



ANNUAL REPORT 2020

SHAHTAJ SUGAR MILLS LIMITED

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FORM OF PROXY

COMPANY INFORMATION

Board of Directors

Mr. Toqueer Nawaz	Chairman
Mr. Muneer Nawaz	Chief Executive
Mr. Cyrus R. Cowasjee	
Mr. M. Naeem	
Mr. Ijaz Ahmad	
Mrs. Samia Shahnawaz Idris	
Mr. Rashed Amjad Khalid	
Mr. Mushtaq Ahmad	(SLICP)
Mr. Suleman Lalani	(JSIL)
Mr. Muhammad Salman Hussain Chawala	(NIT)

Company Secretary

Mr. Jamil Ahmad Butt, FCMA

Chief Financial Officer

Mr. Waqar Ahmad, FCA

Audit Committee

Mr. Mushtaq Ahmad	Chairman
Mr. Toqueer Nawaz	
Mr. M. Naeem	
Mr. Rashed Amjad Khalid	

Human Resource & Remuneration Committee

Mr. Muhammad Salman Hussain Chawala	Chairman
Mr. Muneer Nawaz	
Mr. M. Naeem	
Mr. Rashed Amjad Khalid	

Head Office

72/C-1, M. M. Alam Road,
Gulberg III, Lahore - 54660.
Phone : (042) 3571 0482 - 84
Fax : (042) 3571 1904
Website : www.shahtajsugar.com
E-mail : mail@shahtajsugar.com

Registered Office

19, Dockyard Road,
West Wharf, Karachi - 74000.
Phone : (021) 3231 3934 - 38
Fax : (021) 3231 0623
E-mail : jamilbutt@shahtaj.com

Production Facility

Mandi Bahauddin - 50400.
Phone : (0546) 501 147 - 49
: (0546) 508 047 - 48
Fax : (0546) 501 768
E-mail : mills@shahtajsugar.com

Auditors

EY Ford Rhodes,
Chartered Accountants,
96/B-1, 4th Floor, PACE Mall Building,
M. M. Alam Road, Gulberg-II,
Lahore - 54660.

Legal Advisor

Mr. Ras Tariq Chowdhary,
52 - Ravi Block, Fort Green,
Canal Road, Lahore.

Share Registrar

JWAFFS Registrar Services (Private) Limited
Suite No. 407 - 408,
4th Floor, Al-Ameera Centre,
Shahrah-e-Iraq, Saddar, Karachi.

Bankers

United Bank Limited
Habib Bank Limited
MCB Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
JS Bank Limited
Allied Bank Limited
National Bank of Pakistan
Soneri Bank Limited

VISION, MISSION AND CORPORATE STRATEGY



Vision

To succeed and grow to the utmost satisfaction of the customers, employees and shareholders.

Mission

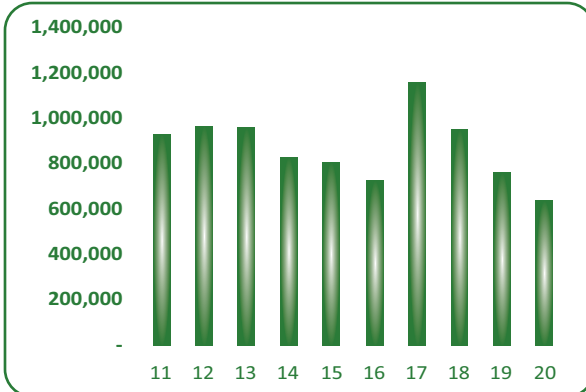
To strive for still higher levels of efficiency, productivity, cost effectiveness, profitability, customer satisfaction, congenial employees relations, profit sharing with shareholders and hence gaining further strength to continue to succeed and grow.

Corporate Strategy

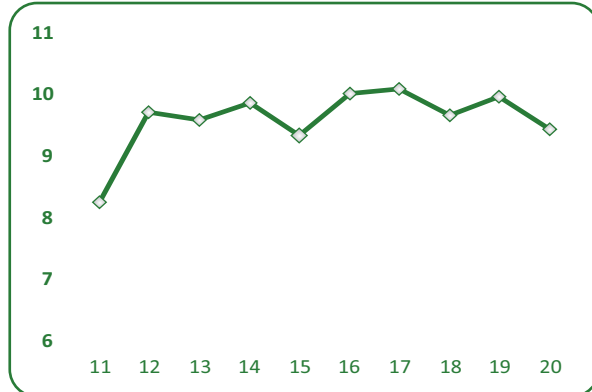
To maximize effective utilization of men, material and machines, by encouraging, supporting and rewarding the employees, eliminating any waste, reducing costs aiming and establishing **Shahtaj Sugar Mills Limited** as the most trusted, efficient and successful name among all stakeholders and customers.

TEN YEARS PRODUCTION REVIEW

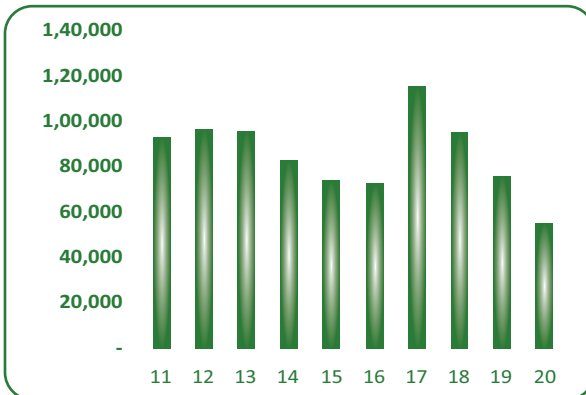
Sugarcane Crushed (M. Ton)



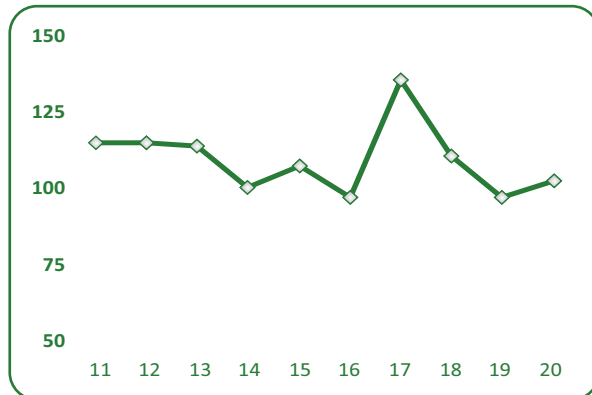
Sugar Recovery (Percentage)



Sugar Produced (M. Ton)



Duration (Days)



2011

925,506 Sugarcane Crushed (M. Ton)
8.23 Sugar Recovery (Percentage)
76,196 Sugar Produced (M. Ton)
114 Duration (Days)

2012

953,573 Sugarcane Crushed (M. Ton)
9.69 Sugar Recovery (Percentage)
92,441 Sugar Produced (M. Ton)
114 Duration (Days)

2013

946,416 Sugarcane Crushed (M. Ton)
9.57 Sugar Recovery (Percentage)
90,555 Sugar Produced (M. Ton)
113 Duration (Days)

2014

817,752 Sugarcane Crushed (M. Ton)
9.84 Sugar Recovery (Percentage)
80,434 Sugar Produced (M. Ton)
100 Duration (Days)

2015

800,969 Sugarcane Crushed (M. Ton)
9.32 Sugar Recovery (Percentage)
74,654 Sugar Produced (M. Ton)
107 Duration (Days)

2016

716,070 Sugarcane Crushed (M. Ton)
10.00 Sugar Recovery (Percentage)
71,599 Sugar Produced (M. Ton)
97 Duration (Days)

2017

1,148,874 Sugarcane Crushed (M. Ton)
10.08 Sugar Recovery (Percentage)
115,754 Sugar Produced (M. Ton)
134 Duration (Days)

2018

940,405 Sugarcane Crushed (M. Ton)
9.65 Sugar Recovery (Percentage)
90,756 Sugar Produced (M. Ton)
110 Duration (Days)

2019

750,785 Sugarcane Crushed (M. Ton)
9.94 Sugar Recovery (Percentage)
74,585 Sugar Produced (M. Ton)
97 Duration (Days)

2020

630,074 Sugarcane Crushed (M. Ton)
9.41 Sugar Recovery (Percentage)
59,204 Sugar Produced (M. Ton)
102 Duration (Days)

NOTICE OF MEETING

All the Shareholders,
Notice is hereby given to all the shareholders of SHAHTAJ SUGAR MILLS LIMITED that the 55th Annual General Meeting of the Company will be held on Wednesday the 27 January 2021 at 10:30 A.M. at Beach Luxury Hotel, M. T. Khan Road, Karachi to transact the following business:

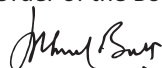
A. ORDINARY BUSINESS

1. To confirm the minutes of 17th Extra Ordinary General Meeting held on 28 May 2020.
2. To consider and adopt audited Financial Statements of the Company for the year ended 30 September 2020 together with Auditors' and Directors' Reports thereon.
3. To appoint Auditors of the Company for the year 2020-2021 and to fix their remuneration. The present Auditors M/s. EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment.

B. SPECIAL BUSINESS

4. To consider, and if thought fit, to pass the following resolutions as Special Resolution:
 - a) **RESOLVED** that the transactions carried out by the Company in the normal course of business with related parties for the period from 01 October 2019 to date be and are hereby ratified, approved and confirmed.
 - b) **FURTHER RESOLVED** that the Chief Executive Officer of the Company or his nominee be and is hereby authorized to approve all the transaction carried out and to be carried out in the normal course with related parties till the next Annual General Meeting of the Company and in this connection the Chief Executive Officer of the Company or his nominee be and is hereby authorized to take any and all necessary actions and sign/execute any and all such documents / indentures as may be required in this regard on behalf of the Company.
5. To transact any other ordinary business with the permission of the Chair.

By Order of the Board



(JAMIL AHMAD BUTT)
Company Secretary

Karachi:
31 December 2020

Notes:

1. The share transfer books of the Company will remain closed from 21 January 2021 to 28 January 2021 (both days inclusive).
2. Members holding shares physically and holders of Accounts and Sub-accounts for Company's shares in Central Depository Company of Pakistan Limited, who wish to attend this Annual General Meeting may do so by identifying themselves through their original CNIC/Passport and providing a copy thereof.
3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

5. CONSENT FOR VIDEO CONFERENCE FACILITY

Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 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 10 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 Shahtaj Sugar Mills Limited, holders of -----ordinary share(s) as per registered Folio No. -----hereby opt for video conference facility at -----.

STATEMENT OF MATERIAL FACTS

Under Section 134(3) of the Companies Act, 2017

A Statement required under this Section relating to Special Business of agenda item No 4 is printed separately and is being sent to the shareholders of the Company by post along with the Annual Report 2020 containing the notice of this meeting.

REVIEW REPORT BY THE CHAIRMAN

چیرمین جائزہ رپورٹ

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Shahtaj Sugar Mills Limited was carried out. The purpose of this evaluation was to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of the objective set forth by the Company.

For the financial year ended 30 September 2020, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, monitoring the organization's business activities; monitoring financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of your company received agenda and supporting written material including follow-up material in adequate time prior to the Board and its committee meetings. The Board meets frequently enough to discharge its responsibilities. The Non-Executive and Independent Directors are involved in important decisions.

کارپوریٹ گورننس کے کوڈ کے تحت بورڈ آف ڈائریکٹرز شاہ تاج شوگر ملز لمیٹید کی سالانہ کارکردگی کا جائزہ لیا گیا۔ اس جائزہ کا مقصد بورڈ کی مجموعی کارکردگی اور افادیت کو یقینی بنانا اور کمپنی کے وضع کردہ مقاصد کے حصول کے مطابق ڈھالنا ہے۔

برائے سال اختتام ۳۰ ستمبر ۲۰۲۰ میں بورڈ کی مجموعی کارکردگی اطمینان بخش رہی۔ بہتری ایک جاری رہنے والا عمل ہے جو کہ عملی منصوبوں کے لیے نہایت ضروری ہے۔ بورڈ کی مجموعی اطمینان بخش کارکردگی کی بنیاد میں کچھ لازمی اجزاء کا جائزہ شامل ہے جن میں کاروبار کی تنظیمی کارروائیوں کی نگرانی اور تمام ملازمین سے مساوی سلوک شامل ہے۔

کمپنی کے بورڈ ممبران کو کمپنی کے ہونے والے اجلاس سے قبل از وقت تمام تحریری مواد موصول ہوا۔ اپنی ذمہ داریوں کے حصول کے لیے بورڈ نے متواتر اجلاس منعقد کیے۔ غیر انتظامی اور غیر جانبدار ڈائریکٹرز بھی تمام اہم فیصلوں کی انجام دہی میں شریک رہے۔

Karachi:
31 December 2020

Toqueer Nawaz
Chairman




توقیر نواز
چیرمین

کراچی
۳۱ دسمبر ۲۰۲۰

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, we are pleased to present the Audited Financial Statements of the Company for the year ended 30 September 2020.

OPERATIONAL PERFORMANCE

Summarized operating performance of your mills for the year was as under:

Production Data	Season	
	2020	2019
Start of Season	30.11.2019	12.12.2018
End of Season	10.03.2020	18.03.2019
Duration	Days 102	97
Sugarcane Crushed (M. Ton)	630,074	750,785
Production:		
Sugar (M. Ton)	59,204	74,585
Molasses (M. Ton)	27,354	31,486
Recovery:		
Sugar	% 9.41	9.94
Molasses	% 4.34	4.19

We have already informed our shareholders through half yearly as well as quarterly financial statements that despite of early start of season and putting our best efforts the company could not succeed in achieving last year's total crushing volume, due to drastic reduction in sugarcane crop and sucrose recoveries. The Government increased support price for the season from Rs. 180/- to Rs. 190/- per 40 kg. Procurement of sugarcane from outside areas was 35%, the overall cost of sugarcane procurement was more by about Rs. 999.50/- per M. Ton at Rs. 5,827/- per M. Ton as compared with Rs. 4,827/- per M. Ton in the last year.

IMPACT OF COVID-19

In February 2020 the COVID-19 pandemic developed rapidly into a global crisis forcing governments to enforce lock-downs of all economic activity. For the Company the focus immediately shifted to ensuring the health and well-being of all employees and on minimizing disruption to supplies to all our customers. The rapid spread of this pandemic almost froze economic activities in Pakistan from the month of March 2020 to May 2020. To minimize the negative impacts Government of Pakistan has taken measures and issued directives to support businesses at large. In particular, extension of deadlines, easing pressure on credit and liquidity and facilitating the continuity of essential businesses under strict SOPs. The State Bank of Pakistan has brought down the policy rate from 13.25% to 7% and introduced a refinance scheme for payment of salaries and wages at low rate of 3% to discourage unemployment in the country. The

Government of Pakistan has announced a stimulus package of Rs. 1.24 trillion during the last quarter of FY 2020 to support the economic activities in the country.

FINANCIAL RESULTS

For the year 2019-20, your Company recorded a turnover of Rs. 4.540 billion as against Rs. 4.610 billion in the corresponding year of 2018-19. The cost of sales was Rs. 4.151 billion as against Rs. 4.189 billion in the last year. Thus, the Company obtained a gross profit for the year of Rs. 388.664 million as against gross profit of Rs. 420.068 million for the corresponding year. The decrease in turnover and gross profit was mainly due to decrease in production for the year as compared to the last year. The finance cost for the year was Rs. 138.785 million as against Rs. 129.610 million of the corresponding year due to higher utilization of banking limits against pledge of sugar stocks and long term loans. The distribution cost and administrative expenses remained under control during the period under review. However, the net loss for the year was Rs. 58.451 million against net profit of Rs. 33.243 million for the corresponding year. The company has suffered adverse financial performance in the current year due to significant increase in sugarcane prices and less production as compared to last year. We had to pay high sugarcane cost due to competition and price war among the neighboring sugar mills. However, substantial decrease in production by around 20% as compared to last year also contributed in loss for the year.

Appropriations	(Rupees in thousand)
Balance as at 30 September 2019	(329,928)
Dividend @ Rs. Nil per share for the year 2019	-
Net (Loss)/Profit after tax	(58,451)
Other Comprehensive income	2,939
Share of Associate's changes in equity	1,429
Un-appropriated loss carried forward	(384,011)
Loss Per share - basic (Rupees Per Share)	(4.87)

Keeping in view loss for the year the Directors have passed over the dividend.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are normal and of routine nature.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company were observed between the end of the financial year of the Company

DIRECTORS' REPORT TO THE MEMBERS

to which the financial statements relate and the date of the report.

FUTURE OUTLOOK

Keeping in view the improved prices and higher demand of sugar and molasses we are expecting 2020-21 will be a year of relief, but it is too early to assess the end results of the season at this stage. According to Sugar Analysis Report sugar production for next season is forecast at 5.9 million metric tons, a six percent increase from the last season's estimate due to an expected increase in sugarcane area. Sugar consumption for the same year is forecast at 5.8 million metric tons, moderately higher than last year's estimates. Sugarcane production has witnessed one crisis or another for years due to various socio-economic and political reasons. Climate change and water scarcity also threaten sugarcane farmers. By the grace of Allah this year due to timely and considerable monsoon rains and plenty of utilization of fertilizer and pesticides by cane growers the expected yield per acre will be higher than the last year. We are putting our best efforts to grab maximum sugarcane from out zone as well as in zone. The Punjab Government has notified the price of sugarcane at Rs. 200/- per 40 kg. Last year it was Rs. 190/- per 40 kg.

As informed earlier we are in the process of setting up a Bagasse based Power Project of installed gross capacity of 32 MW with 15 MW spillover to the National Grid. Two steam turbines of generation capacity of 16MW each have been installed successfully. Work on the construction of Switch Yard of 132 KV is in progress. Further, your Company has been granted Generation License and Upfront Tariff for 30 years by National Electric Power Regulatory Authority (NEPRA). We had negotiated and finalized the Energy Purchase Agreement (EPA) with Central Power Purchasing Agency (CPPA) which was subsequently approved by the Board of Directors of CPPA. The CPPA has not yet signed off the negotiated EPA till date. Consequently, the Company along with five (5) other Bagasse Based Cogeneration power projects filed writ petitions in the Honorable Islamabad High Court against Federation of Pakistan, CPPA (G) L, NEPRA and others against the impugned decision of Cabinet Committee on Energy (CCoE). Subsequently, the Honorable Court has referred the matter to the Federal Minister for Energy to consider the petitioners' grievances, keeping in view the fact that they have invested huge amounts in power projects on the reliance of Government Policy. We are hopeful about favorable outcome of the writ petition which will have a positive impact on the Company.

