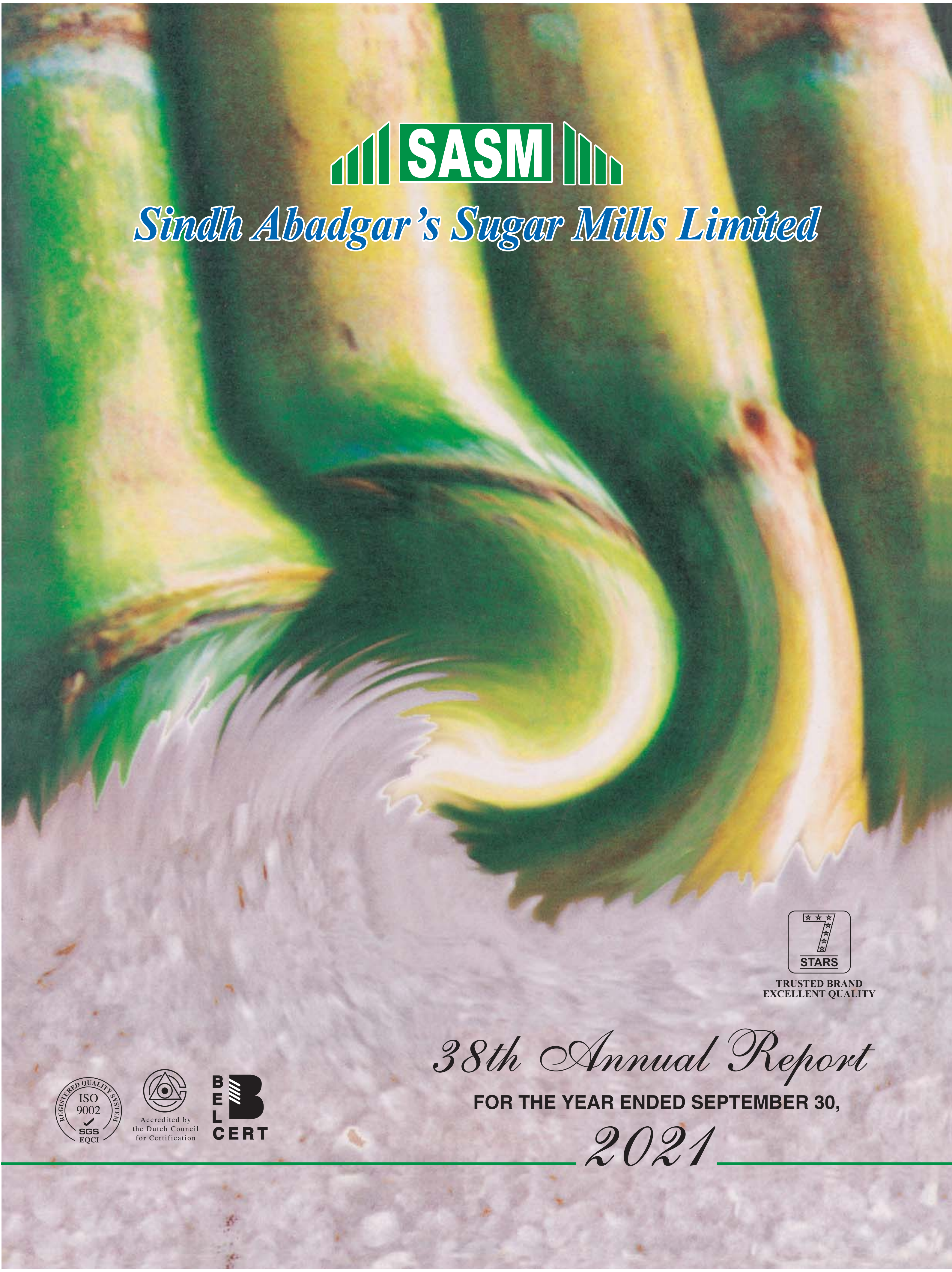

SASM

Sindh Abadgar's Sugar Mills Limited

7 STARS

TRUSTED BRAND
EXCELLENT QUALITY

38th Annual Report

FOR THE YEAR ENDED SEPTEMBER 30, 2021

REGISTERED QUALITY SYSTEM ISO 9002 SGS EQCI

Accredited by the Dutch Council for Certification

BELCERT

SASM

SINDH ABADGAR'S SUGAR MILLS LIMITED

38th ANNUAL REPORT 2021

SASM

COMPANY PROFILE

DIRECTORS	Mr. Deoo Mal Essarani	Chairman
	Dr. Tara Chand Essarani	Chief Executive
	Mr. Mahesh Kumar	Director
	Mr. Dileep Kumar	Director
	Mr. Pehlaj Rai	Director
	Mr. Mohan Lal	Director
	Dr. Besham Kumar	Director
	Mr. Muhammad Siddiq Khokhar	Independent Director
	Mr. Zafar Ahmed Ghori	Independent Director
	Ms. Maheshwari Osha	Independent Director
CHIEF FINANCIAL OFFICER	Syed Abid Hussain	
COMPANY SECRETARY	Mr. Aziz Ahmed	
BANKERS	Allied Bank Limited	
	Askari Bank Limited	
	Bank Al-Falah Limited	
	MCB Bank Limited	
	Bank AL Habib Limited	
	United Bank Limited	
	Meezan Bank Limited	
	HBL Foreign Exch. Bank Limited	
AUDIT COMMITTEE	Mr. Zafar Ahmed Ghori	Chairman
	Mr. Pehlaj Rai	Member
	Mr. Dileep Kumar	Member
	Dr. Besham Kumar	Member
HR AND REMUNERATION COMMITTEE	Ms. Maheshwari Osha	Chairman
	Mr. Mohan Lal	Member
	Mr. Dileep Kumar	Member
AUDITORS	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
REGISTERED OFFICE	209, 2nd Floor, Progressive Plaza, Beaumont Road, Karachi-Pakistan.	
MILLS	Deh: Deenpur, Taluka. Bulri Shah Karim, Distt. Tando Muhammad Khan, Sindh-73024.	
REGISTRAR	JWAFFS Registrar Services (Pvt) Ltd. 407- 408, Al Ameera Centre, Shahrah e Iraq, Saddar, Karachi.	
EMAIL ADDRESS	sasm@unitedgroup.org.pk	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the company will be held on Tuesday, 25th January, 2022 at 04:00 P.M. at the Auditorium of The Pakistan Institute of International Affairs (PIIA), Near Sidco Avenue Centre, Opposite: Libra Autos CNG Pump, Maulana Deen Muhammad Wafai Road, Karachi to transact the following business:

I. To confirm the Minutes of the Annual General Meeting held on 22nd January, 2021.

II. To receive and adopt the Audited Accounts of the company for the year ended September 30th, 2021 and the Reports of the Directors' and Auditors' thereon.

III. To appoint Auditors of the company for the year ending September 30, 2022 and to fix their remuneration as recommended by the Audit Committee and the Board of Directors.

IV. To Transact any other business with the permission of the Chair.

By Order of the Board

Aziz Ahmed
Company Secretary

Karachi : 24th December, 2021.

Notes :-

The shareholders shall also attend the meeting through video-link / Zoom Cloud meetings for the wellbeing of shareholders in light of the threat posed by the evolving COVID-19 situation.

The entitled shareholders whose name appears in the Books of the Company by the close of business on Tuesday, 18th January, 2022 who are interested to attend AGM through online are hereby requested to get themselves registered with the Company Secretary Office by providing the following details at the earliest but not later than 48 hours before the time of AGM at sasm@unitedgroup.org.pk

Name of Shareholders	CNIC No.	Folio No. / CDS No.	Cell Number	E-mail address

Upon receipt of the above information from interested shareholders, the company will send the login details at their email addresses. The Company will convene the meeting through "Zoom Cloud Meetings" which can be downloaded from Google Play or Apple App store. The shareholders are therefore requested to download the application ahead of the meeting. On the AGM day, shareholders will be able to login and participate in the AGM proceedings through their smart phones or computer devices from any convenient location.

The login facility will be opened 30 minutes before the meeting time to enable the participants to join the meeting after identification and verification process.

1. The register of members of the Company will be closed from Wednesday, January 19, 2022, to Tuesday, January 25th January, 2022 (both days inclusive) and no transfer will be registered during that time. Shares received at the office of the Share Registrar of the Company M/s JAWFFS Registrar Services (Pvt.) Ltd. Suite no. 407-408, Almeera Centre, Shahrah-e- Iraq, Saddar, Karachi at the close of Business on 18th January, 2022 will be treated in time.

2. A member of the company eligible to attend and vote at the Annual General meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies to be effective must be in writing and must be received by the Company 48 hours before the Meeting.

3. The Shareholders of the Company whose shares are registered in their account / sub-account with Central Depository System (CDS) are requested to bring original computerized National Identity Card alongwith their account number in CDC and participants ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January, 2000 are to be followed.

A. For Attending the Meeting

- In case the Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has provided earlier) at the time of the meeting.

B. For Appointing Proxies :

- The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form.
- Attested copies of the CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form of the Company.

4. Change of Address

Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar. M/s Jwaffs Registrar Services (Pvt.) Ltd.

5. Vote through Postal Ballot

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

6. Video Conference Facility

Members can also avail video conference facility. In this regard please fill the following form and submit to the Registered Office of the Company seven (7) days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least seven (7) days prior to the date of 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 Sindh Abadgar's Sugar Mills Limited holder of ________________ ordinary share(s) as per Register Folio /CDC Account No. ____________________________hereby opt for video conference facility at ______________________________________ .

Signature of Members

PS: In compliance of circular SDM/SE/2(20)/2021/117 dated 15th December, 2021 by the Commission members are requested to adhere with the following guidelines in case they wish to attend the meeting physically:

1) Vaccination Certificate has to checked while entering the premises of attending the meeting physically i.e. Pakistan Institute of International Affairs (PIIA), Near Sidco Avenue Centre, Opposite: Libra Autos CNG Pump, Maulana Deen Muhammad Wafai Road, Karachi.

2) Members are requested to send their vaccination certificates at the registered office or email us at sasm@unitedgroup.org.pk at least two days before holding of an AGM to be held on Tuesday 25th January, 2022 at 4:00 pm for making the arrangements accordingly.

3) Wearing of mask during the entire meeting is mandatory.

4) Accompanying children or any person who is not eligible to attend the meeting is strictly prohibited.

5) Please follow the seating arrangement as per social distancing norms in the meeting area.

6) Member with even mild cough or low-grade fever are prohibited to attend the meeting.

Company Address:
Sindh Abadgar's Sugar Mills Limited.
Suite no. 209, 2nd Floor, Progressive Plaza,
Beaumont Road, Karachi-75530.

Share Registrar Address:
M/s JWAFFS Registrar Services (Pvt)Ltd
Suite # 407-408, 4th Floor, Al-Ameer,
Centre, Shahra-e-Iraq, Sadder, Karachi.

CHAIRMAN'S REPORT

On behalf of the Board of Directors, I am pleased to present a review report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the company's objectives under section 192 of the Companies Act, 2017.

The composition of the Board of Directors represents mix of varied backgrounds and rich experience in the field of business, banking etc., more specifically having thorough understanding of sugar industry spanning rich experience of more than 15 years, and are committed to operate at highest standard of Corporate Governance.

The Board provides strategic directions both short term and long term to the Company and guide the management to achieve objectives and goals of the Company. Annual evaluation of the Board of Directors as required under the code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the Company set at the beginning of the year and report that:

1. The overall performance of the Board for the year under review remained satisfactory.

2. The Directors have performed their duty diligently and honestly in the best interest of the company particularly related to strategic objective of the company and monitoring the actuals their against.

3. The Board remained focus on Risk Management, business growth and future opportunities.

4. The Board had full understanding of the vision and mission statements and frequently revisit them to update with the changing market conditions

5. The Board members attended Board meetings during the year and participated in important Company's matter.

6. The Board undertook an overall review of business risks to ensure effectiveness of internal controls to safeguard assets and interest of the company and its shareholders.

7. The Board members regularly received reports on finances / budgets, production and other important matters which helped them take effective decisions.

8. The Board members were updated with regard to achievement of financial results through regular presentations by the management and accordingly received directions and oversight on a timely basis.

I would like to thank the Board members for their commitments and untiring efforts by overcoming the difficulties posed by the evolving Covid-19 and unstable market environments,

DEOO MAL ESSARANI

Karachi: 24th December, 2021

چیئرمین کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے میں بورڈ کی مجموعی کارکردگی اور بورڈ کی کمپنی کے مقاصد کے حصول میں اثر پذیری پر کمپنیز ایکٹ 2017 کی دفعہ 192 کے تحت جائزہ رپورٹ پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔

بورڈ آف ڈائریکٹرز مختلف پس منظر اور کاروبار، بینکنگ وغیرہ کے عمیق تجربے کے حامل افراد پر مشتمل ہے خاص طور پر شکر کی صنعت سے متعلق گہری سمجھ بوجھ پر ان کا تجربہ 15 سال سے زیادہ پر محیط ہے اور وہ ادارتی نظم وضبط کے اعلیٰ معیارات کے ساتھ کاروبار انجام دینے کے لئے کوشاں ہیں۔

بورڈ کمپنی کو قلیل مدتی اور طویل مدتی دونوں کلیدی سمت بندی فراہم کرتا ہے اور کمپنی کے مقاصد اور اہداف کے حصول میں انتظامیہ کی رہنمائی کرتا ہے۔ ادرتی نظم وضبط کے ضابطہ کے تقاضوں کے تحت بورڈ آف ڈائریکٹرز کی سالانہ تشخیص کی گئی جس میں سال کے آغاز میں کمپنی کے طے کردہ مقاصد کے حصول میں بورڈ کی کارکردگی اور اثر پذیری کو ناپا گیا اور اس کے مطابق:

1- زیر جائزہ سال کے دوران بورڈ کی مجموعی کارکردگی تسلی بخش رہی۔

2- ڈائریکٹران نے اپنے فرائض شائستگی اور دیانت داری سے کمپنی کے بہترین مفاد میں انجام دیئے خاص طور پر جن کا تعلق کمپنی کے کلیدی مقاصد اور اصل بہ نسبت طے شدہ کی نگرانی سے ہو۔

3- بورڈ کی توجہ خطرات کے انتظام، کاروباری نمو اور مستقبل کے مواقعوں پر مرکوز رہی۔

4- بورڈ مکمل طور پر نصب العین اور مشن کے بیانات سے آگاہ ہے اور مارکیٹ کی بدلتی ہوئی صورتحال سے ہم آہنگ رہنے کے لئے ان پر عمل پیرا ہوتا ہے۔

5- سال کے دوران بورڈ کے ممبران بورڈ کے اجلاسوں میں حاضر ہوئے اور کمپنی کے اہم معاملات میں شرکت کی۔

6- بورڈ نے کاروباری خطرات کا مجموعی جائزہ لیا تاکہ اثاثوں وکمپنی اور اس کے حصص یافتگان کے مفاد کے تحفظ کے لئے اندرونی گرفت کے نظام کی اثر پذیری کو یقینی بنایا جاسکے۔

7- بورڈ کو باقاعدگی سے مالیات/ بجٹ، پیداوار اور دیگر اہم معاملات پر رپورٹیں موصول ہوتی ہیں جن سے موثر فیصلے لینے میں مدد ملتی ہے۔

8- انتظامیہ بورڈ کے ممبران کو باقاعدگی سے مالیاتی نتائج کے حصول سے متعلق آگاہ کرتی ہے اور ہدایات وصول کرتی ہے اور بروقت نگرانی کرتی ہے۔

اس موقع پر میں Covid-19 کی ابھرتی ہوئی حالت اور مارکیٹ کی متزلزل صورتحال کے دوران مشکلات پر قابو پانے کے لئے بورڈ کے ممبران کے عزم اور انتھک کاوشوں پر ان کا مشکور ہوں۔

ڈیول ایسرانی

کراچی: 24 دسمبر 2021

DIRECTORS' REPORT

Dear Members
Assalam o-alaikum,

On behalf of the Board of Directors of Sindh Abadgar's Sugar Mills Ltd, we are pleased to submit the Directors report together with audited financial statements of the company for the year ended 30th September, 2021.

