Percentage)	
Percentage of investments made	96.30	97.60
Loans to employees on mark-up	3.70	2.40
	100	100

The major categories of investments		
	(Rupees in '000)	
Government securities	260,608	193,238
Listed securities	56,427	126,964
Units of collective investment scheme	2,498	35,504
Banks	5,189	7,882
	324,722	363,588

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

b) Gratuity scheme

The group operates an approved and funded gratuity scheme for all of its eligible permanent employees who have completed the minimum qualifying period of service. The scheme is administered by the trustees nominated under the trust deed. The contributions to the scheme are made in accordance with the actuarial valuation using Projected Unit Credit (PUC) method.

The PUC method used the following significant assumptions for the valuation of the scheme.

Principal actuarial assumptions used are as follows:

	2019	2018
	(% per annum)	
Valuation discount rate	12.50	8.00
Expected rate of return on plan assets	12.50	8.00
Expected rate of salary increase	11.50	8.00

The fair value of scheme's assets and the present value of obligation under the scheme at the statement of financial position date were as follows:

	2019	2018
	(Rupees in '000)	
Staff gratuity fund (Asset) / Liability:		
Present value of defined benefit obligation	140,391	124,340
Fair value of plan assets	(150,485)	(227,757)
Asset recognized as at September 30	(10,094)	(103,417)

	2019	2018
	(Rupees in '000)	
Amounts charged to statement of profit or loss:		
Current service cost	11,374	8,403
Interest cost	11,034	7,239
Expected return on plan assets	(20,420)	(21,136)
	1,988	(5,494)
Total re-measurements chargeable in other comprehensive income:		
Remeasurement gain / (loss) on obligations	4,623	(18,211)
Remeasurement loss on Plan assets	(95,958)	(55,079)
	(91,335)	(73,290)
Movement in (Net Assets) / Liability recognized in the statement of financial position:		
Balance as at October 1	(103,417)	(171,213)
Net charge for the year	1,988	(5,494)
Actuarial Loss / (gain) charged to other comprehensive income	91,335	73,290
Balance as at September 30	(10,094)	(103,417)
Movement in the present value of defined benefit obligation:		
Balance as at October 1	124,340	95,468
Current service cost	11,374	8,403
Interest cost	11,034	7,239
Benefits paid during the year	(1,734)	(4,981)
Actuarial (gain) / loss	(4,623)	18,211
Balance as at September 30	140,391	124,340
Movement in the fair value of plan assets:		
Balance as at October 1	227,757	266,682
Expected return	20,420	21,135
Benefits paid	(1,734)	(4,981)
Actuarial loss	(95,958)	(55,079)
Balance as at September 30	150,485	227,757
Composition of plan assets is as follows		
Government securities	81,444	68,480
Mutual funds / Shares	65,637	159,173
Bank Balances	3,404	104
	150,485	227,757

The expected return on plan assets was based on the market expectations and depends upon the asset portfolio of the group, at the beginning of the period, for returns over the entire life of related obligation.

The return on plan assets was assumed to equal the discount rate. Return on plan assets during 2019 was Rs.75.54 million (2018: Rs.33.94 million), calculated on the basis of market conditions as allowed under IAS-19.

Sensitivity Analysis

Particulars	PVDBO (Rupees in 000')	Percentage Change
Current Liability	140,391	-
+ 1% Discount rate	132,094	(5.91%)
- 1% Discount rate	149,727	6.65%
+1% Salary increase rate	150,405	7.13%
- 1% Salary increase rate	131,354	(6.44%)
+ 10% withdrawal rates	140,415	0.02%
- 10% withdrawal rates	140,366	(0.02%)
1 Year mortality age set back	140,406	0.01%
1 Year mortality age set forward	140,375	(0.01%)

Comparisons with past years :

	2019	2018	2017	2016	2015
	(Rupees in 000)				
Present value of defined benefit obligation	140,390	124,340	95,468	83,440	79,242
Fair value of plan assets	(150,485)	(227,757)	(266,682)	(285,753)	(191,174)
Surplus	(10,095)	(103,417)	(171,214)	(202,313)	(111,932)
Experience adjustments arising on plan liabilities	4,623	(18,211)	(3,704)	7,108	5,797
Experience adjustments arising on plan assets	(95,957)	(55,079)	(36,394)	78,615	70,416
	(91,334)	(73,290)	(40,098)	85,723	76,213

Maturity Profile

Particulars	Undiscounted Payments (PKR)
Year 1	39,437
Year 2	428
Year 3	334
Year 4	981
Year 5	2,179
Year 6 to 10	3,266
Year 11 and above	71,368

Risks associated with defined benefit plans

Investment Risks:
The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risks:
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risks:
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

3.5 Property, plant and equipment

a) Owned assets

These are stated at cost less accumulated depreciation except for freehold land which is stated at revalued amount and capital work-in-progress, which is stated at cost. The revaluation of freehold land is carried out once in every three years.

Assets having cost exceeding the minimum threshold as determined by the management are capitalized. All other assets are charged to income in the year when acquired.

Depreciation is charged, on a systematic basis over the useful life of the assets, to income applying reducing balance method, except for building on leasehold land furniture and fittings, office and other equipment and computer and accessories which are depreciated using straight line method at the rates mentioned in note 4 to the financial statements, which reflects the patterns in which the assets' economic benefits are consumed by the group. Rate of Building on leased hold land is determined on the basis of lease tenure. Additions to assets are depreciated from the month of addition while no depreciation is charged on assets disposed off during the month.

Maintenance and normal repairs are charged to income, when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets, if any, are recognized in the statement of profit or loss when incurred.

The carrying values of owned assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

b) Assets subject to finance lease

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of asset acquired. The related obligation under the lease is accounted for as liability. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of change on the net standing liability.

Depreciation is charged to the statement of profit or loss using the same basis as for owned assets.

c) Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

d) Operating leases / Ijarah contracts

Leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases and Ijarah contracts (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

3.6 Intangible assets

An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of such asset can also be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible assets.

Intangible assets are stated at cost less accumulated amortization and any impairment loss. Intangible assets are amortized when assets are available for use on straight line method. Amortization is charged from the month of the year in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

Useful lives of intangible assets are reviewed, at each financial year end and adjusted if appropriate. The carrying values of intangible assets are reviewed for impairment at each financial year end when events or changes in circumstances, indicate that carrying value may not be recoverable. An impairment loss is recognized in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognized in the statement of profit or loss, however, it is restricted to the original cost of the asset.

3.7 Investments

a) In Subsidiary

Investment in Subsidiary is initially recognized at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount is exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

b) In associate

Investment in an associate is accounted for using the equity method. Under this method, the investment is initially recognized at cost as adjusted for post acquisition changes in the group's share of net assets of the associate and impairment in the value of investment and the carrying amount is increased or decreased to recognize the group's share of the profit or loss of the investee after the date of acquisition which is recognized in the statement of profit or loss. Dividend received, if any, reduces the carrying amount of investment. Changes in associate's equity including those arising from the revaluation of property, plant and equipment are recognized directly in the group's equity in proportion of the equity held. Profit / loss from material transactions with associate is eliminated. The reporting dates of the associate and the group are identical and the associate's accounting policies conform to those used by the group for like transactions and events in similar circumstances.

c) At fair value through other comprehensive income

Equity investments are initially recognised at cost, being the fair value of the consideration paid including transaction cost. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on fair value through other comprehensive income are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

d) At fair value through profit or loss

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

3.8 Stores, spare parts and loose tools

These are valued at moving average cost. Provision / write-off if required is made for slow moving items, where necessary and recognized in statement of profit or loss.

Items in transit are valued at invoice plus other charges incurred thereon.

3.9 Biological Assets

Biological assets comprise of crop in field. These assets are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognized in the statement of profit or loss.

Costs of harvested and consumed biological assets are charged to statement of profit or loss.

The fair value is determined using the present value of expected net cash-flow from the asset based on significant assumptions stated in note 3.2(f). Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

Biological assets are categorized as mature or immature. Mature biological assets are those that have attained harvestable specifications.

3.10 Stock-in-trade

Stock-in-trade is valued at the lower of average manufacturing cost or NRV. The cost of sugar in process includes cost of sugarcane and proportionate manufacturing expenses.

NRV signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.11 Trade debts, loans, advances and receivables

Trade debts, loans, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts, loans and other receivables. Bad debts are written off when considered irrecoverable.

3.12 Trade and other payables

Liabilities for trade and other payables are recognized initially at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the group and subsequently measured at amortised cost.

3.13 Revenue recognition

a) Revenue from sale of goods is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are dispatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.

b) Income / return on investments, loans, advances and bank deposits are recognized on an accrual basis.

c) Dividend income on equity investment is recognized, when the right to receive the same is established.

d) Capital gains or losses on sale of investments and disposal of Property, plant and equipment are recognized in the period in which they arise.

e) Mark-up on growers' loans is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters.

f) Profit / (loss) on biological assets is recognized at actual and fair value gain / (loss) is recognized on standing crops

g) Unrealized gains / (losses) arising on revaluation of securities classified as 'at fair through other comprehensive income' are included in other comprehensive income in the period in which they arise.

3.14 Foreign currency transactions and translations

The financial statements are presented in Pak Rupees, which is the group's functional and presentation currency. Transactions in foreign currencies are translated into Pak Rupees at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange ruling 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 to monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

3.15 Impairment of assets

Financial assets

The group recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balance for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The group expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

Non-financial assets

The carrying amounts of the group's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are Companied together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Companies of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

3.16 Provisions

Provisions are recognized when the group has a present obligation, legal or constructive, as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest / profit on loan and other costs that an entity incurs in connection with the borrowing of funds.

3.18 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in note 38 to the financial statements.

3.19 Financial instruments

The group classifies its financial assets in to following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortized cost.

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

Subsequent measurement

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

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

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

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the group becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The group derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

3.20 Financial liabilities

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

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Where 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 and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

3.21 Offsetting of financial assets and liabilities

A financial asset and financial liability is only offset and the net amount is reported in the statement of financial position, if the group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

3.22 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances in current, deposit and PLS accounts with the commercial and Islamic banks.

3.23 Dividend and appropriation to reserves

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

3.24 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.25 Contingent Assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Contingent assets are not recognized until their realization become virtually certain.

3.26 Operating segment

For management purposes, the activities of the group are organized into one operating segment i.e., manufacturing, marketing and sale of sugar. The group operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the group's only reportable segment.

3.27 Earnings per share

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		(Rupees in '000)	
Property, plant and equipment - owned	4.1	2,410,997	2,346,187
Capital work in progress	4.5	71,423	75,100
		2,482,420	2,421,287

4.1 Following are the statements of property, plant and equipment for current and prior years:

2019	Cost			Depreciation				Book value as at Sep. 30	Deprecia-tion rate per annum / Life
	As at Oct. 01	Additions/ transfers/ (disposals)/ (revaluation reversal)	As at Sep. 30	As at Oct. 01	Adjustment on disposals	For the year	As at Sep. 30		
	(Rupees in '000)								
Free hold land (Note 4.3)	855,534	25,756 - (3,527) (506)	877,257	-	-	-	-	877,257	-
Building on free hold land: -Factory	39,986	- 31,930	71,916	29,869	-	1,810	31,679	40,237	10%
-Non factory	26,831	- 6,128	32,959	21,092	-	625	21,717	11,242	10%
Building on lease hold land:									
-Non factory	15,211	-	15,211	549	-	507	1,056	14,155	30 Years
Plant & machinery	2,129,838	5,468 84,637 (885)	2,219,058	743,844	(706)	71,710	814,848	1,404,210	5%
Furniture & fittings	6,006	1,509	7,515	721	-	1,151	1,872	5,643	5 Years
Vehicles	124,504	6,877 - (13,190)	118,191	67,879	(9,390)	11,676	70,165	48,026	20%
Office & other equipment	14,366	1,173	15,539	10,880	-	1,083	11,963	3,576	5 Years
Computers & accessories	17,454	2,678	20,132	8,709	-	4,772	13,481	6,651	3 Years
	3,229,730	43,461 122,695 (17,602) (506)	3,377,778	883,543	(10,096)	93,334	966,781	2,410,997	

2018	Cost			Depreciation				Book value as at Sep. 30	Deprecia-tion rate per annum / Life
	As at Oct. 01	Additions/ transfers/ revaluation/ (disposals)	As at Sep. 30	As at Oct. 01	Adjustment on disposals	For the year	As at Sep. 30		
	(Rupees in '000)								
Free hold land (Note 4.3)	855,534	-	855,534	-	-	-	-	855,534	-
Building on free hold land: -Factory	39,986	-	39,986	28,745	-	1,124	29,869	10,117	10%
-Non factory	26,831	-	26,831	20,455	-	637	21,092	5,739	10%
Building on lease hold land: -Non factory	15,211	-	15,211	42	-	507	549	14,662	30 Years
Plant & machinery	1,992,224	3,309 145,896 (11,591)	2,129,838	682,807	(8,712)	69,749	743,844	1,385,994	5%
Furniture & fittings	838	5,168	6,006	571	-	150	721	5,285	5 Years
Vehicles	126,615	4,804 (6,915)	124,504	58,523	(4,550)	13,906	67,879	56,625	20%
Office & other equipment	15,252	1,740 (2,626)	14,366	12,653	(2,582)	809	10,880	3,486	5 Years
Computers & accessories	14,863	6,232 (3,641)	17,454	9,419	(3,549)	2,839	8,709	8,745	3 Years
	3,087,354	21,253 145,896 (24,773)	3,229,730	813,215	(19,393)	89,721	883,543	2,346,187	

4.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in '000)	
Cost of sales	28	84,089	80,657
Distribution cost	29	83	153
Administrative expenses	30	9,162	8,911
		93,334	89,721

