SASM

Sindh Abadgar's Sugar Mills Limited

7 STARS

TRUSTED BRAND
EXCELLENT QUALITY

39th Annual Report

FOR THE YEAR ENDED SEPTEMBER 30,

2022

REGISTERED QUALITY SYSTEM ISO 9002 SGS EQCI

Accredited by the Dutch Council for Certification

BEL CERT

SASM

SINDH ABADGAR'S SUGAR MILLS LIMITED

39th ANNUAL REPORT
2022

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 Saqib Ghaffar

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 Friday, 20th January, 2023 at 04:00 P.M. at the Exchange Hall/Auditorium of Pakistan Stock Exchange building, Pakistan Stock Exchange road, Karachi to transact the following business:

I. To confirm the Minutes of the Annual General Meeting held on 25th January, 2022..

II. To receive and adopt the Audited Accounts of the company for the year ended September 30th, 2022 and the Reports of the Directors' and Auditors' thereon.

III. To appoint Auditors of the company for the year ending September 30, 2023 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 : 14th December, 2023.

Notes :-

1. The register of members of the Company will be closed from Saturday, January 14, 2023, to Friday, January 20th, 2023 (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 13th 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

For any query / clarification / information, the shareholder may contact the company. And/or the Share Registrar at the following addresses:

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 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 was 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 especially relating to procurement of Sugarcane Price, monitoring of Sugar price and extent of utilization of borrowings.

4. The Board had full understanding of the vision and mission statements and revisited them during the year 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 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 in overcoming the difficulties faced by the Company due to unstable market environments, and expect them to put their all energy and efforts to spur growth in the future.

DEOO MAL ESSARANI

Karachi: 23rd December, 2022

چیئرمین رپورٹ

بورڈ آف ڈائریکٹر کی جانب سے، میں انتہائی مسرت کے ساتھ آپ کے سامنے بورڈ کی مجملہ کارکردگی اور بورڈ کی جانب سے کمپنیز ایکٹ 2017 کی دفعہ 192 کے تحت کمپنی کے اغراض ومقاصد کے حصول کیلئے ادا کیے گئے کردار پر جائزہ رپورٹ پیش کر رہا ہوں۔

بورڈ آف ڈائریکٹر مختلف شعبہ ہائے سے تعلق رکھتے ہیں اور کاروباری شعبہ، بینکنگ وغیرہ میں بھرپور تجربہ رکھتے ہیں اور خصوصی طور پر چینی کی صنعت سے 15 سال سے زائد عرصے سے وابستہ ہیں اور انہوں نے اعلیٰ معیاری کارپوریٹ گورننس پر کام کرنے کا عزم کر رکھا ہے۔

بورڈ کمپنی کی حکمت عملی کے حوالے سے ہدایات فراہم کرتا ہے اور کمپنی کے اغراض ومقاصد کے حصول میں انتظام وانصرام کرتا ہے۔ بورڈ کی کاردگی اور کمپنی کے اہداف جو کہ سال کے شروع میں مقرر کیے گئے تھے کے حصول میں بورڈ کے کردار کی موثریت کا جائزہ لینے کیلئے بورڈ کے ڈائریکٹر کا سالانہ تجزیہ کیا گیا ہے جیسا کہ کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت ضروری ہے، جس کی رپورٹ درج ذیل ہے:

1۔ بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی تسلی بخش رہی۔

2۔ ڈائریکٹر نے کمپنی کے مفاد میں انتہائی دیانتداری کے ساتھ اپنے فرائض سرانجام دیئے، خصوصاً کمپنی کی حکمت عملی کے اہداف کے حوالے سے اور چیدہ چیدہ پہلوؤں پر نظر رکھی۔

3۔ بورڈ نے رسک مینجمنٹ، کاروباری ترقی اور مستقبل کے مواقع پر اپنی توجہ مرکوز رکھی۔

4۔ بورڈ کے پاس ویژن اور مشن کے گوشواروں کے متعلق مکمل آگہی تھی اور بدلتی ہوئی مارکیٹ کی صورتحال کے حساب سے انہیں تازہ ترین رکھنے کا جائزہ لیا جاتا رہا۔

5۔ بورڈ کے ممبران نے سال کے دوران ہونے والی بورڈ میٹنگ میں شرکت کی اور کمپنی کے اہم معاملات میں اپنا کردار ادا کیا۔

6۔ کمپنی اور شیئر ہولڈرز کے مفاد اور اثاثہ جات کو محفوظ رکھنے کیلئے اندرونی کنٹرول کی موثریت کو یقینی بنانے کے حوالے سے بورڈ نے کاروباری خطرات کا ہر طرح سے جائزہ لیا۔

7۔ بورڈ ممبران پابندی کے ساتھ مالی امور/بجٹ، پیداوار اور دیگر اہم مسائل کے متعلق رپورٹ موصول کرتے رہے جو کہ موثر فیصلہ لینے میں مددگار ثابت ہوئیں۔

8۔ بورڈ ممبران انتظامیہ کی جانب سے باقاعدہ طور پر پریزنٹیشنز کے ذریعے مالی نتائج حاصل کرنے کے حوالے سے آگاہ رہے اور اسی حساب سے ہدایات وصول کرتے رہے اور بروقت بنیادوں پر کسی بھی قسم کی بھول چوک سے آگاہ رہے۔

میں تمام بورڈ ممبران کا شکر گزار ہوں جنہوں نے تندہی، انتھک محنت اور لگن کے ساتھ کوششیں کیں اور غیر مستحکم مارکیٹ کی صورتحال کی وجہ سے پیدا ہونے والی مشکلات پر قابو پانے کیلئے جدوجہد کی۔

دیول ایسرانی

کراچی بتاریخ 23 دسمبر 2022

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, 2022

Financial Results:

	FY 2022	**FY 2021**
	(Rupees)	(Rupees)
(Loss) before tax	(13,477,594)	(104,747,813)
Taxation net	(27,462,479)	24,591,727
(Loss) after taxation	(40,940,073)	(80,156,086)
Incremental depreciation transferred from surplus on revaluation of fixed assets - net of deferred tax.	87,858,569	76,395,022
	46,918,496	3,761,022
	-	-
Accumulated (loss) brought forward	(217,073,575)	(213,312,511)
Accumulated (loss) carry forward	(170,155,079)	(217,073,575)
(Loss) Earnings per share	**(3.93)**	**(7.68)**

The Company posted a sales volume of 45,478 M.Tons of Sugar compared to 27,074 M.Tons in the corresponding year showing an increase of 70%. Accordingly, sales in term of Rupees achieved Rs.3,392 million compared to Rs.2,254 million in the last year showing an increase of 50%. The average sugar prices, however, remained depressed during the year amid low demand and excess supply in local market at Rs. 74,588 per ton net of sales tax compared to Rs. 83,242 per ton in the corresponding year shows decline of 12%. The plant operated for 110 days as compared to 87 days in the last season which resulted in less factory overhead cost per ton of sugar.

The manufacturing salaries & wages has increased by 17% over the corresponding year mainly due to annual increments and increase in minimum wages by the Sindh government, whereas production stores consumed, fuel, power and repair &maintenance have increased by 10% from Rs.2,601 per ton to Rs.2,882 per ton resulting from weakening of Pak rupee and uncontrollable inflation. Administrative expenses have also increased by 7% which were recorded at Rs. 122.781 million compared to Rs. 114.711 million in the corresponding year. The most severe impact was of financial cost which has drastically swelled to Rs.279.839 million during the year from Rs.161.924 million in the corresponding year due to frequent hike in policy rate by SBP.

The Sugar recovery has surged to 11.08% as compared to 10.10% in the last season. This remarkable improvement was due to timely availability of water, monsoon rain and matured harvesting of sugarcane. The average procurement price of sugarcane per 40 kg remained is low at Rs.289 compared to Rs.314 in the corresponding year; showing a decrease by Rs.25 per

40 kg (8%). The crushing of sugarcane increased by 20% as against last year, resulting in reduction of fixed manufacturing cost per ton of Sugar.

The Gross profit on sales achieved at 8.61% from 7.20% in the corresponding year attributed to better sugar recovery and less cost of sugarcane paid over last year. The EBITDA recorded at Rs.427.21 million compared to Rs.220.05 million of last year. The company, however, has incurred a loss after tax of Rs.40.94 million compared to Rs.80.15 million of last year. The loss per share stood at Rs. (3.93) as against Rs.(7.69) in the corresponding year.

The loss sustained mainly due to unsold sugar stock of Rs.1.30 billion and depressed selling price throughout the year and above all the uncontrollable financial cost.