RISK AND UNCERTAINTIES

The company is exposed to the following risks and uncertainties:-

- Increased competition in local market due to lesser availability of crop.
- Hike in the oil and electricity prices
- Increase in prices of raw and packing material
- Increased rate of taxes
- Market disruption due to changes in tax laws and regulations

Company takes these risks as a challenge with the confidence that it has the ability to mitigate the impact of these risks.

INTERNAL FINANCIAL CONTROLS

A system of sound internal control is established and prevailing in the Company. The system of internal control is designed in a manner to ensure achievement of Company's business objectives and operational efficiency, reliable financial reporting and compliance with various statutory laws.

FINANCIAL AND CORPORATE REPORTING FRAMEWORK.

CODE OF CORPORATE GOVERNANCE

In compliance with the Provisions of the Code of Corporate Governance as required by Securities and Exchange Commission of Pakistan (SECP), the Board of Directors hereby declare that:

- The financial statements for the year ended 30 September 2020 present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of accounts have been maintained;
- International Accounting Standards (IAS) as applicable in Pakistan, have been followed in preparation of financial statements. Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended 30 September 2020 and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of the Corporate Governance as detailed in the listing regulations;
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- Related party transactions are properly disclosed in the notes to and forming part of financial

DIRECTORS' REPORT TO THE MEMBERS

statements.

- The values of Provident Fund Investment and Provision of Retirement Benefits as at 30 September 2020 were Rs. (thousand) 288,910/- and Rs. (thousand) 32,428/- respectively.

CORPORATE INFORMATION

Composition of the Board

The total number of Directors is ten (10) as per the following:

- a. Male : Nine (09)
- b. Female : One (01)

The composition of Board is as follows:

Independent Directors
Mr. Mushtaq Ahmad
Mr. Suleman Lalani
Mr. Muhammad Salman Hussain Chawala

Non-Executive Directors
Mr. Cyrus R. Cowasjee
Mr. Toqueer Nawaz
Mr. M. Naeem
Mr. Rashed Amjad Khalid

Executive Directors
Mr. Muneer Nawaz
Mr. Ijaz Ahmad

Female Director
Mrs. Samia Shahnawaz Idris

Composition of the Committees

The Board has formed committees comprising of members given below:

Audit committee

Mr. Mushtaq Ahmad	Chairman
Mr. Toqueer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member

Human resource and remuneration committee

Mr. Muhammad Salman Hussain Chawala	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member

FREQUENCY OF THE MEETINGS

During the year six (06) Board of Directors meeting were held. Attendance of these meeting was as follows

Name of Directors	No. of Meetings Attended
Mr. Mahmood Nawaz	One
Mr. Muneer Nawaz	Six
Mr. M. Naeem	Four
Mr. Ijaz Ahmad	Nil
Mr. Cyrus R. Cowasjee	Two
Mrs. Samia Shahnawaz Idris	One
Mr. Aamir Amin	Two

Name of Directors	No. of Meetings Attended
Mr. Rashed Amjad Khalid	Nil
Mr. Toqueer Nawaz	Five
Mr. Mushtaq Ahmad	Six
Mr. Suleman Lalani	Three
Mr. Muhammad Salman Hussain Chawala	Three

Leave of absence was granted to the Directors, who could not attend the Board meetings.

During the year, the Audit Committee met four (04) times. These meetings were held prior to the approval of interim results of the Company by the Board of Directors before and after completion of external audit. Attendance of each Director was as follows:

Name of Directors	No. of Meetings Attended
Mr. Mushtaq Ahmad	Four
Mr. Toqueer Nawaz	Four
Mr. M. Naeem	Nil
Mr. Rashed Amjad Khalid	Nil
Mr. Suleman Lalani	One

Leave of absence was granted to the Directors, who could not attend the Audit Committee meetings.

During the year, One (01) meeting of the Human Resource & Remuneration Committee was held. Attendance of each Director was as follows:

Name of Directors	No. of Meetings Attended
Mr. Aamir Amin	Nil
Mr. M. Naeem	One
Mr. Muneer Nawaz	One
Mr. Rashed Amjad Khalid	One

RELATED PARTIES TRANSACTIONS

The Directors confirm the following regarding related party transactions:

That the transactions undertaken with related parties during the year ended 30 September 2020 have been reviewed by the Audit Committee and recommended by the Board of Directors for consideration and approval by the Shareholders in the upcoming Annual General Meeting.

That the amounts or appropriate proportions of outstanding, items pertaining to related parties and receivables / payables from the related parties as on 30 September 2020 are as follows:

Name of Related Parties	Payable	Receivable
	Rupees in thousand	
M/s. Shezan Services (Private) Limited	122,853	-
M/s. Shahnawaz (Private) Limited	9,872	-
M/s. Shezan International Limited	51,387	-

SIX YEARS REVIEW AT A GLANCE

The six years review at a glance is annexed.

PATTERN OF SHAREHOLDINGS

The pattern of shareholdings as on 30 September 2020 is annexed.

TRADING OF SHARES

During the year under review, no shares were traded by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children other than mentioned below:

DIRECTORS' REPORT TO THE MEMBERS

Name of Director	No. of Shares
Mr. Toqueer Nawaz	37,500 Purchased
Mr. M. Naeem	37,500 Purchased
Mr. Cyrus R. Cowasjee	157,000 Sold

ELECTION OF DIRECTORS

During the year, fresh election of Directors of the Company was held on 28 May 2020 in pursuance of the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the new Board has been elected for the next term of three years starting from 28 May 2020.

Mr. Mahmood Nawaz, (Chairman of the Board), passed away on 07 March 2020. His invaluable contributions towards the progress of the Company will be remembered. He joined the Company in 1972 as Director and remain associated as Chairman since 1990. He was a visionary and versatile person. He worked with devotion, loyalty and contributed immensely towards the success of the Company. He will be missed by all those who had the opportunity to work with him. Mr. Toqueer Nawaz has been appointed as the Chairman of the Board of Directors and Mr. Muneer Nawaz has been re-appointed as Chief Executive Officer of the Company for the next term of three years in the Board of Directors' meeting held on 11 June 2020. Mr. Muhammad Salman Hussain Chawala and Mr. Suleman Lalani have been appointed as Directors.

The new Board wishes and give assurance to their respectable stakeholders for their dedicated efforts to achieve success and better planning to overcome, the challenges and difficulties being faced presently by the Company. Please raise your hands for prayers to Allah Subhanaha Wa ta'ala to help/guide us to achieve the desired goals (Aameen).

REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR

The remuneration of Chief Executive and Executive Director were fixed as under:

Remuneration of Chief Executive

Rs. 1,750,000/- plus all perquisites and allowances applicable to senior executives, bonus, provident fund, free telephone (Residential and Mobile), free transport and free medical facilities for self and family. His new term will start on 01 April 2020.

Remuneration of Full Time Working Director

Monthly emoluments not exceeding Rs. 448,000/- plus bonus, provident fund, retirement benefits, perquisites and all allowances as applicable to senior executives, with effect from 01 April 2020 Subject to a maximum increase of 15% per annum. He is also provided with a company maintained car and free telephone (Residential and Mobile).

The Chief Executive Officer and Executive Director, being the Directors of the Company are interested in this matter to the extent of the remuneration payable to them.

REMUNERATION OF THE NON-EXECUTIVE DIRECTORS

The Board from time to time reviews and determines the fee of Non-Executive and Independent Directors for attending the Board and different committees meetings, which are subsequently presented in front of shareholders in the annual general meeting for approval. During the year under review the detail of remuneration of Executive and Non-Executive Directors is mentioned in notes to the financial statements.

EVALUATION OF THE BOARD'S PERFORMANCE

The Board has developed a mechanism of annual performance evaluation. Every member of the Board ensures his active participation in the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the management, which are regularly monitored by the Board and its committees. The Board ensures that the Company adopts the best practices of the Code of Corporate Governance. The Board also reviews performance of business segments at each quarter with an aim to improve the low performing segments and at the same time further opportunities of growth are emphasized in all profitable segments, Details of Directors' training programme have been disclosed in the Statement of Compliance with the Code of Corporate Governance.

FINANCIAL STATEMENTS

An independent Auditor's report to the members, issued by External Auditors Messrs. EY Ford Rhodes, Chartered Accountants after due audit of financial statements of the Company, is annexed.

EXTERNAL AUDITORS

M/s. EY Ford Rhodes, Chartered Accountants, External Auditors of the Company, being eligible have conveyed their willingness to be appointed for the ensuing year. The Board of Directors, on recommendations of the Audit Committee, proposes the appointment of M/s. EY Ford Rhodes, Chartered Accountants, for the year ending 30 September 2021.

CORPORATE SOCIAL RESPONSIBILITIES

Disclosure as required by the Corporate Social Responsibility General Order, 2009 is annexed and form an integral part of this report.

HEALTH, SAFETY AND ENVIRONMENT

We try our utmost effort not to make any compromise on the health and safety of our employees. We have taken various measures to improve and enhance the working conditions of our workers' to maintain the highest safety and health standards. We are committed to provide a hygienic environment to our employees, stakeholders and visitors. Another responsibility is to protect the environment. As a responsible corporate organization we are concerned about the reduction of waste and efficient use of natural resources (electricity, water, gas, fuels etc.) and following global practices to protect the environment.

DIRECTORS' REPORT TO THE MEMBERS

We are also exploring new technologies and improve our processes. Further, we have launched a campaign within the mills premises to plant maximum trees in the garden area and other factory premises as we intend to maintain cleanliness and green environment in and around the mills area to control pollution.

ACKNOWLEDGEMENT

Your Directors place on record their appreciations of the diligence and devotion of duty of the Officers, Members of Staff and Workers of all categories.

FOR AND ON BEHALF OF THE BOARD



TOQUEER NAWAZ
Chairman

Karachi: 31 December 2020



MUNEER NAWAZ
Chief Executive

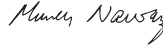
ڈائریکٹرز رپورٹ برائے ممبران

ماحول کے تحفظ کے لیے عالمی طرز عمل اپنانے کا عزم رکھتے ہیں۔ ہم جدید طرز عمل کو اپنانے اور اپنے آپریشنل عمل کو بہتر کرنے کے لیے کوشش جاری رکھے ہوئے ہیں۔ مزید یہ کہ ہم نے اپنی ملز امیریا کے باغات اور دیگر جگہوں پر زیادہ سے زیادہ درخت لگانے کے لیے ایک مہم کا آغاز کیا ہے تاکہ آلودگی پر قابو پایا جاسکے اور ماحول کو سبز و شاداب اور صاف رکھا جاسکے۔

اعتراف

آپ کے ڈائریکٹرز اس موقع پر کمپنی کے آفیسرز، سٹاف ممبران اور تمام کارکنان کی جان فشانی اور کام سے لگاؤ کے معترف ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز



منیر نواز

چیف ایگزیکٹو آفیسر



توقیر نواز

ممبر

کراچی

۳۱ دسمبر ۲۰۲۰

ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹرز کی حیثیت سے کمپنی میں شمولیت اختیار کی اور ۱۹۹۰ سے چیئر مین کے طور پر منسلک رہے۔ وہ ایک دورانہ پیش اور مسائل شخص تھے۔ انہوں نے عقیدت اور وفاداری کے ساتھ کام کیا اور کمپنی کی کامیابی کے لئے بے حد تعاون کیا۔ وہ سب لوگ جن کو ان کے ساتھ کام کرنے کا موقع ملا انہیں بہت یاد کرتے ہیں۔ بورڈ آف ڈائریکٹرز کے ۱۱ جون ۲۰۲۰ کو منعقدہ اجلاس میں جناب توقیر نواز کو بورڈ آف ڈائریکٹرز کا چیئر مین اور جناب منیر نواز کو تین سال کی اگلی مدت کے لئے کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا گیا ہے۔ نیز برآں جناب محمد سلمان حسین چاولہ اور جناب سلیمان الالائی کو بھی ڈائریکٹر مقرر کیا گیا۔

نیا بورڈ قابل احترام متعلقین کو کامیابی کے حصول کے لئے سرشار کاوشوں اور بہتر منصوبہ بندی کے ذریعہ ادارے کو درپیش مسائل کا سامنا کرنے کی یقین دہانی کراتا ہے۔ برائے مہربانی اللہ سبحانہ و تعالیٰ سے دعا کریں کہ مطلوبہ اہداف کے حصول میں ہماری مدد اور رہنمائی فرمائے۔ آمین

معاوضہ برائے چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹر
چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹر کا معاوضہ مندرجہ ذیل ہے۔

چیف ایگزیکٹو کا معاوضہ
۵۰۰،۰۰۰ روپے کے علاوہ بونس، پروویڈنٹ فنڈ، مفت ٹیلیفون (رہائشی اور موبائل)، مفت نقل و حمل بمعہ خاندان مفت طبی سہولیات دی جائیں گی۔ ان کی نئی میعاد یکم اپریل ۲۰۲۰ کو شروع ہوگی۔

کل وقتی ورکنگ ڈائریکٹر کا معاوضہ
ماہانہ اجرت ۲۲۸،۰۰۰ روپے کی حد تک مقرر کی گئی ہے۔ اس کے علاوہ بونس، پروویڈنٹ فنڈ، ریٹائرمنٹ فونڈ اور سنئیر ایگزیکٹوز کے لئے قابل اطلاق تمام الاؤنس، یکم اپریل ۲۰۲۰ سے زیادہ سے زیادہ سالانہ ۵ فیصد اضافہ کے ساتھ لاگو ہیں۔ دیگر ازاں ادارے کے زیر استعمال کار اور مفت ٹیلیفون (رہائشی اور موبائل) بھی مہیا کیا گیا ہے۔

چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹر، کمپنی کے ڈائریکٹر ہونے کے ناطے اس معاملے میں ان کو قابل ادائیگی معاوضے کی حد تک دلچسپی رکھتے ہیں۔

معاوضہ برائے نان ایگزیکٹو ڈائریکٹرز

بورڈ وقتاً فوقتاً نان ایگزیکٹو اور غیر جانبدار ڈائریکٹرز کے لئے بورڈ میننگ اور مختلف کمیٹی میننگز کے لئے فیس کا تعین اور جائزہ لے کر اس کو پھر حصص داران کے سالانہ اجلاس عام میں منظوری کے لئے پیش کرتا ہے۔ زیر جائزہ سال کے دوران ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو دی گئی مراعات کی تفصیل مالیاتی حسابات کے نکات میں درج ہے۔

بورڈ کی کارکردگی کا جائزہ

بورڈ نے اپنی سالانہ کارکردگی کا جائزہ لینے کے لئے ایک جامع نظام وضع کیا ہے۔ ہر بورڈ ممبر اس بات کو یقینی بنانے کی کوشش کرتا ہے کہ وہ ادارے کی مینٹنگز میں عملی طور پر موثر کردار ادا کرے۔ کاروباری حکمت عملی کے معاملات پر تفصیلی بحث کی جاتی ہے اور منتظمین کی صحیح سمت میں واضح طور پر رہنمائی کی جاتی ہے، جس کا وقتاً فوقتاً بورڈ اور اس کی ذیلی کمیٹیاں بغور جائزہ لیتی ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ ادارہ کاروباری معاملات کے لئے وضع کیے گئے اصول و ضوابط پر کاربند ہے۔ بورڈ ہر سہ ماہی کے اختتام پر کاروبار کے تمام معاملات کا اس تناظر میں جائزہ لیتا ہے کہ جہاں کمی ہو اس کو پورا کیا جائے اور اس کے ساتھ ساتھ بہتری کے نئے مواقع جو کہ آنے والے وقت کے لئے نفع بخش ہوں ان پر نظر رکھی جاسکے اور ان سے فائدہ اٹھایا جائے۔ ڈائریکٹرز کے لئے منصفانہ کاروباری تربیتی پروگرام کے متعلق ادارے کے کاروباری قواعد و ضوابط پر عملداری کے بیانیہ میں تفصیلی ذکر موجود ہے۔

مالیاتی گوشوارہ

کمپنی کے بیرونی آڈیٹرز میسرز ای وائی فورڈ روہڈز، چارٹرڈ اکاؤنٹنٹس سے آڈٹ شدہ مالیاتی گوشوارہ آڈیٹرز کی غیر جانبدار آڈٹ رپورٹ کے ساتھ منسلک ہے اور آپ کی خدمت میں پیش ہے۔

بیرونی آڈیٹرز

ای وائی فورڈ روہڈز، چارٹرڈ اکاؤنٹنٹس جو کہ کمپنی کے موجودہ بیرونی آڈیٹرز ہیں، جو کہ اس کی اہلیت بھی رکھتے ہیں نے آئندہ سال کے لئے بھی خود کو کمپنی کے بیرونی آڈیٹرز کے طور پر تقرر کے لئے آمادگی ظاہر کی ہے۔ بورڈ آف ڈائریکٹرز، اس سلسلہ میں آڈٹ کمیٹی کی سفارش کو مد نظر رکھتے ہوئے، تجویز پیش کرتے ہیں کہ ای وائی فورڈ روہڈز، چارٹرڈ اکاؤنٹنٹس کا برائے سال ختم شدہ ۳۰ ستمبر ۲۰۲۱ کے لئے بھی تقرر کیا جائے۔

کارپوریٹ سماجی ذمہ داریاں

کارپوریٹ سماجی ذمہ داریوں کے متعلق بیان، جنرل آرڈر ۲۰۰۹ کے تحت اس رپورٹ کا لازمی حصہ بنایا گیا ہے۔

صحت، تحفظ اور ماحول

ہماری بھرپور کوشش ہے کہ ہم اپنے ملازمین کی صحت اور حفاظت کے معاملات پر کسی قسم کا سمجھوتہ نہ کریں۔ ہم اپنے کارکنان کی صحت اور حفاظت کے بہترین معیار کے لئے سازگار حالات کو برقرار رکھنے کے لئے ہر وقت کوشاں ہیں۔ ہم پر عزم ہیں کہ ہم اپنے ملازمین کو صاف ستھرا ماحول فراہم کریں۔ ایک اور ذمہ داری عمومی ماحول کا تحفظ ہے۔ ایک ذمہ دار کاروباری ادارے کے طور پر ہم صنعتی فضلے کو کم کرنے، قدرتی وسائل (پانی، گیس، ایندھن وغیرہ) اور