Financial Results:	**FY 2021 Rupees**	**FY 2020 Rupees**
(Loss) profit before tax	(104,747,813)	(166,149,028)
Taxation net	24,591,727	752,528
(Loss) profit after taxation	(80,156,086)	(165,396,500)
Incremental depreciation transferred from surplus	76,395,022	106,535,203
on revaluation of fixed assets - net of deferred tax.	(3,761,064)	(58,861,297)
Final Dividend paid	-	(10,425,000)
Accumulated (loss) brought forward	(213,312,511)	(144,026,214)
Accumulated (loss) carry forward	(217,073,575)	(213,312,511)
(Loss) Earnings per share	(7.69)	(15.87)

The Company posted a sales volume of 27,074 M.Tons of Sugar compared to 45,731 M.Tons in the corresponding year dragged down by 41%. Accordingly, sales in the term of Rupees achieved at Rs. 2,254 million compared to Rs. 3,026 million in the last year decreased by 25%. The average sugar prices remained higher during the year amid strong demand in local market attained at Rs. 83,242 per ton net of sales tax compared to Rs. 66,164 per ton in the corresponding period. The plant operated just 87 days mainly because of unavailability of Sugar-cane triggered by sky rocket prices of Sugar-Cane.

The salaries, wages & other benefits remained pegged at last year's level while repairs & maintenance at plant has increased mainly due to maintenance work essentially required to operate the plant smoothly during the operation. Similarly, administrative expenses remained controlled recorded at Rs. 116.084 million compared to Rs. 116.429 million in the corresponding year. The Financial cost however, has decreased to Rs. 161.926 million during the year from Rs. 164.982 million in the corresponding year due to repayment of long term loan as per schedule.

The Sugar recovery has achieved at 10.10% compared to 10.46% in the last year, attributed to slightly earlier start of season during which low sugar recovery of sugarcane procured. The average procurement price of sugarcane per 40 kg has significantly surged, paid at Rs.314 per 40 kg compared to Rs. 264 per 40 kg in the corresponding year, an increase of Rs. 45 per 40 kg (17%). The crushing of sugarcane increased by 9% as against last year, resulting reduction in manufacturing cost per ton of Sugar.

The Gross profit on sales increased to 7.20% from 2.82% in the corresponding year entirely attributed to improved sugar prices and downward revision of depreciation rate. The EBITDA recorded at Rs.221.67 million compared to Rs.223.04 million. The company, however, has incurred loss after tax Rs.80.15 million compared to Rs. 165.39 million. The loss per share stood at Rs.(7.68) as against Rs.(15.87) in the corresponding year. The loss is resulted mainly due to unsold sugar stock of 1.00 billion valued at cost, the profit associated will trickle down to next year.

Dividend

The Board of Directors in its meeting held on 24th December, 2021 has not recommended any dividend for the year ended 30th September 2021 due to financial commitments with banks, loss sustained during the year and accumulated losses:

Operational Results:		FY 2020-21	FY 2019-20
Crushing Commenced		29.11.2020	29.11.2019
Crushing Ended		23.02.2021	02.03.2020
Days Worked (Gross)		87	95
Sugarcane crushed	- Tons	392,757	359,528
Net crushing	- Days	81	71
Daily average crushing	- Gross days	4,514	3,785
Daily average crushing	- Net days	4,848	5,063
Capacity utilization	- %	60	47
Sugar produced	- Tons	39,645	37,614
Sugar recovery	- %	10.10	10.46
Molasses produced	- Tons	17,825	16,620
Molasses produced % Sugarcane	- %	4.58	4.62

The crushing was started on 29th November, 2020 and the mills remained operative for 87 days compared to 95 days in the corresponding season. Despite all time high Sugarcane prices and reduced number of operating days, the crushing has increased by 9% over the corresponding season achieved at 392,757 M.Tons compared to 359,528 M.Tons in the corresponding season. Accordingly, the sugar production is higher by 5% achieved at 39,645 M.Tons as against 37,614 M.Tons in the comparable season 2019-2020. The sugar recovery decreased by 0.36% from 10.46% to 10.10% during the season amid cultivation of low variety of sugarcane, scarcity of water and early start of season.

Industry Overview

Sugarcane production in Pakistan is increased during the year under review recorded at 71,725 million M.Tons compared to 66,334 million M.Tons in 2019-2020. Likewise sugar production in Pakistan recorded at 5.90 million M.Tons compared to 4.89 million M. Tons in 2019-20. The minimum support price per 40 kg of sugarcane fixed by the Provincial Governments at Rs.190 per 40 kg in Punjab and KPK and in Sindh at Rs.202 per 40 kg. The actual procurement price per 40 kg paid by Sugar Mills was however, substantially higher than the minimum support price owing to throat cut competition among the millers particularly in Sindh. The perpetual rises in Sugar-Cane prices have eroded the profitability of the sugar industry and even on the verge of collapse. Contrary the sugar prices have remained range bound ultimately having adverse impact on the cash flows of the sugar industry.

Corporate Social Responsibility Activities

Your company is committed towards providing its staff & workers a safe and healthy environment. Pollution free atmosphere and accordingly has installed necessary equipments in order to remain compliant with the safety rules and regulations. The workers are provided necessary protective equipment to safeguard themselves from any accidents. Regularly in house trainings are arranged to acquaint themselves with safety guidelines. The Company is providing sugar at subsidized rate from its fair price shop. The company being a good corporate citizen is contributing towards improving the life style of community inhabited around the factory providing them financial assistance, free health care, meal, education etc., to the deserving people.

Impact on Environment

Your company is strongly committed to its Environmental Responsibilities and fulfilling them, as per Sindh Environmental Protection Agency Rules. The company is equipped with Effluent Treatment Plant to keep the environment free from the harmful effect caused by the effluent. Your company has launched "Tree Plantation Campaign" regularly each year large number of trees are planted .The company supports environmental protection activities in the community and fund them to protect the people from hazards of filthy environment.

Future Outlook

The Sugarcane production for 2020-21 is likely to be achieved at 87.67 million M. Tons amid increase in plantation area and increase in yield per acre compared to the year under review. Similarly sugar production in Pakistan projected to be increased to 6.8 million M.Tons. However, Pakistan Sugar Mills Association estimation is remarkably different from Federal Committee of Agriculture who projected at 75-77 million metric tons sugarcane production with sugar production of 5.8 - 5.9 million metric tons. The Selling price of sugar accordingly is expected to be lower from last year. The Government has notified a Sugar-cane price Rs.250 per 40 kg with premium at Rs. 0.50 per 40 kg compared to Rs.202 per 40 kg in the preceding season in Sindh. Inspite of increase in notified price of sugarcane and estimation of higher sugar production, the current market price of Sugarcane is hovering around Rs.320 per 40 kg making again difficult seasons for entire Sindh Sugar Industry.

The company is committed to crush more quantity of sugarcane compared to previous season to mitigate the adverse impact of eroding profitability and spiraling Sugarcane prices. Although, current prices of sugarcane are not viable to remain in operations, the Company is more focused towards achieving high recovery from Sugar-Cane, procure good quality Sugar-Cane at right price and also in devising effective marketing strategy which will play a crucial part to achieve positive financial results.

Code of Corporate Governance

The Company has adopted the Code of Corporate Governance promulgated by the Securities & Exchange Commission of Pakistan. We have implemented the entire mandatory provisions and welcome the Government step to get fully disclosed financial statements to closely monitor the corporate sector. We hope it will go a long way in confidence building of small investors and will boost corporate investment.

Directors' Training program

We are pleased to inform you that the company is compliant to clause 19 of the Code of Corporate Governance Regulation 2019 with regard to Directors' Training Program.

Statement on Corporate and Financial Reporting Framework

The Board is pleased to confirm the following:

1. The Financial Statements, prepared by the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper Books of Accounts of the company have been maintained.

3. Appropriate Accounting Policies have been consistently applied in preparation of the Financial Statements, Changes, if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the Financial Statements and deviation there from if any, has been adequately disclosed.

5. The system of Internal Control is sound in design and has been effectively implemented and monitored regularly.

6. There are no significant doubts upon the Company's ability to continue as a going concern.

7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.

8. The Statement of Ethics and Business Strategy is prepared and circulated among the directors and employees.

9. The Investments out of Provident Funds have been made in accordance with the provision of Section 218 of the companies Act, 2017 and the rules formulated for this purpose

10. The Board has adopted a Mission Statement and a statement of overall corporate strategy.

11. Key Operating and Financial Data for last six years, in summarized form, is given on page 22.

12. Information about the Taxes and Levies is given in the notes to the Financial Statements.

13. The Pattern of Shareholding and additional information regarding Pattern of Shareholding is given on page 73 and 74 .

14. During the year 2020-2021 four (4) Meetings of the Board of Directors were held.

Attendance of each Director was as under:

Name of Directors	No. of Meetings attended
Mr. Deoo Mal Essarani	4
Dr. Tara Chand	4
Mr. Dileep Kumar	3
Mr. Pehlaj Rai	2
Mr. Mohan Lal	2
Dr. Besham Kumar	2
Mr. Mahesh Kumar	4
Mr. Zafar Ahmed Ghori	4
Ms. Maheshwari Osha	4
Mr. Mohammad Sidiq Khokhar	4

The leave of absence was granted to the Directors who could not attend the meeting due to their pre-occupation.

Mr. Zafar Ahmed Ghori and Ms. Maheshwari Osha each have purchased 500 shares while Mr. Mohammad Sidiq Khokhar has purchased 4 shares during the year. The other Directors, CEO, CFO, Company Secretary and their spouses and minor children have not traded in the shares of the company.

Code of Conduct & Ethics

It is the company's policy to conduct its operations in accordance with the highest business ethical considerations, to comply with all statutory regulations and to conform to the best accepted standards of good corporate citizenship. This policy applies to all directors and employees of the Company regardless of function, grade or standing.

1. The Company's activities and operations are carried out in strict compliance with all applicable laws and the highest ethical standards. The directors and employees ensure that the company deals in all fairness with its customers, suppliers and competitors.

2. In its relations with Governmental Agencies, Customers and Suppliers, the company does not, directly or indirectly; engage in any corrupt business practices.

3. The Directors and Employees do not take advantage of the company's information or property or their position with the company to develop inappropriate gains or opportunities.

Directors' Remuneration Policy

The Board has approved a Directors' Remuneration Policy, which described in detail the objectives and transparent procedures for the remuneration package of individual director. The company does not have the remuneration policy for non-executive director except for attending meeting of the Board and its committee. The remuneration however is paid to executive directors based on their annual appraisal.

Detail of aggregate amount of Executive and Non-Executive Directors are disclosed in note 32 to the financial statement.

Composition of Board

Total Number of Directors

(a)	Male	9
(b)	Female	1

Composition:

Independent Director	03
Other non-executive Director	05
Executive Directors	02

Audit Committee

The Audit Committee of the Company comprises of the following members:

Mr. Zafar Ahmed Ghori	…	Chairman
Dr. Besham Kumar	…	Member
Mr. Dileep Kumar	…	Member
Mr. Pehlaj Rai	…	Member

HR and Remuneration Committee

The HR and Remuneration Committee of the company comprises of the following members:

Ms. Maheshwari Osha	…	Chairman
Mr. Mohan Lal	…	Member
Mr. Dileep Kumar	…	Member

Credit Rating

The Long Term Rating of the Company is BBB and the Short Term is A2 assigned by Pakistan Credit Rating Agency Limited. The outlook of the assigned rating is stable.

Subsequent Material Events

Material changes and commitments affecting the financial positions of the Company occurred after 30th September 2021 till the issue of this financial statement has been reflected in the notes of contingencies and commitments to the financial statements. The company is confident that no adverse financial impact will occur.

Evaluation of Board of Directors'

The Board of Directors has evolved a criteria to measures the performance of each member of the Board & its Committees. Annual Evaluation as required under the Code of Corporate Governance has been carried out against the criteria / objectives set out at the beginning of the year.

Statutory Auditors

The present Auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board's Audit Committee has recommended appointment of M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as auditors for the ensuing year, also.

Conclusion

The Board acknowledges the cooperation of all stakeholders and place on record its gratitude for the dedication of workers and employees of the Company.

At the end, let us pray to Almighty Allah to guide us in all our pursuits for national development and for the betterment of your organization - Ameen.

On behalf of the Board of Directors

Dr. Tara Chand	**Mahesh Kumar**
Chief Executive Officer	Director

Dated: 24th December, 2021

ڈائریکٹرز رپورٹ

محترم ممبران

السلام علیکم!

سندھ آبادگار شوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم ڈائریکٹرز رپورٹ کے ساتھ کمپنی کے مالیاتی گوشوارے برائے مختتمہ مدت 30 ستمبر 2021 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مالیاتی نتائج	FY 2021 (روپے)	FY 2020 (روپے)
(خسارہ)/منافع قبل از ٹیکس	(104,747,813)	(166,149,028)
خالص ٹیکس	24,591,727	752,528
(خسارہ)/منافع بعد از ٹیکس	(80,156,086)	(165,396,500)
اضافی ذخائر سے فرسودگی کی اضافی لاگت کی منتقلی	76,395,022	106,535,203
جامد اثاثوں کی از سر نو تشخیص مالیت۔موخر ٹیکس نکالنے کے بعد	(3,761,064)	(58,861,297)
حتمی منافع منقسمہ ادا شدہ	-	(10,425,000)
جمع شدہ (خسارہ) پیچھے سے لایا گیا	(213,312,511)	(144,026,214)
جمع شدہ (خسارہ) آگے لے جایا گیا	(217,073,575)	(213,312,511)
(خسارہ)/آمدن فی حصص	(7.69)	(15.87)

کمپنی کی شکر کی فروخت 27,074 ملین ٹن رہی جبکہ گزشتہ سال 45,731 میٹرک ٹن تھی یعنی اس میں 41 فیصد کمی ہوئی۔اس طرح فروخت بلحاظ مالیت روپے 2,254 ملین روپے رہی جبکہ گزشتہ سال 3,026 ملین روپے تھی، اس طرح فروخت میں 25 فیصد کمی ہوئی۔سال کے دوران شکر کی مضبوط طلب کی وجہ سے مقامی مارکیٹ اوسطاً قیمت بلند رہی یعنی سیلز ٹیکس نکالنے کے بعد 83,242 روپے فی ٹن رہی جو کہ گزشتہ سال اسی مدت میں 66,164 روپے فی ٹن تھی۔پلانٹ صرف 87 دن چلا جس کی بنیادی وجہ گنے کی عدم دستیابی کے نتیجے میں گنے کی بڑھتی ہوئی قیمتیں تھیں۔

تنخواہیں، اجرتیں اور دیگر مراعات گزشتہ سال کی سطح پر رہیں جبکہ پلانٹ کو ہموار طریقے سے چلانے کے لئے انتہائی ضروری مرمت کے کام کے اخراجات میں اضافہ ہوا۔اس طرح انتظامی اخراجات بھی قابو میں رہے یعنی 116,084 ملین روپے ہے جو کہ گزشتہ سال 116.429 ملین روپے تھے۔تاہم مالیاتی لاگت کم ہو کر 161.926 ملین روپے رہی جو کہ گزشتہ سال 164.982 ملین روپے تھی جس کی وجہ شیڈول کے مطابق طویل مدتی قرضے کی واپسی تھی۔

شکر میں 10.10 فیصد بحالی آئی جبکہ گزشتہ سال 10.46 بحالی تھی جس کی بنیادی وجہ نسبتاً معمولی طور پر موسم کا جلد آغاز تھا جس کے دوران گنے میں کم بحالی ہوئی۔ گنے کی فی 40 کلوگرام اوسطاً قیمت میں قابل ذکر اضافہ ہوا جو کہ گزشتہ سال 264 فی 40 کلوگرام سے بڑھ کر اس سال 314 روپے فی 40 کلوگرام ہوگئی۔ گنے کی کرشنگ میں گزشتہ سال کی بہ نسبت 9 فیصد اضافہ ہوا، جس کے نتیجے میں شکر کی فی ٹن پیداواری لاگت میں کمی آئی۔