Dividend

The Board of Directors in its meeting held on 23rd December, 2022 has not recommended any dividend for the year ended 30th September 2022 due to financial commitments with banks; loss sustained during the year and accumulated losses:

Operational Results:		**FY 2021-22**	**FY 2020-21**
Crushing Commenced		28.11.2021	29.11.2020
Crushing Ended		17.03.2022	23.02.2021
Days Worked (Gross)		110	87
Sugarcane crushed	- Tons	474,176	392,757
Net crushing	- Days	84	81
Daily average crushing	-Gross days	4,311	4,514
Daily average crushing	- Net days	5,645	4,848
Capacity utilization	- %	71	60
Sugar produced	- Tons	52,507	39,645
Sugar recovery	- %	11.08	10.10
Molasses produced as a	- Tons	20,723	17,825
Molasses produced as a % Sugarcane	**- %**	**4.37**	**4.58**

The crushing was started on 28th November, 2021 and the mills remained operative for 110 days compared to 87 days in the corresponding season, The crushing increased by 21% over the corresponding season at 474,176 M.Tons compared to 392,757M.Tons in the corresponding season. Accordingly, the sugar production is higher by 32% at 52,507 M. Tons as against 39,645 M.Tons in the corresponding season. The sugar recovery also increased by 0.98% from 10.10% to 11.08% in the previous season.

Industry Overview

Sugar production in Pakistan is at 7.19 million metric tons during the season 2021-22 as compared to 5.9 million metric tons in the corresponding season reflecting a growth of 21% mainly driven by healthy sugar recovery and increase in sugarcane yield per acre. The minimum support price of Sugarcane fixed by the provincial governments at Rs.225 per 40 Kgs in Punjab

/ KPK and Rs.250/- in Sindh was an increase of 12% & 18% respectively over the previous year whereas the sugar price remained below the production cost throughout the year due to surplus sugar stock available in the country and not allowing of export by the government which has attributed colossal losses to the industry. The growers also got cash strap since they are not receiving their sugarcane payment from most of the mills.

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 whereby, 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

Going forward, sugarcane production for the season 2022-23 is estimated to be around 80 M metric tons out of which sugar is likely to be extracted approximately 8M metric tons. Sugar consumption however, is forecast at 6.1M metric tons triggering again surplus sugar to the tune of 1.9M metric tons approximately for the year 2022-23. Consequently, this situation will create glut of sugar in the local market whereby demand will remain low as compared to supply and accordingly the sugar price will remain depressed eroding profitability and creating liquidity crunch for the whole sugar industry who is in dire need of funds in view of abnormal increase in support price of sugarcane and ever rising cost of production of sugar. The current price of sugar is far less than the cost of production and hence the government should act immediately to allow export of surplus sugar at the beginning of the season to facilitate the sugar industry to liquidate their sugar stock piling up since last year in order to save them from financial crises. This is also an opportunity for the government to earn precious foreign exchange for the country to the tune of $1.0 billion which somehow in turn may reduce current account deficit of the country hovering around $18 billion annually.

The SBP has again increased the policy rate to 16% to contain inflation which remains unstoppable in spite of series of increase in policy rate. This trend of increasing policy rate at regular interval will increase, the cost of sugar further since all procurement of sugarcane is made from banks borrowing within the 1st quarter of the season whereas sales staggered across the whole year and is sometime even go beyond one year.

The company is remained committed to utilize its full crushing capacity amid expectation of yet another bumper sugarcane crop in the country in spite of support price fixed at Rs. 302 / 40kgs and un-matching local sugar prices with the cost of sugar. The sugar recovery is expected to be higher as compared to the last season and hopefully sugar may be allowed to export by the government.

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 21 .

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 76 and 77 .

14. During the year 2021-2022 four (4) Meetings of the Board of Directors were held.

Attendance of each Director was as under:

Name of Directors	No. of meeting attended
Mr. Deoo Mal Essarani	4
Dr. Tara Chand	4
Mr. Dileep Kumar	3
Mr. Pehlaj Rai	3
Mr. Mohan Lal	2
Dr. Besham Kumar	3
Mr. Mahesh Kumar	4
Muhammad Siddiq Khokhar	4
Mr. Zafar Ahmed Ghori	4
Ms. Maheshwari Oasha	4

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

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 _ 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 2022 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: 23rd December, 2022	

ڈائریکٹرز رپورٹ

پیارے ممبران- اسلام علیکم!

ہم سندھ آباد گار شوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز، انتہائی مسرت کے ساتھ ڈائریکٹرز کی رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے سال اختتام پذیر 30 ستمبر 2022 پیش کر رہے ہیں۔

	مالی سال 2022	مالی سال 2021
مالیاتی نتائج:	**روپے میں**	**روپے میں**
نفع/(نقصان) ماقبل ٹیکس	(13,477,594)	(104,747,813)
ٹیکس منجملہ	(27,462,479)	24,591,727
نفع/(نقصان) مابعد ٹیکس	(40,940,073)	(80,156,086)
قدر و قیمت کی تعینِ نو سے حاصل شدہ منافع منتقل کیا گیا	87,858,569	76,395,022
	46,918,496	3,761,064
کل ملا کر (نقصان) سامنے لایا گیا	(217,073,575)	(213,312,511)
حاصل سابق (نقصان)	(170,155,079)	(217,073,575)
فی شیئر کمائی/(نقصان)	**(3.93)**	**(7.68)**

کمپنی نے فروختگی حجم 70 فیصد اضافہ کے ساتھ 45,478 میٹرک ٹن حاصل کیا جو کہ گذشتہ سال 27,074 میٹرک ٹن تھا۔ اس طرح کمپنی نے 50 فیصد اضافے کے ساتھ 3,392 ملین روپے کی فروخت کی جو کہ گذشتہ سال 2,254 ملین روپے تھی۔ اس سال کے دوران چینی کی قیمتیں دباؤ کا شکار رہیں جس کی وجہ طلب میں کمی اور مقامی مارکیٹ میں ضرورت سے زیادہ رسد تھی یعنی اس دوران چینی 74,588 روپے فی ٹن پر فروخت ہوئی جو کہ مماثل دورانیہ میں 83,242 روپے فی ٹن تھی۔ اس دوران پلانٹ نے 110 دن کام کیا جبکہ گذشتہ سیزن میں 87 دن کام کیا گیا تھا۔

پلانٹ پر تنخواہوں میں 17 فیصد اضافہ ہوا جس کی بنیادی وجہ سالانہ اضافے اور حکومتِ سندھ کی جانب سے کم از کم تنخواہ کی شرح میں اضافہ تھا، اس کے علاوہ پروڈکشن اسٹورز، پاور اور ریپیئر اینڈ مینٹننس کی مد میں 10 فیصد ہوا یعنی مبلغ 2,601 روپے فی ٹن سے 2,882 فی ٹن رہا جس کی بنیادی وجہ پاکستانی روپیہ کی قدر میں کمی اور نا قابلِ کنٹرول مہنگائی ہے۔ انتظامی اخراجات بھی 7 فیصد اضافہ کے ساتھ 122.481 ملین روپے رہے جو کہ گذشتہ مماثل سال میں 114.711 ملین تھے۔ مالیاتی اخراجات میں بے تحاشا اضافہ ہوا جو کہ سال ہذا میں 279.839 ملین روپے تک جا پہنچے، جو کہ گذشتہ سال 161.924 ملین تھے اس کی وجہ اسٹیٹ بینک پاکستان کی جانب سے پالیسی ریٹ میں پے در پے اضافہ تھا۔

اس سال چینی کی وصولیابی 11.08 فیصد رہی جو کہ گذشتہ سال 10.10 فیصد تھی، جس کی وجہ مون سون کی بارشیں بروقت ہونا اور گنے کی فصل کی اچھی کاشتکاری تھی۔ گنے کی حصولی قیمت بھی اس سال کم رہی یعنی 289 روپے فی 40 کلو رہی جو کہ گذشتہ سال 314 روپے فی 40 کلو تھی، اس طرح گنے کی قیمت میں 8 فیصد یعنی فی 40 کلو 25 روپے کی کمی ہوئی۔ گذشتہ سال کے مقابلے میں اس سال گنے کی پیسائی میں 20 فیصد اضافہ ہوا اور اس کے نتیجے میں فی ٹن چینی کی پیداواری لاگت میں کمی واقع ہوئی۔

فروخت پر مجملہ منافع 8.61 فیصد رہا جو کہ گذشتہ سال 7.20 فیصد تھا، اس کی وجہ چینی کی بہتر پیداوار اور پچھلے سال کے مقابلے میں فی 40 کلو گنے کی قیمت میں کمی تھی۔ اس سال EBITDA مبلغ 427.21 ملین روپے ریکارڈ کیا گیا جو کہ پہلے 220.05 ملین تھا۔ تاہم کمپنی نے مابعد ٹیکس مبلغ 40.94 ملین روپے کا نقصان برداشت کیا جو کہ گذشتہ دورانیہ میں مابعد ٹیکس 80.15 ملین روپے تھا۔ فی شیئر خسارہ (3.93) روپے رہا جو کہ گذشتہ سال (7.69) روپے تھا۔

منقسمہ / ڈیویڈنڈ:

بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 23 دسمبر 2022 میں سال اختتام پذیر 30 ستمبر 2022 کیلئے کوئی حتمی نقد ڈیویڈنڈ تجویز نہیں کیا ہے جس کی وجہ بینکوں کی مقررہ ادائیگیاں اور اس سال ہونے والا نقصان اور حاصلہ نقصانات ہیں:

عملیاتی نتائج

عملیاتی نتائج:		2021-22	2020-21
پسائی کا آغاز		28-11-2021	29-11-2020
پسائی کا اختتام		17-03-2022	23-02-2021
کام کے ایام (مجموعی)	- ایام	110	87
پیسے گئے گنوں کی تعداد	- ٹن	474,176	392,757
کل پیسائی	- ایام	84	81
روزانہ پیسائی کا تناسب	- مجملہ ایام	4,311	4,514
روزانہ پیسائی کا تناسب	- کل ایام	5,645	4,848
استعمال کی استعداد	- فیصد	71	60
چینی کی پیداوار	- ٹن	52,507	39,645
چینی کی وصولیابی	- فیصد	11.08	10.10
شیرہ کی پیداوار	- ٹن	20,723	17,825
گنے میں شیرہ کا تناسب	- فیصد	4.37	4.58

کمپنی نے پیسائی کا آغاز مورخہ 28 نومبر 2021 سے کیا اور مل گذشتہ سال 87 دن کے مقابلے میں 110 دن تک کام کرتی رہی لہٰذا کمپنی نے اس سیزن 21 فیصد اضافے کے ساتھ 474,176 میٹرک ٹن گنے کی پیسائی کی جو کہ گذشتہ سال 392,757 میٹرک ٹن تھی۔ اسی طرح گنے سے چینی کی پیداوار 32 فیصد اضافے کے ساتھ 52,507 میٹرک ٹن رہی جو کہ گذشتہ سیزن 2020-21 میں 39,645 میٹرک ٹن تھی۔ چینی کی حصولی میں بھی 0.98 فیصد اضافہ ہوا یعنی اس سال 11.08% فیصد رہی جو کہ پہلے 10.10 فیصد تھی۔

صنعت کا جائزہ:

پاکستان میں اس سال سیزن 2021-22 میں چینی کی پیداوار 7.19 میٹرک ٹن رہی جو کہ گذشتہ سیزن میں 5.9 میٹرک ٹن تھی، جو کہ اس سال 21 فیصد اضافے کو ظاہر کرتا ہے اس کی بنیادی وجہ چینی کی بہتر وصولی اور فی ایکٹر گنے کی بہتر پیداوار ہے۔ صوبائی حکومتوں نے فی 40 کلو گنے کی کم از کم قیمت، پنجاب، خیبر پختونخواہ میں 225 روپے اور سندھ میں 250 روپے مقرر کی ہے جو کہ گذشتہ سالوں کے مقابلے میں بالترتیب 12 فیصد اور 18 فیصد اضافہ ہے۔ اس کے مقابلے میں چینی کی قیمت پورے سال پیداواری لاگت سے کم رہی جس کی وجہ ملک میں ضرورت سے زیادہ چینی کا اسٹاک ہونا اور ایکسپورٹ کی اجازت نہ ملنا ہے اور

اس کے سبب صنعت کو وسیع پیانے پر نقصان پہنچ رہا ہے۔ کسانوں کو بھی نقدی کے مسائل درپیش ہیں کیونکہ زیادہ تر ملوں نے ان کے گنے کی رقم کی پوری ادائیگیاں نہیں کی ہیں۔

کارپوریٹ سماجی سرگرمیاں

آپ کی کمپنی نے اپنے عملہ اور ملازمین کو ایک محفوظ اور صحت مند ماحول فراہم کرنے کا اعادہ کر رکھا ہے۔ آلودگی سے پاک ماحول کیلئے کمپنی نے ضروری آلات نصب کیے ہیں تاکہ حفاظتی قوانین وضوابط کی پاسداری ہوتی رہے۔ ملازمین کو ضروری حفاظتی آلات فراہم کیے گئے ہیں تاکہ انہیں حادثات سے بچایا جا سکے۔ کمپنی کے اندر باقاعدہ تربیتی نشستوں کا اہتمام کیا جاتا ہے تاکہ انہیں حفاظتی ہدایات سے آگاہ رکھا جا سکے۔ کمپنی اپنی فیئر پرائز شاپ پر چینی رعایتی قیمت پر فراہم کر رہی ہے۔ ایک اچھے کارپوریٹ شہری ہونے کے ناطے کمپنی قریبی لوگوں کے طرزِ زندگی کو بہتر بنانے میں اپنا کردار ادا کر رہی ہے اور مستحق افراد کو مالی معاونت، مفت ہیلتھ کیئر، کھانا، تعلیم وغیرہ فراہم کر رہی ہے۔

ماحولیاتی اثرات

آپ کی کمپنی نے عائد ماحولیاتی ذمہ داریوں کو پورا کرنے کا اعادہ کیا ہوا ہے جیسا کہ سندھ انوائرمنٹل پرٹیکشن ایجنسی رولز میں وضع کیا گیا ہے۔ کمپنی نے افلوئنٹ ٹریٹمنٹ پلانٹ نصب کیے ہیں تاکہ ماحول کو افلوئنٹ کی وجہ سے پیدا ہونے والے منفی اثرات سے پاک رکھا جائے۔ آپ کی کمپنی نے پہلے ہی ''درخت لگانے کی مہم'' کا آغاز کر رکھا ہے جس کے تحت باقاعدہ طور پر بڑی تعداد میں درخت لگائے جا رہے ہیں۔ کمپنی کمیونٹی میں ماحولیاتی محافظتی سرگرمیوں کی حمایت کرتی ہے اور مضرِ صحت ماحول کے اثرات سے لوگوں کو محفوظ کرنے کیلئے اس طرح کی سرگرمیوں کی مالی معاونت کرتی ہے۔

مستقبل کے امکانات

سال 22-2021 میں گنے کی پیداوار 80 ملین میٹرک ٹن تک پہنچنے کا امکان ہے جس سے اندازاً 8 میٹرک ٹن چینی حاصل ہونے کا امکان ہے۔ اس حوالے سے چینی کے استعمال کا اندازہ 6.1 میٹرک ٹن لگایا گیا ہے جس کے نتیجے میں سال 23-2022 میں تقریباً 1.9 میٹرک ٹن چینی مزید اسٹاک میں جمع ہو جائے گی۔ ایسی صورتحال میں چینی کی رسد میں اضافہ اور اس مقابلے میں طلب کم رہے گی اور اس کے نتیجے میں چینی کی قیمتیں دباؤ کا شکار رہیں گے اور چینی کی صنعت کو نقدی کے مسائل درپیش ہوں گے جو کہ اس وقت، گنے کی قیمتوں اور پیداواری لاگت کو مدِ نظر رکھتے ہوئے، وقت کی اہم ضرورت ہے۔ اس وقت چینی کی موجودہ قیمتیں، پیداواری لاگت کے مقابلے میں بہت کم ہیں اور اس حوالے سے حکومت کو چاہئے کہ وہ سیزن کے آغاز میں اضافی چینی ایکسپورٹ کی اجازت دے تاکہ صنعت اضافی چینی

کی ایکسپورٹ سیل سے نقدی حاصل کرتے ہوئے خود کو مالی مشکلات سے بچا سکے۔ حکومت کیلئے بھی یہ ایک قیمتی موقع ہے اور حکومت اس سے تقریباً 1.0 بلین ڈالر کا قیمتی زرمبادلہ حاصل کر سکتی ہے جو کہ کسی نہ کسی حد تک ملک کے حالیہ خسارے کو کم کر سکے گا جو کہ اس وقت سالانہ 18 بلین ڈالر کے قریب منڈلا رہا ہے۔

اسٹیٹ بینک نے دوبارہ پالیسی ریٹ میں 16 فیصد اضافہ کیا ہے تاکہ مہنگائی پر قابو پایا جائے اور پالیسی ریٹ میں پے در پے اضافہ کے باوجود یہ اضافہ بند ہونے کا نام نہیں لے رہا ہے۔ باقاعدہ بنیادوں پر مرحلہ وار پالیسی ریٹ میں اضافہ کا یہ رجحان چینی کی لاگت میں مزید اضافہ کر دے گا کیونکہ گنے کی تمام تر حصولی بینکوں سے سیزن کی پہلی سہ ماہی کے اندر اندر قرض لے کر دی جاتی ہے جبکہ اس کے مقابلے میں چینی کی فروخت پورے سال کے حساب سے ہوتی ہے اور بعض اوقات ایک سال سے بھی زائد عرصہ پر محیط ہو جاتی ہے۔