ڈائریکٹرز رپورٹ برائے ممبران

متعلقہ پارٹیوں سے لین دین
ڈائریکٹرز نے متعلقہ پارٹیوں سے متعلق لین دین کے درج ذیل معاملات کی
توثیق کی ہے۔

۳۰ ستمبر ۲۰۲۰ کو ختم ہونے والے مالی سال کے دوران متعلقہ پارٹیوں کے ساتھ
لین دین کے معاملات کی آڈٹ کمپنی نے توثیق کی جو بورڈ آف ڈائریکٹرز کی
سفارش پر منظوری کے لیے آنے والے سالانہ عمومی اجلاس میں حصص داران
کے سامنے منظوری کے لیے پیش کی جائے گی۔

۳۰ ستمبر ۲۰۲۰ کو متعلقہ پارٹیوں سے قابل ادا یا قابل وصول رقم درج ذیل
ہیں۔

متعلقہ پارٹی کا نام	قابل ادا رقم	قابل وصول رقم
شیران سروسز پرائیویٹ لمیٹڈ	۱۴۲,۸۵۳	-
شاہنواز پرائیویٹ لمیٹڈ	۹,۸۷۲	-
شیران انٹرنیشنل لمیٹڈ	۵۱,۳۸۷	-

چھ سالہ کارکردگی کا مختصر جائزہ
ادارے کی چھ سالہ کارکردگی کا جائزہ اس رپورٹ کے ساتھ منسلک ہے۔

حصص داران کی تفصیل (پیٹرین آف شیئر ہولڈنگ)
حصص داران کی تفصیل ۳۰ ستمبر ۲۰۲۰ اس رپورٹ کے ساتھ منسلک ہے۔

حصص کی خرید و فروخت
پیش کردہ مالی سال کے دوران نیچے دی گئی تفصیل کے علاوہ کسی ڈائریکٹر، چیف
ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری یا ان کے بیوی بچوں نے حصص
کی کوئی خرید و فروخت نہیں کی۔

نام ڈائریکٹر	خریدے گئے حصص کی تعداد	فروخت کیے گئے حصص کی تعداد
جناب توقیر نواز	۳۷,۵۰۰	-
جناب ایم نعیم	۳۷,۵۰۰	-
جناب سائرس آراؤنس جی	-	۱۵۷,۰۰۰

ڈائریکٹرز کا انتخاب
دوران سال، کمپنی کے ڈائریکٹرز کا تازہ انتخاب ۲۸ مئی ۲۰۲۰ کو لحد کمپنیوں
کی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، ۲۰۱۹ کے تقاضوں کے تحت اگلے
تین سال کی مدت کے لئے کیا گیا۔

محترم محمود نواز، (بورڈ کے چیئرمین) کا ۷ مارچ ۲۰۲۰ کو انتقال ہو گیا۔ کمپنی کی
ترقی میں ان کی انمول خدمات کو یاد رکھا جائے گا۔ انہوں نے ۱۹۷۲ میں

نام ڈائریکٹر

میتنگز میں حاضری کی تعداد	نام ڈائریکٹر
ایک	محترمہ سامیہ شاہنواز اورلیس
دو	جناب عامر امین
صفر	جناب راشد امجد خالد
پانچ	جناب توقیر نواز
چھ	جناب مشتاق احمد
تین	جناب سلیمان لالانی
تین	جناب محمد سلمان حسین چاولہ

جو ڈائریکٹرز ان میتنگز میں شامل نہیں ہو سکے ان کی رخصت کی درخواست کو
منظور کیا گیا۔

دوران سال آڈٹ کمپنی کی چار میتنگز منعقد ہوئیں۔ یہ میتنگز عبوری نتائج کے
بیرونی آڈٹ سے پہلے اور بعد میں کمپنی کے بورڈ آف ڈائریکٹرز کو پیش کرنے
سے قبل منعقد کی گئیں۔ ہر ایک ڈائریکٹر کی ان میتنگز میں حاضری درج ذیل
ہے۔

نام ڈائریکٹر

میتنگز میں حاضری کی تعداد	نام ڈائریکٹر
چار	جناب مشتاق احمد
چار	جناب توقیر نواز
صفر	جناب ایم نعیم
صفر	جناب راشد امجد خالد
ایک	جناب سلیمان لالانی

جو ڈائریکٹرز ان میتنگز میں شامل نہیں ہو سکے ان کی رخصت کی درخواست کو
منظور کیا گیا۔

دوران سال بیورس ریسورس اور معاوضہ کمیٹی کی ایک میتنگ منعقد ہوئی۔ اس
میتنگ میں ڈائریکٹرز کی حاضری درج ذیل ہے۔

نام ڈائریکٹر

میتنگز میں حاضری کی تعداد	نام ڈائریکٹر
صفر	جناب عامر امین
ایک	جناب ایم نعیم
ایک	جناب منیر نواز
ایک	جناب راشد امجد خالد

ڈائریکٹرز رپورٹ برائے ممبران

مناہج کی تخصیص	(روپے ہزاروں میں)
۳۰ ستمبر ۲۰۱۹ کو بھایا	(۳۲۹,۹۲۸)
تقسیم نفع معزروپے فی حصص برائے سال ۲۰۱۹	-
خالص نقصان بعد از محصولات	(۵۸,۴۵۱)
دیگر جامع آمد	۲,۹۳۹
شریک کار ادارے کے سرمایہ میں تبدیلی کا حصہ	۱,۴۲۹
غیر مختص شدہ نقصان (C/F)	(۳۸۲,۰۱۱)
فی حصص نقصان - بنیادی روپوں میں	(۴,۸۷)

نقصان کو مد نظر رکھتے ہوئے آپ کے ادارے کے ڈائریکٹرز نے تقسیم نفع کو درگزر کر دیا ہے۔

بقایا قابل ادائیگی رقوم

تمام قابل ادائیگی اجات معمول کے مطابق ہیں۔

نمایاں تبدیلیاں اور کاروباری ذمہ داریاں

مالیاتی سال کے اختتام اور رپورٹ کی تاریخ کے دوران کوئی بڑی تبدیلی اور معاہدے نہیں ہوئے جو ادارے کی مالیاتی حیثیت پر اثر انداز ہوئے۔

مستقبل کے بارے میں پیش گوئی

تجربہ اور راب کی قیمت فروخت میں بہتری کے باعث ہم ۲۱-۲۰۲۰ کے دوران نفع کے لیے پرامید ہیں، لیکن اس وقت سیزن کے نتائج کے بارے میں اندازہ لگانا قبل از وقت ہوگا۔ شوگر تجربہ رپورٹ کے مطابق اگلے سیزن میں چینی کی پیداوار کی پیش گوئی ۵.۹ ملین میٹرک ٹن ہوگی، جو گئے علاقے میں متوقع اضافے کی وجہ سے پچھلے سیزن کے تخمینے سے چھ فیصد زائد ہے۔ اسی سال چینی کی کھپت کی پیش گوئی ۵.۸ ملین میٹرک ٹن ہے جو کہ پچھلے سال کے تخمینے سے معمولی زائد ہے۔ مختلف سماجی و اقتصادی اور سیاسی وجوہات کی بنا پر گئے کی پیداوار میں سالوں سے ایک بحران ہے۔ موسمیاتی تبدیلی اور پانی کی قلت گئے کے کاشتکاروں کے لیے پریشانی کا باعث ہے۔ اس سال اللہ کے فضل و کرم سے بروقت مون سون بارش اور کھاد اور کیڑے مار ادویات کے استعمال سے گئے کی فی ایکڑ کی متوقع پیداوار گذشتہ سال کے مقابلے میں زیادہ ہوگی۔ دوران سال ہم اپنے علاقہ کے ساتھ ساتھ بیرون علاقہ سے بھی زیادہ سے زیادہ گئے کی خریداری کی کوشش کر رہے ہیں۔

حکومت پنجاب نے رواں سال کے لیے گئے کی امدادی قیمت ۲۰۰ روپے فی من مقرر کی ہے جبکہ گذشتہ سال یہ رقم ۱۹۰ روپے فی من تھی۔ جیسا کہ پہلے ہی

آپ کے علم میں لایا جا چکا ہے کہ ادارے کا بگاس (گئے کی کھوٹی) سے چلنے والا بجلی کا پلانٹ جو کہ ۳۲ میگا واٹ کی صلاحیت پر مشتمل ہے تنصیب کے مرحلہ میں ہے، جس میں سے ۱۵ میگا واٹ بجلی پیش کردہ کو ترسیل کریں گے۔ ۱۶ میگا واٹ صلاحیت کی دو عدد ڈرائیو بائین کی تنصیب کا کام مکمل ہو چکا ہے جبکہ ۳۲ کے وائی اے صلاحیت کے گرڈ اسٹیشن کی تنصیب کا کام جاری ہے مزید آپ کی اطلاع کے لیے عرض ہے کہ نیشنل پاور اینڈ ریگولیشن اتھارٹی نے آپ کے ادارے کو بجلی کی پیداوار کا اجازت نامہ (جنریشن لائسنس) ہمیں سال کے لیے جاری کر دیا ہے اور اسی طرح بجلی خریداری کی قیمت (شرح) کا معاہدہ بھی ہو چکا ہے۔ ہم سینٹرل پاور پراجیکشن سی (CPPA) کے ساتھ بجلی خریداری کا معاہدہ باہمی رضامندی کے ساتھ طے کر چکے ہیں جسے CPPA کے بورڈ آف ڈائریکٹرز نے مورخہ ۱۴ جولائی ۲۰۱۹ کو منظور کر کے دستخط کے لیے بھجوا دیا تھا۔ لیکن اب CPPA اس پر دستخط کرنے سے گریزاں ہے کیونکہ کمیونٹی سٹی برائے انرجی (CCoE) نے بگاس سے چلنے والے بجلی کے نئے پراجیکٹ منظور کرنے پر پابندی عائد کر دی ہے۔ اس سلسلہ میں ہمارے سمیت دیگر ۵ بگاس سے چلنے والے پراجیکٹ والے اداروں نے معزز اسلام آباد ہائی کورٹ میں فیڈریشن آف پاکستان، CPPA اور نیچر اے کے خلاف CCoE کے اس مہم فیصلہ کے خلاف رٹ پیشین دائر کر دی ہے۔ اس کے بعد، معزز عدالت نے اس معاملے کو وفاقی وزیر کو نمائندگی کے پاس درخواست گزاروں کی شکایات پر غور کرنے کے لئے رجوع کیا ہے، اس حقیقت کو مد نظر رکھتے ہوئے کہ انہوں نے حکومتی پالیسی پر اٹھنا کرتے ہوئے بجلی کے منصوبوں میں بڑی رقم کی سرمایہ کاری کی ہے۔ ہم رٹ پیشین کے سازگار نتیجہ کے بارے میں پرامید ہیں جس کا سمجھتی پر مثبت اثر پڑے گا۔

خطرات اور غیر یقینی حالات

ادارے کو مندرجہ ذیل خطرات اور غیر یقینی صورتحال کا سامنا ہے:-

- فصل کی کم دستیابی کے سبب مقامی مارکیٹ میں مسابقت میں اضافہ
- تیل اور بجلی کی قیمتوں میں اضافہ
- ٹیکس کی شرح میں اضافہ
- ٹیکس قوانین اور ضوابط میں تبدیلی کی وجہ سے منڈی میں خصل کمپنی ان خطرات کو اعتماد کے ساتھ چیلنج کے طور پر لیتی ہے کہ اس میں ان خطرات کے اثرات کو کم کرنے کی صلاحیت ہے۔

اندرونی مالیاتی کنٹرول

ادارے میں ایک منظم اندرونی محاسبہ کا نظام قائم کیا گیا ہے جو کہ ادارے میں

ڈائریکٹرز رپورٹ برائے ممبران

ادارے کے ڈائریکٹرز کی طرف سے مالی سال ۲۰۲۰ ستمبر ۲۰۲۰ کا آؤٹ شدہ مالیاتی گوشوارہ پیش خدمت ہے۔

کارکردگی کا جائزہ

آپ کی ملز کی پیداواری کارکردگی کی مختصر رپورٹ گذشتہ سال کے مقابل پر ذیل میں درج ہے۔

پیداواری اعداد و شمار		میزن
		۲۰۱۹
آغاز میزن	۳۰ نومبر ۲۰۱۹	۱۲ دسمبر ۲۰۱۸
اختتام میزن	۱۰ مارچ ۲۰۲۰	۱۸ مارچ ۲۰۱۹
دورانیہ میزن	۱۰۲ دن	۹۷ دن
گنے کی کرشنگ	۶۳۰،۰۷۷ ٹن میٹرک ٹن	۷۵۰،۷۸۵ ٹن میٹرک ٹن
پیداوار		
چینی	۵۹،۲۰۳ ٹن میٹرک ٹن	۷۳،۵۸۵ ٹن میٹرک ٹن
راب	۲۷،۳۵۳ ٹن میٹرک ٹن	۳۱،۳۸۶ ٹن میٹرک ٹن
ریکوری		
چینی	۳۱-۹ فیصد	۹۳-۹ فیصد
راب	۳۳-۳ فیصد	۳۱-۹ فیصد

ہم اپنے حصص داران کو سد ماسی اور ششماہی گوشواروں کے ذریعے پہلے ہی مطلع کر چکے ہیں کہ میزن کے جلد آغاز اور اپنی تمام تر کاوشوں کے باوجود ادارہ گنے کی پیداوار اور سکروز ریکوری میں زبردست کمی کی وجہ سے گذشتہ سال کی کرشنگ کا حجم حاصل کرنے میں ناکام رہا۔ حکومت نے اس میزن کے لئے گنے کی امدادی قیمت کو ۱۸ روپے فی من سے بڑھا کر ۱۹ روپے فی من مقرر کر دیا۔ دوران سال بیرون علاقہ سے ۳۵ فیصد گن خرید گیا، جبکہ مجموعی طور پر گنے کی پیداواری لاگت ۵۰-۹۹۹ روپے فی میٹرک ٹن اضافہ کے ساتھ ۵،۸۲۷ روپے فی میٹرک ٹن رہی جبکہ اس کے مقابل گذشتہ سال پیداواری لاگت ۴،۸۲۷ روپے فی میٹرک ٹن رہی۔

کوویڈ ۱۹ کا اثر

فروری ۲۰۲۰ میں کوویڈ ۱۹ وبائی مرض تیزی سے عالمی بحران کی شکل اختیار کر گیا اور حکومت کو تمام معاشی سرگرمیوں کو لاک ڈاؤن نافذ کرنے پر مجبور کیا۔ ادارے کے تمام ملازمین کی صحت و تندرستی کو یقینی بنانے اور ہمارے تمام

صارفین کو فراہمی میں رکاوٹ کو کم کرنے پر توجہ مرکوز کی گئی۔ اس وبائی بیماری کے تیزی سے پھیلاؤ نے پاکستان میں مارچ ۲۰۲۰ سے لے کر مئی ۲۰۲۰ تک کی معاشی سرگرمیاں تقریباً منجمد کر دی ہیں۔ ان منفی اثرات کو کم کرنے کے لئے حکومت پاکستان نے بڑے پیمانے پر کاروباری اداروں کی حمایت کرنے کے اقدامات اٹھائے اور ہدایت جاری کی۔

خاص طور پر، ڈیلٹا لائن میں توسیع، کریڈٹ اور لیکویڈیٹی پر دباؤ کم کرنا اور سخت ایس او پیز کے تحت ضروری کاروباری اداروں کے تسلسل کو آسان بنانا۔ اسٹیٹ بینک آف پاکستان نے شرح سود کو ۲۵-۱۳ فیصد سے کم کر کے ۷ فیصد کر دیا اور ملک میں بے روزگاری کی حوصلہ شکنی کے لئے تنخواہوں اور اجرت کی ۳ فیصد کمی تر شرح سود پر ادا لگنے کے لئے فنانس اسکیم متعارف کرائی۔ حکومت پاکستان نے مالی سال ۲۰۲۰ کی آخری سد ماسی کے دوران ملک میں معاشی سرگرمیوں کی مدد کے لیے ۲۳-۱ ٹریلین روپے کے محرک پیکج کا اعلان کیا۔

مالی نتائج

برائے سال ۲۰-۲۰۱۹، آپ کے ادارے کی فروخت ۳۵۳۰ ملین روپے رہی جبکہ اس کے مقابل برائے سال ۱۹-۲۰۱۸ کے اسی عرصہ میں فروخت ۶۱۰-۳۵۳۰ ملین روپے تھی۔ پیداواری لاگت برائے سال ۱۵۱-۳۵۳۰ ملین روپے تھی جبکہ گذشتہ سال پیداواری لاگت ۱۸۹-۳۵۳۰ ملین روپے ریکارڈ کی گئی۔ اس طرح دوران سال چینی کی بہتر قیمت فروخت کے باعث ادارے کا مجموعی منافع ۲۶۲-۳۸۸ ملین روپے رہا جبکہ گذشتہ سال مجموعی منافع ۶۸-۳۲۰ ملین روپے تھا۔ کاروبار اور مجموعی منافع میں کمی بنیادی طور پر گزشتہ سال کے مقابلے میں سال کی کم تر پیداواری کی وجہ سے تھی۔ دوران سال ادارے کی مالیاتی لاگت ۸۵-۱۳۸ ملین روپے تھی جبکہ گذشتہ سال مالیاتی لاگت ۶۱۰-۱۲۹ ملین روپے تھی۔

اس میں اضافہ چینی کے ذخائر کے گروی رکھے جانے کے مقابل زائد مالیاتی سہولت کے استعمال، رعائتی قیمت میں اضافہ کے تناسب سے بلند شرح سود کی وجہ سے ہوا۔ زیر جائزہ سال کے دوران تریبل اور انتظامی اخراجات کو کنٹرول کیا گیا۔ گذشتہ سال کے مقابل میں گنے کی قیمتوں میں نمایاں اضافے اور کم پیداواری کی وجہ سے کپنی کو رواں سال میں منفی مالی کارکردگی کا سامنا کرنا پڑا۔ بہر حال رواں سال ادارے کو ۳۵۱-۵۸ ملین روپے کا خالص نقصان ہوا جبکہ اس کے مقابل گزشتہ سال ۳۳۳-۳۳ ملین روپے کا خالص نفع ہوا۔ ہمسایہ شوگر ملوں کے مابین مقابلہ اور قیمتوں کی جنگ کی وجہ سے ہمیں گنے کی قیمت زیادہ ادا کرنا پڑی۔ تاہم، پچھلے سال کے مقابل پیداوار میں تقریباً ۲۰ فیصد کمی واقع ہوئی جس نے سال کے نقصان میں بھی حصہ لیا۔