فروخت پر خام منافع بڑھ کر 7.20 فیصد رہا جبکہ گزشتہ سال 2.82 فیصد سے تھا جس کی وجہ شکر کی بلند قیمتیں اور فرسودگی کی شرح میں کمی کا رجحان تھا۔ EBTIDA 221.67 ملین روپے رہی جبکہ گزشتہ سال 223.04 ملین روپے تھی۔ تاہم کمپنی کو 80.15 ملین روپے کا خسارہ ہوا جو کہ گزشتہ سال 165.39 ملین روپے تھا۔ خسارہ فی حصص (7.68) روپے رہا جبکہ گزشتہ سال (15.87) روپے تھا۔ خسارہ کی بنیادی وجہ غیر فروخت شدہ شکر تھی جس کی مالیت 1.00 بلین روپے ہے جس سے ملحقہ منافع اگلے سال ظاہر ہوگا۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے اپنے 24 دسمبر 2021 کے اجلاس میں سال مختتمہ 30 ستمبر 2021 کے لئے کسی منافع منقسمہ کی سفارش نہیں کی جس کی وجوہات میں بینکوں کے ساتھ مالیاتی وعدے، سال کے دوران خسارہ اور جمع شدہ خسارے شامل تھے:

مالیاتی نتائج		FY 2020-21	FY 2019-20
کرشنگ کا آغاز		29.11.2020	29.11.2019
کرشنگ کا اختتام		23.02.2021	02.03.2020
پیداواری ایام (خام)		87	95
کرش کیا گیا گنا	ٹن	392,757	359,528
خالص کرشنگ	ایام	81	71
اوسطاً یومیہ کرشنگ	خام ایام	4,514	3,785
اوسطاً یومیہ کرشنگ	خالص ایام	4,848	5,063
پیداواری گنجائش کا استعمال	فیصد	60	47
پیدا شدہ شکر	ٹن	39,645	37,614
شکر کی بحالی	فیصد	10.10	10.46
شیرے کی پیداوار	ٹن	17,825	16,620
شیرہ کی پیداوار۔ گنے سے	% -	4.58	4.62

کرشنگ کا آغاز 29 نومبر 2020 کو ہوا اور ملوں میں 87 دن پیداوار ہوئی۔ جبکہ گزشتہ موسم میں 95 دن پیداوار ہوئی تھی۔ گنے کی قیمتوں میں اضافہ اور پیداواری دنوں میں کمی کے باوجود کرشنگ میں گزشتہ موسم کی بہ نسبت 9 فیصد اضافہ ہوا جو کہ اس سال 392,757 میٹرک ٹن رہی جبکہ

گزشتہ سال359,528 میٹرک ٹن تھی- اسی طرح شکر کی پیداوار میں 5 فیصد اضافہ ہوا جو کہ 39,645 میٹرک ٹن رہی جبکہ گزشتہ موسم 2019-20 میں37,614 میٹرک ٹن تھی-شکر کی بحالی میں0.36 فیصد کمی ہوئی جو کہ گزشتہ موسم کے10.46 کے مقابلے میں کم ہو کر10.10 فیصد ہوگئی جس کی وجہ موسم کے دوران پانی کی قلت کی وجہ سے گنے کی کاشت کی مختلف اقسام میں کمی اور موسم کا جلد آغاز تھا-

صنعتی جائزہ

زیر جائزہ سال کے دوران پاکستان میں گنے کی پیداوار میں اضافہ ہوا جو کہ 71,725 ملین میٹرک ٹن رہی جبکہ گزشتہ سال66,334 ملین میٹرک ٹن تھی- اسی طرح پاکستان میں شکر کی پیداوار5.90 ملین میٹرک ٹن رہی جبکہ گزشتہ سال2019-20 میں4.89 ملین میٹرک ٹن تھی- صوبائی حکومت نے40 کلوگرام گنے کی کم از کم امدادی قیمت مقرر کی جس میں پنجاب اور کے پی کے میں190 روپے فی 40 کلوگرام رہی اور سندھ میں202 روپے فی کلوگرام رہی- تاہم اصل قیمت خرید فی40 کلوگرام جوملوں نے ادا کی وہ کم از کم امدادی قیمت سے زیادہ تھی جس کی بنیادی وجہ مال مالکان کے درمیان شدید مسابقت تھی خاص طور پر سندھ میں- گنے کی قیمتوں میں مسلسل اضافے سے شکر کی صنعت کے منافع میں کمی ہوئی اور بحران کے کنارے پہنچ چکی ہے- جبکہ اس کے خلاف گنے کی قیمتیں رینج میں رہیں جس کے نتیجے میں شکر کی صنعت کے نقدی کے بہاؤ پر ناموافق اثرات مرتب ہوئے-

ادارتی سماجی ذمہ داری کی سرگرمیاں

آپ کی کمپنی اپنے عملہ اور ملازمین کو ایک محفوظ اور صحت مند ماحول فراہم کرنے کے لئے کوشاں ہے- آلودگی سے پاک فضا اور اسی طرح ضروری آلات نصب کئے گئے تاکہ حفاظتی قواعد وضوابط کی پاسداری ہو سکے- ملازمین کو اپنے آپ کو حادثات سے بچانے کے لئے حفاظتی ساز وسامان کی فراہمی کی جاتی ہے- دفتری حدود میں باقاعدگی سے تربیت کا اہتمام کیا جاتا ہے تاکہ وہ آپ آپ کو حفاظتی رہنما اصولوں سے ہم آہنگ کرسکیں- کمپنی اپنی فیئر پرائس شاپ سے انہیں امدادی قیمتوں پر شکر فراہم کرتی ہے- کمپنی ایک اچھے ادارتی شہری ہونے کے ناتے فیکٹری کے قرب وجوار میں رہنے والے معاشرے کے مستحق افراد کو مالی امداد، مفت طبی سہولیات، کھانا، تعلیم وغیرہ فراہم کرتے ہوئے ان کی طرز زندگی میں بہتری کے لئے معاونت کررہی ہے-

ماحولیات پر اثرات

آپ کی کمپنی سندھ انوائرمینٹل پروٹیکشن ایجنسی رولز کے تحت ماحولیاتی ذمہ داریوں سے مکمل طور پر آگاہ ہے اور انہیں پورا کرنے کے لئے کوشاں ہے- کمپنی فضلہ کے ٹریٹمنٹ پلانٹ سے لیس ہے تاکہ ماحول کو فضلہ سے پیدا ہونے والے نقصان دہ اثرات سے محفوظ رکھا جاسکے- آپ کی کمپنی ''شجر کاری مہم'' منعقد کرتی ہے جس میں ہر سال باقاعدگی سے درخت لگائے جاتے ہیں- آپ کی کمپنی معاشرے میں ماحولیاتی تحفظ کی سرگرمیوں کی تائید کرتی ہے اور لوگوں کو خراب ماحول کے اثرات سے محفوظ کرنے کے لئے سرمایہ خرچ کرتی ہے-

مستقبل کا منظر نامہ

زیر جائزہ سال کی بہ نسبت قابل کاشت رقبے میں اضافہ اور فی ایکڑ پیداوار میں اضافے کی وجہ سے توقع ہے 2020-21 میں گنے کی پیداوار 87.67 ملین میٹرک ٹن رہے گی- اسی طرح پاکستان میں شکر کی پیداوار بڑھ کر 6.8 ملین ٹن رہے گی- تاہم پاکستان شوگر ملز ایسوسی ایشن کا تخمینہ فیڈرل کمیٹی آف ایگریکلچر سے کافی مختلف ہے جس کے مطابق گنے کی پیدوار 77-75 ملین میٹرک ٹن رہے گی جبکہ شوگر کی پیداوار 5.8 تا 5.9 ملین میٹرک ٹن رہے گی- حکومت نے اس سیزن 22-21 میں گنے کی قیمت 250 روپے فی 40 کلوگرام بمع 0.50 روپے فی 40 کلوگرام پریمیم کے ساتھ مقرر کی ہے جبکہ گزشتہ سال سندھ میں 202 روپے فی 40 کلوگرام رہی- گنے کی مقررہ قیمت کے باوجود گنے کی بازاری میں قیمت 320 روپے فی 40 کلوگرام ہے جس سے سندھ کی شکر کی صنعت ایک مرتبہ پھر مشکلات کا شکار رہے گی-

گزشتہ موسم کی بہ نسبت کمپنی گنے کی زیادہ مقدار کرش کرنے کے لئے کوشاں ہے تاکہ منافع میں کمی اور گنے کی بڑھتی ہوئی قیمتوں کے ناموافق اثرات کو کم کیا جا سکے- اگر چہ کہ گنے کی موجودہ قیمتیں پیداوار کے لئے لچک پذیر نہیں ہیں، تاہم کمپنی گنے کی بحالی، درست قیمت پر اچھے معیار کے گنے کی خریداری پر اپنی توجہ مرکوز کئے ہوئے ہے اور موثر مارکیٹنگ حکمت عملی اختیار وضع کر رہی ہے جو کہ مثبت مالیاتی نتائج کے حصول میں اپنا بنیادی کردار ادا کرے گی-

ادارتی نظم وضبط کی پاسداری

کمپنی نے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نافذ کردہ ادارتی نظم وضبط کو اختیار کیا ہے- ہم نے تمام ضروری شقوں کو نافذ کیا ہے اور ہم حکومت کے کارپوریٹ سیکٹر کی باریک بینی سے نگرانی کے لئے مالیاتی گوشواروں کو مکمل منکشف کروانے کے اقدام کو خوش آمدید کہتے ہیں- ہم امید کرتے ہیں کہ اس سے چھوٹے سرمایہ کاروں کے اعتماد پر دور س اثرات مرتب ہونگے اور اس سے ادارتی سرمایہ کاری میں اضافہ ہوگا-

ڈائریکٹران کا تربیتی پروگرام

ہم مسرت کے ساتھ مطلع کرتے ہیں کہ کمپنی ڈائریکٹرز تربیتی پروگرام کے تحت کوڈ آف کارپوریٹ گورننس ریگولیشن 2019 کی شق 19 کی پاسداری کرتی ہے-

ادارتی و مالیاتی رپورٹنگ فریم ورک پر بیان

بورڈ بخوشی تصدیق کرتا ہے کہ:

1 کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں-

2 کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں-

3 مالیاتی گوشواروں کی تیاری کے دوران درست حساباتی پالیسیوں کو تسلسل سے لاگو کیا گیا ہے، اگر کوئی تبدیلی ہوئی ہے تو اسے معقول انداز میں منکشف کیا گیا ہے اور حساباتی تخمینوں کی بنیادی معقول اور مضبوط فیصلوں پر ہے-

4 عالمی حساباتی معیارات جو کہ پاکستان میں لاگو ہیں انہیں مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور اگر کوئی انحراف ہوا ہے تو اسے مناسب انداز میں منکشف کیا گیا ہے-

5 اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی باقاعدگی سے نگرانی کی جاتی ہے۔

6 کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک وشبہ نہیں ہے۔

7 لسٹنگ ریگولیشنز میں ادارتی نظم وضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا-

8 اخلاقیات اور کاروباری حکمت عملی پر بیان تیار کیا گیا ہے اور ڈائریکٹران اور ملازمین کے درمیان تقسیم کیا گیا ہے-

9 پرووڈنٹ فنڈز سے سرمایہ کاریاں کمپنیز ایکٹ 2017 کی دفعہ 218 کی شقوں کے مطابق کی گئی ہیں اور اس مقصد کے لئے قواعد بنائے گئے ہیں-

10- بورڈ نے ایک مشن بیان اختیار کیا ہے اور مجموعی ادارتی حکمت عملی بنائی ہے-

11- گزشتہ چھ سالوں کے کاروباری اور مالیاتی اعداد وشمار کا اختصاریہ صفحہ نمبر ...22... پر دیا گیا ہے-

12- ٹیکسوں اور محصولات سے متعلق معلومات مالیاتی گوشواروں کے نوٹس میں فراہم کی گئی ہے-

13- حصص داری کی ساخت اور حصص داری سے متعلق اضافی معلومات صفحہ ...73... اور ...74... پر فراہم کی گئی ہے-

14- سال 21-2020 کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے-

ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹران کا نام	حاضر اجلاسوں کی تعداد
مسٹر ڈیومل ایسرانی	4
ڈاکٹر تاراچند	4
مسٹر دلیپ کمار	3
مسٹر پہلاج رائے	2
مسٹر موہن لال	2
ڈاکٹر بیشم کمار	2
مسٹر مہیش کمار	4
مسٹر ظفر احمد غوری	4
مس مہیش واری اوشا	4
مسٹر محمد صدیق کھوکھر	4

جو ڈائریکٹران اپنی مصروفیات کی وجہ سے اجلاس میں حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

مسٹر ظفر احمد غوری اور مس مہیش واری اوشا نے سال کے دوران ہر ایک نے 500 شیئرز خریدے جبکہ مسٹر محمد صدیق کھوکھر نے ۴ شیئرز خریدے ہیں۔ جبکہ دیگر ڈائریکٹران، CEO، CFO، کمپنی سیکریٹری اور ان کے شریک حیات اور ان کے چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

ضابطہ اخلاق اور اخلاقیات

کمپنی کی پالیسی ہے کہ وہ اپنے افعال تمام آئینی ضوابط کی پاسداری پر عمل کرتے ہوئے اعلیٰ کاروباری اخلاقیات کو مدنظر رکھ کر انجام دے اور اچھے ادارتی شہری کے بہترین تسلیم شدہ معیارات کی پاسداری کرے۔ یہ پالیسی کسی کے کام، گریڈ یا عہدے کی پرواہ کئے بغیر کمپنی کے تمام ڈائریکٹران اور ملازمین پر یکساں لاگو ہوتی ہے۔

1- کمپنی کی سرگرمیاں اور کاروبار رائج قوانین اور اعلیٰ اخلاقی معیارات کی سختی کے ساتھ پاسداری کرتے ہوئے انجام دیئے جاتے ہیں۔ ڈائریکٹران اور ملازمین اس بات کو یقینی بناتے ہیں کہ کمپنی تمام گاہکوں، سپلائررز اور مسابقت کاروں کے ساتھ شفاف لین دین کرے۔

2- سرکاری اداروں، گاہکوں اور سپلائرز کے سلسلے میں کمپنی بالواسطہ یا بلاواسطہ کسی بدعنوانی کے طور طریقے میں ملوث نہیں ہوتی۔

3- ڈائریکٹران اور ملازمین کمپنی کی معلومات یا جائیداد یا کمپنی میں اپنے عہدے سے کوئی ناجائز فوائد یا مواقع حاصل نہیں کرتے۔

ڈائریکٹران کے معاوضہ کی پالیسی

بورڈ آف ڈائریکٹرز نے ایک ڈائریکٹرز معاوضہ پالیسی منظور کی ہے جس میں ہر انفرادی ڈائریکٹر کے لئے تفصیلی مقاصد اور شفاف طریقہ کار بیان کئے گئے ہیں۔ بورڈ اور اسکی کمیٹیوں کے اجلاس میں حاضری کے علاوہ کمپنی میں کسی نان ایگزیکٹو ڈائریکٹر کے لئے معاوضہ کی پالیسی نہیں ہے۔ تاہم ایگزیکٹو ڈائریکٹران کو سالانہ کارکردگی کی بنیاد پر معاوضہ دیا جاتا ہے۔

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹران کی مجموعی رقم کی تفصیلات مالیاتی گوشواروں کے نوٹ ......32...... میں منکشف کی گئی ہے:

ڈائریکٹران کی کل تعداد

(a)	مرد	9
(b)	خواتین	1

تشکیل بندی

آزاد ڈائریکٹر	03
دیگر نان ایگزیکٹو ڈائریکٹر	05

آڈٹ کمیٹی

ایگزیکٹو ڈائریکٹران	02

کمپنی کی آڈٹ کمیٹی درج ذیل ممبران پر مشتمل ہے:

مسٹر ظفر احمد غوری	چیئرمین
ڈاکٹر پیشمن کمار	ممبر
مسٹر دلیپ کمار	ممبر
مسٹر پہلاج رائے	ممبر

HR اور معاوضہ کمیٹی

کمپنی کی HR اور معاوضہ کمیٹی درج ذیل ممبران پر مشتمل ہے:

مس مہیش واری اوشا	چیئرمین
مسٹر موہن لال	ممبر
مسٹر دلیپ کمار	ممبر

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ نے نے کمپنی کی طویل مدتی ریٹنگ BBB ہے اور قلیل مدتی A2 سونپی ہے۔سونپے گئے آؤٹ لک سے مضبوط ریٹنگ کی عکاسی ہوتی ہے۔