4.1.2 Reconciliation of carrying amount:

	2019	2018
Carrying amount at beginning of the year	2,346,187	2,274,139
Addition during the year	43,461	21,253
Transfers during the year	122,695	145,896
Reversal of revaluation of free hold land - sold	(506)	-
Depreciation for the year	(93,334)	(89,721)
Disposal during the year at carrying amount	(7,506)	(5,380)
	2,410,997	2,346,187

4.2 Disposal of property, plant and equipment

Description	Cost/ Carrying value	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Particulars of buyer
	(Rupees in '000)						
Free hold land							
Free hold land (5-1.66 acres)	4,033	-	4,033	4,159	126	Negotiation	Unicol Ltd - related party
	4,033	-	4,033	4,159	126		
Vehicles							
Honda City - AUY-031 (1/3 share)	443	364	79	342	263	Tender	Mr. Hasan
Suzuki Alto VXR - AWR-323	776	609	167	194	27	Employee Car Scheme	Mr. Rafiq Ahmed
Suzuki Alto VXR - AWR-805	776	603	173	194	21	Employee Car Scheme	Mr. Fasihuddin
Toyota Corolla GLI - AWS-235	1,719	1,349	370	388	18	Employee Car Scheme	Syed Shaukat Bukhari
Suzuki Alto VXR CNG - AXY-429	832	621	211	211	-	Employee Car Scheme	Mr. Anwar Fahim
Honda City 1300cc - AYU-084	1,507	1,108	399	399	-	Employee Car Scheme	Mr. Riaz Tabani
Suzuki Alto VXR CNG - AWR-135	771	599	172	193	21	Employee Car Scheme	Mr. Khalid Jamil
Suzuki Alto VXR- AVA-362	705	574	131	175	44	Employee Car Scheme	Mr. Talib Hussain
Suzuki Alto VXR - AXY-427	790	617	173	316	143	Employee Car Scheme	Mr. Shehzad Anjum
Toyota Corolla GLi - AZV-936	1,688	1,250	438	438	-	Employee Car Scheme	Syed Mudasser Ali
Suzuki Jimny - BF-9479	1,330	666	664	980	316	Tender	Mr. Danish Alvi
Suzuki Jimny - BF-9477	1,410	666	744	1,550	806	Insurance claim	EFU General Insurance
	12,747	9,026	3,721	5,380	1,659		
Aggregate of assets disposed-off/Written-off having book value below Rs.500,000 each:							
Plant & Machinery	885	706	179	2,500	2,321		
Vehicles - Motorcycles	443	364	79	352	273		
	1,328	1,070	258	2,852	2,594		
2019	18,108	10,096	8,012	12,391	4,379		
2018	24,773	19,393	5,380	7,226	1,846		

4.3 This includes Rs.816.065 million (2018 : Rs. 816.571 million) in respect of revaluation surplus (Refer note no.19.1). Had the revaluation not been carried out the freehold land would have been stated at Rs.61.192 million (2018: Rs.38.964 million).

4.4 Forced sale value of freehold land is Rs. 701.81 million.

4.5 Capital work in progress:

	Note	2019	2018
		(Rupees in '000)	
Civil works		913	9,552
Plant and machinery		70,510	65,548
		71,423	75,100

4.5.1 Movement in Capital work in progress:

	2019	2018
	(Rupees in '000)	
Opening	75,100	102,363
Add: Addition during the year	124,296	118,633
	199,396	220,996
Less: Transferred during the year	(122,695)	(145,896)
Impairment loss	(5,278)	-
	71,423	75,100

5. INTANGIBLE ASSET

ERP System & Software Licence	COST			AMORTIZATION			Book value as at Sep. 30,	Life
	As at Oct. 01	Additions	As at Sep. 30	As at Oct. 01	For the year	As at Sep. 30		
	(Rupees in '000)							
2019	14,548	-	14,548	8,100	1,810	9,910	4,638	5 Years
2018	14,548	-	14,548	6,290	1,810	8,100	6,448	5 Years

5.1 Amortization charged for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in '000)	
Cost of sales	28	1,086	1,086
Distribution cost	29	181	181
Administrative expenses	30	543	543
		1,810	1,810

5.2 Intangible assets as at September 30, 2019 include items having aggregate cost of Rs. 5.50 million (2018: Rs. 5.50 million) that have been fully amortized and still in use of the Company.

6. LONG TERM INVESTMENTS

	Note	2019	2018
		(Rupees in '000)	
In Associates			
Unicol Limited			
50,000,000 (2018: 50,000,000) fully paid ordinary shares of Rs.10/- each			
Equity held : 33.33 % (2018 : 33.33%)	6.1	1,032,066	852,413
Dividend received		(225,000)	(224,999)
		807,066	627,414
Share of profit	6.1.2	369,922	404,652
		1,176,988	1,032,066
UniEnergy Limited			
768,999 (2018:768,999) fully paid ordinary shares of Rs.10/- each			
Equity held : 7.69 % (2018: 7.69%)	6.2	7,629	7,661
Share of profit / (loss)	6.2.2	4	(32)
		7,633	7,629
		1,184,621	1,039,695
In Related Parties			
At fair value through other comprehensive income			
Cherat Cement Company Limited			
5,770,252 (2018: 5,770,252) fully paid ordinary shares of Rs.10/- each		162,606	464,794
Cherat Packaging Limited			
1,918,628 (2018: 1,668,373) fully paid ordinary shares of Rs.10/- each		127,032	288,695
		289,638	753,489

	Note	2019	2018
		(Rupees in '000)	
In Term deposit 3 years			
Bank Alfalah Ltd,		1,710	1,591
Less: Current maturity classified as short term investment	15	(1,710)	-
		-	1,591
		1,474,259	1,794,775

6.1 Unicol Limited

The Group holds 33.33 percent (2018: 33.33 percent) interest in Unicol Limited, which is a public limited (Un-quoted) company. Share of profit / (loss) arising from the associate has been taken to the statement of profit or loss account in accordance with the accounting policy as mentioned in note no.3.7(b) to the annual audited financial statements for the year ended September 30, 2019. The share of Company in the net assets has been determined on the basis of the audited financial statements for the year ended September 30, 2019. The Board of Directors of the Investee Company and Board of Directors of the Company has decided to list the shares of Unicol Limited on Pakistan Stock Exchange (PSX). In this regard, various approvals were sought, required for listing at PSX. However, subsequently due to deteriorating stock market conditions in light of political and economic developments led the Company management to postpone the listing process for the time being. Once the management decides to again attain the status of listing on PSX, it would revalidate and secure fresh approvals and update the stake holders accordingly.

6.1.1 The Group's interest in assets & liabilities of Unicol Limited:

	2019	2018
Non-current assets	927,335	946,744
Current assets	1,028,961	799,253
	1,956,296	1,745,997
Long-term liabilities	(50,416)	(101,463)
Current liabilities	(728,892)	(612,468)
	(779,308)	(713,931)
Net assets	1,176,988	1,032,066

6.1.2 The Group's share in profit and loss of Unicol Limited:

	2019	2018
Sales	1,833,867	1,722,570
Cost of sales	(1,265,813)	(1,123,706)
	568,054	598,864
Other expenses, income and taxes	(198,132)	(194,212)
	369,922	404,652

6.2 UniEnergy Limited

The Company has invested Rs. 7.69 million in 768,999 shares having face value of Rs.10/- each representing shareholding of 7.69% (2018: 7.69%) of UniEnergy Limited, a public Limited (Un-quoted) company. UniEnergy is a joint venture 50MW wind power project. The Company is in process of taking various regulatory approvals. This investment in UniEnergy Limited has been accounted for using the Equity method. Share of profit / (loss) arising from the associate has been taken to ststement of profit or loss in accordance with the accounting policy as mentioned in note no.3.7(b) to the annual audited financial statements for the year ended September 30, 2019. The share of Company in the net assets has been determined on the basis of the audited financial statements as of June 30, 2019.

6.2.1 The Group's interest in assets & liabilities of UniEnergy Limited:

	2019	2018
Non-current assets	4,253	4,299
Current assets	3,617	3,574
	7,870	7,873
Long-term liabilities	-	-
Current liabilities	(237)	(244)
	(237)	(244)
Net assets	7,633	7,629

6.2.2 The Group's share in profit and loss of UniEnergy Limited:

	Note	2019	2018
		(Rupees in '000)	
Administrative expense		(114)	(122)
Other expenses, income and taxes		118	90
		4	(32)

7. LONG-TERM LOANS AND DEPOSITS

	Note	2019	2018
Deposits against ijarah contracts		946	692
Others	7.1	1,199	699
		2,145	1,391

7.1 This includes an amount of Rs.0.50 million deposited with High court of Sindh with regards to a labour case.

8. STORES, SPARE PARTS AND LOOSE TOOLS

	2019	2018
Stores	74,119	94,198
Spare parts	140,101	140,799
Loose tools	2,161	1,994
	216,381	236,991
Provision for obsolescence	(9,505)	(9,505)
	206,876	227,486

9. STOCK-IN-TRADE

	Note	2019	2018
Sugar	28	974,084	1,072,896
Sugar in process	28	2,888	1,555
		976,972	1,074,451

10. BIOLOGICAL ASSETS

	2019	2018
Sugarcane	26,085	17,903
Others	8,407	13,049
	34,492	30,952

Movement during the year

	2019	2018
As at October 01	30,952	57,838
Addition due to cultivation	61,533	71,480
Gain / (loss) arising from initial recognition of standing crop less cost to sell	5,157	(19,627)
Decrease due to harvest sales	(63,150)	(78,739)
	34,492	30,952

10.1 The value of sugarcane crop is based on estimated average yield of 450 maunds per acre (2018: 450 maunds) on cultivated area of 360 acres (2018: 370 acres).

11. TRADE DEBTS - unsecured, considered good

	2019	2018
Neither past due nor impaired		
Domestic Sales	27,840	37,817
	27,840	37,817

12. LOANS AND ADVANCES - unsecured

	2019	2018
Considered good:		
To suppliers	31,504	46,627
To employees classified as recoverable within next twelve months	183	211
Against letters of credit	3,749	-
To sugar cane growers	99,747	86,245
To transport contractors	129	4,515
	135,312	137,598

	Note	2019	2018
		(Rupees in '000)	
Considered doubtful:			
Sugar cane growers		-	10,424
Provision there against	12.1	-	(10,424)
		-	-
		135,312	137,598

12.1 Movement during the year

	Note	2019	2018
Opening Balance		10,424	6,299
Provided during the year		-	4,125
Reversal of provision	32	(6,276)	-
Write-off doubtful growers loan		(4,148)	-
Closing Balance		-	10,424

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2019	2018
Prepaid insurance	1,714	1,113
Prepaid rent	1,209	184
Other prepayments	1,787	1,259
	4,710	2,556

14. OTHER RECEIVABLES

	Note	2019	2018
Sales tax on unlifted sugar		18,190	40,340
Freight subsidy	14.1	199,056	397,012
Staff Gratuity fund	14.2	10,094	103,417
		227,340	540,769

14.1 This amount relates to freight subsidy on sugar exports receivable from State Bank of Pakistan. A cash freight subsidy of Rs. 10.70/ kg was announced by Ministry of Commerce vide letter No.7(2)/ 2012-Exp.III in lieu of which, the Company exported 74,021 M.tons of sugar during 2018 and submitted the total claim of subsidy of Rs. 754.34 million with State Bank of Pakistan. Out of the subsidy claimed, the Company has recieved Rs. 555.28 million till date. This remaining subsidy amount relates to the provincial government whereas the share pertaining to the federal government has been recieved in full.

14.2 This represents amount determined on the basis of accounting policy as explained in note 3.4 (b)

15. CURRENT PORTION OF LONG-TERM INVESTMENTS

	Note	2019	2018
In Term deposit 3 years			
Bank Alfalah Ltd,	15.1	1,710	-
		1,710	-

15.1 The Company has invested a sum of Rs. 1.50 million in term deposit for a period of three years it caries markup @ 4.95% per annum, renewable on maturity (January 16, 2020).

16. TAX REFUNDS DUE FROM THE GOVERNMENT

	2019	2018
Income tax refundable	169,483	206,641

17. CASH AND BANK BALANCES

	Note	2019	2018
Islamic banks			
Current accounts		9,505	441
Conventional Banks			
Current accounts		6,146	11,063
Saving accounts	17.1	25,132	5,397
		31,278	16,460
		40,783	16,901
Cash in hand		1,612	1,717
		42,395	18,618

17.1 Effective profit rate in respect of PLS accounts is 11.25% per annum (2018: 4.50 % per annum).

18. SHARE CAPITAL

18.1 Authorized capital

2019	2018		Note	2019	2018
(Number of Shares)				(Rupees in '000)	
150,000,000	150,000,000	Ordinary shares of Rs. 10/- each		1,500,000	1,500,000

18.2 Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

1,770,000	1,770,000	Alotted for consideration paid in cash	17,700	17,700
10,498,219	10,498,219	Issued as fully paid bonus shares :	104,982	104,982
12,268,219	12,268,219		122,682	122,682

18.3 Following is the detail of shares held by the related parties.

Name of related parties

	(Number of Shares)	
Faruque (Private) Limited	5,081,994	5,081,994
Greaves Pakistan (Private) Limited	292,735	292,735
Cherat Cement Company Limited	262,500	262,500
Mirpurkhas Sugar Mills Limited-Employees Provident Fund	2,489	2,489
Mirpurkhas Sugar Mills Limited-Employees Gratuity Fund	499,316	499,316
	6,139,034	6,139,034

18.4 Voting rights, Board selection, right of first refusal and block voting are in proportion to the shareholding.

19. RESERVES

		(Rupees in '000)	
Revenue reserves			
General reserve		34,250	34,250
Unappropriated profit		837,469	553,563
Actuarial gain on defined benefit plan		(1,670)	89,665
Unrealised gain on investment at fair value through other comprehensive income		164,742	628,593
		1,034,792	1,306,071
Surplus on revaluation of Property plant & equipment	19.1	816,065	816,571
		1,850,856	2,122,642

19.1 It represents revaluation of freehold land which had been carried out by independent valuers M/s. K.G. Traders (Pvt.) Limited, on January 23, 2017 to determine the present (realizable) market value by enquiring from local active realtors. Surplus on revaluation of property, plant and equipment has been disclosed as per requirement and mentioned in note. 4.3 of the financial statements.