SIX YEARS REVIEW AT A GLANCE

Year	2020	2019	2018	2017	2016	2015
Production Data						
Season started	30.11.2019	12.12.2018	30.11.2017	23.11.2016	30.11.2015	29.11.2014
Season closed	10.03.2020	18.03.2019	19.03.2018	06.04.2017	06.03.2016	15.03.2015
Days worked	102	97	110	134	97	107
Cane crushed - (M. Ton)	630,074	750,786	940,405	1,148,874	716,070	800,969
Sugar produced:						
Sugar - (M. Ton)	59,204	74,585	90,756	115,754	71,599	74,654
Molasses - (M. Ton)	27,354	31,486	42,987	48,947	32,377	38,622
Recovery:						
Sugar - %	9.41	9.94	9.65	10.08	10.00	9.32
Molasses - %	4.34	4.19	4.57	4.26	4.52	4.82
(Rupees in thousand)						
Income						
Sales	4,539,679	4,609,540	4,878,366	5,807,237	4,707,035	3,860,292
Others	6,172	15,121	17,348	7,420	4,507	15,427
	4,545,851	4,624,661	4,895,714	5,814,657	4,711,542	3,875,719
Expenditure						
Cost of sales	4,151,015	4,189,472	5,009,896	5,147,313	4,180,351	3,741,001
Distribution cost and administrative expenses	247,454	234,770	244,975	255,781	200,147	184,299
Finance cost	138,785	129,610	55,803	74,571	47,543	98,671
Other operating expenses	7,056	8,055	4,315	24,237	18,094	4,185
	4,544,310	4,561,907	5,314,989	5,501,902	4,446,135	4,028,156
Share of profit of associate - net	10,958	25,235	8,068	9,206	14,543	8,292
Profit / (Loss) before taxation	12,499	87,989	(411,207)	321,961	279,950	(144,145)
Taxation	(70,950)	(54,746)	2,362	(179,049)	(100,494)	52,666
(Loss) / profit after taxation	(58,451)	33,243	(408,845)	142,912	179,456	(91,479)
Paid up capital	120,111	120,111	120,111	120,111	120,111	120,111
Capital reserve - Share premium	27,534	27,534	27,534	27,534	27,534	27,534
Revaluation Surplus on property, plant and equipment	1,506,111	1,506,111	-	-	-	-
General reserve and unappropriated profits	631,989	686,072	650,262	1,116,528	1,034,530	855,445
Loans from directors	150,000	120,000	-	-	-	-
Shareholders equity	2,435,745	2,459,828	797,907	1,264,173	1,182,175	1,003,090
Break up value per share in Rupees	202.79	204.80	66.43	105.25	98.42	83.51
Earnings / (loss) per share - Basic (Rupees)	(4.87)	2.77	(34.04)	11.90	14.94	(7.62)
Dividend - Cash (%)		-	-	50	50	-

PATTERN OF SHAREHOLDING
AS AT 30 SEPTEMBER 2020

NUMBER OF SHARE HOLDERS	Shareholding		Total Shares Held
	From	To	
425	1	100	8,057
139	101	500	41,999
43	501	1000	33,370
61	1001	5000	144,249
16	5001	10000	119,756
12	10001	15000	142,653
3	15001	20000	57,000
4	20001	25000	95,156
1	25001	30000	30,000
2	30001	35000	64,500
3	35001	40000	111,600
1	40001	45000	42,800
1	45001	50000	45,700
1	50001	55000	52,500
2	55001	60000	111,461
2	60001	65000	122,704
1	70001	75000	73,294
1	75001	80000	77,000
1	100001	105000	102,400
1	110001	115000	111,000
1	130001	135000	133,505
2	135001	140000	271,507
2	175001	180000	352,385
1	185001	190000	185,337
1	190001	195000	190,033
1	210001	215000	213,589
1	220001	225000	223,399
1	225001	230000	229,147
1	250001	255000	250,749
1	265001	270000	266,185
1	275001	280000	277,552
1	285001	290000	285,646
1	315001	320000	319,453
1	325001	330000	328,039
1	335001	340000	337,015
1	395001	400000	400,000
1	525001	530000	529,456
1	600001	605000	601,351
1	605001	610000	606,889
1	755001	760000	756,984
1	800001	805000	801,695
1	805001	810000	808,033
1	855001	860000	858,306
1	1195001	1200000	1,197,642
746			12,011,096

**PATTERN OF SHAREHOLDING
AS AT 30 SEPTEMBER 2020**

Shareholder's Category	Share Held	Percentage
(i) Associated Companies, undertaking & related parties (name wise details);		
Shezan Services (Pvt) Ltd. (CDC)	322,246	2.68%
(ii) Modaraba and Mutual Funds (name wise details);		
MC FSL - Trustee JS Growth Fund (CDC)	1,197,642	9.97%
(iii) Directors and their spouse(s) and minor children (name wise details);		
1 Mr. Muneer Nawaz	1,459,657	
Mrs. Abida Muneer Nawaz (Wife)	529,456	
2 Mr. M. Naeem	213,776	
Mrs. Amtul Bari Naeem (Wife)	606,889	
Mrs. Amtul Bari Naeem (Wife)(CDC)	3,500	
3 Mrs. Samia Shahnawaz Idris (CDC)	337,015	
4 Mr. Ijaz Ahmad (CDC)	23,419	
5 Mr. Cyrus R. Cowasjee (CDC)	61,704	
6 Mr. Rashed Amjad Khalid	223,399	
Mr. Rashed Amjad Khalid (CDC)	8,000	
7 Mr. Toqueer Nawaz	356,953	
Mr. Toqueer Nawaz (CDC)	42,800	
8 Mr. Suleman Lalani	500	
	3,867,068	32.20%
(iv) Executives	1,261	0.01%
(v) Public sector companies and corporations;		
State Life Insurance Corporation Of Pakistan (CDC)	756,984	6.30%

PATTERN OF SHAREHOLDING

As at 30 September 2020

Shareholder's Category	Share Held	Percentage
(vi) Banks, Investment, Insurance Companies & NIT		
National Bank Of Pakistan (CDC)	451	
National Bank Of Pakistan (CDC)	328,039	
The Bank Of Punjab, Treasury Division(CDC)	102,400	
Al Hayy Trading (Private) Limited	45,700	
Sarfaraz Mahmood (Private) Ltd. (CDC)	100	
Amin Tai Securities (Private) Ltd. (CDC)	400,000	
Eleven Star Securities (Private) Ltd. (CDC)	61,000	
MSNMANIAR Financial (Private) Limited (CDC)	158	
Multiline Securities (Pvt) Limited (CDC)	4,500	
Industrial Development Bank	100	
Pakistan Stock Exchange Limited (CDC)	50	
BAWA Securities (Pvt) Ltd. MF	17,000	
RYK Mills Limited	2,000	
Yousuf Yaqoob Kolia And Company (Pvt) Ltd. (CDC)	77,100	
Deputy Administrator Abandoned Properties Organization (CDC)	288	
Golden Arrow Selected Stocks Fund Limited (CDC)	24,537	
Trustee- National Bank of Pakistan Empl. Benevolent Fund (CDC)	2,572	
Trustee- National Bank of Pakistan Empl. Pension Fund (CDC)	73,294	
CDC - Trustee National Investment (Unit) Trust (CDC)	801,695	
NCC - Pre Settelement Delivery Account	200	
Iqbal Hamid Trust	400	
	1,941,584	16.16%
(vii) General Public		
Local	2,502,633	
Local (CDC)	1,421,678	
Foreign	-	
	3,924,311	32.67%
Grand Total	12,011,096	100.00%
Shareholder holding 5% or more voting rights in the listed company (name wise details);		
Mr. Muneer Nawaz	1,459,657	12.15%
MC FSL - Trustee JS Growth Fund (CDC)	1,197,642	9.97%
Mr. Mahmood Nawaz	860,533	7.16%
CDC - Trustee National Investment (Unit) Trust (CDC)	801,695	6.67%
State Life Insurance Corporation Of Pakistan (CDC)	756,984	6.30%
Mrs. Amtul Bari Naeem	610,389	5.08%
Total	5,686,900	47.33%

CORPORATE SOCIAL RESPONSIBILITIES

CORPORATE PHILANTHROPY.

In recognition of its social responsibility towards mankind Company is regularly contributing reasonably to the various organizations and associations who have complete servicing infrastructure to serve the humanity and other living species.

ENERGY CONSERVATION.

Operation of sugar Mills is based on self power generation. Main criteria of energy conservation is steam consumption percent cane crushed which in case of our Mills is 51-53% at peak load days, this is termed as a very efficient energy conservation system.

In our continued quest to achieve optimum efficiency levels, all possible measures like intensive vapor bleeding, recycling of utilities, installation of various speed drives at centrifuges and cane carrier etc. are adopted, in order to conserve energy. Concerned technical personnel are regularly encouraged to participate in the seminars on energy conservation.

ENVIRONMENTAL PROTECTION MEASURES.

Being conscious to this social responsibility your Mills have undertaken following measures:

- Used water is recycled for irrigation purposes within and outside the Mills land.
- Tree plantation at Mills land to better the surrounding environment.
- Imported state of art oil skimmer has been installed to skim oil from effluent water.
- In-house environment conservation committee to keep constant watch on the Mills operations has been formed.

COMMUNITY INVESTMENT & WELFARE SPENDING FOR UNDER PRIVILEGED CLASS.

The Company is running a High School of excellent standards in the Mills residential colony for employees' children. Talented students of the adjoining areas of the Mills are also allowed admission in the said school. For growers of the area your Mills has provided a spacious place for "Kisan Hall" built by local market Committee. In addition to this entire up keep and maintenance cost of adjoining Mosque and Kisan Hall is born by the Mills.

CONSUMER PROTECTION MEASURES.

We produce good quality refined white sugar which qualifies multinational companies as well as "PSQCA" standards. Management is always very keen on implementation and execution of rules and regulation for quality maintenance. Alhamd-O-Lillah the sugar produced by our Mills is considered best quality product in the market.

EMPLOYMENT OF SPECIAL PERSONS.

To ensure regular welfare and rehabilitation of special persons to support their families as per the requirement of "Employment & Rehabilitation Ordinance 1981" the Company has established policy of hiring the "Specially abled" individuals in Mills hierarchy.

INDUSTRIAL RELATIONS.

We are maintaining very cordial and harmonious industrial relations at our Mills with the all categories of employees. CBA elections are held in time without any hurdle.

Some of the non-cash benefits available to the employees are described below:

- Five workers are sent to perform Hajj every year on Company's expense.
- Attractive retirement benefits are allowed at the age of superannuation.
- Talented children of employees are paid scholarships.
- Hygienic and clean drinking water plants has been installed at the residential colony as well as in the mills premises.
- Fair price shop is being maintained where various items are provided at subsidized rates.
- For healthy activities well maintained tennis, basket ball, badminton courts and football and cricket grounds have been arranged for the employees of the Mills.

OCCUPATIONAL SAFETY & HEALTH.

To ensure hygienic and healthy environment at the Mills there is a permanent safety committee. God forbid, in case of an accident the circumstances leading to such situation are thoroughly investigated, responsibilities are fixed and necessary improvements in the system are incorporated. Safety material is provided to the employees who may be exposed to health and safety hazards in the course of performing their duties.

BUSINESS ETHICS & ANTI CORRUPTION MEASURES.

Statement of Ethics and Business Practices is periodically circulated among all employees of the Company for compliance. There is zero tolerance towards corruption in the Mills. The Company has developed comprehensive system of check and balance. Sugarcane growers of the areas of our Mills are totally satisfied with the honesty of our employees, weighment of the sugarcane and payments thereof.

NATIONAL CAUSE DONATIONS.

The Company as a policy to assist the distressed communities regularly donate to the welfare

CORPORATE SOCIAL RESPONSIBILITIES

institutions like, Shaukat Khanum Cancer Hospital, Aziz Jehan Begum Trust for the Blinds, Sahara for Life Trust, Jinnah Hospital, Lahore, Sindh Institute of Urology & Transplantation (SIUT), Lahore General Hospital, Marie Adelaide Leprosy Centre, Fatimid Foundation, Edhi Foundation, SOS Children Village, The Layton Rahmatullah Benevolent Trust etc. etc.

CONTRIBUTION TO NATIONAL EXCHEQUER.

The management has always showed its responsibility by paying all government taxes in time without any delay. For the year ended 30 September 2020 we made our humble contribution to the National Exchequer as follows:

Description	Rupees in thousand
Income Tax	17,494
Sales Tax & Federal Excise	704,151

RURAL DEVELOPMENT PROGRAMME

Sugar Mills are located in the rural areas, therefore our all activities such as procurement of entire raw material i.e. sugarcane, spending of road cess contributions on communication networks, payments to transporters, wages to the employees etc. are directly related to the rural development.

The Company is playing pivotal role for this cause since its inception. We provide free of cost RCC pipes for culverts, anti-rodent chemicals and furrow making with ridders costing millions of rupees annually. Modern and scientific agricultural practices and machinery viz. Ridders, Deep Ploughs & Chisels are introduced free of cost to the sugarcane growers. Often reasonable expenses are incurred on roads to facilitate the growers to bring their product to the mills and purchasing centers.

REVIEW REPORT TO THE MEMBERS

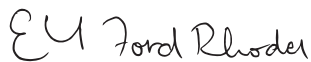
on the Statement of Compliance Contained in Listed Companies (Code Of Corporate Governance) Regulations. 2019

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



EY Ford Rhodes
Chartered Accountants
Engagement Partner: Abdullah Fahad Masood
Lahore: 04 January 2021

STATEMENT OF COMPLIANCE

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

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

1. The total number of Directors are ten (10) as per the following:

- | | | |
|----|---------|-----------|
| a. | Male: | Nine (09) |
| b. | Female: | One (01) |

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Mushtaq Ahmad ³ Mr. Suleman Lalani ³ Mr. Muhammad Salman Hussain Chawala ³ Mr. Aamir Amin ⁴
Non-Executive Directors	Mr. Mahmood Nawaz ¹ Mr. Toqueer Nawaz ² Mr. M. Naeem ² Mr. Rashed Amjad Khalid ² Mr. Cyrus R. Cowasjee ²
Executive Directors	Mr. Muneer Nawaz ² Mr. Ijaz Ahmad ²
Female Director	Mrs. Samia Shah Nawaz Idris ²

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 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. Five Directors of the Company have minimum (fourteen) 14 years of education and (fifteen) 15 years of experience on the Board of a listed Company and they are exempt from Directors' Training Program, one (1) Director has acquired certification under the Directors' Training Program. The Company, however, intends to facilitate further training for the remaining directors in near future as defined in these Regulations.

10. There were no new appointments of the Chief Financial Officer, Company Secretary and Head of Internal Audit, however, all such appointments including their remuneration and terms and conditions of employment are complied with relevant requirements of the Regulations.

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

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

Audit Committee

Mr. Mushtaq Ahmad	Chairman
Mr. Toqueer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member

Human resource and Remuneration Committee

Mr. Muhammad Salman Hussain Chawala	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Rashed Amjad Khalid	Member
Mr. Aamir Amin	Member

Human resource and Remuneration Committee has been reconstituted. Mr. Muhammad Salman Hussain Chawala, an Independent Director, had been appointed Chairman of the Committee replacing Mr. Aamir Amin.

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 | Four (04) |
| b) HR and Remuneration Committee | One (01) |


STATEMENT OF COMPLIANCE

15. The Board has set up an effective internal audit function with suitably qualified and experienced staff 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 other requirements of the Regulations 3, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with except regulation 6 as explained below;
19. We confirm that there is no non-compliance with requirements of regulations.

In addition to the mandatory and non-mandatory clauses/regulations stipulated in the Regulations, there are certain regulations/ clauses in the Regulations in which word 'may' or 'encouraged' have been used. We understand that these clauses remain recommendatory in nature and therefore, neither fall under mandatory regulations/clauses nor fall into 'comply or explain' approach. However, the Company may voluntarily comply with such regulations/clauses as at 30 September 2020, the Company has complied with certain recommendatory regulations/clauses and the Company may consider compliance with remainder of these in future.

Mandatory Requirement	Regulation No.	Explanation
Independent Director: It is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors.	6 (1)	The company adopted the concept of rounding off in general i.e. rounding off up as 1 if fraction is up to 0.5. The company's fraction is 3.33.


TOQUEER NAWAZ
Chairman


MUNEER NAWAZ
Chief Executive

Karachi: 31 December 2020

- Mr. Mahmood Nawaz passed away on 07 March 2020 and Mr. Toqueer Nawaz was co-opted as Chairman of the Board as on 11 June 2020.
- Mr. Muneer Nawaz, Mr. Ijaz Ahmad, Mr. Toqueer Nawaz, Mr. Cyrus R. Cowasjee, Mr. M. Naeem, Mr. Rashed Amjad Khalid and Mrs. Samia Shahnawaz Idris have been re-elected by the shareholders as Directors in election held on 28 May 2020 for a term of three (03) years commencing from 28 May 2020.
- Mr. Mushtaq Ahmad, Mr. Muhammad Salman Hussain Chawala and Mr. Suleman Lalani have been elected by the shareholders as Directors in election held on 28 May 2020 for a term of three (03) years commencing from 28 May 2020.
- Mr. Aamir Amin have retired on 27 May 2020 after completion of his term.
- The Board of Directors in their meeting held on 11 June 2020 has re-appointed Mr. Muneer Nawaz as the Chief Executive for a term of three (03) years commencing from 01 April 2020.

INDEPENDENT AUDITOR'S REPORT

To the members of Shahtaj Sugar Mills Limited

Report on the Audit of the Financial Statements for the year ended 30 September 2020

Opinion

We have audited the annexed financial statements of Shahtaj Sugar Mills Limited ('the Company'), which comprise the statement of financial position as at 30 September 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of the loss, total 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 Matters

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

Following are the key audit matters:

Key audit matters	Key audit matters
1. Tax Contingencies	
As disclosed in note 31 to the financial statements, certain tax matters are pending adjudication at various levels with the taxation authorities and other legal forums.	We assessed key technical tax issues and legislative developments and focused on the judgements made by management in assessing the quantification and likelihood of significant exposures and the level of liability required for specific cases. In particular, we focused on the impact of recent tax rulings and the status of on-going inspections by local tax authorities.
The aggregate amounts involved in such contingencies is Rs. 170.840 million as of 30 September 2020.	
The tax contingencies require the management to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies.	We obtained explanations from management and corroborative evidence including communication with local tax authorities. We gained an understanding of the current status of tax assessments and investigations to monitor developments in on-going disputes.