بعدازاں اہم واقعات

30 ستمبر 2021 سے مالیاتی گوشواروں کے اجراء کی تاریخ تک ایسی کوئی اہم تبدیلیاں اور واقعات جن سے کمپنی کی پوزیشن متاثر ہوتی ہو ان کی عکاسی مالیاتی گوشواروں کے نوٹ اہم وعدوں اور معاہدوں میں کی گئی ہے۔کمپنی پرُ اعتماد ہے کہ کوئی ناموافق مالیاتی اثرات رونما نہیں ہونگے۔

بورڈ آف ڈائریکٹرز کی تشخیص

بورڈ آف ڈائریکٹرز نے بورڈ اور اس کی کمیٹیوں کی کارکردگی کو ناپنے کے لئے ایک معیار اصول ترتیب دیا ہے۔کوڈ آف کارپوریٹ گورننس کے تقاضوں کے تحت سالانہ تشخیص سال کے آغاز میں طے کردہ مقاصد/ معیار اصول کو مدنظر رکھتے ہوئے کی گئی۔

آئینی آڈیٹرز

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس سبکدوش ہو چکے ہیں اور اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ کی آڈٹ کمیٹی نے بھی آنے والے سال کے لئے موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹر تقرری کی سفارش کی ہے۔

اختتامیہ

بورڈ تمام متعلقین کے تعاون کا اعتراف کرتا ہے اور کمپنی کے ملازمین اور مزدوروں کی انتھک محنت پر انہیں ستائش پیش کرتا ہے۔

آخر میں، ہم اللہ رب العزت سے دعا گو ہیں کہ وہ ہمیں قومی ترقی اور ادارے کی بہتری کے لئے کے ہر پہلو پر ہماری رہنمائی کرے۔آمین

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر تاراچند	مہیش کمار
چیف ایگزیکٹو	ڈائریکٹر

مورخہ: 24 دسمبر 2021

SASM

SIX YEARS AT A GLANCE

	2021 (Rupees)	2020 (Rupees)	2019 (Rupees)	2018 (Rupees)	2017 (Rupees)	2016 (Rupees)
Profit & Loss Account:						
Turnover	2,253,713,462	3,025,752,336	2,211,305,116	4,216,372,059	2,015,771,967	3,160,906,955
Gross profit/(loss)	160,386,429	85,350,634	334,329,208	349,185,653	(259,158,512)	145,381,784
Operating profit / (loss)	57,178,656	(1,166,425)	224,674,689	158,330,432	(385,221,878)	53,682,380
Profit / (loss) before tax	(104,747,813)	(166,149,028)	41,192,279	125,472,507	(454,852,339)	1,313,833
Profit / (loss) after tax	(80,156,086)	(165,396,500)	49,653,685	68,210,590	(400,590,009)	(25,036,905)
Balance Sheet:						
Fixed assets at WDV	3,245,126,564	2,395,853,223	2,604,746,154	2,801,755,471	1,932,954,585	2,012,259,205
Long term loans, advances and deposits etc.	1,244,756	1,574,456	1,404,846	2,800,805	1,065,256	1,106,473
Current assets	1,503,777,226	919,263,023	891,378,142	646,227,439	1,558,721,131	594,957,278
	4,750,148,546	3,316,690,702	3,497,529,142	3,450,783,715	3,492,740,972	2,608,322,956
Shareholders' equity	(112,823,575)	(109,062,511)	(39,776,215)	(191,491,993)	(323,248,936)	(25,729,060)
Surplus on revaluation of fixed assets	1,841,172,213	1,250,971,892	1,357,507,096	1,476,249,189	812,179,558	915,249,691
Long term liabilities & current maturity thereof	830,000,000	660,000,000	710,000,000	1,039,166,667	1,108,958,837	889,000,000
Deferred liabilities / Deferred Income	889,917,432	717,513,213	766,348,446	817,545,784	489,029,469	566,434,415
Current liabilities excluding current maturity of long term liabilities	1,301,882,476	797,268,108	703,449,815	309,314,068	1,405,822,044	263,367,910
	4,750,148,546	3,316,690,702	3,497,529,142	3,450,783,715	3,492,740,972	2,608,322,956
Statistics and Ratios						
Gross profit to Sales	7.12%	2.82%	15.12%	8.28%	-12.86%	4.60%
Profit / (Loss) before tax to Sales	-4.65%	-5.49%	1.86%	2.98%	-22.56%	0.04%
Profit / (Loss) after tax to Sales	-3.56%	-5.47%	2.25%	1.62%	-19.87%	-0.79%
Fixed Assets/Turnover (Times)	0.69	1.26	0.85	1.50	1.04	1.57
Inventory/Turnover (Times)	3.88	11.30	3.99	7.57	4.35	6.03
Current Ratio	1.16:1	1.15:1	1.27:1	2.09:1	1.11:1	2.26:1
Debt-Equity Ratio	0.64	0.66	0.62	0.63	0.86	0.66
Earning / (Loss) per Share (Rs.)	-7.69	-15.87	4.76	6.54	-38.43	-2.40
Dividend per Share (Rs.)	-	-	1.00	1.60	-	-

Vision

- To be a sustainable, growth and customer oriented company with professionalism to remain competitive and contributing to society in the barrier free economy.

Mission

- To build the company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs by utilizing blend of state of the art technologies.

- To accomplish excellent financial results which can benefit all the stakeholders including members and employees of the company.

- To fulfill obligations towards the society being a good corporate citizen.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Sindh Abadgar's Sugar Mills Limited

REVIEW REPORT 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 M/s. **Sindh Abadgar's Sugar Mills Limited** ('the Company') for the year ended **September 30, 2021** 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **September 30, 2021.**

Karachi.
Date: 24th December, 2021

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

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

Name of the Company: **SINDH ABADGAR'S SUGAR MILLS LIMITED**
Year Ending: **30.09.2021.**

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

1. The total number of directors are 10 as per the following:
   a. Male: 09
   b. Female: 01

2. The composition of Board of Directors (BOD) is as follows:

   a) Independent Director 3
   b) Non-Executive Director 5
   c) Executive Director 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 BOD have been duly exercised and decisions on relevant matters have been taken by BOD/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

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

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

9. The company is complaint to Clause 19 of the COCG with respect to Directors' training programme.

10. No appointment of CFO, Company Secretary and Head of Internal Audit was made during the year.

11. CFO and CEO duly endorsed the financial statements before approval of the BOD.

12. BOD has formed committees comprising of members given below:

a)	Audit Committee:	Mr. Zafar Ahmed Ghori	Chairman
		Mr.Pehlaj Rai	Member
		Mr. Dileep Kumar	Member
		Dr. Besham Kumar	Member
b)	HR and Remuneration Committee:	Ms. Maheshwari Oasha	Chairman
		Mr. Mohan Lal	Member
		Mr. Dileep Kumar	Member

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

14. The frequency of meetings of the committee were as per following:

    a) Audit Committee: Quarterly/half yearly/yearly

    b) HR and Remuneration Committee: Yearly

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are 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 ICAP and registered with Audit Oversight BOD of Pakistan, that they and or all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the Audit are not a close relative (spouse, parents, 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 have been complied with.

(Deoo Mal Essarani)
Chairman

Date: 24th December, 2021

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Plot No. 180, Block-A,
S.M.C.H.S.
Karachi.

INDEPENDENT AUDITORS' REPORT

To the members of Sindh Abadgar's Sugar Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Sindh Abadgar's Sugar Mills Limited** ('the Company'), which comprise the statement of financial position as at September 30, 2021, 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 ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at September 30, 2021 and of the loss, total comprehensive loss, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the 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 are 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. However, we have determined that there are no key audit matters to communicate in our report.

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. However, 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 the financial statements.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Waseem.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi
Date: 24th December, 2021

SASM

STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

	Notes	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital	4	650,000,000	650,000,000
Issued, subscribed and paid-up capital	4	104,250,000	104,250,000
Capital reserve			
Surplus on revaluation of property, plant and equipment - net	5	1,841,172,213	1,250,971,892
Revenue reserve			
Accumulated losses		(217,073,575)	(213,312,511)
		1,728,348,638	1,141,909,381
Subordinated loans	6	480,000,000	260,000,000
		2,208,348,638	1,401,909,381
Non current liabilities			
Long term finance - secured	7	229,166,667	350,000,000
Deferred liabilities	8	889,917,432	717,513,213
		1,119,084,099	1,067,513,213
Current liabilities			
Trade and other payables	9	361,945,095	565,594,673
Short term borrowings	10	908,564,854	209,355,274
Unclaimed dividend		6,499,447	6,529,182
Accrued mark-up	11	24,873,080	15,788,979
Current maturity of long term finance	7	120,833,333	50,000,000
		1,422,715,809	847,268,108
Contingencies and commitments	12		
		4,750,148,546	3,316,690,702
ASSETS			
Non current assets			
Property, plant and equipment	13	3,245,126,564	2,395,853,223
Long term loans	14	452,229	781,929
Long term deposits		792,527	792,527
		3,246,371,320	2,397,427,679
Current assets			
Stores and spares - net	15	108,662,813	164,092,463
Stock in trade	16	1,017,211,456	59,808,811
Trade debts - unsecured	17	93,695,728	435,254,397
Short term loans and advances	18	111,364,100	90,529,365
Trade deposits and short term prepayments	19	1,630,862	4,606,910
Other receivables	20	76,431,187	76,028,636
Tax refunds due from government	21	68,844,154	49,066,163
Cash and bank balances	22	25,936,926	39,876,278
		1,503,777,226	919,263,023
		4,750,148,546	3,316,690,702

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive | Director | Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Notes	2021 Rupees	2020 Rupees
Revenue - net	23	2,253,713,462	3,025,752,336
Cost of sales	24	(2,093,327,033)	(2,940,401,702)
Gross profit		160,386,429	85,350,634
Administrative expenses	25	(116,084,965)	(116,429,180)
Selling and distribution expenses	26	(4,886,094)	(16,878,053)
Other income - net	27	17,763,286	47,045,663
Other expenses	28	-	(255,489)
		(103,207,773)	(86,517,059)
Operating profit / (loss)		57,178,656	(1,166,425)
Finance costs	29	(161,926,469)	(164,982,603)
Loss before taxation		(104,747,813)	(166,149,028)
Taxation - net	30	24,591,727	752,528
Loss after taxation		(80,156,086)	(165,396,500)
Loss per share - basic and diluted	31	(7.69)	(15.87)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Director Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Notes	2021 Rupees	2020 Rupees
Loss after taxation		(80,156,086)	(165,396,500)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation increase recognised during the year		896,821,786	-
Deferred tax on above		(230,226,443)	-
		666,595,343	
Total comprehensive income / (loss) for the year		586,439,257	(165,396,500)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Issued, subscribed and paid up capital	Capital reserve: Surplus on revaluation of property, plant and equipment- net	Revenue reserve: Accumulated losses	Total
	-------------	------------- Rupees	-------------	-------------
Balance as at September 30, 2019	104,250,000	1,357,507,095	(144,026,214)	1,317,730,881
Total comprehensive loss for the year ended September 30, 2020				
- Loss after taxation	-	-	(165,396,500)	(165,396,500)
- Other comprehensive income	-		-	-
	-	-	(165,396,500)	(165,396,500)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(106,535,203)	106,535,203	-
Cash dividend paid at 10% for the year ended September 30, 2019	-	-	(10,425,000)	(10,425,000)
Balance as at September 30, 2020	**104,250,000**	**1,250,971,892**	**(213,312,511)**	**1,141,909,381**
Total comprehensive loss for the year ended September 30, 2021				
- Loss after taxation	**-**	**-**	**(80,156,086)**	**(80,156,086)**
- Other comprehensive income	**-**	**666,595,343**	**-**	**666,595,343**
	-	**666,595,343**	**(80,156,086)**	**586,439,257**
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	**-**	**(76,395,022)**	**76,395,022**	**-**
Balance as at September 30, 2021	**104,250,000**	**1,841,172,213**	**(217,073,575)**	**1,728,348,638**

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Director Chief Financial Officer

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Note	2021 Rupees		2020 Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation			(104,747,813)		(166,149,028)
Adjustments for:					
- Depreciation	13.1	165,167,959		227,488,977	
- Provision for Workers' Welfare Fund	28	-		255,489	
- Finance costs	29	161,926,469		164,982,603	
- Interest income	27	(1,723,882)		(3,533,574)	
- Gain on disposal of operating fixed assets	27	(565,079)		-	
			324,805,467		389,193,495
Operating profit before working capital changes			220,057,654		223,044,467
Changes in working capital					
Decrease / (increase) in current assets					
- Stores and spares		55,429,650		1,971,834	
- Stock in trade		(957,402,645)		400,742,641	
- Trade debts - unsecured		341,558,669		(435,254,397)	
- Short term loans and advances		(20,083,725)		15,309,188	
- Trade deposits and short term prepayment		2,976,048		(4,465,156)	
- Other receivables		(402,551)		-	
			(577,924,554)		(21,695,890)
Increase in current liabilities					
- Trade and other payables			(203,649,578)		233,448,001
Net cash (used in) / generated from operations			(561,516,478)		434,796,578
Taxes paid		(52,933,582)		(38,366,135)	
Payment to Workers' Profit Participation Fund	9	-		(2,381,993)	
Staff retirement benefits paid		(74,906)		-	
Finance costs paid		(152,842,368)		(174,709,040)	
			(205,850,856)		(215,457,168)
Net cash (used in) / generated from operating activities			(767,367,334)		219,339,410
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment		(118,425,711)		(18,622,864)	
Proceeds from sale of operating fixed assets		1,371,276		26,818	
Interest received		1,723,882		3,533,574	
Long term loans to employees - net		(421,310)		674,756	
Net cash used in investing activities			(115,751,863)		(14,387,716)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long term finance		(50,000,000)		(50,000,000)	
Short term borrowings		290,644,726		90,587,200	
Subordinated loans obtained from directors		220,000,000		-	
Dividend paid		(29,735)		(9,208,454)	
Net cash generated from / (used in) financing activities			460,614,991		31,378,746
Net (decrease) / increase in cash and cash equivalents			(422,504,206)		236,330,440
Cash and cash equivalents at the beginning of the year			39,876,278		(315,222,236)
Cash and cash equivalents at the end of the year	38		(382,627,928)		(78,891,796)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive | Director | Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

1. THE COMPANY AND ITS OPERATIONS

Sindh Abadgar's Sugar Mills Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984, which has now been repealed with the enactment of Companies Act, 2017, on May 30, 2017. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal business of the Company is the production and sale of white crystalline sugar.

The geographical location and address of the Company's business units, including plant are as under:

Head office: The Company's registered office is situated at 209, Progressive Plaza, Beaumont Road, Karachi, Pakistan.

Mill: The Company's plant is located at Deh Deenpur, District Tando Muhammad Khan, Sindh, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provision of, and directives issued under, the Companies Act, 2017.

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

2.2 Basis of measurement of items in the financial statements

In these financial statements, all items have been measured at their historical cost except freehold land, factory building, non-factory building and plant and machinery which are stated at revalued amount, less accumulated depreciation and accumulated impairment losses thereon, if any.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note reference	Area of judgement	Brief description of the judgement applied
3.4	**Property, plant and equipment**	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'reducing balance method' as the depreciation method.
3.9	**Timing of revenue recognition**	*Local sales revenue:* Whether **control** of the promised goods is transferred to the customer when the reasons for the Company temporarily holding the goods on behalf of the customer are substantive, the goods have been identified separately as belonging to the customer, the goods are ready for physical transfer to the customer and the Company no longer has the ability to use the goods or direct the goods to another customer. *Export sales revenue:* Whether **control** of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.
8.2	**Provision for Quality Premium**	Whether the provision for unpaid sugarcane cost (quality premium) should have been reversed in the Company's financial statements.