20. LONG TERM FINANCING - secured

From commercial banks	Mode & commencement of repayment	Security	2019	2018	Markup / Profit Rate
			(Rupees in 000)		
Plant Expansion / BMR loans					
Conventional Banks					
Finance 1	Twenty quarterly installments commencing from December, 2017	First pari-passu hypothecation charge on plant & machinery	90,000	120,000	3 months average KIBOR + 0.60%
Finance 2	Twenty quarterly installments commencing from May, 2018	First pari-passu hypothecation charge on plant & machinery	70,000	90,000	3 months average KIBOR + 0.60%
Finance 3	Ten Semi annual installments commencing from Sep. 2018	First pari-passu hypothecation charge on plant & machinery	210,000	270,000	6 months average KIBOR + 0.20%
Finance 4	Twenty eight quarterly installments commencing from July, 2017	First pari-passu hypothecation charge on plant & machinery	407,143	492,857	3 months average KIBOR + 0.20%
			777,143	972,857	
Less: Current maturity			195,714	195,714	
			581,429	777,143	

	Note	2019	2018
		(Rupees in '000)	

21. DEFERRED LIABILITIES

	Note	2019	2018
Market committee fee		77,101	71,326
Deferred Sugar cane liability and FED / sales tax	21.1, 26.1.7, 26.1.8, 26.1.9 & 26.1.10	533,760	418,444
		610,861	489,770

21.1 This includes the effect of price difference of sugar cane, which is subjudice and subject matter of court cases and not likely to be crystalised in the next twelve months hence, has been classified as deferred liability.

Furthermore, it also includes an amount of Rs.115.32 million, which represents the Federal Excise Duty payable and sales tax and not likely to be payable in the next twelve months hence, classified as deferred liability.

22. DEFERRED TAX LIABILITY - NET

	2019	2018
Taxable temporary differences arising in respect of:		
- Accelerated tax depreciation allowance and investment	490,026	312,616
Deductible temporary differences arising in respect of:		
- Unabsorbed tax losses and others	(390,760)	(218,067)
- Unpaid Liabilities	(22,359)	(20,685)
	(413,119)	(238,752)
	76,907	73,864

23. TRADE AND OTHER PAYABLES

	Note	2019	2018
Creditors		99,426	131,106
Accrued liabilities		55,628	168,684
Advances from customers	23.2	310,405	183,676
Withholding tax payable		966	1,819
Sales tax payable		2,505	8,561
Workers' profit participation fund	23.1	2,564	-
Workers' welfare fund		974	-
Other liabilities		2,444	2,593
		474,912	496,439

23.1 Workers' profit participation fund

	2019	2018
Opening balance	-	-
Interest thereon	-	-
	-	-
Less: Paid during the year	-	-
	-	-
Charge for the Year	2,564	-
Closing Balance	2,564	-

23.2 These include the following amounts of advances from related parties:

	2019	2018
Unicol Limited	173,655	38,898

24. ACCRUED MARK-UP

	2019	2018
Islamic banks		
Short-term borrowings	-	30,632
Conventional banks		
Long-term financing	19,836	13,448
Short-term borrowings	50,549	11,332
	70,385	55,412

25. SHORT-TERM BORROWINGS - secured

	Note	2019	2018
Islamic banks			
Short-term	25.1	-	1,000,000
Conventional banks			
Short-term	25.1	1,198,333	501,122
Money market	25.2	600,000	658,500
		1,798,333	2,159,622

25.1 This represents utilized portion of short term finance facilities aggregating Rs.4,400 million (2018 : Rs.4,400 million) obtained from various commercial banks. These carry mark-up ranging from KIBOR+0.25% to KIBOR + 1% per annum. In case of financing obtained from various Islamic banks, the profit rate ranges from KIBOR + 0.20% to KIBOR + 0.50%. The facilities are secured against registered first pari-passu hypothecation charge over various assets of the Company. These facilities are renewable annually.

25.2 This represents Money Market Loans obtained from commercial banks. These loans carry mark-up at KIBOR+0.20% to KIBOR +0.25%.(2018 : KIBOR+0.20% to KIBOR +0.25%) The money market loan facility is a sub-limit of regular running finance facility and hence secured against registered first pari passu hypothecation charge over various assets of the Company.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies:

26.1.1 The Company had filed suits before the Honorable High Court of Sindh against the arbitrary action of Collector of Customs and Central Excise for denying the rebate claim related to the financial years 1991-92 and 1992-93. The Company is entitled to get 50 % rebate in Excise Duty which amounts to Rs.11.15 million and Rs.1.14 million respectively on account of excess production during the years over the preceding years production. The Company has paid the amount demanded by the Government. The amount has already been charged off in the financial statements. The petition for leave to appeal against the impugned judgement of Honorable High Court of Sindh was filed in Honorable Supreme Court of Pakistan in 2006. The proceeding were carried out from time to time and finally the Honorable Supreme Court of Pakistan vide its judgment dated February 26, 2018, allowed both appeals filed in Honorable High Court of Sindh with a direction that the Company shall be entitled to exemption under the terms and conditions of SRO 505(I)/90 dated June 7, 1990 for the respective financial years and if any, taxes that are collected by the Excise Authorities, the same should be refunded or adjusted as the case may be subject to determination by the competent forum that burden of such taxes have not been passed on to the general public. In light of the aforesaid judgment, the Company has filed a refund application through their tax consultants in Excise and Taxation Department and in order to claim the duty duly paid by the Companyis in the process of consultation with its legal advisors and filing of refund application with Excise Department in order to claim the duty duly paid by the Company.

26.1.2 The sugar mills in Sindh are required to pay quality premium to the cane growers at the rate of fifty (50) paisa per forty (40) Kg cane for each 0.1 % of excess sucrose recovery above the benchmark of 8.7 % determined on overall sucrose recovery of each mill. The Company challenged the levy of quality premium before the Honorable High Court of Sindh, which decided the matter against the Company. Aggrieved with the judgment, the Company has filed an appeal with the Honorable Supreme Court of Pakistan. While admitting the appeal against the impugned judgment of the Honorable High Court, the Honorable Supreme Court granted stay. The Honorable Supreme Court of Pakistan vide its Order dated March 5, 2018, has dismissed the writ petition filed by the Company in Honorable High Court of Sindh relating to impunged Notification of crushing season 1998-99 . The Company has already provided and paid quality premium liability of that crushing season. Furthermore, as per the Supreme Court Order, there is no valid notification for quality premium under section 16 of Sugar cane Act 1950 hence notifications have been issued by the provincial government for the period from 1998-99 till to date, so no liability of quality premium arises between the crushing season 1998-99 till the date of Supreme Court Order dated March 5, 2018.Further, the management also takes consideration of the additional / excess payments made to the cane growers over and above the minimum support price fixed by the Provincial Government which are considered to be all-inclusive (including payment for quality premium). Accordingly, the Company has reversed all related provision during last financial year 2018/19.

26.1.3 a) The Company challenged levy of further sales tax @1.5 % under the Sales Tax Act 1990, amounting to Rs.4.89 million in the Sindh High Court, for which relief was granted. Against the judgment, the department preferred appeal with the Honourable Supreme Court, and got stay order. The Honorable Supreme Court of Pakistan has set aside the case and referred it to the lower level. No provision is made in this regard since the management is confident that the outcome would be in Company's favor.

b) The amendment brought in vide Finance Ordinance 2001 in the Sales Tax Act with the intention to nullify the decision of the High Court on levy of further tax @3% w.e.f June 18, 2001 does not change the legal position of further tax. However, the Company made the payment of 3% further tax under protest in order to avoid the Additional Tax and penalties. In previous years, Honorable Supreme Court of Pakistan had set asided the case and referred it to the tribunal level, where the Company appeal is pending. In view of the contingencies involved in this case, the Company has not accounted for as refund an amount of Rs.50.97 million being the further sales tax paid in this behalf.

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

26.1.5 The Company in 2010, has filed a suit before the Honourable High Court of Sindh against Pakistan Standards and

Quality Control Authority (the Authority) challenging the levy of marking fee under PSQCA Act-VI of 1996. The Authority has demanded a fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs.1.40 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are in violation of the constitution. The Honourable High Court of Sindh has accepted the petition and termed that the impugned notifications have been issued without lawful authority and suspended the operation of the impugned notifications. On December 4, 2012, the said petition filed in the Honorable High Court of Sindh has been allowed in favor of the Company. Furthermore, the Company has filed caveat in 2015 in respect of an appeal to be filed by PSQCA against the judgement in CP-2515 of 2010 in the Honourable Supreme Court of Pakistan. No Provision has been made in this regard since the management is confident that the outcome would be in Company's favour and the amount is insignificant and is not likely to be materialized.

26.1.6 The Company in 2011, filed a petition vide CP no. D-2130 of 2011, before the Honourable High Court of Sindh against Federation of Pakistan and Large Taxpayer Unit, Inland Revenue challenging the vires of Section 3A of the Federal Excise Act 2005 and SRO 655(1)/2007 dated June 6, 2007 said to have been issued in terms thereof. Company submitted that this SRO was a nullity in law and without any legal effect or force whatsoever. Company prayed for suitable declaratory and injunctive relief as well as a refund of all the duty that had been collected for the period from July 2007 to June 2011 under this section and notification. On February 22, 2013. The Honorable High Court of Sindh has accepted the said petition and termed that the section 3A was void ab initio, a nullity in law and no legal effect and SRO 655(1)/2007 dated June 29, 2007 was likewise a nullity and of no legal effect. It follows the suspension of the said notification and refund of the collected amount by way of direct repayment or adjustment (against any tax or duty). However, due to the contingent nature, the Company has not accounted for any revenue in this regard in its financial statements. The department has filed in Honorable Supreme Court of Pakistan, a civil petition for leave to appeal against the judgement passed by Honorable High Court of Sindh in Company's favor and the Company is contesting the same.

26.1.7 The company in 2014 has filed a petition vide CP No. D-759 of 2014, before the Honorable High Court of Sindh against the orders of Additional/ Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 81.32 million on local sales equivalent to exported quantity, on which the company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. Aggrieved with the order passed by Additional / Deputy Commissioner Inland Revenue, Company filed an appeal with Commissioner Inland Revenue Appeals, where relief was granted against the order passed by Additional/ Deputy Commissioner Inland Revenue. Tax Department filed an appeal in an Appellate tribunal Inland Revenue against the judgement passed by Commissioner Inland Revenue Appeals. Appellate Tribunal Inland Revenue maintained the order of Commissioner Inland Revenue Appeals and directed that DCIR to follow the principle decided by this forum in the referred appeals. In a recent development, department has filed a reference against the order of the Appellate Tribunal Inland Revenue in the Honorable High Court of Sindh, and Company is contesting the same, However, Company has made provision in its financial statements as a matter of prudence.

26.1.8 The company in 2015 has filed a petition vide CP No. D-2040 of 2015, before the Honorable High Court of Sindh against the orders of Additional / Deputy Commissioner, Inland Revenue, on which the stay has been granted till the matter is disposed. In its impugned order the concerned Additional/ Deputy Commissioner, IR ordered recovery of federal excise duty (FED) amounting Rs. 15.75 million on local sales equivalent to exported quantity, on which the company has already paid the FED at 0.5% while availing the benefit of reduced tax allowed to exporters by Economic Coordination Committee (ECC) in its various decisions implemented under SRO 77(1)/2013 dated 7 February 2013. The matter was in adjudication at Appellate Tribunal level. As a result of efforts made by the Company, Appeliate Tribunal decided the matter in favor of the Company and remanded back to the concerned Commissioner Inland Revenue level for further verification and reconciliation. The effect of the order is that alleged demand of Rs.15.75 million along with penalty and default surcharge stands deleted. However, as a matter of prudence, the provision has been made in this financial statement.

26.1.9 The matter of fixation of minimum price of sugarcane fixed under two different notifications for crushing season 2014-15 issued by the Government of Sindh is still subjudice before Honorable High Court of Sindh and Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Company on prudence basis has accounted for the liability of sugarcane cost of Rs.152.39 million under notification number 8(142)/S.O(Ext)95-XXIII dated 07-11-2014 in its financial statements for the year ended September 30, 2015. The matter is still in adjudication and Company is contesting the same.

26.1.10 The matter of fixation of minimum price of sugarcane fixed under notification for crushing season 2017-18 issued by the Government of Sindh was challenged in Honorable High Court of Sindh. Honorable High Court vide its decision passed in C.P No. 8666 of 2017 and 7951 of 2017 dated January 30, 2018, after taking consent of all the stakeholder / petitioners of the aforesaid petitions, directed the Sugar mills to pay sugarcane at Rs.160/- per 40kg to the growers for crushing season 2017-18 . The matter is still subjudice before Honorable Supreme Court of Pakistan. Therefore, considering the contingent nature of the liability, the Company on prudence basis has accounted for the liability of sugarcane cost of Rs.266.05 million under notification number 8(142)/S.O(Ext)/2017-18 dated December 5, 2017 during the financial year 2018.