INDEPENDENT AUDITOR'S REPORT

Key audit matters	Key audit matters
1. Tax Contingencies	
Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex.	<p>We analyzed and challenged management's key assumptions, in particular on cases where there had been significant developments with local tax authorities, based on our knowledge and experience of the application of the tax legislation by the relevant authorities and courts. We also evaluated whether the liabilities and exposures for uncertain tax positions were appropriately disclosed in the financial statements.</p> <p>We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 31 to the financial statements.</p>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



EY Ford Rhodes
Chartered Accountants
Lahore: 04 January 2021

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Note	2020 (Rupees in thousand)	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	3,766,132	3,603,425
Investment in associate	7	140,373	139,023
Long-term loans and advances	8	1,180	2,006
Long-term deposits	9	1,103	1,103
Deferred taxation	10	2,115	4,110
		3,910,903	3,749,667
CURRENT ASSETS			
Stores, spares and loose tools	11	140,593	140,056
Stock-in-trade	12	258,663	293,938
Trade debts	13	55,348	108,793
Loans and advances	14	28,421	17,164
Trade deposits and short-term prepayments	15	2,016	2,755
Other receivables	16	13,600	12,000
Income tax refundable		332,231	384,705
Cash and bank balances	17	52,962	30,661
		883,834	990,072
TOTAL ASSETS		4,794,737	4,739,739
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	120,111	120,111
Share premium - capital reserve	19	27,534	27,534
Revaluation surplus on property, plant and equipment - capital reserve		1,506,111	1,506,111
General reserve and accumulated loss - revenue reserve	20	631,989	686,072
Loan from directors	21	150,000	120,000
TOTAL EQUITY		2,435,745	2,459,828
NON-CURRENT LIABILITIES			
Long-term borrowings	22	1,106,176	875,860
Loan from associates	23	110,000	190,000
Lease liabilities	24	19,898	-
Deferred grant	25	11,192	-
Retirement benefits obligations	26	32,428	31,408
		1,279,694	1,097,268
CURRENT LIABILITIES			
Trade and other payables	27	175,575	159,677
Contract liabilities	28	200,940	131,577
Unclaimed dividend		1,971	1,992
Short-term borrowings	29	471,172	485,353
Accrued interest on borrowings	30	55,561	76,688
Current maturity of long-term borrowings	22	100,664	257,388
Current maturity of lease liabilities	24	3,450	-
Provision for taxation		69,965	69,968
		1,079,298	1,182,643
TOTAL LIABILITIES		2,358,992	2,279,911
CONTINGENCIES AND COMMITMENTS	31		
TOTAL EQUITY AND LIABILITIES		4,794,737	4,739,739

The annexed notes from 1 to 47 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 (Rupees in thousand)	2019
Revenue from contracts with customers - net	32	4,539,679	4,609,540
Cost of sales	33	(4,151,015)	(4,189,472)
Gross profit		388,664	420,068
Distribution cost	34	(9,428)	(11,150)
Administrative expenses	35	(238,026)	(223,620)
Other operating expenses	36	(7,056)	(8,055)
Other operating income	37	6,172	15,121
		(248,338)	(227,704)
Operating profit		140,326	192,364
Finance cost	38	(138,785)	(129,610)
Share of profit of associate - net of tax		10,958	25,235
Profit before taxation		12,499	87,989
Taxation	39	(70,950)	(54,746)
(Loss) / profit for the year		(58,451)	33,243
(Loss) / earnings per share - basic and diluted (rupees per share)	40	(4.87)	2.77

The annexed notes from 1 to 47 form an integral part of these financial statements.

Munir Nawaz

Chief Executive

Munir Nawaz

Chief Financial Officer

Taj

Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 (Rupees in thousand)	2019
(Loss) / profit for the year		(58,451)	33,243
Other comprehensive income for the year			
Other comprehensive income not to be re-classified to profit or loss in subsequent periods:			
- Re-measurement gain on defined benefit plan (experience adjustment) - net of tax	26.1.3	2,476	1,962
- Share of associate's other comprehensive income / (loss)	7	463	(60)
- Revaluation surplus on property, plant and equipment	6.1.1	-	1,506,111
		2,939	1,508,013
Total comprehensive (loss) / income for the year		(55,512)	1,541,256

The annexed notes from 1 to 47 form an integral part of these financial statements.

Munir Nawaz

Chief Executive

Munir Nawaz

Chief Financial Officer

Taj

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Capital reserve			Revenue reserves		Directors' Loan	Total
	Share capital	Share premium	Revaluation surplus on property, plant and equipment	General reserve	Unappropriated profits / (Accumulated losses)		
	(Rupees in thousand)						
Balance as at 01 October 2018	120,111	27,534	-	1,016,000	(366,045)	-	797,600
Profit for the year	-	-	-	-	33,243	-	33,243
Other comprehensive income	-	-	1,506,111	-	1,902	-	1,508,013
Total comprehensive income for the year	-	-	1,506,111	-	35,145	-	1,541,256
Loan from directors	-	-	-	-	-	120,000	120,000
Share of associate's changes in equity (note 7)	-	-	-	-	972	-	972
Balance as at 30 September 2019	120,111	27,534	1,506,111	1,016,000	(329,928)	120,000	2,459,828
Loss for the year	-	-	-	-	(58,451)	-	(58,451)
Other comprehensive income	-	-	-	-	2,939	-	2,939
Total comprehensive loss for the year	-	-	-	-	(55,512)	-	(55,512)
Loan received from director / chief executive	-	-	-	-	-	30,000	30,000
Share of associate's changes in equity (note 7)	-	-	-	-	1,429	-	1,429
Balance as at 30 September 2020	120,111	27,534	1,506,111	1,016,000	(384,011)	150,000	2,435,745


The annexed notes from 1 to 47 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director


STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 (Rupees in thousand)	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,499	87,989
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation on operating fixed assets	6	30,301	54,425
Interest / mark-up	38	136,506	127,437
Profit on bank deposits	37	(1,897)	(630)
Share of profit of associate		(10,958)	(25,235)
Unwinding of deferred grant		(2,087)	-
Gain on disposal of property, plant and equipment	6.3	-	(375)
Provision for leave encashment	27.2	1,377	829
Provision for gratuity and retirement benefits	36	5,494	4,607
Charge / (reversal) of provision for expected credit losses	37	(576)	144
Gain on initial recognition of financial assets at fair value		(261)	(42)
		157,899	161,160
Operating profit before working capital changes		170,398	249,149
Working capital adjustments:			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(537)	(20,963)
Stock-in-trade		35,275	89,536
Trade debts		54,021	(53,443)
Loans and advances		(11,257)	20,433
Trade deposits and short-term prepayments		740	(400)
Other receivables		(1,600)	(3,600)
		76,642	31,563
Increase / (decrease) in current liabilities			
Trade and other payables		15,239	(162,266)
Contract liabilities		69,363	131,577
Cash generated from operations		331,642	250,023
Income tax paid		(17,494)	(73,763)
Interest / mark-up paid		(154,568)	(83,438)
Profit on bank deposits received		1,897	630
Leave encashment paid	27.2	(719)	(1,495)
Retirement benefits paid		(987)	(2,191)
Net cash generated from operating activities		159,771	89,766
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		(2,096)	(3,872)
Addition in capital work-in-progress		(167,180)	(216,182)
Sale proceeds from disposal of operating fixed assets	6.3	-	3,548
Decrease in loans and advances		1,087	1,364
Dividend received from associate		11,500	3,163
Net cash used in investing activities		(156,689)	(211,979)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(21)	(56)
Payment of principal portion of lease liability		(3,450)	-
Short-term borrowings repaid - net		(14,181)	(64,650)
Loan from associates (repaid) / received		(80,000)	145,000
Loan received from director / chief executive		30,000	120,000
Long-term borrowings (repaid) / obtained - net		86,871	(103,694)
Net cash generated from financing activities		19,219	96,600
Net increase / (decrease) in cash and cash equivalents		22,301	(25,613)
Cash and cash equivalents at the beginning of the year		30,661	56,274
Cash and cash equivalents at the end of the year	17	52,962	30,661

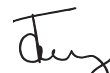
The annexed notes from 1 to 47 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 THE COMPANY AND ITS OPERATIONS

1.1 Shahtaj Sugar Mills Limited (the Company) was incorporated in Pakistan on 27 March 1965 as a public limited company under the Companies Act, 1913. Its registered office is situated at 19, Dockyard Road, West Wharf, Karachi. The Company is listed on Pakistan Stock Exchange and is engaged in the manufacture and sale of sugar whereas molasses and bagasse are its significant by-products. The business units of the Company along with their location are as follows:

Business Unit	Address
Registered Office	19, Dockyard Road, West Wharf, Karachi.
Head Office	72-C/1, M. M. Alam Road, Gulberg-III, Lahore.
Production Plant	Kuthiala Saidan, Mandi Bahauddin.

1.2 The Company is in the process to setup a bagasse based co-generation power project with an installed capacity of 32 MW. The project is being financed through a combination of debt and equity. The Company has received power generation license and upfront tariff for thirty years from the National Electric Power Regulatory Authority (NEPRA). The Company expects to commence commercial generation after obtaining approval from the competent authority and any surplus electric power, not consumed by the Company itself, will be sold to the Central Power Purchasing Agency (Guarantee) Limited (CPPA).

1.3 Covid-19 was declared a world-wide pandemic by the World Health Organization (WHO) on 11 March 2020. The measures to slow the impact of the virus have had a significant impact on global economy. The Company generates all of its revenue from sale within Pakistan and lockdown within the country has resulted in decrease in the revenue for the month of March and April 2020. However, with the relaxation of the lockdown, the Company returned back to pre-Covid operational levels. The management of the Company believes that this pandemic does not have a significant impact on the amounts recognized in the statement of financial position, the carrying values of assets and liabilities and on the going concern assumption of the Company.

2 STATEMENT OF COMPLIANCE

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

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

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

2.1 New standards, interpretations and amendments applicable to the financial statements for the year ended 30 September 2020

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 01 October 2019, as listed below. The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 14	-	Regulatory Deferral Accounts
IFRS 16	-	Leases
IFRIC 23	-	Uncertainty over Income Tax Treatments
IFRS 9	-	Prepayment Features with Negative Compensation — (Amendments)
IFRS 16	-	Covid-19-Related Rent Concessions — (Amendments)
IAS 28	-	Long-term Interests in Associates and Joint Ventures — (Amendments)
IAS 19	-	Plan Amendment, Curtailment or Settlement — (Amendments)
IFRS 3	-	Business Combinations - Previously held Interests in a joint operation — (AIP)
IFRS 11	-	Joint Arrangements - Previously held Interests in a joint operation — (AIP)

NOTES TO THE FINANCIAL STATEMENTS

- IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity — (AIP)
 IAS 23 - Borrowing costs eligible for capitalization (AIP)

The nature and effect of the changes as a result of adoption of IFRS 16 are described below. The adoption of other standards, interpretations and amendments applied for the first time in the year did not have any material impact on the financial statements of the Company.

2.1.1 IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 01 October 2019.

The effect of adoption of IFRS 16 (increase / (decrease)) is as follows:

<u>Statement of Financial Position</u>	<u>30 September 2020</u>	<u>01 October 2019</u>	<u>30 September 2019</u>
	(Rupees in thousand)		
<i>Leases previously accounted for as operating leases</i>			
Assets			
Property, plant and equipment - right-of-use assets	21,095	23,732	-
Prepayments	-	(3,450)	3,450
Liabilities			
Lease liabilities	(23,348)	(23,732)	-
Deferred taxation	654	-	-

The effect of adoption of IFRS 16 during the year ended 30 September 2020 is as

<u>Statement of Profit or Loss</u>	<u>Rupees in thousand</u>
Lease rental expense not booked	3,450
Lease financial charges	(3,065)
Depreciation - right-of-use assets	(2,637)
Impact on profit before taxation	(2,252)
Taxation	654
Impact on profit after taxation	(1,598)
Impact on earnings per share - basic and diluted (Rupees)	(0.13)

NOTES TO THE FINANCIAL STATEMENTS

The Company has lease contract for an office building. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously accounted for as operating leases

The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

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

Operating lease commitments as at 30 September 2019 (Rupees in thousand)	37,950
Weighted average incremental borrowing rate as at 01 October 2019 - %	15.11%
Lease liability as at 01 October 2019 (Rupees in thousand)	<u>23,732</u>

2.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business — (Amendments)	01 January 2020
IAS 1 and IAS 8 - Definition of material — (Amendments)	01 January 2020
IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform — (Amendments)	01 January 2020

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

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.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting	01 July 2009
IFRS 17 Standard Insurance Contracts	01 January 2023

The Company expects that above standards will not have any material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except staff retirement benefits, long term loans and advances, investment in associate and freehold land. Staff retirement benefits, loans and advances are accounted for on the basis of present value whereas the value of investment in associate has been determined by applying equity method. Freehold land is valued as described in note 6.1.

3.2 Presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to nearest thousand Rupees, unless otherwise stated.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an on going basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Impairment of financial assets

The Company assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Company measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, if applicable; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

4.2 Useful lives, pattern of economic benefits and impairments

Estimates with respect to depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Company based on similar transactions in the past and generally available market data. Further, the Company reviews the value of the asset for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

During the current year, the Company has revised remaining useful life of plant and machinery with effect from 01 October 2019. This has been accounted for as a change in accounting estimate as per IAS 8 and applied prospectively, resulting in reduction in rate of depreciation charged. Had there been no revision, the amount of depreciation and loss after tax would have been higher by Rs. (thousands) 21,190.

4.3 Staff retirement benefits

The cost of retirement benefits is determined using actuarial valuations (Projected Unit Credit Actuarial Cost Method). The actuarial valuations involve making assumptions about discount rates, expected rates

NOTES TO THE FINANCIAL STATEMENTS

of return on assets, future salary increases and mortality rates based on various economic and demographic factors and assumptions. Due to long term nature of these plans, such estimates are subject to significant uncertainty.

4.4 Provision for taxation and deferred tax

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

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

4.5 Net realizable value

The Company takes into account prevailing market prices for sugar and allied products, local and global outlook on future prices and expected sale patterns in determining its estimate of net realizable value.

Other areas where estimates and judgments are involved are disclosed in respective notes to the financial statements.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except as stated otherwise.

5.1 Property, plant and equipment

Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is stated at revalued amount. Valuations are performed by independent valuer with sufficient frequency to ensure that fair value of a revalued asset does not differ materially from its carrying amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the year in which they are incurred.

Depreciation is charged to statement of profit or loss on reducing balance method so as to write off the cost / depreciable amount of an asset over its useful life at the rates given in note 6.1. Depreciation on additions to property, plant and equipment is charged from the month on which an asset is acquired or capitalized while no depreciation is charged from the month on which the asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

Capital work-in-progress

These are stated at cost less impairment. It consists of expenditures incurred and advances paid in respect of fixed assets in the course of their construction and installation. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

5.2 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. For assets which can generally be sold in the market, the prevailing market price is used as an indicator of current recoverable amount. Technical analysis and market data is used to arrive at the recoverable amount for specialized assets.

5.3 Financial instruments - initial recognition and subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS

5.3.1 Financial assets

Financial assets - initial recognition

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

The Company's financial assets include loans and advances, deposits, trade debts, advances to employees, other receivables and cash and bank balances.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

Financial assets at amortized cost (debt instruments)

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

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

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

The Company's financial assets at amortized costs includes loans and advances, deposits, trade debts, advances to employees, other receivables and bank balances.

The Company does not have financial assets at fair value through profit or loss or fair value through OCI.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an

NOTES TO THE FINANCIAL STATEMENTS

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of comprehensive income.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

5.3.2 Financial liabilities

Financial liabilities - initial recognition

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

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

The Company's financial liabilities include long term borrowings, loan from associates, short term borrowings utilized under mark-up arrangements, creditors, accrued and other liabilities.

Financial liabilities - subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

This category applies to long term borrowings, loan from associates, short term borrowings utilized under mark-up arrangements, creditors, accrued and other liabilities.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

5.4 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is 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 assets and settle the liabilities simultaneously.

5.5 Investment in associate

Investment in associate is accounted using the equity method in accordance with the requirements of IAS-28 "Investments in Associates".

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the investor's share of net assets of the associate.

The statement profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

5.6 Stores, spares and loose tools

These are valued at lower of cost, which is calculated according to moving average method, and net realizable value. Such items are held for capital expenditure and also repair and maintenance. Provision is made for slow moving or obsolete store items based on analysis of usage patterns and prevailing prices, if required.

Stores-in-transit are valued at invoice value including other charges, if any, incurred thereon or NRV, if lower.

5.7 Stock-in-trade

These are valued at lower of cost and net realizable value.

Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Finished goods	-	Manufacturing cost comprising prime cost and an appropriate portion of production overheads
Sugar in process	-	Manufacturing cost comprising prime cost and factory overheads
Molasses	-	At net realizable value
Bagasse	-	At net realizable value
Raw material	-	At cost
Stocks at fair price shop	-	At subsidized selling prices

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and estimated costs necessary to be incurred for its sale.

5.8 Trade debts

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

5.9 Loan and advances

Long term loans and advances are recognized and carried at present value as at the year end, which is calculated using the average borrowing cost of Company. Loss on initial recognition being the difference between present value and carrying value is charged to profit and loss. Short term loans and advances are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS

5.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at the book value which approximates their fair value.

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and cash at banks on current, savings and deposit accounts.

5.11 Taxes

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits rebates and exemptions available, if any, minimum tax and alternative corporate tax (ACT), whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Advance tax asset or liability for the current and prior periods is measured at the amount expected to be recovered or paid to tax authorities. The tax rates and tax laws used to compute the tax expense are those that are enacted or substantively enacted by the statement of financial position date.

Deferred

Deferred tax is provided in full using the statement of financial position method on all temporary differences arising at the reporting date, between the tax basis of the assets and liabilities and their carrying amounts for financial reporting purpose.

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 future taxable profits will be available against which the deductible temporary differences can be utilized.

The carrying amount of all deferred tax assets is reviewed at each reporting 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 assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered. The tax rates enacted or substantively enacted at the reporting date are used to determine deferred tax.