(b) Assumptions and other major sources of estimation uncertainty

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note reference	Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
3.4	**Property, plant and equipment**	Estimation of useful lives and residual values of the operating fixed assets
3.5	**Stores and spares**	Estimation of the net realizable value of stores and spares inventory and recognition of the provision for slow-moving items
3.3	**Deferred taxation**	Recognition of deferred tax assets on unused tax losses and unused tax credits - availability of future taxable profit against which deductible temporary differences and unused tax losses and unused tax credits can be utilised

2.5 New accounting pronouncements

2.5.1 Amendments to approved accounting standards and interpretations which became effective during the year ended September 30, 2021

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates do not have any effect on these financial statements, the same have not been disclosed here.

2.5.2 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 01, 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. The application of the amendment is not likely to have an impact on the Company's financial statements.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

  Rent concessions are eligible for practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b. any reduction in lease payments affects only payments originally due on or before June 30, 2022; and

c. there is no substantive change to the other terms and conditions of the lease.

   The above amendments are not likely to affect the financial statements of the Company.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 amends IAS 37 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The Company is currently in the process of assessing the impact of these amendments on its prospective financial statements.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 includes:

a. requiring companies to disclose their material accounting policies rather than significant accounting policies;

b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

The Company is currently in the process of assessing the impact of above amendments on its prospective financial statements.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments. The amendments are not likely to affect the financial statements of the Company.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are not likely to affect the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.2 Foreign currency transactions and translation

Transactions in foreign currencies are converted into Rupees at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange ruling at the statement of financial position date. All exchange differences arising on transaction are charged to the statement of profit or loss in that period.

3.3 Taxation

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.4 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except freehold land, factory building, non-factory building and plant and machinery which are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the carrying amount of an asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss as and when incurred except major repairs which are capitalised.

Depreciation on operating fixed assets is charged using reducing balance method in accordance with the rates specified in note 13.1 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged from the date when the assets become available for use till the date of disposal.

Any revaluation increase arising on the revaluation of freehold land, factory building, non-factory building and plant and machinery is recognised in statement of comprehensive income and presented as a separate component of equity except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of profit or loss, in which case the increase is credited to the statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profits. The surplus realised on disposal of revalued operating fixed assets is credited directly to unappropriated profits / accumulated losses.

An item of property, plant and equipment is derecognised 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 the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognised.

Capital work - in - progress

Capital work - in - progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when asset become available for use.

3.5 Stores and spares

Stores and spares (excluding items in transit) are valued at lower of average cost and net realisable value.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the reporting date.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

3.6 Stock-in-trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realisable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, and, if applicable, taxes (other than those subsequently recoverable by the Company from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of materials and services.

The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (which is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance). Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

Notwithstanding the above, since by-products, by their nature, are immaterial, they are measured at their net realizable value and this value is deducted from the cost of the finished goods.

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the weighted average cost formula.

Determination of net realizable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The Company estimates the net realisable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

While estimating the net realisable value, the Company also takes into consideration the purpose for which the inventory is held. For example, the net realisable value of the quantity of inventory held to satisfy firm sales contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realisable value of the excess quantity is based on general selling prices.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

3.7 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognised at the same time as the control of the goods is transferred to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short term running finance from banks which are repayable on demand and form an integral part of the Company's cash management.

3.9 Revenue

(a) Revenue from sale of goods

Typically, all the contracts entered into by the Company with its customers contain a single performance obligation i.e. the transfer of goods promised in the contract.

The Company does not expect to have contracts with its customers where the period between the transfer of the promised goods the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

Revenue from sale of goods is recognised when the customer obtains control of the promised goods. This is further analysed as below:

(a) In case of local sale of goods, the customer is deemed to have obtained control of the promised goods when all the following criteria are met:

(i) The reason for the Company temporarily holding the goods on behalf of the customer is substantive (where applicable);

(ii) The goods have been identified separately as belonging to the customer;

(iii) The goods are ready for physical transfer to the customer; and

(iv) The Company no longer has the ability to use the goods or direct the goods to another customer.

The above criteria are usually deemed to have been satisfied, and, accordingly, the revenue is recognised when the Delivery Order (DO) is issued to the customer.

(b) In case of **export sale of goods**, the customer is deemed to have obtained control of the promised goods when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

(b) Export subsidy

Export subsidy is recognised as income in the period in which it becomes receivable i.e. when all the prescribed eligibility criteria have been met and the receipt of the related proceeds from the concerned government authority is probable.

3.10 Staff retirement benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution and will have no legal or constructive obligation to pay further amounts. Obligations for the defined contributions plans are recognised as an employee benefit expense in statement of profit or loss when they are due.

The Company operates a recognised provident fund for all its eligible permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 12% of basic salary. The Company's contribution are charged to the statement of profit or loss.

3.11 Borrowing costs

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

3.12 Dividend distribution

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

3.13 Financial assets

3.13.1 Initial recognition, classification and measurement

The Company recognises a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortised cost;

(b) fair value through other comprehensive income (FVOCI);

(c) fair value through profit or loss (FVTPL); and

(a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.13.2 Subsequent measurement

(a) Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognised in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from statement of changes in equity to statement of profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in statement of profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognised in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognised in statement of comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in statement of comprehensive income is not reclassified from statement of changes in equity to statement of profit or loss.

3.13.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance. For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises statement of in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.13.4 De-recognition

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

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.14 Financial liabilities

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

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

Financial liabilities are derecognised when the contractual obligations are discharged or cancelled or have expired or when the cash flows of the financial liabilities have been substantially modified.

3.15 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognised in statement of profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

3.16 Other income

Return on bank deposits is recognised on a time proportion basis on the principal amount outstanding and at the rate applicable.

3.17 Offsetting of financial assets and financial liabilities

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

4 AUTHORISED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021	2020		2021	2020
(Number of shares)			Rupees	Rupees
		Authorised capital		
65,000,000	65,000,000	Ordinary shares of Rs. 10/- each	650,000,000	650,000,000
		Issued, subscribed and paid up capital		
		Ordinary shares of Rs.10/- each		
10,425,000	10,425,000	fully paid in cash	104,250,000	104,250,000

4.1 There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal and block voting.

	2021 Rupees	2020 Rupees

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT -net

	2021 Rupees	2020 Rupees
On freehold land		
Gross surplus		
Opening balance	288,277,500	288,277,500
Revaluation increase recognised during the year	102,937,500	-
	391,215,000	288,277,500
On buildings / plant and machinery		
Gross surplus		
Opening balance	1,355,907,595	1,505,957,176
Revaluation increase recognised during the year	793,884,286	-
Incremental depreciation transferred to retained earnings	(107,598,623)	(150,049,581)
	2,042,193,258	1,355,907,595
Related deferred tax charge		
Opening balance	(393,213,203)	(436,727,581)
Revaluation increase recognised during the year	(230,226,443)	-
Incremental depreciation transferred to retained earnings	31,203,601	43,514,378
	(592,236,045)	(393,213,203)
	1,449,957,213	962,694,392
	1,841,172,213	1,250,971,892

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

6. SUBORDINATED LOANS

	Note	2021 Rupees	2020 Rupees
Directors		403,000,000	183,000,000
Sponsors		77,000,000	77,000,000
	6.1	480,000,000	260,000,000

6.1 These are unsecured and interest-free loans obtained from the Company's directors and sponsors. The Company's agreements with its bankers stipulate that the financing availed by the Company from such banks are extinguished in full before any payment is made against the subordinated loans. These loans are repayable at the discretion of the Company.

7. LONG TERM FINANCE - SECURED

Mark-up based financing from conventional banks

	Bank Alfalah TF -II	MCB Bank Ltd. DF	Total balance as at 2021	Total balance as at 2020
	----------Rupees----------			
Opening balance	250,000,000	150,000,000	400,000,000	450,000,000
Obtained during the year	-	-	-	-
	250,000,000	150,000,000	400,000,000	450,000,000
Less: Payment made during the year	-	(50,000,000)	(50,000,000)	(50,000,000)
	250,000,000	100,000,000	350,000,000	400,000,000
Less: current maturity shown under current liabilities	(20,833,333)	(100,000,000)	(120,833,333)	(50,000,000)
	229,166,667	-	229,166,667	350,000,000
Sub note number	7.1	7.2		

7.1 Principal terms of the financing obtained from M/s. Bank Alfalah Limited

Purpose:	To meet capital expenditure requirements of the Company
Facility amount:	Rs. 250 million
Installment frequency:	Quarterly
Date of first installment:	July 05, 2018
Date of last installment:	April 05, 2025
Total number of installments:	24 installments
Principal repayable in each installment:	Rs. 20.83 million
Applicable mark up rate:	3-Month KIBOR + 0.5%
Security:	(1) First joint pari passu charge of Rs. 698.67 million (2020: Rs. 698.67 million) over all plant and machinery of the Company; and (2) Personal guarantee of all directors of the Company

7.2 Principal terms of the financing obtained from M/s. MCB Bank Limited

Purpose:	To meet capital expenditure requirements of the Company
Facility amount:	Rs. 500 million
Installment frequency:	Semi-annually
Date of first installment:	December 03, 2016
Date of last installment:	May 1, 2022
Total number of installments:	10 installments
Principal repayable in each installment:	Rs. 50 million
Applicable mark up rate:	6-Month KIBOR + 1%
Security:	(1) Joint pari passu charge of Rs. 589 million with 15% margin (2020: charge of Rs. 589 million with 15% margin) over plant and machinery installed or to be installed at the factory premises of the Company situated at District Tando Mohammad Khan; (2) Personal guarantee of all directors of the Company; (3) Cross-company guarantee of M/s. United Agro Chemicals; and (4) Subordination of the loan from directors and sponsors amounting, in aggregate, to Rs. 480 million (2020: Rs. 260 million) see note 6 to these financial statements

8. DEFERRED LIABILITIES

	Note	2021 Rupees	2020 Rupees
Deferred taxation - net	8.1	613,341,913	440,862,788
Quality premium	8.2	276,372,514	276,372,514
Staff retirement benefits		203,005	277,911
		889,917,432	717,513,213

8.1 Deferred taxation - net

For the year ended June 30, 2021

	Balance at beginning of the year	Recognized in statement of profit or loss	Recognized in other comprehensive income	Balance at end of the year
	(Rupees)			
Deferred tax liability arising from:				
- Surplus on revaluation of property, plant and equipment	393,213,203	(31,203,601)	230,226,443	592,236,045
- Accelerated tax depreciation	80,907,660	15,334,405	-	96,242,065
Deferred tax assets arising from:				
- Minimum tax	(24,769,832)	(28,359,442)	-	(53,129,274)
- Provision for slow moving stores and spares	(5,075,000)	(746,000)	-	(5,821,000)
- Provision for gratuity	(80,594)	21,723	-	(58,871)
- Provision for doubtful trade debts	-	-	-	-
- Unused tax losses	(3,332,649)	(12,794,403)	-	(16,127,052)
	440,862,788	(57,747,318)	230,226,443	613,341,913

For the year ended June 30, 2020

	Balance at beginning of the year	Recognized in statement of profit or loss	Recognized in other comprehensive income	Balance at end of the year
	---------------------------- (Rupees) ----------------------------			
Deferred tax liability arising from:				
- Surplus on revaluation of property, plant and equipment	436,727,581	(43,514,378)	-	393,213,203
- Accelerated tax depreciation	83,060,831	(2,153,171)	-	80,907,660
Deferred tax assets arising from:				
- Minimum tax	(24,769,832)	-	-	(24,769,832)
- Provision for slow moving stores and spares	(5,075,000)	-	-	(5,075,000)
- Provision for gratuity	(80,594)	-	-	(80,594)
- Provision for doubtful trade debts	(164,965)	164,965	-	-
- Unused tax losses	-	(3,332,649)	-	(3,332,649)
	489,698,021	(48,835,233)	-	440,862,788

8.2 As required under the provisions of Sugar Factories Control Act, 1950, sugar mills in Sindh are required to pay quality premium to cane growers at the rate of 50 paisa per 40 Kg cane for each 0.1 percent of excess sucrose recovery above the benchmark of 8.7 percent, determined on the aggregate sucrose recovery of each mill. The Company, along with other sugar mills, had challenged the levy of quality premium through the Pakistan Sugar Mills Association (PSMA) – Sindh Zone before the Honorable Sindh High Court (SHC), however, the matter was decided against the applicants. Thereafter, the applicants filed an appeal with the Honorable Supreme Court of Pakistan (SC) which then granted stay to the Company, while admitting the appeal against the impugned judgment of SHC. The SC has issued an order in this matter and has disposed of the appeal filed by the sugar mills. However, the implementation of the said order is subject to clarification from relevant authorities.

9. TRADE AND OTHER PAYABLES

	Note	2021 Rupees	2020 Rupees
Trade creditors:			
- for sugarcane		259,107,035	218,349,081
- for other supplies		43,179,905	30,144,991
		302,286,940	248,494,072
Other payables:			
Advances from customers	9.1	1,640,457	145,320,169
Accrued expenses		4,280,670	5,106,724
Sales tax payable		44,330,537	156,792,432
Withholding income tax payable		319,482	1,131,191
Workers' Welfare Fund	9.2	8,591,124	8,591,124
Workers' Profit Participation Fund	9.3	-	-
Contractors' retention money		26,437	27,866
Others		469,448	131,095
		361,945,095	565,594,673

9.1 Information regarding the timing of satisfaction of performance obligations underlying the closing balance of advance from customers is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

		Note	2021 Rupees	2020 Rupees
9.2	**Workers' Welfare Fund**			
	Opening balance		8,591,124	8,335,635
	Charge for the year	28	-	255,489
	Closing balance		8,591,124	8,591,124
9.3	**Workers' Profit Participation Fund**			
	Opening balance		-	2,452,553
	Adjustment during the year			(70,560)
			-	2,381,993
	Less: Payment during the year		-	(2,381,993)
	Closing balance		-	-

10. SHORT TERM BORROWINGS - Secured

	Note	2021 Rupees	2020 Rupees
Cash finance			
- Bank Alfalah Limited	10.1	500,000,000	90,587,200
Running finance			
- Bank Alfalah Limited	10.2	110,532,084	82,878,893
- Askari Bank Limited	10.3	198,032,770	35,889,181
- Habib Bank Limited	10.4	100,000,000	-
		408,564,854	118,768,074
		908,564,854	209,355,274

10.1 This represents the amount availed under a short term cash finance facility obtained from M/s. Bank Alfalah Limited for the purpose of procurement of sugarcane as well as to meet other working capital requirements. The limit of the facility is Rs. 500 million (2020: Rs. 500 million). The facility carries markup at the rate of 1-Month KIBOR + 1% per annum (2020: 1-Month KIBOR +1% per annum) and is secured by charge over stock of sugar cane (unpledged) and receivable of the Company for Rs. 266.667 million.

10.2 This represents the amount availed under a short term running finance facility obtained from M/s. Bank Alfalah Limited to meet working capital requirements. The limit of the facility is Rs. 200 million (2020: Rs. 200 million). The facility carries markup at the rate of 1-Month KIBOR + 1% per annum (2020: 1-Month KIBOR +1% per annum) and is secured by 1st Joint Pari Passu Registered Hypothecation charge over sugar and book debts for Rs. 266.67 million.

10.3 This represents the amount availed under a short term running finance facility obtained from M/s. Askari Bank Limited to meet working capital requirements. The limit of the facility is Rs. 200 million (2020: Rs. 200 million). The facility carries markup at the rate of 3-Month KIBOR + 1% per annum (2020: 3-Month KIBOR +1% per annum) and is secured by 1st Joint Pari Passu charged of Rs. 266.667 million over current assets i.e. receivable and movables of the Company.

10.4 This represents the amount availed under a short term running finance facility obtained from M/s. Habib Bank Limited to meet working capital requirements. The limit of the facility is Rs. 100 million (2020: Rs. 100 million). The facility carries markup at the rate of 3-Month KIBOR + 0.75% per annum (2020: 3-Month KIBOR + 0.75% per annum) and is secured by hypothecation charge of Rs. 134 million over sugar and book debts of the Company with 25% margin, and personal guarantees of all Directors.