گنے کی فی 40 کلو قیمت 302 روپے کے ہوتے ہوئے اور چینی کی لاگت کی مناسبت سے چینی کی مقامی قیمت میں عدم مطابقت کے باوجود، کمپنی بھرپور انداز میں پیسائی کی صلاحیت بروئے کار لانے کا اعادہ کیے ہوئے ہے۔ چینی کی وصولی بھی گذشتہ سیزن کے مقابلے میں زیادہ ہونے کی توقع ہے اور امید کی جاتی ہے کہ حکومت کی جانب سے چینی کی ایکسپورٹ کی اجازت دی جائے گی۔

کارپوریٹ طرزِ حکمرانی کے ضابطے

کمپنی نے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے لاگو کردہ تنظیمی طرزِ حکمرانی کے ضابطے کو اختیار کیا ہے۔ہم نے تمام تر لازمی ضوابط پر عملدر آمد کیا ہے اور کارپوریٹ سیکٹر کی نگرانی کیلئے اٹھائے گئے حکومتی اقدام کہ مالیاتی گوشواروں کو واضح انداز میں منظرِ عام پر لایا جائے، کا خیر مقدم کرتی ہے۔ہم امید کرتے ہے کہ اس سے چھوٹے سرمایہ داروں کے اعتماد میں اضافہ ہوگا اور کارپوریٹ سرمایہ کاری بڑھے گی۔

ڈائریکٹرز کا تربیتی پروگرام

ہم انتہائی مسرت کے ساتھ آپ کو آگاہ کرتے ہیں کہ کمپنی ڈائریکٹرز کے تربیتی پروگرام کے حوالے سے کوڈ آف کارپوریٹ گورننس ریگولیشن 2019 کی شق 19 پر عمل پیرا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر گوشوارہ:۔

1) کمپنی کی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی گوشوارے، شفافیت کے ساتھ، اس کے امور، نقد کا بہاؤ اور شیئر میں تبدیلیاں پیش کرتے ہیں۔

2) کمپنی کے اکاؤنٹس کی باضابطہ کتب برقرار رکھی گئی ہیں۔

3) مالیاتی گوشواروں کی تیاری میں تواتر کے ساتھ مناسب اکاؤنٹنگ پالیسی لاگو کی گئی ہے، تبدیلیاں، اگر کوئی ہوں، انہیں ٹھیک طور پر واضح کیا جاتا ہے اور محاسبتی تخمینہ کاری معقول اور دانشمندانہ فیصلوں پر مبنی ہے۔

4) بین الاقوامی معیارات، جو کہ پاکستان میں لاگو ہیں، مالیاتی گوشواروں کی تیاری میں ان کی پاسداری کی گئی ہے اور اس میں اگر کوئی انحراف ہے تو اسے ٹھیک انداز میں منظرِ عام پر لایا گیا ہے۔

5) اندرونی نظم و نسق کا نظام موثر طرز سے ترتیب دیا گیا ہے اور اس پر موثر انداز میں عملدر آمد و نگرانی جاری ہے۔

6) کمپنی کی صلاحیت پر کوئی قابلِ ذکر شک و شبہات موجود نہیں اور اس کا کاروبار جاری و ساری ہے۔

7) درج ذیل ضوابط میں تفصیل کردہ، کارپوریٹ گورننس کی پاسداری میں کوئی بنیادی انحراف موجود نہیں ہے۔

8) اخلاقی اور کاروباری حکمت عملی کے گوشوارے بنائے گئے ہیں اور انہیں ڈائریکٹرز اور ملازمین تک پہنچایا گیا ہے۔

9) پراویڈنٹ فنڈز میں سے سرمایہ کاری کمپنیز ایکٹ 2017 کی دفعہ 218 کی شرائط کے مطابق کی گئی ہے اور اس مقصد کیلئے اصول بنائے گئے ہیں۔

10) کمپنی نے ایک مشن اسٹیٹمنٹ اور کل ملا کر کارپوریٹ حکمت عملی کی ایک اسٹیٹمنٹ کو اختیار کیا ہے۔

11) چھ سالہ کلیدی اعمال اور مالیاتی اعداد و شمار، مختصراً انداز میں بیان کیا گیا ہے، جو کہ صفحہ نمبر 21 پر موجود ہیں۔

12) ٹیکس اور دیگر مراعات کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔

13) حصص داری کا خاکہ اور حصص داری کے خاکے سے متعلقہ مزید معلومات صفحہ نمبر 76 اور 77 پر موجود ہے۔

14) رواں سال 22-2021 میں بورڈ آف ڈائریکٹرز کی چار (4) میٹنگ منعقد کی گئیں:۔

ہر ایک ڈائریکٹر کی حاضری ذیل مطابق ہے:-

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
جناب دیومل ایسرانی	۴
ڈاکٹر تاراچند ایسرانی	۴
جناب دلیپ کمار	۳
جناب پہلاج رائے	۳
جناب موہن ل	۲
ڈاکٹر بیشام کمار	۳
جناب مہیش کمار	۴
جناب محمد صدیق کھوکھر	۴
جناب ظفر احمد غوری	۴
مسز مہیشوری اوشا	۴

ایسے ڈائریکٹرز جو کہ اپنے ذاتی مصروفیات کی بناء پر میٹنگ میں حاضر نہ ہو سکے، انہیں رخصت عنایت کی گئی تھی۔

طرزِ عمل اور اخلاقی ضابطے

یہ کمپنی کی پالیسی ہے کہ وہ اپنے امور عمدہ ترین کاروباری اخلاقیات کو زیرِ غور لاتے ہوئے سرانجام دیتی ہے، تاکہ تمام قانونی ضوابط کی پاسداری کی جائے اور اچھی کاروباری اہلیت کے معیارات کو اچھے انداز میں قبول کرنے کو یقینی بنایا جائے۔ فرائض، عہدہ یا حیثیت کو خاطر میں لائے بغیر اس پالیسی کا اطلاق تمام ڈائریکٹرز اور کمپنی کے ملازمین پر ہوتا ہے۔

1) کمپنی کی سرگرمیاں اور اعمال تمام لاگو قوانین اور بہترین اخلاقی معیارات کی پاسداری میں اسرنجام دی گئیں۔ ڈائریکٹر اور ملازمین نے یقینی بنایا ہے کہ کمپنی کا لین دین اس کے صارفین، سپلائرز اور مسابقت داروں کے ساتھ شفافیت پر مبنی ہو۔

2) حکومتی اداروں، صارفین اور سپلائرز کے ضمن میں، کمپنی بلاواسطہ یا بلواسطہ کسی بدعنوان کاروباری امور میں ملوث نہیں رہی۔

3) ڈائریکٹرز اور کمپنی کے ملازمین نے، کمپنی کی معلومات یا جائیداد یا کمپنی کے ساتھ ان کے عہدے سے کسی قسم کا کوئی فائدہ حاصل نہیں کیا ہے کہ جس کے ذریعے نا جائز فائدے یا مواقع تخلیق کیے جائیں۔

ڈائریکٹر کی تنخواہ جاتی پالیسی

بورڈ نے ڈائریکٹر کی تنخواہ جاتی پالیسی منظور کی ہے، جو کہ انفرادی ڈائریکٹر کیلئے تنخواہ کے پیکج کی تفصیلاً وضاحت اور شفاف طریقہ کار بیان کرتی ہے۔ کمپنی نے کسی نان ایگزیکٹو ڈائریکٹر کو تنخواہ ادا نہیں کی ہے ماسوائے بورڈ کی میٹنگ اور اس کی کمیٹی میں حاضر ہونے کیلئے۔ تاہم، ایگزیکٹو ڈائریکٹرز کو تنخواہ ادا کی گئی ہے جو کہ سالانہ تشخیص پر مبنی ہے۔

ڈائریکٹرز کی تنخواہ

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹر کی تنخواہ کی مجملہ رقم مالیاتی گوشوارے کے نوٹ ۔۔۔میں ظاہر کی گئی ہے۔

بورڈ کا مرکب

ڈائریکٹرز کی کل تعداد

(الف)	مرد	9
(ب)	عورت	1

مرکب:

خودمختار ڈائریکٹر	03
دیگر نان ایگزیکٹو ڈائریکٹرز	05
ایگزیکٹو ڈائریکٹرز	02

آڈٹ کمیٹی:

کمپنی کی آڈٹ کمیٹی درج ذیل اراکین پر مشتمل ہے:-

جناب ظفر احمد غوری	چیئرمین
ڈاکٹر بیشام کمار	ممبر
جناب دلیپ کمار	ممبر
جناب پہلاج رائے	ممبر

ایچ آر اور تنخواہ جاتی کمیٹی

ایچ آر اور تنخواہ جاتی کمیٹی درج ذیل اراکین پر مشتمل ہے:-

مس مہیشوری اوشا	چیئرمین
جناب موہن لال	ممبر
جناب دلیپ کمار	ممبر

کریڈٹ ریٹنگ

کمپنی کی طویل عرصہ سے ریٹنگ BBB ہے جبکہ مختصر عرصہ کیلئے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے A2 دی گئی ہے۔ نوازی گئی ریٹنگ آئندہ بھی مستحکم رہنے کا امکان ہے۔