26.2 Commitments

	Note	2019	2018
		(Rupees in '000)	
26.2.1 Letters of credit issued by commercial banks		25,996	-
26.2.2 Letter of guarantee issued by a commercial bank		-	7,475

26.2.3 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

Year	2019	2018
2018-19	-	549
2019-20	4,060	549
2020-21	4,060	549
2021-22	4,060	549
2022-23	3,721	503
2022-23	199	-
	16,100	2,699
Payable not later than one year	4,060	549
Payable later than one year but not later than five years	12,040	2,150
	16,100	2,699

27. TURNOVER

	2019	2018
Local sales - gross	3,856,178	1,452,430
Less: Sales tax	(390,857)	(110,174)
	3,465,321	1,342,256
Export sales	263,665	2,828,141
	3,728,986	4,170,397

28. COST OF SALES

		Note	2019	2018
Sugar cane cost			2,716,579	2,429,432
Stores and spare parts consumed			165,899	160,612
Packing material and expenses			43,568	54,232
Salaries, wages and other benefits		28.1	292,820	281,965
Water, fuel and power			27,789	22,844
Insurance			9,723	8,203
Repairs and maintenance			28,163	29,119
Vehicles expenses			16,190	13,216
Sugar handling expenses			4,551	7,915
Other expenses			10,166	11,469
Ijarah rentals			2,310	-
Depreciation		4.1.1	84,089	80,657
Amortization		5.1	1,086	1,086
			3,402,933	3,100,750
Sugar-in-process	- opening		1,555	2,713
	- closing	9	(2,888)	(1,555)
			(1,333)	1,158
			3,401,600	3,101,908
Less:	- sale of molasses	28.2	(330,983)	(254,256)
	- sale of bagasse	28.2	(48,397)	(13,485)
			(379,380)	(267,741)
Cost of goods manufactured			3,022,220	2,834,167
Finished goods	- opening		1,072,896	2,027,239
	- closing	9	(974,084)	(1,072,896)
			98,812	954,343
			3,121,032	3,788,510

28.1 This includes Rs. 5.72 million (2018: Rs.4.31million) in respect of staff retirement benefits.

28.2 These figures are net of sales tax of Rs. Nil (2018 : Rs. Nil) in respect of molasses and Rs.8.23 million (2018 : Rs. 2.29 million) in respect of bagasse.

29. DISTRIBUTION COST

	Note	2019	2018
		(Rupees in '000)	
Salaries, wages and other benefits	29.1	5,984	4,805
Insurance		3,819	4,529
Sugar export freight & port handling expenses		13,782	205,935
Brokerage and commission		740	-
Other expenses		4,901	5,191
Ijarah rentals		1,046	-
Depreciation	4.1.1	83	153
Amortization	5.1	181	181
		30,536	220,794

29.1 This includes Rs. 0.07 million (2018: Rs. Nil) in respect of staff retirement benefits.

30. ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries, wages and other benefits	30.1	84,351	80,943
Directors' fee		1,760	2,360
Rent, rates and taxes		3,523	9,896
Communication expense		3,890	2,977
Conveyance and travelling		9,700	15,847
Printing and stationery		1,225	2,284
Entertainment		1,620	1,533
Vehicles expenses		4,728	4,170
Insurance		3,481	4,230
Repairs and maintenance		3,621	8,335
Subscription		2,954	2,802
Legal and professional charges		14,022	12,215
General expenses		5,477	2,680
Utilities		3,213	3,021
Ijarah rentals		556	-
Depreciation	4.1.1	9,162	8,911
Amortization	5.1	543	543
		153,826	162,767

30.1 This includes Rs. 4.06 million (2018: Rs. 2.94 million) in respect of staff retirement benefits.

31. OTHER OPERATING EXPENSES

	Note	2019	2018
Auditors' remuneration	31.1	1,146	1,201
Provision for stores obsolescence		-	683
Provision against growers loan		-	4,125
Inland frieght subsidy charged-off		-	79,046
Impairment loss on property, plant & equipment		5,278	13,604
Demand against Sales tax		4,055	-
Net loss from agriculture produce		1,558	51,804
Exchange loss from Export sales		3,848	-
Workers' profit participation fund	23	2,564	-
Workers' welfare fund	23	974	-
Project feasibility & Evaluation cost		7,475	89,795
Charity and donation	31.2	514	237
		27,412	240,495

31.1 Auditors' Remuneration

	2019	2018
Annual audit and consolidation fee (Parent company)	725	790
Annual audit fee (Subsidiary)	108	108
Half yearly review fee & certification	150	150
Out of pocket expenses	163	153
	1,146	1,201

31.2 Recipient of donations do not include any donee in which any director or his spouse had any interest.

	Note	2019	2018
		(Rupees in '000)	

32. OTHER INCOME

	Note	2019	2018
Income from financial assets			
Dividend income from related parties		36,219	39,592
Profit on PLS and deposit accounts with conventional banks		1,750	971
Mark-up on growers' loans		39	1,500
		38,008	42,063
Income from non-financial assets			
Gain on disposal of operating property, plant and equipment	4.2	4,379	1,846
Reversal of provision against doubtful growers	12.1	6,276	-
Exchange gain from Export sales		-	78,985
Net gain from agriculture produce		-	32,795
		10,655	113,626
Other			
Miscellaneous		1,872	174
		50,535	155,863

33. FINANCE COST

	2019	2018
Islamic Banks		
Profit on short-term borrowings	84,905	43,896
Bank charges	454	484
	85,359	44,380
Conventional Banks		
Mark-up on long-term financing	93,882	71,033
Mark-up on short-term borrowings	223,014	93,113
Bank charges	2,103	1,849
	318,999	65,995
	404,358	210,375

34. TAXATION

	2019	2018
Current	100,037	88,813
Less: Tax credit u/s 65B	-	14,920
	100,037	73,893
Prior	7,401	-
	107,438	73,893
Deferred	3,043	(35,488)
	110,481	38,405

In view of unabsorbed tax losses the Company is only liable to pay minimum tax in the current year at the rate of 1.50% under section 113 of the Income Tax Ordinance, 2001.

35 EARNINGS PER SHARE- basic

	2019	2018
Profit after taxation	301,802	69,534
	Number of Shares	
Weighted average number of ordinary shares in issue during the year	12,268,219	12,268,219
Earnings per share - basic (Rupees)	24.60	5.67

35.1 There is no dilutive effect on basic earnings per share of the Company.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but are not limited to, market risk, credit risk and liquidity risk. the Group's overall risk management focuses on the unpredeictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risks measured and managed by the Group are as follows:

- Market risk including currency risk, interest rate risk and price risk.
- Credit risk
- Liquidity risk.

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

The Group risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. the Group overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, financial instruments and investment of excess liquidity.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below :

36.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices the Group is exposed to market risks such as interest rate risk and price risk.

Financial instruments affected by market risk include short-term investments (investments at fair value through other comprehensive income), long-term financing and short-term borrowings.

a) Foreign currency risk

Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the change in foreign exchange rates. the Group's exposure to this risk arises mainly from future economic transactions or receivables and payables that exist due to transactions entered ino foreign currencies.

Exposure to foreign currency risk

The Group is exposed to foreign currency risk arising from foreign exchange fluctuations primarily with respect to the US $. the Group's exposure to foreign currency risk is as follows:

	2019	2018
	(USD '000')	
Trade debts	-	-
Net exposure	-	-

The the Group manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

The following significant exchange rates were applied during the year:

Rupee per USD

Reporting date rate (Buying/Selling)	156.20 / 156.70	126.35 / 127.10

Foreign currency sensitivity analysis

A ten percent strengthening / weakening of the PKR against the USD as at September 30, 2019 would have increased / decreased the equity and profit/ loss after tax by Rs. Nil (2018: Rs. Nil). This analysis assumes that all other variables, in particular markups, remain constant. The analysis is performed on the same basis for September 30, 2019.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year.

b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the financial instruments will fluctuate due to change in the market interest rates. the Group interest rate risk arises from long-term and short-term borrowings obtained with floating rates. All the borrowings of the Group are obtained in functional currencies. Applicable interest rates of financial instruments are given in respective notes.

Fair value risk

Change in interest rate by 2% may have a positive or negative impact of approximately Rs. 69.06 million (2018: Rs. 64.13 million) in the statement of profit or loss account before taxation. This analysis has been made based on the assumption that all the other variables remain constant.

Future cash flow risk

Presently, the Group is not exposed to future cash flow risk.

c) Other Price risk

Other Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices (other then those arising from interest rate risk). the Group is currently exposed to the other price risk like equity risk that arise from Company's investment in listed securities that are classified as investments at fair value through other comprehensive income. Listed securities are susceptible to market price risk arising from uncertainties about future returns of the investment securities.

At the reporting date, the exposure to listed equity securities at fair value was Rs.289.64 million (2018 Rs.753.49 million). A decrease in 10% in the share price of the listed securities would have an impact of approximately Rs.28.96 million (2018: Rs.75.35 million) on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the same would impact equity by a similar amount but will not have an effect on income unless there is an impairment charge associated with it.

36.2 Credit Risk

Credit risk is the risk of financial loss to the Group if counter parties to a financial instrument fail to meet their contractual obligations. the Group does not have significant exposure in relation to individual customers. Aging analysis of trade debts is disclosed in note no.11 of this financial statements. The Group exposure to credit risk is minimal as the Group significantly receives advance against sale of goods to customers.

The maximum exposure to credit risk at the reporting date is as follows :

	2019	2018
	(Rupees in '000)	
Loans & Deposits	2,145	1,391
Trade debts	27,840	37,817
Advances	99,930	86,456
Long-term investment - Related parties	289,638	753,489
Short-term investment - TDR	1,710	-
Bank balances	40,783	16,901
	462,046	896,054

36.2.1 Credit quality of financial assets

The credit policy of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates :

	2019	2018
Trade debts		
Customers with no default in the past one year	27,840	37,817
Advances		
Counter parties without credit rating	99,930	86,456
Long-term investments - Related parties		
Counter parties without credit rating	289,638	753,489
Cash at bank		
A1 +	40,429	12,296
A1	354	372
A-1	-	107
A-1+	-	3,819
	40,783	16,594

36.3 Liquidity risk

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

The Group applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Group has unused credit facilities of Rs. 2,602 million (2018: Rs.2,240 million).

Table below summarises the maturity profile of the Group's financial liabilities at the following reporting dates based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	INTEREST BEARING			NON-INTEREST BEARING			2019	2018
	Less than one year	One to five years	Sub Total (a)	Less than one year	One to five years	Sub Total (b)	Total (a+b)	
	(Rupees in '000)							
Financial liabilities:								
Long-term financing	195,714	581,429	777,143	-	-	-	777,143	972,857
Deferred liabilities	-	-	-	-	610,861	610,861	610,861	489,770
Short-term borrowings	1,798,333	-	1,798,333	-	-	-	1,798,333	2,159,622
Trade & other payables	2,564	-	2,564	157,498	-	157,498	160,062	302,383
Accrued mark-up	-	-	-	70,385	-	70,385	70,385	55,412
Unclaimed dividend	-	-	-	-	8,513	8,513	8,513	7,501
	1,996,611	581,429	2,578,040	227,883	619,374	847,257	3,425,297	3,987,545

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements.

36.4 Fair value measurement

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

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

Level 1: Quoted prices 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)

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

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

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

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

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

Financial assets measured at fair value

	Total	Level 1	Level 2	Level 3
	(Rupees in 000)			
30 September 2019				
Investment at fair value through other comprehensive income	289,638	289,638	-	-
Biological Assets	34,492	-	34,492	-
30 September 2018				
Investment at fair value through other comprehensive income	753,489	753,489	-	-
Biological Assets	30,952	-	30,952	-

As at the reporting date, the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land and capital work in progress. Free hold land which is stated at a revalued amount, it's revaluation has been carried out by independent valuers. Capital Work in progress is stated at cost. Long term investments in subsidiary represents the investment in unquoted shares of company carried at cost and investment in associates is carried at equity method. The Group does not expect that unobservable inputs may have significant effect on fair values.

36.5 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as going concern in order to provide returns for share holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements.

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

The gearing ratios as at September 30, 2019 and 2018 were as follows:

	2019	2018
	(Rupees in '000)	
Total Long-term debt	777,143	972,857
Share Capital	122,682	122,682
Reserves	1,034,791	1,306,071
Surplus on revaluation of property, plant and equipment	816,065	816,571
Total Equity	1,973,538	2,245,324
Total Equity and Long-term debt	2,750,681	3,218,181
Gearing ratio	28.25%	30.23%

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

	2019			2018		
Particulars	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Remuneration & bonus	43,459	-	28,480	41,546	-	24,396
Housing allowance	1,452	-	8,212	1,452	-	8,198
Utilities	250	-	1,825	250	-	1,822
Leave fare assistance	2,299	-	-	1,999	-	-
Retirement benefits	4,654	-	1,087	4,372	-	1,028
	52,114	-	39,604	49,619	-	35,444
No. of persons	1	-	9	1	-	10

The Chief Executive, Directors and Executives are provided with the use of Company maintained cars and are also provided with the residential telephone facility which is reimbursed at actual to the extent of their entitlements.

37.1 The aggregate amount charged in the financial statements for the year for meeting fee to five directors amounted to Rs.1.76 million (2018: 5 directors - Rs.1.88 million).

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of related group companies, associated companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, contribution to staff benefit funds, mark-up on loans, amount due from executives and remuneration of directors and executives are disclosed in the relevant notes. Other material transactions with related parties are given below :

Relationship	Nature of transactions	2019	2018
		(Rupees in '000)	
Group Companies	Services received	9,857	8,399
	Goods purchased	48,935	45,636
	Dividend received from related party	36,219	39,592
	Dividend paid	9,209	-
	Investment made in related parties	-	24,805
Associated Company	Dividend received from associated company	225,000	225,000
	Sales made	367,167	263,231
	Goods purchased	3,290	-
Other related parties	Staff provident and gratuity funds	9,869	7,251

38.1 In addition, certain actual administrative expenses are being shared amongst the group companies. Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length.