10.5 As at September 30, 2021, the Company had unavailed short term financing facilities amounting to Rs. 1941.44 million (2020: Rs. 2,540.65 million)

	2021 Rupees	2020 Rupees
11. ACCRUED MARK-UP		
Mark-up accrued on:		
Long term financing	7,171,726	7,720,849
Short term borrowings	17,701,354	8,068,130
	24,873,080	15,788,979

12. CONTINGENCIES AND COMMITMENTS

Contingencies

12.1 In January 2001, the Company filed a constitutional petition in the Honourable High Court of Sindh ('the High Court') vide CP No. 123/ 2001 challenging the introduction of section 3(1A) in the Sales Tax Act, 1990 (vide Finance Act, 1998) as invalid and unconstitutional. The High Court passed an order whereby supplies made to a wholesaler who is liable to be registered under the law would not attract the provisions of further tax under section 3(1A) of the Sales Tax Act, 1990 and, hence, further tax, if any, so charged, collected and deposited into the government treasury would be refundable. Subsequently in September 2001, the Collector of Sales Tax and Central Excise (West), ['the Department'], Karachi filed an appeal to the Honourable Supreme Court of Pakistan ('the Apex Court') against the aforesaid order of the High Court. The Apex Court set aside the order of the High Court and issued directions to the Department to proceed against the Company in accordance with the provisions of law.

Subsequent to the above verdict of the Apex Court, in the year 2005, the Department issued two notices upon the Company whereby a demand of further tax amounting to Rs. 13.17 million (in relation to the financial year 2000-01) and Rs. 18 million (in relation to the financial year 2001-02) was created ('the impugned notices'). These demand notices were then challenged by the Company before the Commissioner Inland Revenue (Appeals) and the Appellate Tribunal Inland Revenue ('the Appellate Tribunal'). After the Appellate Tribunal announced its decision in the Company's favour in 2006, the Department filed a Reference Application with the Sindh High Court u/s 47(1) of the Sales Tax Act, 1990 which is yet pending for adjudication.

In view that proceedings under the Reference filed by the Department against the Company has been made nor any stay has been granted by the High Court in the Reference against the decision of the Appellate Tribunal, its order still holds the field, and hence, no provision has been made in these financial statements.

12.2 The Pakistan Standard and Quality Control Authority (the Authority) demanded from the Company a marking fee @0.1 % of the ex-factory price of sugar produced for the year 2008-09.

The Company then filed a petition with Honorable High Court of Sindh challenging a marking fee under PSQCA Act -VI of 1996 pleading that the impugned demand so raised are without any lawful authority under the said Act and in violation of the Constitution of the Islamic Republic of Pakistan. Other mills in the industry too have filed similar petitions. The High Court passed order dated December 4, 2012 on the Company’s petition terming the impugned notification as issued without lawful authority on the grounds that the subject of agricultural produce is a provincial subject and the Federal Government or its departments has no jurisdiction to prescribe the standard or to regulate licensing, marking and levying of any fee on the petitioners.

In March 2013, the Authority filed an appeal against the aforesaid order of the High Court before the Supreme Court of Pakistan (the Apex Court) which is currently pending for adjudication. The Company has not made any provision against the impugned demand in view of legal counsel of the Company that the Company has a good case on merit and the judgment of the High Court is likely to be upheld.

12.3 In 2008, the Company received a notice from Taluka Municipality, Bulri Shah Karim, District Tando Muhammad Khan ('the Municipality'), demanding trade license fee / annual tax at the rate of Rs. 250,000 per annum. Against the aforesaid notice, the Company preferred an appeal before the Civil Court, Tando Muhammad Khan which passed a decree against the Company in March 2011. In the same year, the Company challenged the decree before the Honourable High Court of Sindh, Hyderabad vide Revision Appeal No. 167 / 2011. Subsequently, in June 2012, the Company received another demand notice from the Municipality demanding the aforesaid fee, amounting to Rs. 1.75 million, in respect of the financial years ended September 30, 2006 to 2012.

Currently, the matter is yet pending for adjudication before the Honurable High Court of Sindh, Hyderabad. The Company's legal counsel is of the view that the Company has a strong case and, hence, the demand raised is likely is to be annulled. Accordingly, no provision has been recognized in these financial statements.

12.4 In December 2013, the Deputy Commissioner Inland Revenue vide its order No. 01/16/2014 issued, upon the Company, a show cause notice thereby creating a demand of Rs. 14.66 million- (excluding penalty of Rs. 0.73 million and default surcharge) which represented short payment of federal excise duty (FED) on local supplies for the period February-March 2013 and August 2013. As per the said show cause notice, the Company had wrongly availed the benefit of lower rate FED (as notified vide SRO 77(1) / 2013) since all the conditions mentioned in the said notification had not been complied with. Being aggrieved with the subsequent proceedings, in December 2014, the Company filed a Constitutional Petition No. CPD-719/ 2014 with the Honourable High Court of Sindh ('the High Court') whereby it challenged the said demand. The High Court, in its order dated February 17, 2014, granted an interim stay and restrained the Department from taking any coercive action against the Company. Currently, the suit is pending for adjudication before the High Court.

The Company's legal counsel is of the view that the case setup in the petition is strong and there are reasons to expect a favourable outcome. Hence, in view of the above, no provision for the aforesaid demand has been recognised in these financial statements.

12.5 The Competition Commission of Pakistan has levied penalty of Rs. 110.5 million for the period from 2012 to 2020 on contravention of collective decision on export qualities in violation of section 4(1) read with section 4(2)(c) of the Competition Act, 2010 vide orders dated August 6, 2021 and August 13, 2021. The Company filed a suit before the Hon'ble Sindh High Court, Karachi vide Suit No. 2273 of 2021 wherein SHC has suspended the impugned orders passed by the Commission. The matter is currently subjudice before the court of law. Accordingly, no provision has been made in these financial statements.

12.6 On May 6, 2021, the Deputy Commissioner Inland Revenue (DCIR) passed orders under section 161(1)/205/182 of the Income Tax Ordinance, 2001 for the tax year 2015 creating tax demand of Rs. 5,880,646/-. Subsequently on September 15, 2021, the DCIR passed orders under section 161(1)/205/182 of the Income Tax Ordinance, 2001 for the tax years 2016, 2017, 2019 and 2020 creating tax demand of Rs. 11,554,151/-, Rs. 22,737,242/-, Rs. 37,652,985/- and Rs. 25,246,692/- respectively. The tax demand has been created on the alleged failure of the Company to collect advance tax under section 236G of the Income Tax Ordinance, 2001 on sale to distributors and wholesalers. The Company's appeal before the Commissioner Inland Revenue (Appeals) thereagainst is yet to be heard. The Company has not made any provision against the impugned demand based on the opinion of its legal counsel that the case is likely to be decided in favour of the Company, as per similar orders in the field issued by the Appellate Tribunal.

12.7 The income tax assessments of the Company for tax years 2016, 2017, 2018 and 2019 were amended by the Commissioner Inland Revenue (CIR) under section 122(1) of the Income Tax Ordinance, 2001 after audit proceedings. The department created tax demand of Rs. 3,620,376,621/-, 4,989,243,781/-, 4,178,965,422/- and 5,260,311,838/- for the tax years 2016, 2017, 2018 and 2019 vide orders dated December 30, 2020, December 29, 2020, November 30, 2020 and November 30, 2020 respectively. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the impugned orders, however, the CIR(A) confirmed the orders passed by the CIR and passed the orders of confirmation for tax years 2016, 2017, 2018 and 2019 dated April 7, 2021, April 8, 2021, April 9, 2021 and April 9, 2021 respectively. The Income Tax Appellate Tribunal (Karachi) has granted stay against recovery of above tax demands and further proceedings are pending. The Company has not made any provision in the financial statements on merits of its case and advice of its legal counsel.

12.8 Consequential to the orders passed by the Commissioner Inland Revenue for the tax years 2016, 2017, 2018 and 2019 as disclosed above, the department issued show-cause notices under section 182 of the Income Tax Ordinance, 2001 to levy penalty amounting to Rs. 3,079,680,497/-, Rs. 4,208,340,664/-, Rs. 3,567,099,119/- and Rs. 4,566,622,837/- for the tax years 2016, 2017, 2018 and 2019 respectively. The Company has not made any provision thereagainst for the reason that it has challenged the show-cause notices before the Hon'ble High Court of Sindh at Karachi by filing Constitutional Petitions D-4116 to 4119/2021, and the Court has restrained the tax department from passing final orders under section 182 of the Income Tax Ordinance, 2001. The case is currently pending before the Sindh High Court.

	Note	2021 Rupees	2020 Rupees
13. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	3,245,126,564	2,331,549,830
Capital work in progress	13.2	-	64,303,393
		3,245,126,564	2,395,853,223

13.1 Operating fixed assets

	Free hold Land	Factory Building	Non-factory building	Plant and Machinery	Office, tools fire fighting and laboratory equipments	Furniture & fixture	Computer & allied items	Vehicles	Tents and Tarpaulins	Tools and Tackles	Total
	Rupees										
As at September 30, 2019											
Gross carrying amount	308,812,500	315,264,704	245,152,066	3,084,316,390	19,429,798	8,324,400	12,675,587	66,312,971	7,629,077	9,727,999	4,077,645,492
Accumulated depreciation	-	(132,044,328)	(85,069,311)	(1,233,752,568)	(14,622,310)	(6,202,383)	(11,274,041)	(42,171,767)	(7,426,479)	(8,879,567)	(1,541,442,754)
Net book value	**308,812,500**	**183,220,376**	**160,082,755**	**1,850,563,822**	**4,807,488**	**2,122,017**	**1,401,546**	**24,141,204**	**202,598**	**848,432**	**2,536,202,738**
Movement during the year ended September 30, 2020											
Opening net book value	308,812,500	183,220,376	160,082,755	1,850,563,822	4,807,488	2,122,017	1,401,546	24,141,204	202,598	848,432	2,536,202,738
Additions during the year	-	151,826	-	21,693,662	-	97,413	620,571	159,450	-	139,965	22,862,887
Disposals:											
- Cost	-	-	-	-	-	-	-	(86,000)	-	-	(86,000)
- Accumulated depreciation	-	-	-	-	-	-	-	59,182	-	-	59,182
	-	-	-	-	-	-	-	(26,818)	-	-	(26,818)
Depreciation for the year	-	(18,333,425)	(16,008,276)	(186,683,407)	(571,160)	(219,508)	(420,464)	(4,848,135)	(70,909)	(333,693)	(227,488,977)
Closing net book value	**308,812,500**	**165,038,777**	**144,074,479**	**1,685,574,077**	**4,236,328**	**1,999,922**	**1,601,653**	**19,425,701**	**131,689**	**654,704**	**2,331,549,830**
As at September 30, 2020											
Gross carrying amount	308,812,500	315,416,530	245,152,066	3,106,010,052	19,429,798	8,421,813	13,296,158	66,445,603	7,629,077	9,867,964	4,100,481,561
Accumulated depreciation	-	(150,377,753)	(101,077,587)	(1,420,435,975)	(15,193,470)	(6,421,891)	(11,694,505)	(47,019,902)	(7,497,388)	(9,213,260)	(1,768,931,731)
Net book value	**308,812,500**	**165,038,777**	**144,074,479**	**1,685,574,077**	**4,236,328**	**1,999,922**	**1,601,653**	**19,425,701**	**131,689**	**654,704**	**2,331,549,830**
Movement during the year ended September 30, 2021											
Opening net book value	308,812,500	165,038,777	144,074,479	1,685,574,077	4,236,328	1,999,922	1,601,653	19,425,701	131,689	654,704	2,331,549,830
Additions during the year	-	2,320,373	-	136,387,417	4,225,860	80,937	220,013	38,897,850	-	596,654	182,729,104
Disposals:											
- Cost	-	-	-	-	-	-	-	(3,689,720)	-	-	(3,689,720)
- Accumulated depreciation	-	-	-	-	-	-	-	2,883,523	-	-	2,883,523
	-	-	-	-	-	-	-	(806,197)	-	-	(806,197)
Surplus on revaluation	102,937,500	121,672,347	102,479,329	569,732,610	-	-	-	-	-	-	896,821,786
Depreciation for the year	-	(16,511,857)	(14,407,448)	(128,663,599)	(458,315)	(203,202)	(525,040)	(4,051,212)	(46,091)	(301,195)	(165,167,959)
Closing net book value	**411,750,000**	**272,519,640**	**232,146,360**	**2,263,030,505**	**8,003,873**	**1,877,657**	**1,296,626**	**53,466,142**	**85,598**	**950,163**	**3,245,126,564**
As at September 30, 2021											
Gross carrying amount	411,750,000	439,409,250	347,631,395	3,812,130,079	23,655,658	8,502,750	13,516,171	101,653,733	7,629,077	10,464,618	5,176,342,731
Accumulated depreciation	-	(166,889,610)	(115,485,035)	(1,549,099,574)	(15,651,785)	(6,625,093)	(12,219,545)	(48,187,591)	(7,543,479)	(9,514,455)	(1,931,216,167)
Net book value	**411,750,000**	**272,519,640**	**232,146,360**	**2,263,030,505**	**8,003,873**	**1,877,657**	**1,296,626**	**53,466,142**	**85,598**	**950,163**	**3,245,126,564**
Annual rates of depreciation	**0%**	**10%**	**10%**	**5%-10%**	**10%**	**10%**	**30%**	**20%**	**35%**	**35%**	

13.1.1 In April 2021, the Company, in accordance with the requirement of the International Accounting Standard (IAS) 16 'Property, Plant and Equipment', conducted an exercise for a comprehensive review of the depreciation method and useful lives of its significant classes of property, plant and equipment i.e. Factory Building, Non-factory Buildings and Plant and Machinery. The said review led to the following key observations and conclusions:

(a) No significant change was observed in the pattern of consumption of the economic benefits embodied in the Factory Building and Non-factory Buildings, or the period over which such assets are expected to be available for use by the Company. Accordingly, it was concluded that the previous estimates made by the Company with respect to the depreciation method and useful lives of such assets remain appropriate;

(b) Though no significant change was observed in the pattern of consumption of the economic benefits embodied in the Plant and Machinery (i.e. the diminishing pattern of expected available utility of the assets over their lives), the number of years over which such assets are expected to be available for use by the Company has increased significantly mainly due to the following constituents:

- expected reduction in usage of the assets supported by a substantial actual reduction observed in the number of crushing days the mill has been operating in recent years which, in turn, has been caused by the quantum of sugarcane available and other external factors including certain competitive, political and economic factors; and

- expected reduction in physical wear and tear due to significant improvements made in the repairs and maintenance programme of the Plant and Machinery and enhanced level of expenditures being incurred year-on-year in this regard.

Hence, in view of the above, it was concluded that:

(i) the depreciation method of the Plant and Machinery as previously determined (i.e. the diminishing balance method) remains appropriate in light of the present facts and circumstances;

(ii) the depreciation rate of the Plant and Machinery be, however, reduced from 10% to 5% which, in the management's view, better and closely reflects the revised useful lives of the assets.

The said change in the depreciation rate has been accounted for prospectively as a change in an accounting estimate (with effect from April 01, 2021) in accordance with the requirements of IAS 16 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had the aforesaid change in accounting estimate not been made, the various figures reported in these financial statements would have been impacted as follows:

(a) As of September 30, 2020, the carrying amount of property, plant and equipment would have been lower by Rs. 44.505 million, stock-in-trade would have been higher by Rs. 14.742 million, deferred tax liability on the revaluation surplus would have been lower by Rs. 9.273 million, surplus on revaluation of property, plant and equipment would have been lower by Rs. 20.202 million and accumulated losses would have been lower by Rs. 0.289 million; and

(b) For the year ended September 30, 2020, the cost of sales would have been higher by Rs. 29.763 million, gross profit would have been lower by Rs. 29.763 million, loss before taxation would have been higher by Rs. 29.763 million, deferred tax income would have been higher by Rs. 9.273 million and loss after taxation would have been higher by Rs. 20.491 million.

Further, due to fact that Plant and Machinery is being carried under the revaluation model of accounting and because of the uncertainty with respect to the timing of future disposals of the assets, it not practicable to estimate the effect of the aforesaid change in accounting estimate for future reporting periods.

	Note	2021 Rupees	2020 Rupees

13.1.2 Allocation of depreciation

	Note	2021 Rupees	2020 Rupees
Cost of sales	24.1	148,651,163	204,740,079
Administrative expenses	25	16,516,796	22,748,898
		165,167,959	227,488,977

13.1.3 Particulars of the immovable property (i.e. land and building) in the name of the Company are as follows:

Asset class	Location	Total area (acres)	Covered area (acres)
Freehold land	Tando Muhammad Khan	205	-
Factory & Non-factory building	Tando Muhammad Khan	-	105

13.1.4 The latest valuation of the freehold land, factory building, non-factory building and plant and machinery was carried out by an independent valuer, M/s. MYK Associates (Private) Limited, as at September 30, 2021. According to that valuation, the forced sale value of these assets was assessed at Rs. 2.316 billion as at September 30, 2021.