مابعد اہم مالی تبدیلیاں:

کمپنی کی مالی حالت کو متاثر کرنے والی بنیادی تبدیلیاں اور قول و اقرار جو کہ 30 ستمبر 2022 کے بعد سے اس مالی گوشوارے تک رونما ہوئے ہیں انہیں مالی گوشواروں کے کنٹی جنسیز اور کمٹمنٹس کے نوٹس میں ظاہر کیا گیا ہے۔ کمپنی کو یقین ہے کہ اس سے مالی معاملات پر کوئی منفی فرق مرتب نہیں ہوگا۔

بورڈ آف ڈائریکٹر کا تجزیہ:

بورڈ آف ڈائریکٹر نے ایک معیارِ اصول بنایا ہے تا کہ بورڈ کے ہر ممبر اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا جا سکے۔ کارپوریٹ گورنس کے ضابطہ اخلاق کے تحت ضروری سالانہ تجزیہ سال کے شروع میں طے کیے گئے معیارِ اصول/مقاصد کے حساب سے سرانجام دیا گیا ہے۔

قانونی آڈیٹرز

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرا کاؤنٹنٹس، سبکدوش ہوئے جو کہ اہلیت کے باعث ہیں، انہوں نے دوبارہ تقرری کیلئے اپنی پیشکش کی ہے۔ آڈٹ کمیٹی کے بورڈ نے بھی آئندہ مالی سال کیلئے بحثیت آڈیٹرز، میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرا کاؤنٹنٹس کی تقرری کی تجویز دی ہے۔

اختتام:-

بورڈ تمام شراکت داروں کی تعاون کو تسلیم کرتا ہے اور کمپنی کے ملازمین اور ورکرز کی تہدیت پر انہیں سراہتا ہے۔

آخر میں، ہم اللہ سبحانہٗ تعالیٰ کے حضور دعا گو ہیں کہ وہ ہماری قومی ترقی کیلئے جدوجہد اور ہمارے ادارے کی بہتری کیلئے ہماری رہنمائی فرمائے۔ آمین۔
بورڈ آف ڈائریکٹرز کی جانب سے

ڈاکٹر تاراچند ایسرانی	مہیش کمار
چیف ایگزیکٹو آفیسر	ڈائریکٹر

تاریخ : 23 دسمبر 2022

SIX YEARS AT A GLANCE

	2021 (Rupees)	2021 (Rupees)	2020 (Rupees)	2019 (Rupees)	2018 (Rupees)	2017 (Rupees)
Profit & Loss Account:						
Turnover	3,392,097,376	2,253,713,462	3,025,752,336	2,211,305,116	4,216,372,059	2,015,771,967
Gross profit/(loss)	292,075,723	160,386,429	85,350,634	334,329,208	349,185,653	(259,158,512)
Operating profit / (loss)	160,431,303	57,178,656	(1,166,425)	224,674,689	158,330,432	(385,221,878)
Profit / (loss) before tax	(11,192,830)	(104,747,813)	(166,149,028)	41,192,279	125,472,507	(454,852,339)
Profit / (loss) after tax	(47,185,021)	(80,156,086)	(165,396,500)	49,653,685	68,210,590	(400,590,009)
Balance Sheet:						
Fixed assets at WDV	3,098,183,314	3,245,126,564	2,395,853,223	2,604,746,154	2,801,755,471	1,932,954,585
Long term loans, advances and deposits etc.	1,265,773	1,244,756	1,574,456	1,404,846	2,800,805	1,065,256
Current assets	1,828,698,026	1,503,777,226	919,263,023	891,378,142	646,227,439	1,558,721,131
	4,928,147,113	**4,750,148,546**	**3,316,690,702**	**3,497,529,142**	3,450,783,715	3,492,740,972
Shareholders' equity	(72,150,028)	(112,823,575)	(109,062,511)	(39,776,215)	(191,491,993)	(323,248,936)
Surplus on revaluation of fixed assets	1,753,313,644	1,841,172,213	1,250,971,892	1,357,507,096	1,476,249,189	812,179,558
Long term liabilities & current maturity thereof	709,166,667	830,000,000	660,000,000	710,000,000	1,039,166,667	1,108,958,837
Deferred liabilities / Deferred Income	877,568,893	889,917,432	717,513,213	766,348,446	817,545,784	489,029,469
Current liabilities excluding current maturity of long term liabilities	1,660,247,937	1,301,882,476	797,268,108	703,449,815	309,314,068	1,405,822,044
	4,928,147,113	**4,750,148,546**	**3,316,690,702**	**3,497,529,142**	3,450,783,715	3,492,740,972
Statistics and Ratios						
Gross profit to Sales	**8.61%**	**7.12%**	**2.82%**	**15.12%**	8.28%	-12.86%
Profit / (Loss) before tax to Sales	**-0.33%**	**-4.65%**	**-5.49%**	**1.86%**	2.98%	-22.56%
Profit / (Loss) after tax to Sales	**-1.39%**	**-3.56%**	**-5.47%**	**2.25%**	1.62%	-19.87%
Fixed Assets/Turnover (Times)	**1.09**	**0.69**	**1.26**	**0.85**	1.50	1.04
Inventory/Turnover (Times)	**2.59**	**3.88**	**11.30**	**3.99**	7.57	4.35
Current Ratio	**1.1:1**	**1.16:1**	**1.15:1**	**1.27:1**	2.09:1	1.11:1
Debt-Equity Ratio	**0.66**	**0.64**	**0.66**	**0.62**	0.63	0.86
Earning / (Loss) per Share (Rs.)	**-4.53**	**-7.69**	**-15.87**	**4.76**	6.54	-38.43
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 company.

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 obligation 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, 2022** 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, 2022.

Karachi.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date:
December 29, 2022
CR202210213SaRtZxeg7

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

Name of the Company: **SINDH ABADGAR'S SUGAR MILLS LIMITED**
Year Ending: **30.09.2022.**

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

   * ***Explanation****: During the year ended September 30, 2022 the three independent directors on the board had requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations therefore, the appointment of a fourth director is not considered.*

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

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, 2022,** 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, 2022** 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.

Following are the Key audit matter(s):

S. No	Key audit matter(s)	How the matter was addressed in our audit
01.	**Contingencies** As disclosed in note 12 to the financial statements, the Company is exposed to material contingent liabilities arising from numerous legal suits / proceedings instituted by / against the Company on various matters including, in particular, the notice issued by Competition Commission of Pakistan, in lieu of Sugar Commission Report 2020, Penalties levied for Tax Assessments confirmed by Commissioner Inland Revenue for Tax year 2016, 2017, 2018 and 2019, and the Short FED payment notice issued by Tax Department for Tax year 2013. Given the technicalities and complexities involved in the evaluation of stance adopted by the Company in aforementioned suits/proceeding and the uncertainties prevailing as to the ultimate outcome thereof, determining appropriately their effects on the financial statements in accordance with applicable financial reporting framework, is matter of significant management judgement, which, in turn, required us to apply significant auditor judgement and, accordingly, devote sufficient time and resources (including the involvement of senior engagement team members) in order to obtain sufficient appropriate audit evidence. We considered this matter to be of most significance keeping in view the developments that occurred during the year with respect to such contingencies and material monetary demands involved therein.	Our audit procedures to assess the contingencies, amongst others, included the following: • Obtaining understanding of the Company's processes and control over litigations through meetings with management and review of the minutes of the Board of Directors and Audit Committee. • Discussing the uncertainties involved in the legal suits/proceedings as well as the developments therein that occurred during the year with the Company's senior management personnel responsible for legal and financial reporting matters and corroborating the results of legal matters and development with Company's relevant personnel and review correspondence with external legal counsels. • Circularizing confirmations to the company's external legal counsels and corroborating the responses received there against with result of management inquiries and supporting documentary evidences; • Assessing the appropriateness of related disclosures made in the annexed financial statements, including, in particular, evaluating whether the same are in conformity with the disclosure requirements of applicable financial reporting standards and Fourth Schedule to Companies Act, 2017 and whether all the significant development have been adequately disclosed.

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) No zakat was deducted at source under the zakat and ushr ordinance, 1980 (XIII of 1980).