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

Name	Basis of association	Aggregate % of Shareholding
Faruque (Pvt) Ltd.	Common directorship	-
Cherat Cement Company Ltd.	Common directorship	3.27
Greaves Pakistan (Pvt) Ltd.	Common directorship	-
Cherat Packaging Ltd.	Common directorship	4.97
Greaves Engineering Services (Pvt) Ltd.	Common directorship	-
Greaves Airconditioning (Pvt) Ltd.	Common directorship	-
Madian Hydro Power Ltd.	Common directorship	-
Unicol Ltd.	Associated Company	33.33
UniEnergy Ltd.	Associated Company	7.69
Zensoft (Pvt) Ltd.	Common directorship	-

39. RECENT ACCOUNTING DEVELOPMENTS

Standards, interpretations and amendments issued but not yet effective.

The following revised 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 standards or interpretation:

Standard or Interpretation		Effective dates (accounting periods beginning on or after)
IFRS - 3	Definition of a Business (Amendments)	January 1, 2020
IFRS - 3	Business Combinations: Previously held interests in a joint operation	January 1, 2019
IFRS - 9	Prepayment Features with Negative Compensation (Amendments)	January 1, 2019
IFRS -10/IAS 28	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 finalized
IFRS - 11	Joint Arrangements: Previously held interests in a joint operation	January 1, 2019
IFRS - 16	Leases	January 1, 2019
IAS - 1 / IAS 8	Definition of Material (Amendments)	January 1, 2020
IAS - 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 1, 2019
IAS - 19	Plan Amendment, Curtailment or Settlement (Amendments)	January 1, 2019
IAS - 23	Borrowing Costs - Borrowing costs eligible for capitalization	January 1, 2019
IAS - 28	Long-term Interests in Associates and Joint Ventures – (Amendments)	January 1, 2019
IFRIC - 23	Uncertainty Over Income tax Treatment	January 1, 2019

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

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 1 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, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The management of the Group expects that below new standards will not have any material impact on the Group's financial statements in the period of initial application.

Standard		IASB Effective dates (annual periods beginning on or after)
IFRS 1	First time adoption of IFRSs	01 January 2004
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 17	Insurance Contracts	01 January 2021

40. CAPACITY AND PRODUCTION

	2019	2018
No. of days mill operated	88	143
Crushing Capacity per day (M.tons)	12,500	12,500
Total Crushing capacity on the basis of no. of days (M.tons)	1,100,000	1,787,500
Actual crushing (M.tons)	577,396	774,171
Sugar production (M.tons)	64,935	88,183

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery percentage and availability of sugar cane for crushing.

41. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2019	2018
	(Number)	
	Total	Total
Total number of employees	190	181
Average number of employees during the year	201	190

42. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segments.

All sales of the Group comprise of Sugar

Total sales of the Group relating to customers in Pakistan were 94.43% during the year ended September 30, 2019 (2018: 34%)

All non-current assets of the Group at the end of the current and preeceding year were located in Pakistan.

Sales to 10 major customers of the Group are around 92.01% of the Group's total sales during the year (2018: 73.89%)

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on December 12, 2019 by the Board of Directors of the Group.

44. DIVIDEND AND APPROPRIATIONS

Subsequent to year ended September 30, 2019, the Board of Directors in its meeting held on December 12, 2019 has proposed bonus shares @ 10% (2018 : Cash dividend Rs.1.50 per share amounting to Rs.18.40 million) for approval of the members at the Annual General Meeting.

45. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassifications to these financial statements during the year except as mentioned below:

Reclassification from statement of financial position	Reclassification to statement of financial position	2018 (Rupees in '000)
Short term investment	Long term investment	753,489
Trade deposits & short term prepayments	Long-term loan and deposit	83

46. GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

Aslam Faruque	**Yasir Masood**	**Wasif Khalid**
Chief Executive	Director	Director & Chief Financial Officer

Pattern of Shareholding

as at September 30, 2019

Number of shareholders	Shareholding From	Shareholding To	Shares held
1032	1	100	22,949
345	101	500	85,421
144	501	1000	110,199
185	1001	5000	441,468
46	5001	10000	347,161
20	10001	15000	247,940
8	15001	20000	125,533
5	20001	25000	120,100
3	25001	30000	79,995
2	30001	35000	65,546
3	35001	40000	115,555
3	40001	45000	126,068
3	45001	50000	140,050
1	50001	55000	53,400
4	55001	60000	234,826
1	80001	85000	82,000
1	85001	90000	90,000
4	95001	100000	400,000
1	125001	130000	125,170
1	220001	225000	221,116
1	260001	265000	262,500
1	290001	295000	292,735
1	310001	315000	314,532
1	330001	335000	332,500
1	335001	340000	339,495
1	370001	375000	370,861
1	395001	400000	398,000
1	495001	500000	499,316
1	1140001	1145000	1,141,789
1	5080001	5085000	5,081,994
1822			**12,268,219**

Categories of Shareholders

as at September 30, 2019

Categories of shareholders	Number of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
MR. SHEHRYAR FARUQUE	1	59,676	0.49
MR. ASLAM FARUQUE	1	16,120	0.13
MR. ARIF DINO FARUQUE	1	27,057	0.22
MR. AMER FARUQUE	1	7,934	0.06
MR. SAMIR MUSTAPHA CHINOY	1	100	0.00
MR. YASIR MASOOD	1	100	0.00
MR. WASIF KHALID	1	50	0.00
Associated Companies, undertakings and related parties			
FARUQUE (PRIVATE) LIMITED	1	5,081,994	41.42
CHERAT CEMENT COMPANY LIMITED	1	262,500	2.14
GREAVES PAKISTAN (PRIVATE) LIMITED	1	292,735	2.39
Public Sector Companies and Corporations	10	758,735	6.18
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	12	131,984	1.08
Mutual Funds			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,141,789	9.31
General Public			
a. Local	1,756	3,164,361	25.79
b. Foreign	-	-	-
Foreign Companies	1	38,700	0.32
Others	32	1,284,384	10.47
Total	1,822	12,268,219	100.00
Shareholders holding 5% or more			
FARUQUE (PRIVATE) LIMITED		5,081,994	41.42
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		1,141,789	9.31

کمپنیز ایکٹ 2017 کے سیکشن (3)166 کے تحت ڈائریکٹرز کے انتخابات کے بارے میں اسٹیٹمنٹ

خودمختار ڈائریکٹرز کا انتخاب ایکٹ کے سیکشن 159 کی شرائط کے مطابق کیا جائے گا اوران کی اہلیت ایکٹ کے سیکشن (2)166 کے مطابق ہونی چاہئیے ۔

کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت اسٹیٹمنٹ

"خصوصی امور" سے متعلق اہم حقائق کے اسٹیٹمنٹ کی کارروائی 21 جنوری 2020 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں انجام پائے گی۔درج ذیل کے بارے میں کمپنی کے ممبران سے منظوری حاصل کی جائے گی:

مالی سال مختتمہ 30 ستمبر 2019 میں کمپنی نے اپنی ایسوسی ایٹڈ کمپنیز اور متعلقہ پارٹیز کے ساتھ لین دین کے امور اپنی پالیسیز اور لاگو قوانین اور ضابطوں کے مطابق انجام دیئے۔متعلقہ پارٹیز سے لین دین کیلئے کمپنیز ایکٹ 2017 کے سیکشن 207 اور 208 کی رو سے ممبران کی منظوری حاصل کرنا لازمی ہے۔لہٰذا سالانہ اجلاس عام میں ایک خصوصی قرارداد کے ذریعہ اس لین دین کی معلومات منظوری کیلئے ممبران کے سامنے پیش کرنے اور منظور کرنے کی تجویز ہے۔

شیئر ہولڈرز سے درخواست ہے کہ وہ اس لین دین کی توثیق کریں جو سال مختتمہ 30 ستمبر 2019 کے مالیاتی اسٹیٹمنٹس کے نوٹ نمبر 38 میں درج ہے نیز بورڈ آف ڈائریکٹرز کو سال مختتمہ 30 ستمبر 2020 کیلئے متعلقہ پارٹیز یا ایسوسی ایٹڈ کمپنیز کے ساتھ لین دین کا مجاز قرار دیں۔

پارٹیز کے لحاظ سے لین دین کی معلومات جو سال مختتمہ 30 ستمبر 2019 کے مالیاتی اسٹیٹمنٹس کے نوٹ نمبر 38 میں درج ہیں،

متعلقہ کمپنی کا نام	لین دین کی نوعیت	رقم (روپے)
زین سوفٹ (پرائیویٹ لمیٹڈ)	سروس کی ادائیگی کی گئی	(8,499,630)
گریوز ایئر کنڈیشننگ (پرائیویٹ) لمیٹڈ	سروس کی ادائیگی کی گئی	(831,439)
گریوز پاکستان (پرائیویٹ) لمیٹڈ	سروس کی ادائیگی کی گئی	(187,023)
گریوز ایئر کنڈیشننگ (پرائیویٹ) لمیٹڈ	خریداری کی گئی	(404,000)
گریوز پاکستان (پرائیویٹ) لمیٹڈ	خریداری کی گئی	(1,486,679)
چیراٹ سیمنٹ کمپنی لمیٹڈ	ڈیویڈنڈ کی آمدنی کی وصولی	23,081,008
چیراٹ سیمنٹ کمپنی لمیٹڈ	خریداری کی گئی	(5,280,799)
چیراٹ پیکیجنگ لمیٹڈ	ڈیویڈنڈ کی آمدنی کی وصولی	13,138,435
چیراٹ پیکیجنگ لمیٹڈ	خریداری کی گئی	(41,763,331)
یونی کول لمیٹڈ	سیلز کی گئی	367,167,367
یونی کول لمیٹڈ	ڈیویڈنڈ کی آمدنی کی وصولی	224,999,997
یونی کول لمیٹڈ	خریداری کی گئی	3,290,250
فاروق (پرائیویٹ) لمیٹڈ	ڈیویڈنڈ کی آمدنی کی وصولی	(7,622,991)
گریوز پاکستان (پرائیویٹ) لمیٹڈ	ڈیویڈنڈ کی ادائیگی کی گئی	(439,103)
چیراٹ سیمنٹ کمپنی لمیٹڈ	ڈیویڈنڈ کی ادائیگی کی گئی	(393,750)
تھنک ٹینک	سروس کی ادائیگی کی گئی	(339,334)
پی ایف/جی ایف	ڈیویڈنڈ کی ادائیگی کی گئی	(752,708)
پی ایف/جی ایف	اسٹاف کے پراویڈنٹ اور گریجویٹی فنڈ کی ادائیگی کی گئی۔	(9,869,290)

۳۔ کمپنی کے وہ شیئر ہولڈرز جن کے شیئرز سینٹرل ڈپازٹری سسٹم (CDS) میں ان کے اکاؤنٹ/سب اکاؤنٹ میں رجسٹرڈ ہیں، ان کو مطلع کیا جاتا ہے کہ وہ تصدیق کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ مع CDS میں اپنے اکاؤنٹ نمبر اور شراکت دار کا آئی ڈی نمبر ہمراہ لائیں۔

۴۔ کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے پتے میں کسی تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع کریں۔

۵۔ وہ شیئر ہولڈرز جنہوں نے ابھی تک کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹو کاپی جمع نہیں کروائی ہے، ان سے درخواست ہے کہ وہ یہ فوٹو کاپی کمپنی کے شیئر رجسٹرار کو فوری طور پر ارسال کر دیں۔

۶۔ کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت لسٹڈ کمپنی ہونے کی صورت میں، کمپنی کی جانب سے اعلان کردہ کسی بھی نقد ڈیویڈنڈ کی ادائیگی لازماً براہ راست شیئر ہولڈر کے مقرر کردہ بینک اکاؤنٹ میں الیکٹرونک ذریعہ سے کی جائے۔ لہٰذا تمام شیئر ہولڈرز سے درخواست ہے کہ منافع منقسمہ براہ راست اپنے بینک اکاؤنٹ کے ذریعہ وصول کرنے کیلئے کمپنی کی ویب سائٹ یعنی www.gfg.com.pk پر دستیاب ای ڈیویڈنڈ مینڈیٹ فارم پر کریں اور فزیکل شیئر ہونے کی صورت میں اس پر دستخط کر کے سی این آئی سی کی کاپی کے ساتھ کمپنی کے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو بھجوائیں۔ اگر ان کے شیئرز CDC میں ہیں تو ای ڈیویڈنڈ مینڈیٹ فارم براہ راست شیئر ہولڈر کے بروکر/شریک/سی ڈی سی انویسٹر اکاؤنٹ سروسز میں جمع کرایا جائے۔ IBAN جمع نہ کرائے جانے کی صورت میں کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشن 2017 کے تحت کمپنی ڈیویڈنڈ کی ادائیگی روک لے گی۔ نیز مجموعی ڈیویڈنڈ، ٹیکس/زکوٰۃ کی کٹوتی اور خالص ڈیویڈنڈ کی رقم سے متعلق معلومات سینٹرلائزڈ کیش ڈیویڈنڈ رجسٹر (CCDR) کے ذریعہ فراہم کی جائیں گی۔ لہٰذا شیئر ہولڈرز خود کو سی ڈی سی کے ای سروسز پورٹل https://eservices.cdcaccess.com.pk پر رجسٹر کروائیں۔