13.1.5 Had freehold land, factory and non-factory buildings and plant and machinery been carried under the cost model of accounting, their carrying amounts as of the reporting date would have been as follows:

Particulars	September 30, 2021			September 30, 2020		
	Cost	Accumulated Depreciation	Written Down value	Cost	Accumulated Depreciation	Written Down value
	-----------------------------------Rupees-------------------------------------					
- Freehold land	20,535,000	-	20,535,000	20,535,000	-	20,535,000
- Factory building	199,658,902	(136,819,179)	62,839,723	197,338,529	(130,085,941)	67,252,588
- Non - factory building	48,225,383	(39,023,188)	9,202,195	48,225,383	(38,000,722)	10,224,661
- Plant and machinery	1,811,973,302	(1,159,492,477)	652,480,825	1,676,566,390	(1,115,263,900)	561,302,490
	2,080,392,587	(1,335,334,844)	745,057,743	1,942,665,302	(1,283,350,563)	659,314,739

	Note	2021 Rupees	2020 Rupees
13.2 Capital work in progress			
Opening balance		64,303,393	68,543,416
Addition during the year			
- Machinery		5,172,735	3,656,677
- Civil works		-	2,399,300
		5,172,735	6,055,977
Transferred to operating fixed assets		(69,476,128)	(10,296,000)
		-	64,303,393

14. LONG TERM LOANS - unsecured

Due from employees	452,229	781,929
	452,229	781,929

14.1 These represent interest-free loans provided to the employees of the Company for the purchase of vehicles. The loans are recoverable over a period of five years through deduction from monthly salaries.

	Note	2021 Rupees	2020 Rupees
15. STORES AND SPARES - net			
Stores and spares inventory		128,735,228	180,611,958
Stores in transit		-	980,505
Provision for slow moving and obsolete items		(20,072,415)	(17,500,000)
		108,662,813	164,092,463
16. STOCK IN TRADE			
Work in process		7,675,430	5,067,022
Finished goods - sugar		1,004,529,461	33,376,180
		1,012,204,891	38,443,202
Bagasse stock		5,006,565	21,365,609
		1,017,211,456	59,808,811
17. TRADE DEBTS			
Local receivables - unsecured			
Considered good	17.1	93,695,728	435,254,397
Considered doubtful		-	-
		93,695,728	435,254,397
17.1 Considered good			
Receivable against local sale of:			
- Sugar		93,590,474	360,016,700
- Molasses		-	68,989,926
- Bagasse		105,254	6,247,771
		93,695,728	435,254,397

	Note	2021 Rupees	2020 Rupees

18. SHORT TERM LOANS AND ADVANCES

Loan to growers - unsecured	18.1	39,146,018	35,014,314
Advance to suppliers and contractors - unsecured	18.2	70,199,173	54,247,152
Due from employees - unsecured	18.3	2,018,909	1,267,899
		111,364,100	90,529,365

18.1 Loan to growers - unsecured

Considered good		39,146,018	35,014,314
Considered doubtful	18.1.1	-	137,833,341
		39,146,018	172,847,655
Provision for loans considered doubtful		-	(137,833,341)
		39,146,018	35,014,314

18.1.1 The Company had long before provided loans amounting to Rs. 137.8 million to sugar cane growers for meeting their capital requirements related to cultivation and development. Management's recovery efforts for outstanding amount of loans did not materialise, and these loans could neither be recovered nor adjusted against cane procurement since long. Consequently, during the year, these amounts were written off against the provision for impairment recognized in previous reporting periods in view of non-recoverability thereof.

	Note	2021 Rupees	2020 Rupees

18.2 Advance to suppliers and contractors - unsecured

Considered good	70,199,173	54,247,152
Considered doubtful	2,315,484	2,315,484
	72,514,657	56,562,636
Provision for advances considered doubtful	(2,315,484)	(2,315,484)
	70,199,173	54,247,152

18.3 These represent interest free loans provided to employees as per the Company's policy and these are recovered through deduction from monthly payroll.

	Note	2021 Rupees	2020 Rupees

19. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits - unsecured	-	4,405,000
Short term prepayments	1,630,862	201,910
	1,630,862	4,606,910

20. OTHER RECEIVABLES

Sales tax refundable	1,054,585	1,054,585
Subsidy receivable	73,920,300	73,920,300
Receivable against insurance claim	441,029	441,029
Others	1,015,273	612,722
	76,431,187	76,028,636

	Note	2021 Rupees	2020 Rupees

21. TAX REFUNDS DUE FROM GOVERNMENT

	Note	2021 Rupees	2020 Rupees
Advance tax			
Opening balance		49,066,163	58,782,733
Advance tax paid / withheld during the year		52,933,581	38,366,135
Closing balance		101,999,744	97,148,868
Less: Adjusted for current year		(33,155,591)	(48,082,705)
		68,844,153	49,066,163

22. CASH AND BANK BALANCES

	Note	2021 Rupees	2020 Rupees
Cash in hand		577,334	506,819
Cash at bank			
- Current accounts		16,790,421	19,573,468
- Deposit accounts	22.1	8,569,171	19,795,991
		25,359,592	39,369,459
		25,936,926	39,876,278

22.1 These represent funds deposited with banks in saving accounts carrying profit at the rate of 5% to 5.5% (2020: 6.5% to 9.5%).

23. REVENUE - NET

	Note	2021 Rupees	2020 Rupees
Revenue from local sales - net	23.1	2,253,713,462	2,949,851,336
Revenue from export sales		-	75,901,000
		2,253,713,462	3,025,752,336

23.1 Revenue from local sales - net

	Note	2021 Rupees	2020 Rupees
Sale of goods to local customers - gross		2,609,293,250	3,458,176,620
Less: sales tax		(355,579,788)	(508,325,284)
		2,253,713,462	2,949,851,336

24. COST OF SALES

	Note	2021 Rupees	2020 Rupees
Sugarcane consumed		3,081,467,907	2,419,919,022
Manufacturing expenses	24.1	379,886,771	431,989,965
		3,461,354,678	2,851,908,987
Sugar stock in process - opening		5,067,022	3,740,859
Sugar stock in process - closing		(7,675,430)	(5,067,022)
		(2,608,408)	(1,326,163)
		3,458,746,270	2,850,582,824
Sale of molasses (by-product)		(410,625,000)	(312,249,926)
Cost of goods manufactured		3,048,121,270	2,538,332,898
Finished stock of sugar - opening		33,376,180	429,204,353
Finished stock of sugar - closing		(1,004,529,461)	(33,376,180)
		(971,153,281)	395,828,173
Stock of bagasse - opening		21,365,609	27,606,240
Stock of bagasse - closing		(5,006,565)	(21,365,609)
		16,359,044	6,240,631
		2,093,327,033	2,940,401,702

	Note	2021 Rupees	2020 Rupees

24.1 Manufacturing expenses

	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits	24.1.1	121,399,397	121,484,983
Production stores consumed		33,999,696	36,957,033
Fuel and power		10,135,230	8,640,679
Repairs and maintenance		58,983,252	51,602,579
Insurance		6,191,379	5,282,049
Depreciation	13.1.2	148,651,163	204,740,079
Others		526,654	3,282,563
		379,886,771	431,989,965

24.1.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 2.09 million (2020: Rs. 2.23 million)

25. ADMINISTRATIVE EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits	25.1	63,017,502	62,324,223
Rent, rates and taxes		833,707	845,577
Insurance		1,224,513	1,203,830
Utilities		447,906	280,400
Printing and stationery		1,555,095	1,303,769
Postage, fax and telephone		2,148,947	1,858,753
Vehicle running and maintenance		4,649,021	5,244,820
Repair and maintenance		1,316,143	2,316,903
Traveling and conveyance		575,146	890,353
Subscriptions, books and periodicals		2,256,460	1,743,081
Legal and professional		7,483,945	4,945,710
Entertainment expense		2,481,823	2,657,637
Advertisement expense		16,900	29,200
Depreciation	13.1.2	16,516,796	22,748,898
Auditors remuneration	25.2	1,419,980	1,145,000
Provision for doubtful advances		-	2,315,484
Charity and donation	25.3	1,357,139	2,157,680
Others		8,783,942	2,417,862
		116,084,965	116,429,180

25.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 2.71 million (2020: Rs.2.36 million).

25.2 Auditors' remuneration

	Note	2021 Rupees	2020 Rupees
Audit fee		800,000	800,000
Certification charges		125,000	125,000
Half yearly review		300,000	220,000
Out of pocket expenses		194,980	-
		1,419,980	1,145,000

25.3 None of the directors of the Company or their spouses had any interest in the donee organizations.

	Note	2021 Rupees	2020 Rupees

26. SELLING AND DISTRIBUTION EXPENSES

	Note	2021 Rupees	2020 Rupees
Loading, stacking and handling		4,388,531	4,923,065
Export expenses		-	11,940,628
Others		497,563	14,360
		4,886,094	16,878,053

27. OTHER INCOME - NET

	Note	2021 Rupees	2020 Rupees
Profit on deposit accounts		1,723,882	3,533,574
Realised exchange gain / (loss)		-	199,675
Sale of bagasse		15,041,865	42,755,185
Gain on disposal of operating fixed assets		565,079	-
Others		432,460	557,229
		17,763,286	47,045,663

28. OTHER EXPENSES

	Note	2021 Rupees	2020 Rupees
Provision for Workers' Welfare Fund	9.2	-	255,489

29. FINANCE COSTS

	Note	2021 Rupees	2020 Rupees
Mark up on:			
- Long term finance		30,602,877	49,517,476
- Short term borrowings		130,120,901	113,840,486
		160,723,778	163,357,962
Bank charges		1,202,691	1,624,641
		161,926,469	164,982,603

30. TAXATION - net

	Note	2021 Rupees	2020 Rupees
Current		33,155,591	48,082,705
Prior		-	-
Deferred		(57,747,318)	(48,835,233)
		(24,591,727)	(752,528)

Status of income tax assessments

Except as stated in note 12.7 and 12.8 to these financial statements, the income tax assessments of the Company are deemed to have been finalised up to, and including, the tax year 2021 (accounting year ended September 30, 2020) based on the returns of income filed by the Company with the concerned taxation authority. As per section 120 of the Income Tax Ordinance, 2001 ('the Ordinance'), a tax return filed by a taxpayer is treated as an assessment order issued by the concerned taxation authority unless the same is selected for re-assessment / audit as per the legal provisions stipulated in the Ordinance.

	2021 Rupees	2020 Rupees

31. LOSS PER SHARE - BASIC AND DILUTED

31.1 Basic loss per share

	2021	2020
Loss after taxation	(80,156,086)	(165,396,500)
	Number	
Weighted average number of ordinary shares outstanding during the year	10,425,000	10,425,000
	Rupees	
Loss per share - basic	(7.69)	(15.87)

31.2 Diluted loss per share

There is no dilutive effect on the basic loss per share of the Company, since there were no potential ordinary shares in issue as at September 30, 2021 and September 30, 2020.

32. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	2021				2020			
	Chief Executives	Director	Executives	Total	Chief Executives	Director	Executives	Total
	Rupees							
Basic salary	1,872,000	1,380,000	6,771,300	10,023,300	1,500,000	1,125,000	6,627,000	9,252,000
Vehicle expenses		-	-	-	121,440	-	1,410,108	1,531,548
Other prequisites	528,000	420,000	3,519,012	4,467,012	942,098	675,000	6,063,076	7,680,174
Total	2,400,000	1,800,000	10,290,312	14,490,312	2,563,538	1,800,000	14,100,184	18,463,722
No. of persons	1	1	3	5	1	1	3	5

32.1 In addition, the Chief Executive, Directors and all executives of the Company have been provided with free use of Company owned and maintained cars and other benefits in accordance with their terms of employment / services.

33. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of group companies, major shareholders, key management personnel and directors of the Company and their close family members, and the staff provident fund. Remuneration of the Chief Executive and Directors is disclosed in note 32 to the financial statements. Transactions entered into, and balances held, with related parties are as follows:

	Note	2021 Rupees	2020 Rupees
Transactions during the year			
Contribution to staff provident fund	33.1	4,796,270	4,595,725
SGM Sugar Mills Limited			
Advance given for purchase of materials		1,392,860	-
Purchases during the year		3,001,835	3,001,835
Balances at year end			
Subordinated loan			
Loan from directors		403,000,000	183,000,000
Loan from sponsors		77,000,000	77,000,000
		480,000,000	260,000,000
SGM Sugar Mills Limited- net		5,454,199	4,061,339

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

34. SEGMENT INFORMATION

These financial statements have been prepared on the basis of single reportable segment. The category-wise disclosures required by the accounting and reporting standards as applicable in Pakistan are as follows:

- Revenue from sale of sugar represents 84.11% (2020: 88.27%) of the total revenue whereas remaining represent revenue from sale of molasses and bagasse.
- Nil% (2020: 2.5%) revenue of the Company relates to customers outside Pakistan.
- All non-current assets of the Company at September 30, 2021 and 2020 were located in Pakistan.

35. FINANCIAL INSTRUMENTS

35.1 Nature and extent of risks arising from financial instruments

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

35.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as 'defaulted' when it is past due for 90 days or more. This is because the Company mostly deals on advance payment basis; for other transactions on credit basis, the amounts are usually collected within 90 days.

The Company writes off a financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means. The financial assets written off are not subject to enforcement activity.

Maximum exposure to credit risk

The carrying amounts of the financial assets represent their maximum credit exposure at the reporting date. These exposures are as follows:

	Note	2021 Rupees	2020 Rupees
Long term loans (non-current maturity)		452,229	781,929
Long term deposits		792,527	792,527
Trade debts	(a)	93,695,728	435,254,397
Short term loans		2,018,909	1,267,899
Trade deposits		-	4,405,000
Other receivables		1,456,302	1,053,751
Bank balances	(b)	25,359,592	39,369,459
		123,775,287	482,924,962

Note (a) - Credit risk exposure on trade debts

To reduce the exposure to credit risk arising from trade debts, the Company has developed its own risk management policies and guidelines whereby credit limit is assigned to customers. In addition, all export sales are made under L/C arrangements.

The aging analysis of the trade debts as at the reporting date is as follows:

	2021		2020	
	Gross Value	Impairment	Gross Value	Impairment
		(Rupees)		
Not past due	93,695,728	-	352,400,000	-
Past due 1 - 90 days	-	-	-	-
Past due 90 - 365 days	-	-	82,854,397	-
Past due above 365 days	-	-	-	-
	93,695,728	-	435,254,397	-

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment. Further, all debtors have been collected post year end, therefore, expected credit loss has not been considered.

Note (b) - Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

	Short term rating	2021 Rupees	2020 Rupees
Allied Bank Limited	A1+	3,264,767	3,249,546
Askari Bank Limited	A1+	101,512	101,512
Bank Al-Falah Limited	A1+	2,908,952	1,474,670
BankIslami Pakistan Limited	A1	23,361	11,739
Bank-Al-Habib Limited	A1+	1,567,978	4,992,605
Habib Bank Limited	A1+	1,791,149	8,700,258
MCB Bank Limited	A1+	8,358,525	8,452,104
Meezan Bank Limited	A1+	4,561,810	8,338,791
National Bank of Pakistan	A1+	1,285,970	577,760
Sindh Bank Limited	A-1	65,465	51,565
United Bank Limited	A1+	1,366,808	3,355,614
Other banks (Non- rated)		63,295	63,295
		25,359,592	39,369,459

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

35.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize the liquidity risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

Following is the maturity analysis of non-derivative financial liabilities:

	September 30, 2021			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Long term finance - secured	350,000,000	436,775,000	196,516,667	240,258,333
Trade and other payables	307,063,495	307,063,495	307,063,495	-
Accrued mark-up	24,873,080	24,873,080	24,873,080	-
Short term borrowings	908,564,854	988,520,008	988,520,008	-
	1,590,501,429	1,757,231,583	1,516,973,250	240,258,333

	September 30, 2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	(Rupees)			
Long term finance	400,000,000	603,980,430	162,627,534	441,352,896
Trade and other payables	253,759,757	253,759,757	253,759,757	-
Accrued mark-up	15,788,979	15,788,979	15,788,979	-
Short term borrowings	209,355,274	209,355,274	209,355,274	-
	878,904,010	1,082,884,440	641,531,544	441,352,896

35.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. As of the reporting date, the Company was not exposed to currency risk as there are no foreign currency denominated receivables / payables as of the reporting date.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company manages its interest rate risk by regularly monitoring changes in interest rates and its effect on the Company's financial instruments and cash flows.