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: 29th December, 2022
AR202210213mZUWIqSw9

Statement of Financial Position

As at September 30, 2022

	Note	2022	2021
EQUITY AND LIABILITIES		——— Rupees ———	
Share capital and reserves			
Authorised capital	4	**650,000,000**	650,000,000
Issued, subscribed and paid-up capital		**104,250,000**	104,250,000
Capital reserves			
Surplus on revaluation of property, plant and equipment -net	5	**1,753,313,644**	1,841,172,213
Revenue reserves			
Accumulated losses		**(170,155,080)**	(217,073,575)
		1,687,408,564	1,728,348,638
Subordinated loans	6	**480,000,000**	480,000,000
		2,167,408,564	2,208,348,638
Non current liabilities			
Long term finance - secured	7	**145,833,335**	229,166,667
Deferred liabilities	8	**869,039,180**	889,917,432
		1,014,872,515	1,119,084,099
Current liabilities			
Trade and other payables	9	**643,189,986**	361,945,095
Short term borrowings	10	**949,354,072**	908,564,854
Unclaimed dividend		**6,494,727**	6,499,447
Accrued mark-up	11	**61,384,153**	24,873,080
Current maturity of long term finance	7	**83,333,332**	120,833,333
		1,743,756,270	1,422,715,809
Contingencies and commitments	12		
		4,926,037,348	4,750,148,546
ASSETS			
Non current assets			
Property, plant and equipment	13	**3,098,183,314**	3,245,126,564
Long term loans	14	**473,246**	452,229
Long term deposits		**792,527**	792,527
		3,099,449,087	3,246,371,320
Current assets			
Stores and spares - net	15	**120,276,743**	108,662,813
Stock in trade	16	**1,322,450,664**	1,017,211,456
Trade debts - unsecured	17	**37,151,653**	93,695,728
Short term loans and advances - unsecured	18	**141,466,780**	111,364,100
Short term prepayments		**-**	1,630,862
Other receivables	19	**76,247,837**	76,431,187
Tax refunds due from government	20	**63,034,135**	68,844,154
Cash and bank balances	21	**65,960,449**	25,936,926
		1,826,588,261	1,503,777,226
		4,926,037,348	4,750,148,546

The annexed notes from 1 to 38 form an integral part of these financial statements.

Cheif Executive　　Director　　Chief Financial Officer

SASM

Statement of Profit or Loss

For the year ended September 30, 2022

	Note	2022	2021
		Rupees	
Revenue - net	22	**3,392,097,376**	2,253,713,462
Cost of sales	23	**(3,100,021,653)**	(2,093,327,033)
Gross profit		**292,075,723**	160,386,429
Administrative expenses	24	**(122,481,993)**	(114,710,926)
Selling and distribution expenses	25	**(6,310,821)**	(4,902,994)
Other income	26	**108,215,004**	17,763,286
Other expenses	27	**(5,136,371)**	(1,357,139)
		(25,714,181)	(103,207,773)
Operating profit		**266,361,542**	57,178,656
Finance costs	28	**(279,839,136)**	(161,926,469)
Loss before taxation		**(13,477,594)**	(104,747,813)
Taxation - net	29	**(27,462,479)**	24,591,727
Loss after taxation		**(40,940,073)**	(80,156,086)
Loss per share - basic and diluted	30	**(3.93)**	(7.69)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Cheif Executive　　Director　　Chief Financial Officer

Statement of Comprehensive Income

For the year ended September 30, 2022

	2022	2021
	Rupees	
Loss after taxation	**(40,940,073)**	(80,156,086)
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 (loss) / income for the year	**(40,940,073)**	586,439,257

The annexed notes from 1 to 38 form an integral part of these financial statements.

Cheif Executive | Director | Chief Financial Officer

Statement of Changes in Equity

For the year ended September 30, 2022

		Capital reserve	Revenue reserve	
	Issued, subscribed and paid up capital	Surplus on revaluation of property, plant and equipment	Accumulated losses	Total
	Rupees			
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**	**-**
Transaction with owners				
Balance as at September 30, 2021	**104,250,000**	**1,841,172,213**	**(217,073,575)**	**1,728,348,638**
Balance as at September 30, 2021	**104,250,000**	**1,841,172,213**	**(217,073,575)**	**1,728,348,638**
Total comprehensive loss for the year ended September 30, 2022				
- Loss after taxation	-	**-**	**(40,940,073)**	**(40,940,073)**
- Other comprehensive income	-	**-**	**-**	**-**
		-	**(40,940,073)**	**(40,940,073)**
Incremental depreciation transferred from surplus on revaluation of Property, plant and equipment - net of deferred tax	**-**	**(87,858,569)**	**87,858,569**	**-**
Balance as at September 30, 2022	**104,250,000**	**1,753,313,644**	**(170,155,080)**	**1,687,408,565**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Cheif Executive | Director | Chief Financial Officer

Statement of Cash Flows

For the year ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2022 Rupees	2021 Rupees
Loss before taxation		(13,477,594)	(104,747,813)
Adjustments for:			
- Depreciation		175,902,559	165,167,959
- Finance costs		279,839,136	161,926,469
- Profit on savings accounts		(8,362,863)	(1,723,882)
-(Gain) on disposal of property, plant and equipment		(6,686,751)	(565,079)
		440,692,081	324,805,467
Operating profit before working capital changes		427,214,488	220,057,654
Changes in working capital			
Decrease / (increase) in current assets			
- Stores and spares		(11,613,930)	55,429,650
- Stock in trade		(305,239,208)	(957,402,645)
- Trade debts - unsecured		56,544,075	341,558,669
- Short term loans and advances		(30,102,680)	(20,083,725)
- Short term prepayments		1,630,862	2,976,048
- Other receivables		183,350	(402,551)
		(288,597,531)	(577,924,554)
Increase in current liabilities			
- Trade and other payables		281,244,891	(203,649,578)
Net cash generated from / (used in) operations		419,861,847	(561,516,478)
Taxes paid		(42,530,711)	(52,933,582)
Gratuity paid		-	(74,906)
Finance costs paid		(243,328,065)	(152,842,368)
		(285,858,776)	(205,850,856)
Net cash generated from / (used in) operating activities		134,003,071	(767,367,334)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(30,893,467)	(118,425,711)
Proceeds from sale of property, plant and equipment		8,620,909	1,371,276
Profit on bank deposits received		8,362,863	1,723,882
Long term loans - net		(21,017)	(421,310)
Net cash used in investing activities		(13,930,712)	(115,751,863)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(120,833,333)	(50,000,000)
Short term borrowings		571,502,153	290,644,726
Subordinated loans obtained from directors		-	220,000,000
Dividend paid		(4,720)	(29,735)
Net cash generated from financing activities		450,664,100	460,614,991
Net increase / (decrease) in cash and cash equivalents		570,736,458	(422,504,206)
Cash and cash equivalents at the beginning of the year		(882,627,928)	39,876,278
Cash and cash equivalents at the end of the year	*37*	(311,891,470)	(382,627,928)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Cheif Executive Director Chief Financial Officer

Notes to the Financial Statements

For the year ended September 30, 2022

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 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 (the Act);

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

(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, 2022

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 Standards, interpretations and amendments to published approved accounting standards 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:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. 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 1 January 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 management of the Company is currently in the process of assessing the impacts of these amendments to these 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 include:

  a. requiring companies to disclose their material accounting policies rather than their 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 a company'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 management of the Company is currently in the process of assessing the impacts of above amendments to these 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 a company 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 company 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, companies 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 This amendment enables the fair value measurement of biological assets on a post-tax basis.

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 and tax credits.

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.

Gains / losses on disposal of operating fixed assets are charged to the statement of profit or loss.

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 annual 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 profit. 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 at the date of disposal) 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 cane purchase price, and, if applicable, taxes (other than those subsequently recoverable by the entity 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.

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 and other receivables

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognised when the goods are delivered 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 borrowings from banks which are repayable on demand and form an integral part of the Company's cash management.

3.9 Revenue recognition

(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 (which may be sugar, molasses or bagasse).

The Company does not expect to have contracts with its customers where the period between the transfer of the promised goods to 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 ows and selling financial assets and its contractual terms give rise on specified dates to cash ows 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 has made 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 as a reclassification adjustment.

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 in statement of 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 financial liability's cash flows 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.

3.16 Other income

Interest 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

2022	2021		**2022**	2021
----(Number of shares)----			**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 for voting rights, board selection, rights of first refusal and block voting.

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

	2022	2021
	Rupees	
On freehold land		
Gross surplus		
Opening balance	**391,215,000**	288,277,500
Revaluation increase recognised during the year	**-**	102,937,500
	391,215,000	391,215,000
On buildings / plant and machinery		
Gross surplus		
Opening balance	**2,042,193,258**	1,355,907,595
Revaluation increase recognised during the year	**-**	793,884,286
Incremental depreciation transferred to retained earnings	**(123,744,463)**	(107,598,623)
	1,918,448,795	2,042,193,258

Related deferred tax charge		
Opening balance	**(592,236,045)**	(393,213,203)
Revaluation increase recognised during the year	**-**	(230,226,443)
Incremental depreciation transferred to retained earnings	**35,885,894**	31,203,601
	(556,350,151)	(592,236,045)
	1,362,098,644	1,449,957,213
	1,753,313,644	1,841,172,213

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.