۷۔ کمپنیز ایکٹ 2017 کے سیکشن 244 کی پیروی میں کمپنی مقررہ طریقہ کار مکمل کرنے کے بعد کوئی بھی غیر کلیم شدہ ڈیویڈنڈ اور/یا شیئرز جو واجب الادا کی تاریخ سے تین سال یا اس سے زیادہ عرصہ تک وصول نہ کئے گئے ہوں، وہ (ڈیویڈنڈ ہونے کی صورت میں) وفاقی حکومت کے پاس جمع کرا دیا جائے گا اور فزیکل شیئر ہونے کی صورت میں SECP کے پاس جمع کرا دیا جائے گا۔ لہٰذا جو شیئر ہولڈرز اپنا ڈیویڈنڈ/فزیکل شیئر وصول نہ کر سکے ہوں، ان کو ہدایت کی جاتی ہے کہ اپنے غیر کلیم شدہ ڈیویڈنڈ یا شیئرز، اگر کوئی ہے، کے حصول کے بارے میں معلومات کیلئے کمپنی کے شیئر رجسٹرار سے رابطہ کریں۔

۸۔ بحوالہ SECP کے جاری کردہ SRO787(1)/2014 مورخہ 8 ستمبر 2014 شیئر ہولڈرز کو یہ اختیار حاصل ہے کہ وہ سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹ اور اجلاس عام کی اطلاع بذریعہ ای میل منگوالیں۔ کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ کمپنی کے ہیڈ آفس کو ریکارڈ کو اپ ڈیٹ کرنے کیلئے مطلع کریں کہ آیا آپ آڈٹ شدہ فنانشل اسٹیٹمنٹ اور اجلاس عام کی اطلاع بذریعہ ای میل منگوانے کے خواہشمند ہیں۔ تاہم اس کے علاوہ اگر شیئر ہولڈرز آڈٹ شدہ فنانشل اسٹیٹمنٹ کی ہارڈ کاپی منگوانے کے خواہشمند ہوں تو ان کی تحریری درخواست وصول ہونے کے سات (7) دن کے اندر ان کو بلا معاوضہ بھجوا دی جائے گی۔

۹۔ ممبرز پوسٹل بیلٹ یعنی بذریعہ ڈاک یا الیکٹرونک ذریعہ سے بھی ووٹ دینے کا حق استعمال کر سکتے ہیں جو کمپنیز ایکٹ 2017 کے سیکشن 145-143 اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی شرائط سے مشروط ہے۔

۱۰۔ ممبران ویڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں، جس کیلئے برائے مہربانی درج ذیل فارم پر کر کے سالانہ اجلاس عام کی تاریخ سے کم از کم 7 دن پہلے کمپنی کے ہیڈ آفس میں جمع کرائیں۔ اگر کمپنی کو ایک ہی جغرافیائی مقام پر رہنے والے شیئر ہولڈرز کی جانب سے، جو مجموعی طور پر 10% یا اس سے زیادہ شرح کے شیئرز کے حامل ہوں، اجلاس کی تاریخ سے 7 دن پہلے ویڈیو کانفرنس کے ذریعہ شرکت کی درخواست موصول ہو تو کمپنی ان کے علاقہ میں ویڈیو کانفرنس کی سہولت کے انتظامات کرے گی بشرطیکہ اس شہر میں یہ سہولت دستیاب ہو۔

میں/ہم ۔۔۔۔۔۔۔۔۔۔۔۔۔۔سکنہ ۔۔۔۔۔۔۔۔۔بحیثیت ممبر میرپور خاص شوگر ملز لمیٹڈ، رجسٹرڈ فولیو نمبر۔۔۔۔۔۔ کے مطابق۔۔۔۔۔عمومی
شیئر (ز) کا حامل ہوں/کے حامل ہیں، ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔پر ویڈیو کانفرنس کی سہولت حاصل کرنے کا/کے خواہشمند ہوں/ہیں۔

۱۱۔ کوئی بھی شخص جو ڈائریکٹر کی اسامی کیلئے انتخابات میں حصہ لینے کا ارادہ رکھتا ہے، اسے سالانہ اجلاس عام کی تاریخ سے کم از کم 14 روز پہلے اپنے اس ارادے کے مطابق کمپنیز ایکٹ 2017 کے سیکشن (3)159 کی رو سے خود کو ڈائریکٹر کے انتخاب میں شرکت کی پیش کش کرنے کا خط مع (a) ڈائریکٹر کے طور پر خدمات کی رضامندی کیلئے فارم 28، جو مکمل شدہ اور اس پر امیدوار کے دستخط ہوں (b) ایس آر او 1196 مجریہ 3 اکتوبر 2019 کی شرائط کے مطابق ایک تفصیلی پروفائل مع دفتر کا پتہ جو اے جی ایم کی تاریخ سے سات روز قبل کمپنی کی ویب سائٹ پر جاری کیا جائے گا (c) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور کمپنیز ایکٹ 2017 میں درج اہلیت کے معیار کے بارے میں ڈکلریشنز، کمپنی کے صدر دفتر کو پہنچانا لازمی ہے۔

میر پور خاص شوگر ملز لمیٹڈ

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذٰا مطلع کیا جاتا ہے کہ کمپنی کا 55واں سالانہ اجلاسِ عام بروز منگل 21 جنوری 2020 دوپہر 1:00 بجے، درج ذیل امور کی انجام دہی کیلئے کمپنی کے رجسٹرڈ دفتر واقع فیکٹری کی حدود، جمراؤ، عمر کوٹ روڈ میر پور خاص، سندھ میں منعقد ہوگا۔

عمومی امور:

۱۔ کمپنی کے آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 ستمبر 2019 اور ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی اوران پر غور کرنا۔

۲۔ بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق مالی سال مختتمہ 30 ستمبر 2019 کے لئے شئیر ہولڈرز کو بونس شیئرز بحساب 10 شیئرز برائے ہر 100 شیئرز یعنی 10% کے اجراء پر غور کرنا اور منظوری دینا۔ نیز بونس شیئرز کی تمام کسروں کو یکجا کر کے اسٹاک مارکیٹ میں فروخت کیا جائے گا اور فروخت کا عمل مکمل ہونے کے بعد کسی فلاحی ادارے کو دیدیا جائے گا۔

۳۔ کمپنیز ایکٹ 2017 کے سیکشن (1)159 کے تحت بورڈ آف ڈائریکٹرز کی جانب سے مقرر کردہ تعداد کے مطابق سات (7) ڈائریکٹرز کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز کے نام ہیں: (1) جناب شہریار فاروق (2) جناب اسلم فاروق (3) جناب عارف فاروق (4) جناب عامر فاروق (5) جناب سمیر مصطفٰے چنائے (6) جناب یاسر مسعود (7) انجینئر محفوظ الرحمٰن پاشا (8) جناب واصف خالد

۴۔ سال 2019/20 کے لئے آڈیٹرز کا تقرر اوران کے مشاہرے کا تعین کرنا۔

۵۔ چیئرمین کی اجازت سے کسی اور امور کی انجام دہی۔

خصوصی امور:

٦۔ درج ذیل قرارداد پر بطور خصوصی قرارداد غور وخوض کرنا اور اس کی منظوری دینا:

(a) "طے پایا کہ کاروبار کے معمولات کے مطابق متعلقہ پارٹیز اور ایسوسی ایٹڈ کمپنیز کے ساتھ لین دین کے عمل کی، جو مالیاتی اسٹیٹمنٹ برائے سال مختتمہ 30 ستمبر 2019 کے نوٹ نمبر 38 میں درج ہے، توثیق کی جاتی ہے اور منظوری دی جاتی ہے۔"

(b) "مزید طے پایا کہ آئندہ سال مختتمہ 30 ستمبر 2020 کے دوران کاروبار کے معمولات کے مطابق متعلقہ پارٹیز اور ایسوسی ایٹڈ کمپنیز کے ساتھ کئے گئے اور کئے جانے والے لین دین کے عمل کی منظوری کیلئے کمپنی کے بورڈ آف ڈائریکٹرز بااختیار ہیں اور ہوں گے۔

کمپنیز ایکٹ 2017 کے سیکشن 134 کے تحت درج بالا خصوصی قرارداد سے متعلق اسٹیٹمنٹ اس نوٹس کے ساتھ منسلک ہے۔

بحکم بورڈ آف ڈائریکٹرز

عابد وزیر

ایگزیکٹیو ڈائریکٹر اور کمپنی سیکرٹری

کراچی، مورخہ 12 دسمبر 2019

نوٹس:

۱۔ کمپنی کے ممبران کا رجسٹر بدھ 15 جنوری 2020 تا منگل 21 جنوری 2020 (بشمول دونوں ایام) بند رہے گا اور اس دوران میں کوئی منتقلی عمل میں نہیں آئے گی۔ تاہم کمپنی کے شیئر رجسٹرار میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (CDCSRSL)، سی ڈی سی ہاؤس، 99-B بلاک B، ایس۔ایم۔سی۔ایچ۔ایس، شارع فیصل کراچی-74400 میں منگل 14 جنوری 2020 کو کاروباری اوقات کے اختتام تک موصول ہونے والے درست شیئرز درج بالا اہلیت کیلئے بروقت تصور کئے جائیں گے۔

۲۔ کمپنی کا کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل ہے، وہ اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے، بولنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کرسکتا/سکتی ہے۔ پراکسی کے موثر ہونے کیلئے لازمی ہے کہ اس کی تحریری اطلاع، اجلاس کے شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے صدر دفتر میں موصول ہو جانی چاہیئے۔

ڈائریکٹر کا نام	اجلاسوں میں حاضری
• جناب انجینئر محفوظ الرحمان پاشا	1
• جناب اسلم فاروق	1
• جناب عامر فاروق	1
• جناب عارف فاروق	1

- شیئر ہولڈنگ کا طرز رپورٹ کے ساتھ منسلک ہے۔
- سال کے دوران میں فی شیئر آمدنی 25.04 روپے رہی جبکہ اس کے مقابلے میں پچھلے سال 5.97 روپے فی شیئر تھی۔

ڈائرکٹرز کا مشاہرہ

کمپنی کے آرٹیکلز کے ذریعہ، بورڈ آف ڈائریکٹرز وقتاً فوقتاً نان ایگزیکٹیو اور خودمختار ڈائریکٹرز کے مشاہرے کا تعین کرنے کا مجاز ہے۔ اس سلسلے میں بورڈ نے کمپنی کے نان ایگزیکٹیو اور خودمختار ڈائریکٹرز کیلئے ایک ریمونریشن پالیسی وضع کی ہے۔

مستقبل کے امکانات

2019/20 کا سیزن چینی کی صنعت کیلئے ایک بار پھر کئی چیلنجز والا ہوگا۔ اس سال گنے کی فصل گزشتہ سال کے مقابلے میں 10% کم ہونے کی توقع ہے اور گنے کی امدادی قیمت میں بھی اضافہ متوقع ہے کیونکہ پنجاب میں گنے کی کم از کم امدادی قیمت 190 روپے فی من کا اعلان کیا گیا ہے۔ پاکستان میں 2019/20 کے کرشنگ سیزن کے آغاز پر اسٹاک میں چینی کی فالتو مقدار موجود ہے جس کو برآمد کیا جانا چاہیئے تاکہ مارکیٹ میں چینی کی قیمت برقرار اور مستحکم رہے۔ پاکستان شوگر ملز ایسوسی ایشن (PSMA) اور وفاقی حکومت کی سخت کاوشوں کے باعث 300,000 ٹن چینی چین کو برآمد کی گئی۔ ہم وفاقی حکومت پر زور دیتے ہیں کہ اس سال بھی چینی کا فالتو اسٹاک چین کو برآمد کرنے کیلئے چینی کی صنعت کی مدد کی خاطر ضروری اقدامات اٹھائے۔ چینی اور اس سے متعلقہ صنعتوں نے گزشتہ چند سالوں کے دوران میں قومی خزانے میں کئی بلین ڈالر جمع کرائے ہیں اور وفاقی اور صوبائی حکومتوں کے بروقت فیصلوں سے یہ صنعت پاکستان کی برآمدات کی سب سے بڑی صنعت کے طور پر کام کرتی رہے گی۔ ہم حکومت پاکستان کو چینی کی صنعت کے فروغ کیلئے پالیسیاں تیار کرنے کی سفارش کرتے ہیں۔ مزید یہ بھی درخواست کرتے ہیں کہ سیلز ٹیکس کے مقاصد کیلئے چینی کے تخمینہ کی شرح کو حقیقت پسندانہ رکھا جائے جو اس وقت 60 روپے فی کلو مقرر کی گئی ہے۔

مزید برآں سندھ حکومت سے گزارش ہے کہ وہ فوری طور پر بنیادی ایکسپورٹ سبسڈی کی رقم مبلغ 3.95 بلین روپے جاری کردے۔ کوالٹی پریمیم پر فیصلہ سندھ میں چینی کی صنعت پر الٹا اثر ڈالے گا کیونکہ دوسرے صوبوں کے مقابلے میں گنے کی قیمت کئی گنا زیادہ ہوگی جہاں کوئی کوالٹی پریمیم نہیں ہے۔ اس سے سندھ میں شوگر ملز کی مالیاتی حیثیت بری طرح متاثر ہوگی۔

آڈیٹرز

موجودہ آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) ریٹائر ہوگئے ہیں اور اہلیت کی بنیاد پر انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

اعتراف

ہم تمام مالیاتی اداروں کا جن کے ساتھ ہمارے کاروباری تعلقات ہیں اور کسٹمرز کی مسلسل حمایت اور تعاون کے لئے شکریہ ادا کرتے ہیں۔ ہم اپنے عملہ کی لگن، خلوص اور انتھک محنت کیلئے دل کی گہرائیوں سے شکر گزار ہیں۔