Sales tax / excise duty

Revenues, expenses and assets are recognized net of the amount of sales tax / FED except:

- Where the sales tax / FED incurred on a purchase of assets or services is not recoverable from the taxation authority.
- Receivables and payables that are stated with the amount of sales tax / FED included.

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

5.12 Borrowings and finance cost

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on an effective interest rate method and included in accrued expenses.

All mark-up, interest and other charges on long term and short term borrowings are charged to income in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as per IAS 23 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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.13 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

5.14 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupee at the rates of exchange approximating those prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupee at the rates of exchange approximating those prevailing at the reporting date. Profit or loss arising on translation is recognized in the statement of profit or loss currently.

5.15 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation 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 of which reliable estimate can be made. The expense relating to provision is presented in profit and loss net of any reimbursements. The management expects that time value of money is not material and no discounting of provision is made by the Company.

5.16 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts.

Revenue from contracts with customers

Revenue from sale of goods is recognized at a point in time when control of the goods is transferred to the customer, generally on dispatch of goods to customers.

Interest

Income from bank deposits and loans and advances is recognized on accrual basis.

Dividend

Income is recognized when the right to receive a payment is established.

5.17 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

5.18 Staff retirement benefits

Provident fund

The Company operates a defined contributory approved provident fund scheme constituted in 1969 under the West Pakistan (Standing Orders) Ordinance, 1968 for those employees who have opted for the same. The Company and the employees both make equal monthly contributions to the fund at the rate of 10% of the basic salary.

Gratuity scheme

The Company maintains an unfunded and unapproved gratuity scheme since 1969, for those eligible employees who have not joined the provident fund scheme. This represents the incremental portion of the basic salaries of those eligible employees for the relevant periods. No actuarial valuation has been carried out as management considers that adequate provision has been made in the accounts to cover the liability and in management's opinion the recorded liability will not be significantly different from the liability to be determined by actuary in view of number of the employees and their respective period of employment left with the Company and their entitlement to the benefit.

Other retirement benefit scheme

The Company also maintains an unfunded and unapproved retirement benefit fund under which retirement benefits are payable on cessation of employment, subject to minimum qualifying period of service. The allocations are made to the fund in accordance with the actuary's recommendations based on the actuarial valuation of the fund.

Actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts

NOTES TO THE FINANCIAL STATEMENTS

recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income / (expense). All other changes in the net defined benefit asset / (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss. The scheme covers all eligible permanent and seasonal employees.

The defined benefit liability comprises the present value of the defined benefit obligation as at 30 September 2020.

5.19 Compensated absences

The Company accounts for the compensated absences on the basis of un-availed earned leave balance of each employee at the end of the year.

5.20 Dividend distribution and appropriation

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

5.21 Operating segments

Based on the information provided to the chief operating decision maker (the CEO), the company considers its operations as a single operating segment and disclosures are presented accordingly. The co-generation power project is in progress as disclosed in note 1.2 and related assets are disclosed in note 6.2 while related liabilities are disclosed in note 22.1 and 22.2. Borrowing cost relating to this project not capitalized during current year amounts to Rs. (thousand) 19,600. Once completed, the power project shall be treated as a separate segment.

NOTES TO THE FINANCIAL STATEMENTS

6.1.1 Revaluation of freehold land had been conducted on 30 June 2019 by Hamid Mukhtar & Company (Private) Limited, valuer on panel of State Bank of Pakistan and Pakistan Engineering Council, creating revaluation surplus of Rs. (thousand) 1,506,111 over carrying value of the land amounting to Rs. (thousand) 2,364.

6.1.2 Had there been no revaluation, written down values of assets as at 30 September 2020 would have been as follows:

	<u>Cost</u>	<u>Net book value</u>
	<u>(Rupees in thousand)</u>	
Land-free hold	<u>2,364</u>	<u>2,364</u>

6.1.3 Forced Sale Values of the assets under "Revaluation" amounts to Rs. (thousand) 1,282,204.

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		<u>(Rupees in thousand)</u>	
6.1.4 Allocation of depreciation charge for the year			
Cost of sales	33	<u>23,954</u>	50,399
Administrative expenses	35	<u>6,347</u>	4,026
		<u>30,301</u>	<u>54,425</u>

6.2 Capital work-in-progress

2020	Note	As at 01 October 2019	Additions / Transfers	Transfers to Operating Fixed Assets	As at 30 September 2020
<u>(Rupees in thousand)</u>					
Civil works and buildings		62,455	716	-	63,171
Plant and machinery	6.2.1	1,177,922	30,720	-	1,208,642
Other directly attributable overheads	6.2.2	317,447	154,690	-	472,137
Advances to suppliers		68,490	(18,946)	-	49,544
		<u>1,626,314</u>	<u>167,180</u>	<u>-</u>	<u>1,793,494</u>
2019		As at 01 October 2018	Additions / Transfers	Transfers to Operating Fixed Assets	As at 30 September 2019
<u>(Rupees in thousand)</u>					
Civil works and buildings		51,074	11,381	-	62,455
Plant and machinery	6.2.1	1,103,057	74,865	-	1,177,922
Other directly attributable overheads	6.2.2	172,222	145,225	-	317,447
Advances to suppliers		83,779	(15,289)	-	68,490
		<u>1,410,132</u>	<u>216,182</u>	<u>-</u>	<u>1,626,314</u>

6.2.1 This includes spares held for capitalization amounting Rs. (thousand) 262,198 (2019: Rs. (thousand) 252,513).

6.2.2 The closing balance of capital work-in-progress relates to the co-generation power project. Additions in other directly attributable overheads include borrowing costs of Rs. (thousand) 131,920 (2019: Rs. (thousand) 142,994) relating to specific financing for the co-generation power project, at the rate of 3 to 6 months KIBOR plus 1.25% per annum.

6.3 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Particulars of purchaser	Mode of Disposal
<u>(Rupees in thousand)</u>							
2020	-	-	-	-	-		
2019	9,512	6,339	3,173	3,548	375		

NOTES TO THE FINANCIAL STATEMENTS

- 8.1** This comprises of interest free loans to employees for purchase of vehicles, repayable in 50 or 60 equal monthly instalments. Fair value of long-term loans represents the net present value of all future cash flows discounted at 11% per annum (2019: 12% per annum) being the estimated annual borrowing cost of the Company. No loan has been granted to Chief Executive, Directors and Executives of the Company during the year (2019: Rs. Nil).

9 LONG-TERM DEPOSITS

This consists of unsecured, non-interest bearing long-term deposits paid to utility companies and other Government agencies. These balances have not been discounted as the impact of time value of money is considered to be immaterial.

	Note	2020	2019
		(Rupees in thousand)	
10 DEFERRED TAXATION			
This comprises:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		(102,583)	(105,800)
Lease liabilities - net		654	-
		<u>(101,929)</u>	<u>(105,800)</u>
Deferred tax assets on deductible temporary differences			
Gratuity and retirement benefits		9,403	9,108
Leave encashment		4,064	3,873
Allowance for expected credit losses / provision for doubtful debts		-	167
Taxable losses carried forward		74,896	80,526
Minimum tax credits carried forward		15,681	16,236
		<u>104,044</u>	<u>109,910</u>
Net deferred tax asset		<u>2,115</u>	<u>4,110</u>

- 10.1** Deferred tax income amounting to Rs. (thousand) 1,011 (2019: Rs. (thousand) 801) on remeasurement of defined benefit plan is recognized in other comprehensive income.

- 10.2** The aggregate unused tax losses and minimum tax credits available to the Company for set off against future taxable profits as at 30 September 2020 amount to Rs. (thousand) 258,262 and Rs. (thousand) 260,408 respectively. Of these, deferred tax assets on unused tax losses and minimum tax credits amounting to Rs. (thousand) 258,262 and Rs. (thousand) 15,681 respectively, have been recognized resulting in deferred tax asset (gross) of Rs. (thousand) 90,577. Expiry of minimum tax credits for which no deferred tax asset has been recognized are as follows:

Tax Year	Nature	2020	2019
		(Rupees in thousand)	
2022	Minimum tax credit	45,674	45,674
2025	Minimum tax credit	69,491	69,491
2026	Minimum tax credit	68,239	-
		<u>183,403</u>	<u>115,165</u>

- 10.3** In addition, the Company has not availed potential benefit of carry forward minimum tax amounting to Rs. (thousand) 61,324 (2019: Rs. (thousand) Rs. 99,172) as it is not probable that such benefit would be available considering the decision of Honorable Sindh High Court in respect of carry forward of minimum tax not being available if in a tax year the Company has losses due to which no tax is payable.

	Note	2020	2019
		(Rupees in thousand)	
11 STORES, SPARES AND LOOSE TOOLS			
Stores		22,395	23,436
Spares		378,336	367,079
Loose tools		2,060	2,054
		<u>402,791</u>	<u>392,569</u>
Less: Spares held for capital expenditure		<u>(262,198)</u>	<u>(252,513)</u>
		<u>140,593</u>	<u>140,056</u>

NOTES TO THE FINANCIAL STATEMENTS

	Note	2020 (Rupees in thousand)	2019
12 STOCK-IN-TRADE			
Sugar refined		183,795	239,222
Bagasse		65,264	49,720
		249,059	288,942
Sugar-in-process		8,706	4,183
Molasses-in-process		202	75
		8,908	4,258
		257,967	293,200
Insecticide		60	58
Stock at fair price shop		636	680
		696	738
		258,663	293,938
13 TRADE DEBTS			
Unsecured - considered good			
Related party	13.1	-	-
Others		55,348	108,793
		55,348	108,793
Considered doubtful - others		-	576
Allowance for expected credit losses / provision for doubtful debts		-	(576)
		-	-
		55,348	108,793

13.1 No amount is receivable from the Chief Executive, Directors and Executives of the Company (2019: Rs. Nil).

13.2 Maximum aggregate receivable balance of Shezan International Limited (related party), at the end of any month, during the year was Rs. Nil (2019: Rs. (thousand) 23,320).

	Note	2020 (Rupees in thousand)	2019
13.3 Allowance for expected credit losses / provision for doubtful debts			
Balance as at 01 October		576	-
IFRS 9 adjustment		-	432
Charge for the year	36	-	144
Reversal	13.3.1	(576)	-
Balance as at 30 September		-	576

13.3.1 The reversal relates to the recovery of trade receivable balances. Amounts due at 30 September 2020 have all been recovered subsequent to year end.

	Note	2020 (Rupees in thousand)	2019
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14 LOANS AND ADVANCES

Advances - considered good - unsecured			
- To employees	14.1	1,995	3,396
- To contractors		1,033	1,449
- To suppliers		23,777	10,509
		26,805	15,354
Current maturity of long-term advances	8	1,616	1,810
		28,421	17,164

14.1 No advance has been granted to Directors, Chief Executive and Executives of the Company (2019: Rs. Nil).

NOTES TO THE FINANCIAL STATEMENTS

	Note	2020 (Rupees in thousand)	2019
15	TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Prepayments		1,813	2,371
PD Accounts	14.1	203	384
		<u>2,016</u>	<u>2,755</u>
16	OTHER RECEIVABLES		
Bank guarantee margin	8	<u>13,600</u>	<u>12,000</u>
17	CASH AND BANK BALANCES		
Cash in hand		-	1
Cash at banks			
- Current accounts		52,888	29,807
- PLS savings accounts	17.1	74	853
		<u>52,962</u>	<u>30,661</u>

17.1 Rates of profit on PLS savings accounts range from 4.63% to 11.25% (2019: 6.56% to 10.31%) per annum.

	Note	2020 (Rupees in thousand)	2019
18	SHARE CAPITAL		
Authorized			
15,000,000 (2019: 15,000,000) ordinary shares of Rs. 10/- each		<u>150,000</u>	<u>150,000</u>
Issued, subscribed and paid up			
4,560,156 (2019: 4,560,156) ordinary shares of Rs. 10/- each fully paid in cash		<u>45,602</u>	<u>45,602</u>
150,000 (2019: 150,000) ordinary shares of Rs.10/- each issued to PICIC on conversion of loan	18.2	<u>1,500</u>	<u>1,500</u>
7,300,940 (2019: 7,300,940) ordinary shares of Rs.10/- each issued as fully paid bonus shares		<u>73,009</u>	<u>73,009</u>
		<u>120,111</u>	<u>120,111</u>

18.1 Number of ordinary shares held by M/s Shezan Services (Private) Limited, an associated undertaking, are 322,246 (2.68%) (2019: 285,646 (2.38%)).

18.2 During the year ended 30 September 1983, the Company issued 150,000 ordinary shares to Pakistan Industrial Credit and Investment Corporation (PICIC), with a face value of Rs.10/- each, as conversion of outstanding loan at the rate of Rs. 15.34 per share. The conversion was made in accordance with loan agreement, whereby, PICIC had the option to convert its outstanding loan into ordinary shares of the Company. The premium of Rs. 5.34 per share has been shown under share premium - capital reserve account.

19 SHARE PREMIUM - CAPITAL RESERVE

This reserve can be utilized by the Company only for the purposes specified in section 81 (2) of the Companies Act, 2017.

	Note	2020 (Rupees in thousand)	2019
20	GENERAL RESERVE AND ACCUMULATED LOSS - REVENUE RESERVE		
General reserve			
- At the beginning of the year		1,016,000	1,016,000
- Transferred from unappropriated profits		-	-
		<u>1,016,000</u>	<u>1,016,000</u>
Accumulated losses		<u>(384,011)</u>	<u>(329,928)</u>
		<u>631,989</u>	<u>686,072</u>
21	LOAN FROM DIRECTORS		
Mr. Mahmood Nawaz (Late)		20,000	20,000
Mr. Muneer Nawaz (Chief Executive)		90,000	60,000
Mr. M. Naeem (Non-Executive Director)		20,000	20,000
Mr. Rashed Amjad Khalid (Non-Executive Director)		20,000	20,000
		<u>150,000</u>	<u>120,000</u>

NOTES TO THE FINANCIAL STATEMENTS

This represents unsecured, interest free loan given by directors to meet the liquidity requirements of the Company. The loan is repayable at the discretion of the Company. In line with Technical Release - 32 (TR-32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), the loan is classified as part of equity.

	Note	2020	2019
(Rupees in thousand)			
22	LONG-TERM BORROWINGS - SECURED		
Loan - I	22.1	933,248	933,248
Loan - II	22.2	150,000	200,000
Loan - III	22.3	123,592	-
		1,206,840	1,133,248
Current maturity		(100,664)	(257,388)
		1,106,176	875,860

22.1 This represents a long-term syndicated term finance facility amounting to Rs. 1,956 million obtained from a consortium of banking companies comprising MCB Bank Limited, United Bank Limited and Bank AL Habib Limited (the consortium). The facility is secured against first mortgage charge over properties and first pari passu hypothecation charge over hypothecated assets in favor of the syndicate for the purpose of co-generation power project with 25% margin limited to Rs. 2,608 million. Markup is chargeable at a rate of 6 month KIBOR + 1.25% per annum semi-annually with a two years grace period. The loan was originally repayable in ten equal semi-annual installments starting from August 2019. During the year, the Company has entered into supplemental agreement with the consortium, as a result of which, further two years grace period has been granted to the Company for principal repayment. As a result of the supplemental agreement with consortium, the facility is also secured against personal guarantee from Mr. Muneer Nawaz, CEO / Director of the Company.

22.2 This represents a long term loan amounting to Rs. 200 million obtained from MCB Bank Limited for BMR of machinery. Markup is chargeable at a rate of 3 month KIBOR + 1.25% per annum quarterly. This facility is secured against first pari passu charge over present and future plant and machinery with 25% margin limited to Rs. 267 million. The loan is repayable in sixteen equal quarterly installments commencing from November 2019 after a grace period of one year.

22.3 The Company has obtained term finance under refinance scheme for payment of wages and salaries to the workers and employees of business concerns of up to Rs. (thousand) 135,103 (2019: Rs. Nil) to finance wages and salaries of permanent, contractual and daily wage employees for six months from April 2020 to September 2020 (2019: Nil). This facility carries markup at SBP rate + 2% and 3% per annum payable quarterly whereas the principal is repayable in eight equal quarterly installments starting from January 2021. The facility is secured against ranking charge over fixed assets at 25% margin.

	Note	2020	2019
(Rupees in thousand)			
23	LOAN FROM ASSOCIATES - UNSECURED		
Shezan Services (Private) Limited		110,000	90,000
Shahnawaz (Private) Limited		-	100,000
	23.1	110,000	190,000

23.1 The loan is repayable on 31 December 2021 and markup is chargeable at a rate of 8.25% (2019: 8.25%) per annum for Shezan Services (Private) Limited.

24 LEASE LIABILITIES

This represents liability recognized against right-of-use assets (i.e. rented premises) as a result of adoption of IFRS 16 - Leases. The effective interest rate used as the discounting factor (i.e. incremental borrowing rate) is 15.11%. The amount of future payments and the period during which they will become due are:

	Note	2020	2019
(Rupees in thousand)			
Period ending 30 September			
2021		3,450	-
2022		4,313	-
2023		4,313	-
2024	23.1	4,313	-
2025 onwards		21,563	-
		37,952	-
Less: Future finance charges		(14,604)	-
		23,348	-
Less: Current maturity shown under current liabilities		(3,450)	-
		19,898	-

NOTES TO THE FINANCIAL STATEMENTS

24.1 Minimum Lease Payments (MLP) and their Present Value (PV) are as follow:

	2020		2019	
	MLP (Rupees in thousand)	PV of MLP (Rupees in thousand)	MLP (Rupees in thousand)	PV of MLP (Rupees in thousand)
Due not later than 1 year	3,450	385	-	-
Due later than 1 year but not later than 5 years	12,939	7,611	-	-
Due later than 5 years	21,563	12,286	-	-
	37,952	20,282	-	-

25 DEFERRED GRANT

This represents deferred grant recognized on loan received from Bank Alfalah Limited at below market interest rate under SBP refinance scheme for payment of wages and salaries to the workers and employees of business concerns (as described in Note 22.3).