			2022	2021
6.	**SUBORDINATED LOANS**	*Note*	Rupees	
	Directors		**403,000,000**	403,000,000
	Sponsors		**77,000,000**	77,000,000
		6.1	**480,000,000**	480,000,000

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	**MCB Bank Ltd.**	**Total balance as at**	
	TF -II	**DF**	**2022**	2021
	----------Rupees----------			
Opening balance	250,000,000	100,000,000	350,000,000	400,000,000
Obtained during the year	-	-	-	-
	250,000,000	100,000,000	350,000,000	400,000,000
Less: Payment made during the year	(20,833,333)	(100,000,000)	(120,833,333)	(50,000,000
	229,166,667	-	229,166,667	350,000,000
Less: current maturity shown under current liabilities	(83,333,332)	-	(83,333,332)	(120,833,333
	145,833,335	-	145,833,335	229,166,667

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 (2021: 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 (2021: 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	2022	2021
		Rupees	
Deferred taxation - net	*8.1*	**592,463,661**	613,341,913
Quality premium	*8.2*	**276,372,514**	276,372,514
Staff retirement benefits		**203,005**	203,005
		869,039,180	889,917,432

8.1 Deferred taxation - net

For the year ended September 30,2022

	Balance at beginning of the year	Charge / (income) recognized in profit or loss	Charge / (income) 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	**592,236,045**	**(35,885,894)**	**-**	**556,350,151**
- Accelerated tax depreciation	**96,242,065**	**7,410,304**	**-**	**103,652,369**
	688,478,110	**(28,475,590)**	**-**	**660,002,520**
Deferred tax assets arising from:				
- Minimum tax	**(53,129,274)**	**(7,917,881)**	**-**	**(61,047,155)**
- Provision for slow moving stores and spares	**(5,821,000)**	**(611,832)**	**-**	**(6,432,832)**
- Provision for gratuity	**(58,871)**	**-**	**-**	**(58,871)**
- Unused tax losses	**(16,127,052)**	**16,127,052**	**-**	**-**
	(75,136,197)	**7,597,339**	**-**	**(67,538,858)**
Net deferred tax position	**613,341,913**	**(20,878,252)**	**-**	**592,463,661**

For the year ended September 30, 2021

	Balance at beginning of the year	Charge / (income) recognized in profit or loss	Charge / (income) 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
	474,120,863	(15,869,196)	230,226,443	688,478,110
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)
- Unused tax losses	(3,332,649)	(12,794,403)	-	(16,127,052)
	(33,258,075)	(41,878,122)	-	(75,136,197)
Net deferred tax position	440,862,788	(57,747,318)	230,226,443	613,341,913

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	2022	2021
		Rupees	
Trade Creditors:			
- for sugarcane		**232,108,199**	259,107,035
- for other supplies		**42,618,473**	43,179,905
		274,726,672	302,286,940
Other payables:			
Advances from customers	9.1	**177,903,167**	1,640,457
Accrued expenses		**4,255,526**	4,280,670
Sales tax payable		**175,810,641**	44,330,537
Income tax deducted at source		**307,970**	319,482
Workers' Welfare Fund	9.2	**8,591,124**	8,591,124
Contractors' retention money		**26,437**	26,437
Others		**1,568,449**	469,448
		643,189,986	361,945,095

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.

9.2 Workers' Welfare Fund	Note	2022	2021
		Rupees	
Opening balance		**8,591,124**	8,591,124
Charge for the year		**-**	-
Closing balance		**8,591,124**	8,591,124

10. SHORT TERM BORROWINGS - Secured

	Note	2022	2021
Cash finance			
- Bank Alfalah Limited	10.1	**370,502,153**	500,000,000
- Habib Bank Limited	10.2	**201,000,000**	-
		571,502,153	**500,000,000**
Running finance			
- Bank Alfalah Limited	10.3	**186,960,539**	110,532,084
- Askari Bank Limited	10.4	**190,891,380**	198,032,770
- Habib Bank Limited		**-**	100,000,000
		377,851,919	408,564,854
		949,354,072	908,564,854

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 (2021: Rs. 500 million). The facility carries markup at the rate of 1-Month KIBOR + 1% per annum (2021: 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 cash finance facility obtained from M/s. Habib Bank 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. The facility carries markup at the rate of 3-Month KIBOR + 0.75% per annum and is secured by charge over stock of sugar and 100% personal guarantees of all the directors of the Company.

10.3 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 (2021: Rs. 200 million). The facility carries markup at the rate of 1-Month KIBOR + 1% per annum (2021: 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.

10.4 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.

10.5 As at September 30, 2022, the Company had unavailed short term financing facilities amounting to Rs. 450.61 million (2021: Rs. 1,941.44 million)

11. ACCRUED MARK-UP

	2022	2021
	Rupees	
Mark-up accrued on:		
Long term financing	**9,143,813**	7,171,726
Short term borrowings	**52,240,340**	17,701,354
	61,384,153	24,873,080

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 Contingent liability existing as at the reporting date

12.1.1.1 Sales Tax and FED related cases

(a) The Deputy Commissioner Inland Revenue vide its order dated December 19, 2013, created 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 notice, the Company had wrongly availed the benefit of lower rate FED (as notified vide SRO 77(1) / 2013) on account of the applicability of the time period of the benefit since the said SRO was not clear on the application of the benefit. Company applied the low rate FED on the respective Export Quota, retrospectively before the SRO issue date, whereas, as per the Department, the application was to be prospectively after the SRO issue date. 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.

Simultaneously, Company filed an appeal before Commissioner Inland Revenue, against the said demand order, on 13th March 2014. The Commissioner Inland Revenue, passed an order dated 1st June 2014, where the case was remanded back to Deputy Commissioner Inland Revenue, to verify the claim of the Company. Also, the Petition CPD-719/2014 was disposed off, on account of non pressing on 19th January 2017.

After remand back, fresh proceedings were initiated by the Deputy Commissioner Inland Revenue, and on completion of proceedings, order in original dated 3rd May 2019, was passed which confirmed the demand of Rs. 14.66 million (excluding penalty of Rs. 0.73 million). Company then filed appeal with the Commissioner Inland Revenue, against the said order, on 22nd May 2019. The case is currently pending adjudication before the Commissioner Inland Revenue. It has been disclosed in the Financial statements, as Legal advisor expects favorable outcome in the case.

On 18th October 2021, Deputy Commissioner Inland Revenue, issued Notice for recovery of the said underpaid FED, amounting Rs. 14.73 million, along with 0.73 million of Penalty. Against the Notice, Company's Legal advisor replied, quoting the stay order granted in Petition CPD-719/2014, granted on February 17,2014. There has been no any further correspondence with the Company by the Department, regarding the matter. It has been disclosed in the Financial statements, as Legal advisor expects favorable outcome in the case.

(b) The Deputy Commissioner Inland Revenue(DCIR) served show cause notice # DCIR/Unit-01/Enf-1/SA/LTO/2020-21/307 dated 23rd December, 2021, under section 11(3) of the Sales Tax Act, 1990 , indicating the difference between Supply of Sugar for the month of November 2021, as per 40B Report submitted by Team posted on Mill and as per Annexure J of Sales Tax Return for the month of November-21, by 957.35 M.tons and hence, underpaid Sales Tax amounted to Rs. 11.7 million. Company replied to the show cause Notice, claiming the difference in the report, to be due to the recording of Sale in Ledgers on Delivery Order (D.O) basis, whereas, in the Sales Return, is disclosed on lifting basis.(Invoice generation), and hence, the quantity of 957.35 M.tons represents the quantity of sugar, against which Sales Tax has already been paid on D.O basis in period prior to November'21. After hearing, Deputy Commissioner Inland Revenue issued Order-in-Original dated 7th January 2022, levying Sales Tax underpaid, along with 100% penalty of tax payable under section 33(11) of Sales Tax Act, 1990, working out total demand to Rs.23.507 Million. Company has filed appeal against the said Order-in-Original before Commissioner Inland Revenue (appeals) on 7th Feb 2022, which is still pending before the said Authority. The matter is disclosed in Financial Statements as a contingent liability, as Legal Advisor expects favorable outcome in the case.

(c) The Deputy Commissioner Inland Revenue(DCIR) served show cause notice # DCIR/Unit-1&2/Enf-1/Sugar/LTO/2021-22/364 dated 27th January, 2022, under section 11(2) of the Sales Tax Act, 1990 , indicating the two instances of violation of Sales Tax Act, 1990. First instance, was the violation of section 8(1) , whereby, Company has wrongly availed the Input Tax Claim against the building material like rubber pipe, electrodes, bearing, and P.P bags, which as per the said provision are not allowed, as only those Items, that generate taxable activity are to be allowed as Input Tax. Second Instance, was the violation of Section 73(4), whereby, a registered person is not entitled to deduct input tax in excess of 10/100 million per month/year, to unregistered persons, and as per DCIR, as a result of this violation, the input tax disallowed, was Rs. 15.659 million.

Company replied to the show cause Notice, claiming, for the first instance, that since Company is engaged in the manufacturing of Sugar, and the sugar season is usually three to four months, the wear and tear of Plant and Machinery is normal part of the production, and hence the expenditure incurred on which the said input tax was claimed, was for this wear and tear, which ultimately becomes part of the taxable activity, hence the input tax cannot be disallowed. For second Instance, Company was of the opinion that the said threshold of 10/100 million per month/year applies to the sale made to a single/specific unregistered person, and hence the Company has not breached the said provisions.