منجانب بورڈ آف ڈائریکٹرز

شہریار فاروق
چیئرمین

کراچی 12 دسمبر 2019

اسلم فاروق
چیف ایگزیکٹیو

	بورڈ آف ڈائریکٹرز
	بورڈ کے ڈائریکٹرز کی کل تعداد آٹھ ہے جن کی ترتیب حسبِ ذیل ہے:
8	• مرد ڈائریکٹرز
-	• خواتین ڈائریکٹرز

2	ا) خودمختار ڈائریکٹرز
	۱۔ جناب سمیر مصطفیٰ چنائے
	۲۔ انجینئر محفوظ الرحمان پاشا

4	ب) نان ایگزیکٹو ڈائریکٹرز
	۱۔ جناب شہریار فاروق
	۲۔ جناب عارف فاروق
	۳۔ جناب عامر فاروق
	۴۔ جناب یاسر مسعود

2	ج) ایگزیکٹو ڈائریکٹر
	۱۔ جناب اسلم فاروق
	۲۔ جناب واصف خالد

• سال کے دوران میں بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل رہا:

اجلاسوں میں حاضری	ڈائریکٹر کا نام
5	• جناب شہریار فاروق
5	• جناب اسلم فاروق
3	• جناب عارف فاروق
5	• جناب عامر فاروق
5	• جناب سمیر مصطفیٰ چنائے
5	• جناب یاسر مسعود
5	• انجینئر محفوظ الرحمان پاشا
5	• جناب واصف خالد

• سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے تھے۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ حسبِ ذیل رہا:

اجلاسوں میں حاضری	ڈائریکٹر کا نام
3	• جناب سمیر مصطفیٰ چنائے
4	• جناب یاسر مسعود
4	• جناب شہریار فاروق

• سال کے دوران افرادی قوت اور اجرتی کمیٹی کا ایک اجلاس منعقد ہوا۔ ہر ڈائریکٹر کی حاضری کا ریکارڈ حسبِ ذیل رہا:

دوران ایکویٹی کی منیجمنٹ کیلئے کمپنی کے طرزعمل میں کوئی تبدیلی نہیں آئی۔کمپنی کے قرضہ اورا یکویٹی کاموجودہ تناسب تقریباً 1 :0.56 ہے۔بورڈ آف ڈائریکٹرز اورانتظامیہ کواعتماد ہے کہ آنے والے سالوں میں کمپنی کے کیپٹل اسٹرکچرمیں مزید بہتری آئے گی۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 12 دسمبر 2019 کو ہونے والے اجلاس میں سال مختتمہ 30 ستمبر 2019 کیلئے 10% بونس شیئرز کی تجویز پیش کی۔ممبران سے اس بونس شیئرز کے اجراء کی منظوری کمپنی کے 21 جنوری 2020 کو ہونے والے سالانہ اجلاس عام میں حاصل کی جائے گی۔

اجتماعی سماجی ذمہ داری

کمپنی ہمیشہ پاکستان کے لوگوں،ماحولیات اورفضا کے بارے میں اپنی ذمہ داری سے بخوبی آگاہ رہی ہے اور ہرایک کی صحت وسلامتی کویقینی بنانے کیلئے کوشاں رہتی ہے۔اپنی اجتماعی سماجی ذمہ داری کی پالیسیوں کے مطابق کمپنی نے اپنے مینوفیکچرنگ پلانٹ اورگردونواح کے علاقوں کے لوگوں کی زندگی کی مجموعی حالت کوبہتر بنانے کیلئے کام کیا ہے۔انفرااسٹرکچر کی ڈیولپمنٹ اورمسلسل شجرکاری کے ذریعہ لوگوں اورعلاقے کے ماحول دونوں کوفائدہ پہنچتا ہے۔کمپنی نے اس کے لئے معروف اداروں کے ساتھ مل کر کام کیا ہے اورایک بہتر ماحول،بہتر معیشت اور بہتر پاکستان کیلئے اپنی کاوشیں جاری رکھے گی۔

تحفظ،صحت اور ماحولیات

کمپنی کی اپنے لوگوں کے تحفظ کیلئے ایک مضبوط پالیسی ہے کیونکہ ہم سمجھتے ہیں کہ ہمارے لوگ ہمارا سب سے اہم سرمایہ ہیں۔اپنے ورکرز کا تحفظ ہماری اولین ترجیح ہے۔ہمارے پروڈکشن پلانٹس مکمل طور پرصنعت میں تحفظ کے موجودمعیارات کے مطابق اپ ڈیٹ رہتے ہیں۔

قومی خزانہ میں حصہ

2018/19 میں کمپنی نے ٹیکسز اورمحصولات کی شکل میں قومی خزانے میں 345.72 ملین روپے جمع کرائے۔

اجتماعی اور مالیاتی رپورٹنگ فریم ورک پراسٹیٹمنٹ

- کمپنی کی انتظامیہ کی جانب سے تیارکردہ مالیاتی اسٹیٹمنٹ میں کمپنی کے معاملات،آپریشنز کے نتائج،نقد رقومات کے بہاؤ اورا یکویٹی میں تبدیلیوں کوشفاف طور پرپیش کیا گیا ہے۔
- کمپنی کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پراستعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اوردانشمندانہ فیصلے کئے گئے ہیں۔
- مالیاتی اسٹیٹمنٹ،پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پرتیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پرظاہر اور واضح کیا گیا ہے۔
- اندرونی کنٹرول کے نظام کا طریقہء کارنہایت مضبوط ہے اوراس کے نفاذ اورنگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- کمپنی کے موجودہ صلاحیت کے ساتھ کام جاری رکھنے میں کسی قسم کے شک وشبہ کی گنجائش نہیں ہے۔
- اصول وضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی بات سے انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ (6) سال کی بنیادی آپریٹنگ اور مالیاتی معلومات مختصر طور پرمنسلک کی گئی ہیں۔
- آپ کی کمپنی کے ذمہ ٹیکس،ڈیوٹیز،محصولات اور چارجز کی مد میں کوئی رقم واجب الادا نہیں ہے سوائے ان کے جوعام کاروباری طریقہء کار کے مطابق ادا کئے جاتے ہیں۔
- کمپنی اپنے ملازمین کے پراویڈنٹ اور گریجویٹی فنڈز کے حسابات مکمل رکھتی ہے۔فنڈز کی سرمایہ کاری کی تفصیلات بمطابق 30 ستمبر 2019 درج ذیل ہے:

• پراویڈنٹ فنڈ	324.72 ملین روپے
• گریجویٹی فنڈ	150.49 ملین روپے

یونی کول لمیٹڈ

یہ جوائنٹ وینچر ڈسٹلری پروجیکٹ اپنی بھرپور پیداوار کے ساتھ کام کررہا ہے۔ 2018/19 میں ڈسٹلری کے ذریعہ 1.1 بلین روپے منافع حاصل ہوا۔ اس بہترین کارکردگی کی وجہ ISO اور FCL کی سیلز میں مستحکم مارجن اور زرمبادلہ میں منافع تھی۔ کمپنی راب (شیرے) کی قیمتوں میں اتار چڑھاؤ کے سبب اس کو بڑی مقدار میں محفوظ رکھنے کیلئے اس کی اسٹوریج کی گنجائش میں مسلسل اضافہ کررہی ہے۔ انتظامیہ کو بھروسہ ہے کہ آنے والے سالوں میں یونی کول سے کمپنی اور اس کے شیئر ہولڈرز کو مزید منافع حاصل ہوگا۔

یونی انرجی لمیٹڈ

یونی انرجی لمیٹڈ کو جو ونڈ پاور پروجیکٹ کا جوائنٹ وینچر ہے، جھمپیر ضلع ٹھٹھہ میں پروجیکٹ کے قیام کیلئے لیٹر آف انٹنٹ (LOI) حاصل ہوگیا ہے اور باقاعدہ طور پر زمین بھی الاٹ ہوگئی ہے۔ JV پارٹنرز نے پروجیکٹ کی جاری مالی ضروریات کیلئے کمپنی میں ابتدائی ایکویٹی کی سرمایہ کاری کردی ہے۔ اس سلسلے میں میرپورخاص شوگر ملز نے شیئر ہولڈرز کی منظوری سے 7.69 ملین روپے کی ایکویٹی سرمایہ کاری کی ہے۔ تاہم حکومت نے اب تک پروجیکٹ کے ٹیرف کا نوٹیفکیشن جاری نہیں کیا ہے۔

خدشات اور مواقع

- **رسک منیجمنٹ**

بورڈ آف ڈائریکٹرز کے ممبران نے اپنی ذمہ داری سمجھتے ہوئے ہمیشہ سماجی معاشی ماحول اور اس سے متعلق داخلی اور خارجی رسک پر گہری نظر رکھی ہے جو کمپنی کی سیفٹی اور رواں آپریشن اور کارکردگی پر اثر انداز ہوسکتے ہوں۔ نیز تمام اسٹیک ہولڈرز کے مفاد کے نگراں ہونے کی حیثیت سے ڈائریکٹرز نے سال بھر ہر طرح کے رسک کی پہچان کرنے اور اس کو ختم کرنے پر توجہ مرکوز رکھی۔ بورڈ آف ڈائریکٹرز نے ممکنہ خدشات کی نشاندہی کی، کمپنی پر ان کے اثرات کا جائزہ لیا اور کاروبار کے کسی اور تمام متوقع خدشات کے خاتمے کیلئے حکمت عملی تشکیل دی۔ یہ حکمت عملی آڈٹ کمیٹی کے ذریعہ کمپنی کی پوری حدود میں نافذ کی گئی تاکہ رسک کے خاتمے میں کوئی رکاوٹ باقی نہ رہے۔

- **رسک کی جانچ**

کاروبار میں کئی طرح کی غیر متوقع صورتحال کا سامنا کرنا پڑتا ہے جو اس کے مقاصد کیلئے خطرناک ہوسکتے ہیں اور اس کا سدباب نہ کیا جائے تو ایسے نقصانات ہوسکتے ہیں جن سے بچا جاسکتا تھا۔ کمپنی کے بورڈ آف ڈائریکٹرز نے داخلی اور خارجی خدشات کیلئے ایک دانشمندانہ اور بھرپور تجزیہ کیا ہے جو کمپنی کیلئے خطرناک ہوسکتے تھے۔

- **کریڈٹ رسک**

کمپنی کے تمام مالیاتی اثاثے، سوائے موجود نقد رقم کے، کریڈٹ رسک پر ہیں۔ کمپنی کو یقین ہے کہ اس کو کریڈٹ رسک میں کسی بڑے خدشے کا امکان نہیں ہے۔ ایسے امکانات کا بندوبست اپنے صارفین کیلئے کریڈٹ اور اس میں اضافے کی حد مقرر کرنے اور سرمایہ کاری میں تنوع پیش کرکے کیا گیا ہے۔

- **لیکویڈیٹی رسک**

لیکویڈیٹی رسک کے دانشمندانہ بندوبست کے ذریعہ کنٹریکٹ کی شرائط پوری کرنے کیلئے خاطر خواہ فنڈز کی دستیابی کو یقینی بنایا جاتا ہے۔ کمپنی کی فنڈ منیجمنٹ کی حکمت عملی کا مقصد لیکویڈیٹی کو داخلی کیش جنریشن اور مالیاتی اداروں کے ساتھ مضبوط کریڈٹ لائنز کے ذریعہ لیکویڈیٹی رسک کی منیجمنٹ کرنا ہے۔

- **زرمبادلہ کا رسک**

غیر ملکی کرنسی کا رسک عام طور پر اس صورت میں ہوتا ہے جب غیر ملکی کرنسی کے لین دین میں قابل وصولی اور قابل ادائیگی رقومات موجود ہوں۔ کمپنی کا زیادہ تر رسک اپنے پلانٹ اور مشینری کی درآمد کے سلسلے میں بیرون ملک مشاورتی خدمات کیلئے قلیل المدت کیلئے USD/PKR کی قدر میں فرق کا ہوتا ہے۔

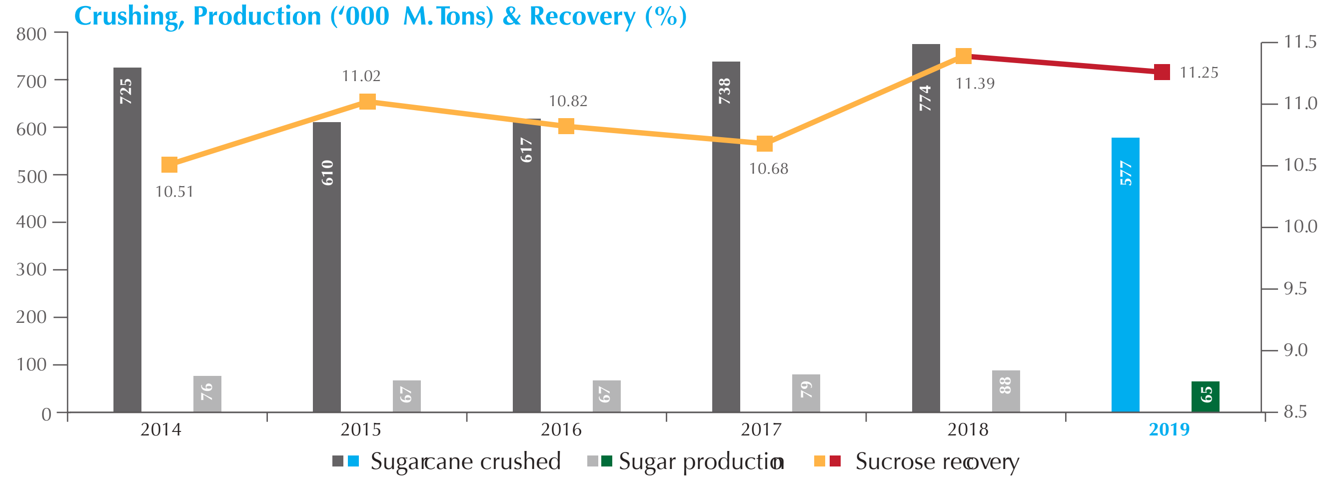
- **قرضہ کی واپس ادائیگی**

کمپنی نے سال 2018-2019 کے دوران میں باقاعدگی اور مستعدی کے ساتھ اپنے قرض کے واجبات ادا کئے کیونکہ اس کیلئے بجٹ اور پلان پہلے سے تیار کیا گیا تھا۔ اس سے نادہندہ ہونے کا خدشہ کم ہوا اور کمپنی کی مالیاتی حیثیت میں بہتری آئی۔