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Movement during the year is as follows:			
Opening balance		-	-
Amount recognized as deferred grant during the year		13,279	-
Amount recognized as income during the year	37	(2,087)	-
Closing balance		11,192	-

26 RETIREMENT BENEFITS OBLIGATION

Staff retirement benefits	26.1	32,120	31,062
Gratuity	26.2	308	346
		32,428	31,408

26.1 The amounts recognized in the statement of financial position are as follows:

Present value of defined benefit obligation	26.1.1	32,120	31,062
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26.1.1 Movement in present value of defined benefit obligation

Present value of defined benefit obligation as at 01 October		31,062	31,214
Current service cost		1,678	1,682
Interest cost		3,823	3,089
Benefits paid		(956)	(2,160)
Experience adjustment		(3,487)	(2,763)
Present value of defined benefit obligation as at 30 September	26.1.3	32,120	31,062

26.1.2 Charge to statement of profit or loss

Current service cost		1,678	1,682
Interest cost on defined benefit obligation		3,823	3,089
Expense for the year		5,501	4,771

26.1.3 Remeasurements recognized in other comprehensive income

Experience adjustment		(3,487)	(2,763)
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26.1.4 Significant actuarial assumptions

Valuation discount rate	% per annum	9.75%	12.50%
Salary increase	% per annum	12.50%	11.50%
Average duration of the defined benefit obligation	years	3	3

NOTES TO THE FINANCIAL STATEMENTS

	2020	2019	2018	2017	2016	2015
	(Rupees in thousand)					
26.1.5 Experience adjustment on defined benefit obligation for current and previous five years:	(3,487)	(2,763)	(3,898)	731	(44)	1,893
26.1.6 Present value of defined benefit obligation for current and previous five years:	32,120	31,062	31,214	31,728	27,934	27,104

	2020	2019
	(Rupees in thousand)	
26.1.7 Year end sensitivity analysis (± 100 bps) on defined benefit obligation		
Discount rate + 100 bps	(942)	(885)
Discount rate - 100 bps	1,001	1,000
Salary increase + 100 bps	1,001	1,000
Salary increase - 100 bps	(959)	(900)

26.1.8 Estimated charge to statement of profit or loss for the year ending 30 September 2021 is Rs. (thousand) 4,907.

	Note	2020	2019
		(Rupees in thousand)	
26.2 The amount recognized in the statement of financial position is as follows:			
Net liability at the beginning of the year			
Charge to statement of profit or loss		346	541
Benefits paid		(7)	(164)
Net liability at the year end		(31)	(31)
		<u>308</u>	<u>346</u>

27 TRADE AND OTHER PAYABLES

Creditors			
Provision for leave encashment	27.1	56,678	62,419
Accrued expenses	27.2	14,013	13,355
Security deposits		18,667	8,090
Sales tax / special excise duty payable		-	4,500
Workers' Profit Participation Fund		74,161	58,012
Workers' Welfare Fund	27.3	155	3,303
Withholding tax payable	27.4	1,399	-
Other liabilities		440	-
	27.5	10,062	9,998
		<u>175,575</u>	<u>159,677</u>

27.1 This includes amount payable to Shahnawaz (Private) Limited amounting to Rs. Nil (2019: Rs. (thousand) 31), related party of the Company.

	Note	2020	2019
		(Rupees in thousand)	
27.2 Provision for leave encashment			
Balance at the beginning of the year		13,355	14,021
Add: Allocation for the year		1,377	829
Less: Amount paid during the year		(719)	(1,495)
Balance at the end of the year		<u>14,013</u>	<u>13,355</u>
27.3 Workers' Profit Participation Fund			
Balance at beginning of the year		3,303	-
Add: Allocation for the year	36	155	3,303
		<u>3,458</u>	<u>3,303</u>
Add: Interest on fund utilized in the Company's business	38	121	-
		<u>3,579</u>	<u>3,303</u>
Less: Amount paid to the Fund		(3,424)	-
Balance at end of the year		<u>155</u>	<u>3,303</u>

NOTES TO THE FINANCIAL STATEMENTS

	Note	2020 (Rupees in thousand)	2019
27.4 Workers' Welfare Fund			
Balance at beginning of the year		-	4,635
Add: Allocation for the year	36	1,399	-
		1,399	4,635
Less: Amount paid during the year		-	(3,886)
Reversal of excess provision during the year	37	-	(749)
Balance at end of the year		1,399	-

27.5 This includes Rs. (thousand) 9,755 deducted from the salaries of the employees for the purchase of vehicles (2019: Rs. (thousand) 9,196), which is payable on demand.

28 CONTRACT LIABILITIES

28.1 This represents advance consideration received from customers in ordinary course of business. This includes Rs. (thousand) 51,387 received from Shezan International Limited, a related party (2019: Rs. (thousand) 24,651).

28.2 Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period amounts to Rs. (thousand) 131,577.

29 SHORT-TERM BORROWINGS - SECURED

The aggregate facility of short-term borrowings available from commercial banks is Rs. (thousand) 3,020,000 (2019: Rs. (thousand) 2,364,000). These facilities are secured against pledge over stock. The un-utilized portion of the said facility amounts to Rs. (thousand) 2,548,828 (2019: Rs. (thousand) 1,878,647).

The rates of markup range between 1 month / 3 months KIBOR + 0.65% to 1 month / 3 months KIBOR + 0.75% (2019: 1 month / 3 months KIBOR + 0.65% to 1 month / 3 months KIBOR + 0.75%) per annum.

The aggregate facility for letters of credit and guarantees amounts to Rs. (thousand) 10,000 (2019: Rs. (thousand) 10,000) and Rs. (thousand) 5,000 (2019: Rs. (thousand) 5,000), respectively. Out of total facilities available, the unutilized facility for letters of credit and guarantees amounts to Rs. (thousand) 8,386 (2019: Rs. (thousand) 10,000) and Rs. (thousand) 5,000 (2019: Rs. (thousand) 5,000), respectively.

	2020 (Rupees in thousand)	2019
30 ACCRUED INTEREST ON BORROWINGS		
Accrued interest on:		
- Long-term borrowings	16,370	30,599
- Loan from associates - Shezan Services (Private) Limited	12,853	5,127
- Loan from associates - Shah Nawaz (Private) Limited	9,872	9,822
- Short-term borrowings	16,466	31,140
	55,561	76,688

31 CONTINGENCIES AND COMMITMENTS

Contingencies

The Company, based on legal advice and its assessment of facts of the case, expects favorable outcome in the matters described below; accordingly no provision has been recognized:

Non-tax contingencies (aggregate exposure: Rs. (thousand) 52,000)

- i) A penalty amounting to Rs. 19.5 million has been imposed by the Cane Commissioner for late payments of road cess for the crushing season 1997-98 and 1998-99. The Company filed an appeal before the Secretary Food against this demand, who has remanded the case back to the Cane Commissioner on 17 July 2008 for re-examination.
- ii) A provision for cane quality premium payable to growers, aggregating to Rs. 19.8 million, related to various yearly notifications issued by the Government of Punjab (GoP) for fixation of cane support prices and quality premiums above the 'benchmark average recovery, made during the financial year 1981-82 to 1994-95, were written-back vide Honorable Lahore High Court Order dated 22 December 1994. The Company has not received any demand in this respect since many years.
- iii) The Company has challenged a notice issued by the Administrator TMA Mandi Bahauddin for levy of property tax amounting to Rs. 1.1 million and obtained stay order from Honorable Lahore High Court on 07 April 2015 against recovery proceedings.

NOTES TO THE FINANCIAL STATEMENTS

- iv) Market committee fee payable by the Company has been recorded at Rs. 5 per metric ton. However, an order dated 29 December 2017 has been received by the Company for increase of rate to Rs. 10 per metric ton. Based on legal advisor's opinion, management is confident of favorable outcome of the case. Therefore no provision has been recorded for the additional fee amounting to Rs. 11.6 million which would have been payable at the increased rate.
- v) Punjab Anti-Corruption Establishment (ACE) issued notice to the Company, dated 07 September 2020 in relation to an inquiry, and required to furnish financial records for the year 2017, 2018 and 2019. The Company has filed an appeal before Honorable Lahore High Court and a stay order has been granted in favor of the Company stopping the ACE from further action. Based on the advice of legal advisor, the management expects no material impact on these financial statements.

Tax contingencies (aggregate exposure: Rs. (thousand) 170,840)

- vi) An assessment order under section 52/86 of the Income Tax Ordinance, 1979 (the repealed ordinance) was passed for assessment year 1996-97 creating a tax demand of Rs. 23 million for non-deduction of tax under section 50(4) of the repealed Ordinance while making payment against purchase of plant and machinery. The said order was contested before the appellate forums. Resultantly, Appellate Tribunal Inland Revenue (ATIR) decided the appeal in favour of company on point of time limitation against which the department has filed a reference application before the Lahore High Court on 17 July 2008 which is pending adjudication.
- vii) While finalizing the assessment for assessment year 2000-01, various additions were made by the assessing officer creating a tax exposure of Rs. 56.5 million which were contested before the appellate forums (CIT (Appeals) and ATIR). The Company and the department have filed reference applications before the Honorable Lahore High Court on 06 November 2009 against the respective decisions where the cases are pending adjudication.
- viii) ATIR has decided various appeals vide consolidated order dated 26 November 2015 for the tax years 2010, 2011, 2012 and 2014 relating to various matters including WWF, Directors' fee, minimum tax, advance tax and refund adjustment aggregating to Rs. 5 million rejecting / partially accepting the contentions of the Company against which the Company / tax authorities have filed reference applications before the Lahore High Court on 29 January 2016 which are pending adjudication.
- ix) The company has filed a reference application in respect of tax year 2010 before the Honorable Lahore High Court on 04 March 2011 against the confirmation of order levying WWF amounting to Rs. 1.1 million for tax year 2010 which is pending adjudication.
- x) In respect of tax year 2008, amended order was passed on 05 August 2014 by the tax department by creating tax demand of Rs. 36 million. Against the said order, the Company filed a writ petition before the Honorable Lahore High Court by taking plea that the amended order was passed after the time period as prescribed under section 122(2) of the Income Tax Ordinance 2001, hence the same is time barred, which is pending for adjudication.
- xi) The Deputy Commissioner Inland Revenue (DCIR) had made a demand of Rs. 12.6 million in respect of Special Excise Duty at market rate for the period from 01 July 2008 to 31 May 2010 against which the Company has filed an appeal at ATIR on 02 August 2013 which was decided in Company's favor vide order dated 09 January 2020. Being aggrieved by the said order, the department has filed an appeal before the honorable Lahore High Court which is pending adjudication.
- xii) The Additional Commissioner Inland Revenue (ADCIR) issued order under section 122(4)/122(5A) of the Ordinance for the tax year 2009, disallowed certain expenses and assessed taxable income and tax demand amounting to Rs. 216.8 million and Rs. 13.5 million respectively. The company being aggrieved from the order passed by the ADCIR, filed an appeal before Commissioner Inland Revenue Appeals (CIRA) who vide order dated 18 April 2018 provided partial relief to the company. The department has filed an appeal before ATIR on 05 June 2018 which is pending adjudication.

Further, the case of the company was selected by the Commissioner for audit of its income tax affairs of tax year 2009 under section 177 of the Ordinance. The taxpayer against the selection, had filed writ petition before the Honorable Lahore High Court (LHC) which was decided vide order dated 27 May 2015 in favor of the department. Against the said order of the Honorable LHC, the Company filed intra Court appeal before the Honorable LHC which was decided in the favor of the department. Subsequently, show

NOTES TO THE FINANCIAL STATEMENTS

cause notice was issued by the Learned DCIR on 11 December 2018. The taxpayer in response to the show cause notice has submitted replies. The learned DCIR after verifying the reply and record submitted by the company passed an order under section 122(1)/122(5) of the Ordinance dated 31 January 2019 by making addition under section 174(2) and 21(h) of the Ordinance amounting to Rs. 8.2 million, resultantly, the net tax demand of Rs. 15.7 million was created. Being aggrieved with the aforesaid order dated 31 January 2019, the company has filed an appeal before the learned CIR(A), which is pending adjudication.

- xiii) The ADCIR issued order under section 122(9)/122(5A) of the Ordinance on 28 February 2018 for the tax year 2012, disallowed certain expenses claimed against income amounting to Rs. 6 million and created income tax demand of Rs. 2.2 million. The company being aggrieved from the order passed by the ADCIR, filed an appeal on 02 March 2018 before CIRA which is pending adjudication.
- xiv) The DCIR had created demand under section 161 of the Ordinance, for the tax year 2013, amounting to Rs. 1.33 million created vide order dated 04 February 2020. Being aggrieved, the company preferred appeal before CIR(A) who vide order dated 30 July 2020 remanded back the proceedings to the concerned officer, which has not yet initiated.
- xv) The DCIR issued order under section 122(1) of the Ordinance on 30 October 2017 for the tax year 2014, disallowed certain expenses and assessed loss to Rs. 21.07 million and refundable to Rs. 36.9 million. The company being aggrieved from the order passed by the DCIR, filed an appeal before CIRA on 29 November 2017 which is pending adjudication.
- xvi) The DCIR has passed an order under section 11 of the Sales Tax Act, 1990, due to non-chargeability of further tax in respect of sales to unregistered person for certain months from January 2017 to June 2018; whereby, the Company is required to pay outstanding sales tax demand of Rs. 1,095,600 and penalty of Rs. 54,780. The Company has preferred an appeal before the learned CIR (A) who vide order dated 23 January 2020 confirmed the levy of further tax. Against the said order, the Company filed appeal before the ATIR which is pending for adjudication.
- xvii) The DCIR has passed an order under section 161(1A) of the Income Tax Ordinance, 2001 for tax year 2015 creating income tax demand of Rs. 1.4 million. The Company has preferred an appeal, against the above said order, before the learned CIR (A), Lahore, which is pending adjudication.

Commitments

The Company's commitments for letters of credit amounts to Rs. (thousand) 1,614 (2019: Rs. Nil) which relates to machinery equipment.

	2020	2019
	(Rupees in thousand)	
32 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET		
Sugar	4,672,553	4,690,493
Molasses	445,700	313,175
Bagasse	112,526	143,392
Press mud	21,265	6,870
	5,252,044	5,153,930
Less:		
Brokers' commission on sugar	8,214	9,792
Sales tax / federal excise duty	701,361	531,143
Withholding tax on sales	2,790	3,455
	712,365	544,390
	4,539,679	4,609,540

- 32.1** The Company generates revenue from sale within Pakistan only. All the revenue is recognized at a point in time.

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	Note	2020 (Rupees in thousand)	2019
33 COST OF SALES			
Cost of sugarcane procurement		3,671,468	3,626,362
Process materials		43,459	49,840
Fuel and power		35,298	28,728
Stores and spares consumed		59,816	57,583
Repair and maintenance		7,488	13,875
Salaries, wages and other benefits	33.1	217,360	205,554
Company's contribution to provident fund		2,254	2,180
Rent, rates and taxes		1,331	1,285
Insurance		5,489	9,212
Depreciation	6.1.4	23,954	50,399
Conveyance and traveling		9,760	8,969
Other expenses		6,041	6,446
		4,083,718	4,060,433
Add: Opening stock of sugar and by-products in process	12	4,258	3,236
Less: Closing stock of sugar and by-products in process	12	(8,908)	(4,258)
Cost of sugar manufactured		4,079,068	4,059,411
Packing materials consumed		32,064	39,229
Cost of sugar bagged		4,111,132	4,098,640
Add: Opening stock of sugar and by-products	12	288,942	379,774
Less: Closing stock of sugar and by-products	12	(249,059)	(288,942)
		4,151,015	4,189,472

33.1 Salaries, wages and other benefits includes Rs. (thousand) 38 (2019: Rs. (thousand) 543) in respect of leave encashment.

	Note	2020 (Rupees in thousand)	2019
34 DISTRIBUTION COSTS			
Salaries, wages and other benefits	34.1	4,038	3,810
Company's contribution to provident fund		40	37
Insurance		1,628	2,339
Sugar bag handling		3,722	4,963
Other expenses		-	1
		9,428	11,150

34.1 Salaries, wages and other benefits include Rs. (thousand) 25 (2019: Rs. (thousand) 15) in respect of leave encashment.

	Note	2020 (Rupees in thousand)	2019
35 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	35.1	190,757	176,112
Company's contribution to Provident Fund		2,922	2,915
Directors fee		1,520	1,120
Fuel and power		3,141	3,047
Repair and maintenance		4,293	3,719
Printing and stationery		3,003	2,287
Postage and telephone		1,903	2,139
Insurance		1,012	1,140
Utilities		231	159
Rent, rates and taxes		575	4,178
Auditor's remuneration	35.2	2,281	2,269
Legal and professional charges		4,302	4,736
Donations	35.3	1,273	488
Depreciation - owned assets	6.1.4	3,710	4,026
Depreciation - right-of-use assets	6.1.4	2,637	-
Conveyance and travelling		9,281	9,888
Other expenses		5,185	5,397
		238,026	223,620

NOTES TO THE FINANCIAL STATEMENTS

35.1 Salaries, wages and other benefits include Rs. (thousand) 1,314 (2019: Rs. (thousand) 271) in respect of leave encashment.

	2020	2019
	(Rupees in thousand)	
35.2 Auditor's remuneration		
Audit fee	1,155	1,155
Certifications and review	675	675
Provident Fund and Workers' Profit Participation Fund - Audit fee	210	210
Expenses reimbursed	241	229
	2,281	2,269

35.3 Donations are given to various charitable organizations in which the Company's Directors and their spouses have no interest.

	Note	2020	2019
		(Rupees in thousand)	
36 OTHER OPERATING EXPENSES			
Gratuity and retirement benefits	26	5,494	4,607
Workers' Profit Participation Fund	27.3	155	3,303
Workers' Welfare Fund	27.4	1,399	-
Expected credit losses on trade debts	13.3	-	144
Miscellaneous expenses		8	1
		7,056	8,055

37 OTHER OPERATING INCOME

Income from financial assets

Profit on bank deposits		1,897	630
Reversal of loss initially recognized on financial assets		261	42
Grant income on SBP refinance scheme for payroll financing		2,087	-
Reversal of expected credit losses on trade debts		576	-
		4,821	672

Income from non-financial assets

Sale of scrap		1,347	13,221
Gain on disposal of property, plant and equipment	6.3	-	375
Reversal of excess provision of Workers' Welfare Fund	27.4	-	749
Miscellaneous income		4	104
		1,351	14,449
		6,172	15,121

38 FINANCE COSTS

	Note	2020	2019
		(Rupees in thousand)	
Interest, mark-up and charges on			
- Short-term borrowings		111,093	127,437
- Long-term borrowings		22,227	-
- Lease financial charges		3,065	-
- Workers' Profit Participation Fund	27.3	121	-
		136,506	127,437
Bank commission and other charges		2,279	2,173
		138,785	129,610

39 TAXATION

Current taxation			
Charge for the year		69,964	69,964
Prior year adjustment		1	(684)
		69,965	69,280
Deferred taxation			
- relating to origination of temporary differences		985	(25,156)
- due to change in tax rates		-	10,622
		985	(14,534)
		70,950	54,746

NOTES TO THE FINANCIAL STATEMENTS

39.1 Numerical reconciliation

The provision for current income tax for this year and as well as for the previous year is based on minimum taxation under section 113 of the Income Tax Ordinance, 2001. Accordingly, numerical reconciliation between average effective tax rate and applicable tax is not presented.