At the reporting date, the Company's exposure to interest rate risk was as follows:

	2021	2020	2021	2020
	Effective interest rate		Carrying amounts	
	--------Percentage--------		----------Rupees----------	
Financial liabilities				
Long term financing	7.75% - 8.67%	7.44% - 14.49%	350,000,000	400,000,000
Short term borrowings	8.04% - 8.96%	8.26% - 14.85%	908,564,854	209,355,274
Financial Assets				
Bank deposits - pls account	5% - 5.5%	6.5% - 9.5%	8,569,171	19,795,991

Fair value sensitivity analysis for fixed rate instruments

As of the reporting date, the Company did not hold any fixed rate interest based financial assets or liabilities carried at fair value. Hence, a change in interest rates at the reporting date would not affect the carrying value of any financial asset or financial liability in the financial statements.

Cash flow sensitivity analysis for variable rate instruments

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Increase / (decrease) in profit before taxation	
	100 bp increase	100 bp decrease
As at September 30, 2021		
Cash flow sensitivity-Variable rate financial instruments	8,874,969	(8,874,969)
As at September 30, 2020		
Cash flow sensitivity-Variable rate financial instruments	4,185,871	(4,185,871)

iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. As of the reporting date, the Company was not exposed to other price risk.

35.2 Financial instruments by categories

	2021 Rupees	2020 Rupees
Financial assets:		
At amortized cost		
Long term loans (non-current maturity)	452,229	781,929
Long term deposits	792,527	792,527
Trade debts	93,695,728	435,254,397
Short term loans	2,018,909	1,267,899
Trade deposits	-	4,405,000
Other receivables	1,456,302	1,053,751
Cash and bank balances	25,936,926	39,876,278
	124,352,621	483,431,781
Financial liabilities:		
At amortized cost		
Long term finance - secured	350,000,000	400,000,000
Trade and other payables	307,063,495	253,759,757
Short term borrowings	908,564,854	209,355,274
Accrued mark-up	24,873,080	15,788,979
	1,590,501,429	878,904,010

36. FAIR VALUE OF ASSETS AND LIABILITIES

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. Consequently, differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Presently, items in the financial statements that are carried at fair value are freehold land, factory building, non-factory building and plant and machinery. On a periodic basis, the Company engages an independent external valuer to carry out a fresh revaluation of these operating fixed assets to ensure that their carrying amounts in the financial statements do not differ materially from that which would be determined using fair value at the end of the reporting period. Such valuation usually involves the use of observable and unobservable inputs; however, the weightage of observable inputs used is considered as significant. Accordingly, the Company classifies the aforesaid classes of operating fixed assets within Level 2 of the fair value hierarchy.

The management considers that the carrying amount of all other assets and liabilities recognised in the financial statements approximate their fair value.

37. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not subject to any externally imposed capital requirements.

Following is the quantitative analysis of what the Company manages as capital:

	Note	2021 Rupees	2020 Rupees
Borrowings:			
Long term finance	7	350,000,000	400,000,000
Shareholders' equity:			
Issued, subscribed and paid up capital	4	104,250,000	104,250,000
Accumulated losses		(217,073,575)	(213,312,511)
Subordinated loans	6	480,000,000	260,000,000
		367,176,425	150,937,489
Total capital managed by the Company		717,176,425	550,937,489

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the statement of financial position as follows:

	Note	2021 Rupees	2020 Rupees
Cash and bank balances	22	25,936,926	39,876,278
Short term borrowings- Running finance	10	(408,564,854)	(118,768,074)
		(382,627,928)	(78,891,796)

39 GENERAL

39.1 Number of employees

	2021 Number	2020 Number
Total employees of the Company at the year end	270	232
Average employees of the Company during the year	251	252

39.2 Plant capacity and actual production

	2021 M.tons	2020 M.tons
Sugarcane crushing capacity	1,280,000	1,280,000
Sugarcane crushed	392,757	359,528
Sugar produced	39,645	37,614

The estimated production capacity is based on 160 days of crushing. However, the actual crushing days were only 87 days (2020: 95 days) due to non-availability of sugar cane.

39.3 Corresponding figures

Certain corresponding figures have been rearranged and reclassified where considered necessary, and for the purpose of comparison and better presentation.

39.4 Date of authorization of the financial statements for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on December 24th, 2021.

Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.

Chief Executive   Director   Chief Financial Officer

PATTERN OF SHAREHOLDING
AS AT SEPTEMBER 30, 2021

NUMBER OF SHARES HOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	TOTAL NUMBER OF SHARES HELD
928	1	100	53,982
490	101	500	134,393
127	501	1,000	108,060
133	1,001	5,000	320,745
13	5,001	10,000	97,350
7	10,001	15,000	88,890
4	15,001	20,000	71,300
2	20,001	25,000	44,000
1	55,001	60,000	57,000
2	65,001	70,000	135,500
1	180,001	185,000	184,600
2	195,001	200,000	400,000
1	555,001	560,000	559,500
1	595,001	600,000	599,200
1	720,001	725,000	721,765
1	725,001	730,000	725,600
1	785,001	790,000	790,000
2	815,001	820,000	1,635,400
1	835,001	840,000	837,400
1	905,001	910,000	906,200
1	945,001	950,000	946,815
1	1,005,001	1,010,000	1,007,300
1,721			**10,425,000**

CATEGORIES	NUMBERS OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
INDIVIDUALS	1,705	9,239,589	88.63%
INVESTMENT COMPANIES	2	4,900	0.05%
INSURANCE COMPANIES	2	250,100	2.40%
JOINT STOCK COMPANIES	5	3,001	0.03%
FINANCIAL INSTITUTIONS	4	924,800	8.87%
MODARABA COMPANIES	1	600	0.01%
OTHERS	2	2,010	0.02%
TOTAL	**1,721**	**10,425,000**	**100.00%**

SASM

PATTERN OF SHARES HELD BY SHARE HOLDERS
AS AT SEPTEMBER 30, 2021

Combined pattern of CDC & Physical Shareholding as at 30th September 2021

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHARES HELD CDC ACCOUNTS	CATEGORY WISE NO. OF FOLIOS/ SHARES	CATEGORY WISE SHARES	PERCENTAGE
1	**INDIVIDUALS**	-	1,690	1,015,603	9.74
2	**INVESTMENT COMPANIES**		2	4,900	0.05
	PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD.	3,700			
	INVESTMENT CORPORATION OF PAKSITAN	1,200			
3	**INSURANCE COMPANIES**		2	250,100	2.40
	STATE LIFE INSURANCE CORP. OF PAKSITAN	184,600			
	PAKISTAN REINSURANCE COMPANY LIMITED	65,500			
4	**JOINT STOCK COMPANIES**		5	3,001	0.03
	WASI SECURITIES (SMC-PVT) LIMITED	100			
	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	400			
	SARFARAZ MEHMOOD (PRIVATE) LIMITED	500			
	MAPLE LEAF CAPITAL LIMITED	1			
	NINI SECURITIES (PRIVATE) LIMITED	2,000			
5	**DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN**		10	5,713,021	54.80
	MR. DEOO MAL	946,815			
	DR. BESHAM KUMAR	837,400			
	MR. PEHLAJ RAI	817,900			
	MR. MOHAN LAL	817,500			
	DR. TARA CHAND	725,600			
	MR. MAHESH KUMAR	559,500			
	MR. DILEEP KUMAR	1,007,300			
	MRS. MAHESHWARI OASHA	500			
	MR. MUHAMMAD SIDDIQ KHOKHAR	6			
	MR. ZAFAR AHMED GHORI	500			
6	**EXECUTIVES**	-	-	-	-
7	**FINANCIAL INSTITUTIONS (BANKS,DFIS,NBFI)**		3	18,600	0.18
	NATIONAL INVESTMENT TRUST LIMITED - ADMI	17,300			
	NATIONAL DEVELOPMENT FINANCE CORPORATION	200			
	NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT.	1,100			
8	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**		5	2,510,965	24.09
	MR. JUGDESH KUMAR	790,000			
	MR. HASSANAND (MR. HASSOMAL)	721,765			
	MR. ASHOK KUMAR	599,200			
	MR. CHETAN MAL	200,000			
	MR. DOULAT RAM	200,000			
9	**PUBLIC SECTOR COMPANIES AND CORPORATIONS**	-	-	-	-
10	**MODARABAS & MUTUAL FUNDS**		1	600	0.01
	FIRST CRESCENT MODARABA	600			
11	**FOREIGN INVESTORS**		1	906,200	8.69
	ISLAMIC DEVELOPMENT BANK	906,200			
12	**CO-OPERATIVE SOCIETIES**	-	-	-	-
13	**OTHERS**		2	2,010	0.02
	THE SECRETARY	410			
	KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAT	1,600			
	TOTAL		**1,721**	**10,425,000**	**100.00**

FORM OF PROXY

I/We, ... of ....

being a member of **Sindh Abadgar's Sugar Mills Ltd.,** and a holder of ....

Ordinary Shares as per Share Register Folio Number .... and or CDC Account

and participant's I.D. Numbers .... hereby appoint ....

Folio No. /CDC I.D. .... of ....

or failing him/her .... Folio No./ CDC I.D. .... of ....

another member of **Sindh Abadgar's Sugar Mills Ltd.,** as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 25th January, 2022 and at any adjournment thereof.

As witness my/our hand this .... Day of .... 2022.

Revenue Stamp Five Rupees

SIGNATURE OF MEMBER

(The Signature of the Shareholder should agree with the specimen signature registered with the Company or as per CNIC / Passport in case the share(s) is / are registered in CDC account).

Witnesses:

1. Signature ____________________
   Name ____________________
   Address ____________________
   CNIC/Passport No. ____________________

2. Signature ____________________
   Name ____________________
   Address ____________________
   CNIC/Passport No. ____________________

i) A member entitled to attend Annual General Meeting is entitled to appoint a Proxy to attend, speak and vote instead of him/her. No person shall act as Proxy (except for cooperation) unless he/she is entitled to be present and vote his/her own right.

ii) CDC account holder or sub-account holder appointing a Proxy should furnish attested copies of his/her own as well as the Proxy's CNIC/Passport with the Proxy Form. The Proxy shall also produce his/her original CNIC or Passport at the time of the meeting. In case of Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted along with proxy form.

iii) The instrument appointing a Proxy should be signed by the member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.

iv) The Proxy Forms, together with the power of attorney (if any), under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

سندھ آباد گار شوگر ملز لمیٹڈ

میں مسمّٰی/مسماۃ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ساکن۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

ضلع۔۔۔۔۔۔۔۔۔۔بحیثیت ممبر سندھ آباد گار شوگر ملز لمیٹڈ ، مسمّٰی/مسماۃ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

ساکن۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے

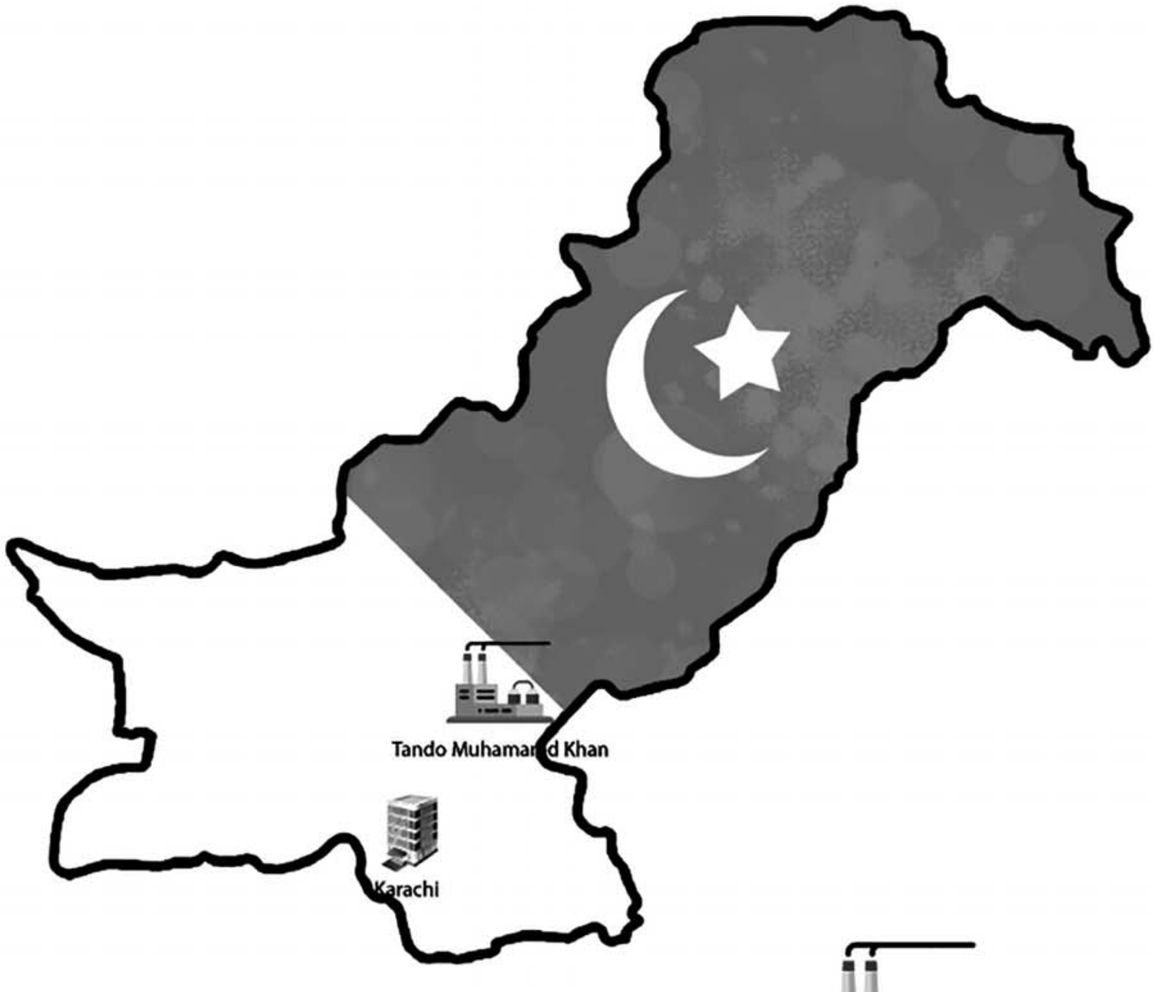
کمپنی کے اجلاسِ عام/سالانہ/غیر معمولی اجلاس (یا جو بھی صورتِ حال ہو) جو بتاریخ ۲۵ جنوری ۲۰۲۲ء بروز

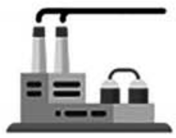
منگل منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

PAKISTAN

Sindh Abadgar's Sugar Mills Limited
Geographical Preference

Site
Head Office





Sindh Abadgars Sugar Mills Limited
Site: Deh: Deenpur,Taluka, Bulri Shah Karim,
Distt: Tando Muhammad Khan, Sindh-73024

209, Progressive Plaza, Beaumont Road, Karachi.
Tel. : +92 21 35638212 -6 Fax: +92 21 35638219
Email: sasm@unitedgroup.org.pk

SASM

Sindh Abadgar's Sugar Mills Limited

209, 2nd Floor, Progressive Plaza, Beaumount Road, Karachi-Pakistan.
Tel : 35638212-13 Fax : (92-21) 35638219 E-mail : sasm@unitedgroup.org.pk

Mill: Deh: Deenpur, Taluka: Bulri Shah Karim, Distt. Tando Muhammad Khan, Sindh-73024.
Tel : 03152001617 E-mail : sasmtmk@unitedgroup.org.pk