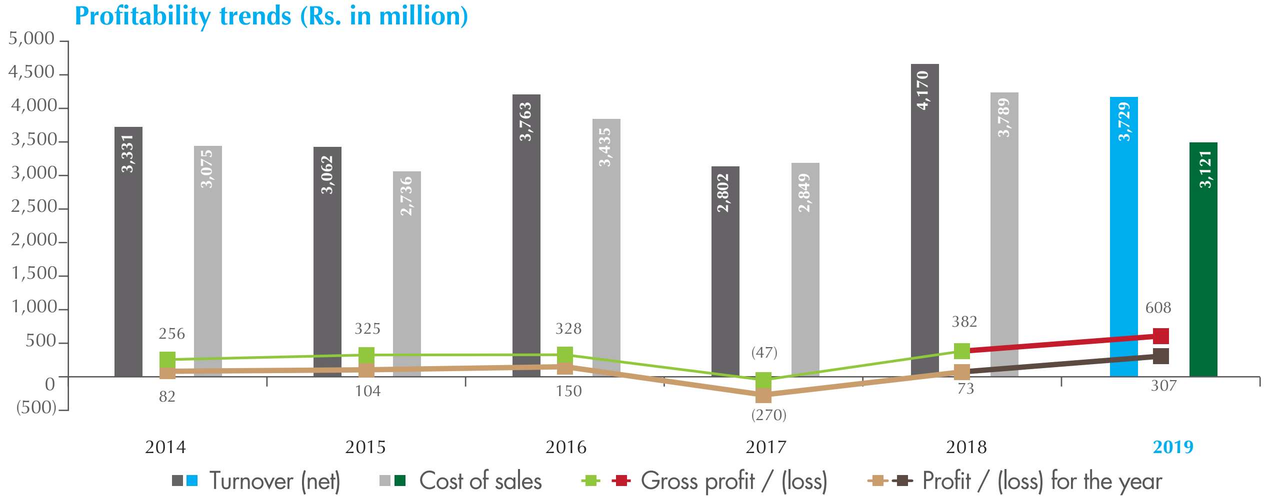
- **ایکویٹی اور کیپٹل منیجمنٹ**

ایکویٹی کی مضبوط بنیاد برقرار رکھنا کمپنی کی پالیسی کا حصہ ہے تاکہ سرمایہ کار، کریڈیٹر اور مارکیٹ کے اعتماد کو برقرار رکھا جائے اور کاروبار کے مستقبل کی ڈیولپمنٹ کو مستحکم بنایا جائے۔ سال کے

Crushing, Production ('000 M.Tons) & Recovery (%)



Profitability trends (Rs. in million)



مالیاتی کارکردگی

زیرِ جائزہ سال کے دوران کمپنی نے 71,829 میٹرک ٹن چینی فروخت کی جب کہ گزشتہ سال 101,496 میٹرک ٹن چینی فروخت ہوئی تھی۔اس طرح سال کے دوران کمپنی کی فروخت میں 11% کمی واقع ہوئی۔اس سال کمپنی کے فروخت کے اعداد وشمار میں گزشتہ سال کی پیداوار کے اسٹاک سے بقایا چینی بھی شامل ہے۔اس سال پیداواری لاگت میں بھی اضافہ ہوا جس کا سبب شوگر ملز کے درمیان گنّے کی خریداری کا مقابلہ تھا جس میں زیادہ قیمت پر گنا خریدنا پڑا۔زیرِ جائزہ مدت کے دوران چینی کی برآمدات کے اخراجات میں کمی کی وجہ سے ڈسٹری بیوشن کی قیمت کم رہی۔تاہم کمپنی کی جانب سے طویل المدت قرضہ کے حصول، جاری سرمایہ کی ضروریات میں اضافے اور اسٹیٹ بینک آف پاکستان کی جانب سے ڈسکاؤنٹ ریٹ میں اضافہ کے سبب مالیاتی لاگت میں بھی اضافہ ہوا۔کمپنی کو یونی کول کے منافع سے ایک تہائی رقم وصول ہوئی جو 369.92 ملین روپے ہے اور اس رقم کو ایسوسی ایٹ میں سرمایہ کاری کیلئے ایڈجسٹ کرلیا۔

2018	2019	
(Rs. in million)		
4,170.40	3,728.99	خالص سیلز
(3,788.51)	(3,121.03)	سیلز کی لاگت
381.89	607.96	مجموعی منافع/(نقصان)
155.86	50.54	دیگر آمدنی
404.62	369.93	شراکت میں منافع کا حصہ
(869.13)	(721.24)	دیگر اخراجات اور ٹیکسز
73.24	307.19	خالص منافع/(نقصان)

میرپورخاص شوگر ملز لمیٹڈ

ممبران کیلئے ڈائریکٹرز کی رپورٹ برائے سال مختتمہ 30 ستمبر 2019

بورڈ آف ڈائریکٹرز آپ کے سامنے کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال مختتمہ 30 ستمبر 2019 پیش کرتا ہے۔

عمومی جائزہ

پاکستان میں چینی کی سالانہ کھپت تقریباً 5.20 ملین ٹن ہے۔ 2018/19 کے سیزن میں ملک میں چینی کی کل پیداوار 5.20 ملین ٹن رہی۔ تاہم ملک کی دستیاب چینی کا کل اسٹاک 6.72 ملین ٹن تھا کیونکہ گزشتہ سال سے تقریباً 1.52 ملین ٹن چینی اس میں شامل ہوئی تھی۔ ملک کی طلب کو پورا کرنے کے بعد چینی کی صنعت نے تقریباً 0.75 ملین ٹن چینی برآمد کی۔

کاروباری جائزہ

یہ سال چینی کی صنعت کیلئے چیلنج والا سال تھا کیونکہ حکومت کی جانب سے گنے کی زیادہ قیمت مقرر کی گئی تھی اور دیگر شامل کی جانے والی مختلف اشیاء کی قیمت میں بھی اضافہ ہوا تھا۔ اضافی مقدار دستیاب ہونے کے باعث چینی کی قیمت میں اس نسبت سے اضافہ نہیں ہوا جتنی نسبت سے سال کے دوران میں اس کی پیداواری لاگت میں ہوا تھا۔ زیرِ جائزہ سال میں کمپنی نے 71,829 میٹرک ٹن چینی فروخت کی جس میں 4,000 میٹرک ٹن برآمد کی گئی تھی۔

آپریٹنگ کی کارکردگی

2018/19 کے کرشنگ کے سیزن کا آغاز 14 دسمبر 2018 کو ہوا تھا سیزن کے دوران میں فیکٹری نے گزشتہ سال کے 143 دن کے مقابلے میں 88 دن کام کیا۔ فیکٹری میں 577,396 میٹرک ٹن گنا کرش کیا گیا جس سے اس سیزن میں 64,935 میٹرک ٹن چینی تیار ہوئی جب کہ اس کے مقابلے میں گزشتہ سیزن میں 774,171 میٹرک ٹن گنے سے 88,183 میٹرک ٹن چینی حاصل ہوئی تھی۔ سیزن کے دوران میں کمپنی نے خام شکر کی پیداوار میں 11.25% کی ریکوری ہوئی جب کہ کمپنی میں 26,445 میٹرک ٹن راب (شیرہ) کی پیداوار بھی ہوئی۔

موجودہ سال اور گزشتہ سال کی بنیادی تقابلی معلومات درج ذیل ہیں:

	2019	2018
• سیزن کا آغاز	14 دسمبر 2018	28 نومبر 2017
• آپریشن کے کل دن	88	143
• کرش کیا گیا گنا (میٹرک ٹن)	577,396	774,171
• چینی کی پیداوار (میٹرک ٹن)	64,935	88,183
• راب (شیرہ) کی پیداوار (میٹرک ٹن)	26,445	38,725
• خام شکر کا حصول (%)	11.25	11.39
• چینی کی فروخت (میٹرک ٹن میں)	71,829	101,496

Proxy Form

55th Annual General Meeting

Mirpurkhas Sugar Mills Limited
A Ghulam Faruque Group Company

I / We ____

of ____

being a member of MIRPURKHAS SUGAR MILLS LIMITED, hereby appoint ____________________

______________________ of ________________ another member of the Company as my / our proxy to attend, speak & vote for me / us and on my / our behalf at the 55th Annual General Meeting of the Company to be held Tuesday, January 21, 2020 at 1:00 p.m. at the Registered Office of the Company at Factory premises, Jamrao, Umerkot Road, Mirpurkhas, Sindh and at any adjournment thereof.

WITNESSES

1. Signature: ______________________
   Name: ______________________
   Address: ______________________
   ____
   CNIC or ______________________
   Passport No. ______________________

Signature of Shareholder

Revenue Stamp

2. Signature: ______________________
   Name: ______________________
   Address: ______________________
   ____
   CNIC or ______________________
   Passport No. ______________________

____

(Signature should agree with the specimen signature registered with the Company)

Important

1. Instruments of Proxy will not be considered as valid unless deposited or received at the Company's Head Office at Modern Motors House, Beaumont Road, Karachi - 75530 not later than 48 hours before the time of holding the meeting.
2. CDC Shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Card (CNIC) / Passports in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his / her CNIC or Passport.
3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee should be attached with the proxy form.

Shares Held: ______________________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

CNIC No. ☐☐☐☐☐ – ☐☐☐☐☐☐☐ – ☐

پراکسی فارم

میرپور خاص شوگر ملز لمیٹڈ

55 واں سالانہ اجلاس عام

میں مسمی / مسماۃ ______________ سکنہ ______________

ضلع ______________ بحثیت ممبر میرپور خاص شوگر ملز لمیٹڈ، مسمی / مسماۃ ______________

سکنہ ______________ کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 55 واں سالانہ اجلاسِ عام (یا جو بھی صورت حال ہو)، جو مورخہ 21 جنوری 2020 بروز منگل دوپہر 1:00 بجے بمقام فیکٹری جمراؤ، عمر کوٹ روڈ، میرپور خاص، سندھ میں منعقد ہوگا، اس میں اور اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے، بولے اور ووٹ ڈالے۔

گواہان

1 دستخط ______________

نام ______________

پتہ ______________

NIC / پاسپورٹ نمبر ______________

ریونیو اسٹیمپ

دستخط شئیر ہولڈر

(دستخط کمپنی میں درج نمونہ کے مطابق ہونے چاہئے)

2 دستخط ______________

نام ______________

پتہ ______________

CNIC/پاسپورٹ نمبر ______________

اہم نوٹ

ا۔ پراکسی فارم اس وقت تک قابل قبول نہیں ہوگا جب تک یہ جنرل میٹنگ کے وقت سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں وصول نہ ہوجائے۔

۲۔ سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ کی تصدیق شدہ کاپی ساتھ لگائیں۔

۳۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نمائندہ کے دستخط پراکسی فارم کے ساتھ منسلک کرنے ہوں گے۔

مجموعی شیئرز ______________

رجسٹر ڈ فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شراکتی نمبر	اکاؤنٹ نمبر

کمپیوٹرائزڈ شناختی کارڈ نمبر | | | | | | – | | | | | | | | – | |

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- Risk profiler*
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- Jamapunji application for mobile device
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*Mobile apps are also available for download for android and ios devices

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SECP

E-Dividend Mandate Form

Mirpurkhas Sugar Mills Limited
A Ghulam Faruque Group Company

To: Date: ____________________

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Shareholder's Detail	
Name of Company	Mirpurkhas Sugar Mills Limited
Name of shareholder	
Folio No./CDC Participants ID A/c No.	
CNIC No	
Passport No. (in case of foreign shareholder)	
Cell Number & Land Line Number	
Email Address (Mandatory)	

Shareholder's Bank Detail	
Title of Bank Account (Mandatory)	

International Bank Account Number (IBAN) Mandatory (24 Digits)

P	K																						

Bank's Name

Branch Name and Address	

It is stated that the above mentioned information is correct and in case of any change therein, I will immediately intimate Participant / Share Registrar accordingly.

Yours sincerely,

____
Signature of Shareholder
(Please affix company stamp in case of corporate entity)

Notes:
COMPANY WITHHOLD THE PAYMENT OF DIVIDEND OF A MEMBER WHERE THE MEMBER HAS NOT PROVIDED THE COMPLETE INFORMATION OR DOCUMENTS AS SPECIFIED.

The shareholders who hold shares in Central Depository Company are requested to submit the above- mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the Central Depository Company of Pakistan Limited where Member's CDC account is being dealt.The shareholders who hold shares in physical form are requested to submit the above mentioned Dividend Mandate Form, duly filled-in, to the share Registrar of the Company, as mentioned below:

M/s CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi-74400, Pakistan
Tel: 0800-23275, 111-111-500, Fax: 021-34326053

GHULAM FARUQUE
GROUP

Mirpurkhas Sugar Mills Limited

Registered Office / Factory
Sub Post Office Sugar Mill
Jamrao, Umerkot Road
Mirpurkhas, Sindh

Head Office
Modern Motors House
Beaumont Road
Karachi-75530 Pakistan
UAN: +92 - 21-111- 354 -111
Fax: +92 - 21- 35688036
Web: www.gfg.com.pk