	2020	2019
40 (LOSS) / EARNINGS PER SHARE - Basic and diluted		
(Loss) / profit after taxation attributable to ordinary shareholders - (Rs. in thousand)	(58,451)	33,243
Weighted average number of ordinary shares at the end of the year	12,011,096	12,011,096
(Loss) / earning per share - basic and diluted (Rs. per share)	(4.87)	2.77

41 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR AND EXECUTIVES

The aggregate amount charged in the accounts for the year as remuneration, including certain benefits to the Chief Executive, Executive Director and Executives of the Company is as follows:

	Chief Executive		Executive Director		Executives	
	2020	2019	2020	2019	2020	2019
	(Rs. in thousand)					
Managerial remuneration	16,938	13,200	8,215	6,159	21,392	21,859
Contribution to retirement benefits	720	720	352	337	886	841
Housing	3,600	3,600	1,476	1,416	1,788	1,690
Utilities	6,000	6,000	727	600	3,366	2,688
Medical and insurance	686	327	517	478	1,857	1,919
	27,944	23,847	11,287	8,990	29,289	28,997
Number of Executives	1	1	1	1	4	4

41.1 Fee paid to nine (2019: eight) Non-Executive Directors during the year for attending board meetings amounts to Rs. (thousand) 1,080 (2019: Rs. (thousand) 720).

41.2 Fee paid to three (2019: four) Non-Executive Directors during the year for attending audit committee meetings amounts to Rs. (thousand) 360 (2019: Rs. (thousand) 360).

41.3 Fee paid to two Non-Executive Directors during the year for attending human resource and remuneration committee meetings amounts to Rs. (thousand) 80 (2019: Rs. (thousand) 40).

41.4 The Chief Executive, Directors and some Executives are also provided with Company-maintained vehicles as per policy.

42 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

42.1 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in regulatory requirements and economic conditions. Capital includes ordinary share capital and reserves.

In order to maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (as defined above). The gearing ratio has increased due to borrowings to finance the co-generation power plant.

The Company finances its operations through equity, long-term loan, short-term borrowings, loan from associate and managing working capital.

	2020	2019
	(Rupees in thousand)	
Gearing Ratio		
Long-term loan	1,206,840	1,133,248
Loan from associate	110,000	190,000
Lease liabilities	19,898	-
Short-term borrowings	471,172	485,353
Less: Cash and bank balances	(52,962)	(30,661)
Net Debt	1,754,948	1,777,940
Equity	2,435,745	2,459,828
Equity and net debt	4,190,694	4,237,768
Gearing ratio	41.88%	41.95%

NOTES TO THE FINANCIAL STATEMENTS

42.2 Financial risk factors

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk comprising of foreign currency risk, interest rate risk and equity price risk. The management reviews and agrees policies for managing each of these risks which are summarized below:

42.2.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposure, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits the Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of expected credit loss.

The Company is exposed to credit risk on deposits, trade debts, loans and advances, other receivables and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying Values	
	2020	2019
	(Rupees in thousand)	
Loans and advances	4,791	7,212
Long-term deposits	1,103	1,103
Trade deposits	203	384
Trade debts – unsecured	55,348	108,793
Other receivables	13,600	12,000
Cash and bank balances	52,962	30,661
	128,007	160,153

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counterparty defaults.

a) Loans and advances

The summary of the maturity profile of the Company's loans and advances as at 30 September 2020 based on contractual undiscounted payment dates are as follows:

	Carrying Values	
	2020	2019
	(Rupees in thousand)	
Up to one year	3,611	5,206
Greater than one year but less than two years	787	1,310
Greater than two years but less than three years	260	566
Greater than three years but less than four years	133	121
Greater than four years but less than five years	-	9
	4,791	7,212

b) Trade debt

Not yet due	55,348	-
Past due	-	-
1 - 30 days	-	108,793
30 - 180 days	-	-
180 - 365 days	-	-
Above 365 days	-	576
	55,348	109,369

As at 30 September 2020, the Company had two (2) customers (2019: two (2) customers) that owed Rs. (thousand) 41,070 (2019: Rs. (thousand) 101,913) and accounted for 74% (2019: 93%) of all receivables owed.

NOTES TO THE FINANCIAL STATEMENTS

C) Cash at bank

	Rating agency	Rating		2020	2019
		Short-term	Long-term	(Rupees in thousand)	
United Bank Limited	JCR-VIS	A-1+	AAA	11,026	8,374
MCB Bank Limited	PACRA	A1+	AAA	20,838	174
Habib Bank Limited	JCR-VIS	A-1+	AAA	12,073	4,676
National Bank of Pakistan	PACRA	A1+	AAA	3	182
JS Bank Limited	PACRA	A1+	AA-	64	62
Faysal Bank Limited	PACRA	A1+	AA	-	16,717
Bank AL Habib Limited	PACRA	A1+	AA+	1,121	-
Bank Alfalah Limited	PACRA	A1+	AA+	7,183	290
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	299	99
Allied Bank Limited	PACRA	A1+	AA+	84	87
Soneri Bank Limited	PACRA	A1+	AA-	271	-
				52,962	30,661

Due to the Company's long-standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.

42.2.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available.

The table below summarizes the maturity profile of financial liabilities based on contractual undiscounted payments.

	2020			
	On demand	Maturity up to one year	Maturity after one year	Total
	(Rupees in thousand)			
Long-term borrowings	-	100,664	1,106,176	1,206,840
Short-term borrowings	-	471,172	-	471,172
Loan from associate	-	-	110,000	110,000
Trade and other payables	-	99,860	-	99,860
Lease liabilities	-	3,450	34,500	37,950
Unclaimed dividend	1,971	-	-	1,971
Accrued interest on borrowings	-	55,561	-	55,561
	1,971	730,707	1,250,676	1,983,354
	2019			
	On demand	Maturity up to one year	Maturity after one year	Total
	(Rupees in thousand)			
Long-term borrowings	-	257,388	875,860	1,133,248
Short-term borrowings	-	485,353	-	485,353
Loan from associate	-	-	190,000.00	190,000
Trade and other payables	1,992	98,362	-	98,362
Unclaimed Dividend	-	-	-	1,992
Accrued interest on borrowings	-	76,688	-	76,688
	1,992	917,791	1,065,860	1,985,643

NOTES TO THE FINANCIAL STATEMENTS

42.2.3 Changes in liabilities arising from financing activities

	2020			30 September 2020
	01 October 2019	Cashflows	Other	
	(Rupees in thousand)			
Current lease liabilities	3,835	(3,450)	3,065	3,450
Short-term borrowings	485,353	(14,181)	-	471,172
Deferred grant	-	13,279	(2,087)	11,192
Long-term borrowings	875,860	230,316	-	1,106,176
Current maturity of long-term borrowings	257,388	(156,724)	-	100,664
Loan from associate	190,000	(80,000)	-	110,000
Non-current lease liabilities	19,898	-	-	19,898
Dividends payable	1,992	(21)	-	1,971
	1,834,326	(10,781)	978	1,824,523
	2019			30 September 2019
	01 OCTOBER 2018	Cashflows	Other	
	(Rupees in thousand)			
Short-term borrowings	550,003	(64,650)	-	485,353
Long-term borrowings	1,133,248	(257,388)	-	875,860
Current maturity of long-term borrowings	103,694	153,694	-	257,388
Loan from associate	45,000	145,000	-	190,000
Non-current lease liabilities	-	-	-	-
Dividends payable	2,048	(56)	-	1,992
	1,833,993	(23,400)	-	1,810,593

42.2.4 Market risk

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to import of some stores and spare parts or plant and machinery. The Company does not view hedging as financially viable considering the materiality of transactions.

Sensitivity analysis

The Company is not exposed to foreign currency risk because it does not have foreign currency exposure at the year end.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company is exposed to interest rate risk for short-term and long-term borrowings obtained from financial institutions.

Sensitivity analysis

If interest rates, at the year end, fluctuated by higher/lower of 100 basis points, profit / (loss) for the year would have been Rs. (thousand) 18,079 (2019: Rs. (thousand) 18,086) higher/lower. This analysis is prepared assuming that all other variables held constant and the amount of liabilities outstanding at the reporting dates were outstanding for the whole year.

c) Equity price risk

Equity price risk arises from the investments through profit and loss. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. At the reporting date the Company is not exposed to any equity price risk.

42.2.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at the balance sheet date, carrying value of all the financial instruments in the financial statements approximates their fair value, except for investment in associate which is disclosed in note 7.

NOTES TO THE FINANCIAL STATEMENTS

	Investment in Associates		Amortized cost	
	2020	2019	2020	2019
	(Rupees in thousand)			
42.2.6 Classification of financial instruments				
Non-current assets				
Loans and advances	-	-	1,180	2,006
Long-term deposits	-	-	1,103	1,103
Investment in associate	140,373	139,023	-	-
Current assets				
Trade debts	-	-	55,348	108,793
Loans and advances	-	-	3,611	5,206
Trade deposits	-	-	203	384
Other receivable	-	-	13,600	12,000
	140,373	139,023	75,045	129,492

	Financial Liabilities at Amortized Cost	
	2020	2019
	(Rupees in thousand)	
Non-current liabilities		
Long-term borrowings	1,106,176	875,860
Loan from associate	110,000	190,000
Current liabilities		
Current portion of long-term borrowings	100,664	257,388
Accrued interest on borrowings	55,561	76,688
Short-term borrowing	471,172	485,353
Trade and other payables	99,860	98,362
Unclaimed dividend	1,971	1,992
	1,945,404	1,985,643

43 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise related group companies, local associates, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment (disclosed in Note No. 41) are as follows.

Name of Related Party	Nature of Transaction	2020	2019
		(Rupees in thousand)	
Association on basis of Common directorship			
Shahtaj Textile Limited	Dividend received	11,500	3,163
Shahnawaz (Private) Limited	Purchases and services received	2,043	805
	Utilities paid	201	240
	Loan (repaid) / received	(100,000)	100,000
	Interest charged	4,470	9,822
Shezan International Limited	Sale of sugar	679,036	999,649
Information System Associates Limited	Services received	373	630
Shezan Services (Private) Limited	Loan received	20,000	45,000
	Interest charged	7,726	4,698
State Life Insurance Corporation of Pakistan	Premium paid	2,000	1,872
Staff Provident Fund Trust	Contributions paid	5,216	5,132
Directors			
Mr. Mahmood Nawaz (Late)	Loan received	-	20,000
Mr. Muneer Nawaz	Loan received	30,000	60,000
Mr. M. Naeem	Loan received	-	20,000
Mr. Rashed Amjad Khalid	Loan received	-	20,000

NOTES TO THE FINANCIAL STATEMENTS

Following are the details of the related parties with whom Company has entered into transactions or have arrangements / agreements in place during the year;

Name of Related Party	Nature of Transaction	2020 (Rupees in thousand)	2019
Shahtaj Textile Limited	Common Directorship	-	-
Shahnawaz (Private) Limited	Common Directorship	-	-
Shezan International Limited	Common Directorship	-	-
Information System Associates Limited	Common Directorship	-	-
Shezan Services (Private) Limited	Common Directorship	2.68%	2.38%
State Life Insurance Corporation of Pakistan	Common Directorship	6.30%	6.30%
Mr. Mahmood Nawaz (Late)	Ex-Director	7.16%	7.16%
Mr. Toqueer Nawaz	Chairman	3.33%	3.02%
Mr. Muneer Nawaz	Chief Executive	12.15%	12.15%
Mr. M. Naeem	Director	1.78%	1.47%
Mrs. Samia Shahnawaz Idris	Director	2.81%	2.81%
Mr. Ijaz Ahmad	Director	0.19%	0.19%
Mr. Cyrus R. Cowasjee	Director	0.51%	1.82%
Mr. Rashed Amjad Khalid	Director	1.93%	1.93%
Mr. Suleman Lalani (JSIL)	Director	0.004%	-
Mr. Salman Hussain Chawla (N.I.T)	Director	-	-
Mr. Mushtaq Ahmed (S.L.I.C.)	Director	-	-
Mr. Abdul Waheed Qureshi	Key Management Personnel	-	-
Mr. Mahmood Ahmad Khalid	Key Management Personnel	-	-
Mr. Muhammad Iqbal Javaid	Key Management Personnel	-	-
Mr. Waqar Ahmad	Key Management Personnel	-	-

All transactions with the related parties and associated undertakings are entered into at arm's length, determined in accordance with comparable uncontrolled price method except for transactions with M/s Shahnawaz (Private) Limited, where an additional discount of 40% is received on service charges and 15% on spare parts, in connection with the repairs of motor vehicles, as per group policy. The effect of this policy on the statement of financial position and statement of profit or loss is considered to be immaterial.

No buying or selling commission has been paid to any associated undertaking.

44	PROVIDENT FUND	2020 Audited	2019 Audited
	Size of the fund (Rupees in thousand)	299,242	270,910
	Percentage of investments made (Percentage)	96.5%	95.1%
	Fair value of investments (Rupees in thousand)	288,910	257,758
	Cost of investments made (Rupees in thousand)	260,000	93,078

44.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2020		2019	
	Investments (Rs '000)	Investment as a % of size of the fund	Investments (Rs '000)	Investment as a % of size of the fund
Term deposit receipts and call deposits				
Innovative Housing Finance Limited	-	-	3,078	1.1%
Defence Saving Certificates	288,910	96.5%	254,680	94.0%
	288,910	96.5%	257,758	95.1%

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

NOTES TO THE FINANCIAL STATEMENTS

	2020	2019
	(No. of persons)	

45. NUMBER OF EMPLOYEES

Number of permanent persons employed are as follows:

Total number of employees at the reporting date	456	459
Average number of employees during the year	534	548

46. CAPACITY AND PRODUCTION

	Rated Capacity		Actual Production	
	M. Tons	Days	M. Tons	Days
2020	122,400	102	59,204	102
2019	116,400	97	74,585	97

Shortfall in actual production from rated capacity was due to the scarcity / shortage of raw material (sugarcane) supply.

47. AUTHORIZATION AND SUBSEQUENT EVENTS

47.1 These financial statements were authorized for issue by the Board of Directors on **31 December 2020**.

47.2 On 04 November 2020, the Company along with several other sugar mills, received a notice from Competition Commission of Pakistan in relation to compliance with certain clauses of Competition Act, 2010. The Company has engaged legal advisor for the same and expects no material impact of the above matter on these financial statements.

Munir Nawaz

Chief Executive

Muhammad Asif

Chief Financial Officer

Tariq

Director



FORM OF PROXY

55th Annual General Meeting of Shahtaj Sugar Mills Limited

Please Quote Folio Number: _____

Shares held: _____

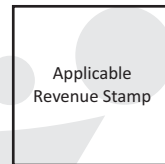
I/We _____ of _____
 in the district of _____ being a member of SHAHTAJ SUGAR MILLS LIMITED
 hereby appoint _____ of _____ as
 my / our proxy to vote for me / us and on my / our behalf at the 55th Annual General Meeting of the
 Company to be held on 27 January 2021 and at any adjournment there of.

As witnessed given under my / our hand(s) this _____ day of _____ 2021

Witness Signature. _____

Name. _____

CNIC No. _____



Member's Signature

Notes:

1. This form of Proxy must be deposited duly completed, at the Company's Registered Office not less than 48 hours the meeting.
2. A Proxy of individual member must be a member of the Company.
3. In case of cooperates the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted along with proxy form to the Company.
4. Signature should agree with the specimen signature registered with the Company.
5. For CDC account holders / corporate in addition to the above following requirements have to be met.
 - i) Attested copy of CNIC or the passport of the beneficial owner shall be provided with proxy form.
 - ii) Proxy shall produce his / her original CNIC or original passport at the time of meeting.

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پراکسی فارم

شاہ تاج شوگر ملز لمیٹید کا ۵۵ واں سالانہ اجلاس عام

تولیو نمبر: _____
 تعداد حصص: _____
 میں مستی / مسناتہ _____ ساکن _____
 ضلع _____ بحیثیت ممبر شاہ تاج شوگر ملز لمیٹید، مستی / مسناتہ _____ ساکن _____ کو
 بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ میری طرف سے کمپنی کے ۵۵ ویں اجلاس عام میں رجبو بتاریخ ۲۷ جنوری ۲۰۲۱ء کو
 منعقد ہو رہا ہے اور اس کے کسی ملتیوی شدہ اجلاس میں ووٹ ڈالے۔

مطلوبہ ریویژن ٹکٹ
 چسپاں کریں
 ممبر کے دستخط
 تاریخ _____
 دستخط گواہ: _____
 نام: _____
 قومی شناختی کارڈ نمبر: _____

- نوٹ:
- ۱- یہ پراکسی فارم مکمل پُر شدہ کمپنی کے جسٹر ڈ آفس میں میٹنگ سے ۲۸ گھنٹے قبل جمع کرایا جانا لازمی ہے۔
 - ۲- ضروری ہے کہ پراکسی جس کو دی جائے وہ بھی کمپنی کا ممبر ہو۔
 - ۳- کارپوریشن ممبران کے لئے پراکسی فارم کے ساتھ پراکسی کے حق میں بورڈ آف ڈائریکٹرز کی قرارداد یا پور آف انارنی بمع نمونہ کے دستخط کا جمع کروایا جانا ضروری ہے۔
 - ۴- دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں۔
 - ۵- سی ڈی سی میں اکاؤنٹ رکھنے والے کارپوریٹ ممبران کے لئے مندرجہ بالا کے علاوہ درج ذیل شرائط کو پورا کرنا بھی ضروری ہے:
 - ا- پراکسی جس کے حق میں ہو اس کا شناختی کارڈ یا پاسپورٹ کی ایک تصدیق شدہ نقل پر کسی کے ساتھ لگائی جائے۔
 - ب- پراکسی اجلاس میں شریک ہوتے وقت اصل شناختی کارڈ یا پاسپورٹ پیش کرے۔

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