After hearing, Deputy Commissioner Inland Revenue issued Order-in-Original dated 22nd March 2022, dismissing the second Instance in Company's favor, whereas, for the first Instance, levied inadmissible Input Tax and Penalty amounting to Rs. 4.218 Million. Company has filed appeal against the said Order-in-Original before Commissioner Inland Revenue (appeals) on 21st April 2022, which is still pending before the said Authority. The matter is disclosed in Financial Statements as a contingent liability, as Legal Advisor expects favorable outcome in the case.

12.1.1.2 Income Tax related cases

(a) Consequential to the orders passed by the Commissioner Inland Revenue for the tax years 2016, 2017, 2018 and 2019 as disclosed in 12.1.2.2 (b) below, the department issued show-cause notices to levy Penalty, as follows.

Tax Year	Order Date	Income Tax Section Reference	Confirmation Date	Amount
2016	30/Dec/20	182	7/Apr/21	3,079,680,497
2017	29/Dec/20	182	8/Apr/21	4,208,340,664
2018	30/Nov/20	182	9/Apr/21	3,567,099,119
2019	30/Nov/20	182	9/Apr/21	4,566,622,837
				15,421,743,117

The Company has not made any provision there against 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. The matter is disclosed in Financial Statements as a contingent liability, as Legal Advisor expects favorable outcome in the case.

12.1.1.3 Other Contingent Liabilities

(a) 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 04.2012 on the company’s petition terming the impugned notification as issued without lawful authority on the grounds that the subject of agricultural produced 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 in adjudication. The Company has not made any provision against the impugned demand in view of the 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.

(b) 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 order dated August 13, 2021. The Company filed a suit before the Hon'ble Sindh High Court, Karachi vide Suit No. 2272 of 2021, in September 2021. After hearings, SHC provided stay order against the recovery of the said penalty under the order , on 13th June 2022, subject to submission of Bank guarantee, amounting to 50% of the penalty levied. Accordingly, Company issued guarantee as per the court order, vide bond# 92805 dated 25th July 2022, with nazir of Sindh High Court.

Simultaneously, Company filed an appeal before the Appellate Tribunal of Competition Commission Islamabad. The Tribunal via order dated 2nd August 2022, restricts the Competition Commission from taking any coercive measures against the Company, until the case with tribunal is disposed off. Accordingly, the Company filed an appeal in the High Court for disposal of the Suit# 2272, along with the discharge of bank guarantee, on the grounds that the tribunal has restricted the Commission from demanding the penalty, hence the Bank guarantee shall be discharged. High Court via order dated 25th August 2022, ordered to refund the bank guarantee, and also ordered to decide the Suit 2272 expeditiously. The Suit # 2272, however, is still pending for Adjudication, as at year end. The matter is disclosed in Financial Statements as a contingent liability, as Legal Advisor expects favorable outcome in the case.

12.1.2 Previously reported contingent liabilities that were resolved during the year

In its financial statements for the year ended September 30, 2021, the Company had disclosed the following matters as contingent liabilities. However, during the year, certain key developments occurred due to which the previously reported uncertainties surrounding such matters were resolved and, hence, the same were no longer regarded as contingent liabilities as at September 30, 2022.

12.1.2.1 Sales Tax and FED related cases

(a) 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 High Court u/s 47(1) of the Sales Tax Act, 1990.

During the year, on 24th April, 2022, High Court dismissed the Reference Application filed by the Department, on the basis of non prosecution, as none of the Department representative was present despite different Notices.

12.1.2.2 Income Tax related cases

(a) The Deputy Commissioner Inland Revenue (DCIR) passed orders of the Tax Assessments, as given below, on the alleged failure of the Company to collect advance tax under section 236G of the Income Tax Ordinance, 2001 on sale to retailers.

Tax Year	Order Date	Income Tax Section Reference	Amount
2015	6/May/21	161(1) / 205 / 182	5,880,646
2016	15/Sep/21	161(1) / 205 / 182	11,554,151
2017	15/Sep/21	161(1) / 205 / 182	22,737,242
2019	15/Sep/21	161(1) / 205 / 182	37,652,985
2020	15/Sep/21	161(1) / 205 / 182	25,246,692
			128,318,408

The Company made an appeal before the Commissioner Inland Revenue (Appeals) on 4th June 2021 challenging the demand for Assessment Orders of 2015 and on 13th October 2021 challenging the demand for the Assessment orders passed for the Tax period 2020, 2019, 2017 and 2016. The basis for demand was the fact that Company sells sugar in bulk and is always sold to wholesalers, not retailers, as retailers do not purchase the quantity in bulk.

During the year, Commissioner Inland Revenue, through Order# 67, 68, 69, 70 and 71, dated 24th August 2022, annulled the Tax Assessments made by Commissioner Inland Revenue for the Tax year 2015, 2016, 2017, 2019 and 2020, on the basis that on inquiry of the documents provided by the Company, supported the Company's stance of selling the sugar to wholesalers and distributors, instead of Retailers.

(b) The income tax assessments of the Company for tax years were amended by the Commissioner Inland Revenue (CIR) under section 122(1) of the Income Tax Ordinance, 2001 after audit proceedings, creating Tax demand for the said Tax years. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the said impugned orders, however, the CIR(A) confirmed the orders passed by the CIR and passed the orders of confirmation for the said tax years. The summary of the Orders and confirmations is as below:

Tax Year	Order Date	Income Tax Section Reference	Confirmation Date	Amount
2016	30/Dec/20	122(1)	7/Apr/21	3,620,376,621
2017	29/Dec/20	122(1)	8/Apr/21	4,989,243,781
2018	30/Nov/20	122(1)	9/Apr/21	4,178,965,422
2019	30/Nov/20	122(1)	9/Apr/21	5,260,315,838
				18,048,901,662

On confirmation of Tax Assessments by the Commissioner Inland Revenue, Appeal was made before Appellate Tribunal Inland Revenue. The Appellate Tribunal Inland Revenue (Karachi) granted stay against recovery of above tax demands and further proceedings were pending as at the year start.

On 23rd June 2022, Appellate Tribunal Inland Revenue, passed an order in favor of the Company, by deleting all the amendments made by the Commissioner inland revenue. As of now, the Department has not filed reference before the Honorable High Court.

12.2. Commitments

As of the reporting date, there were no financial commitments of the Company. (2021: As of the Reporting date, there were no financial Commitments of the Company)

13. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		Rupees	
Operating fixed assets	*13.1*	**3,098,183,314**	3,245,126,564
		3,098,183,314	3,245,126,564

13.1 Operating fixed assets

	Freehold Land	Freehold land factory building	Non-factory building on freehold land	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, 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
Movement during the year ended September 30, 2022											
Opening 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**
Additions during the year	**-**	**334,366**	**-**	**29,188,835**	**237,205**	**83,813**	**118,020**	**-**	**-**	**931,228**	**30,893,467**
Disposals:											
- Cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,320,489)**	**-**	**-**	**(9,320,489)**
- Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,386,331**	**-**	**-**	**7,386,331**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**(1,934,158)**	**-**	**-**	**(1,934,158)**
Depreciation for the year	-	(27,273,789)	(23,214,636)	(113,233,070)	(806,827)	(192,525)	(411,713)	(10,311,581)	(29,959)	(428,459)	**(175,902,559)**
Closing net book value	**411,750,000**	**245,580,217**	**208,931,724**	**2,178,986,270**	**7,434,251**	**1,768,945**	**1,002,933**	**41,220,403**	**55,639**	**1,452,932**	**3,098,183,314**
As at September 30, 2022											
Gross carrying amount	**411,750,000**	**439,743,616**	**347,631,395**	**3,841,318,914**	**23,892,863**	**8,586,563**	**13,634,191**	**92,333,244**	**7,629,077**	**11,395,846**	**5,197,915,709**
Accumulated depreciation	**-**	**(194,163,399)**	**(138,699,671)**	**(1,662,332,644)**	**(16,458,612)**	**(6,817,618)**	**(12,631,258)**	**(51,112,841)**	**(7,573,438)**	**(9,942,914)**	**(2,099,732,395)**
Net book value	**411,750,000**	**245,580,217**	**208,931,724**	**2,178,986,270**	**7,434,251**	**1,768,945**	**1,002,933**	**41,220,403**	**55,639**	**1,452,932**	**3,098,183,314**
Annual rates of depreciation	**0%**	**10%**	**10%**	**5%-10%**	**10%**	**10%**	**30%**	**20%**	**35%**	**35%**	

			2022	2021
13.2	**Allocation of depreciation**	*Note*	Rupees	
	Cost of goods manufactured - Manufacturing expe	*23.1*	**158,312,303**	148,651,163
	Administrative expenses	*24*	**17,590,256**	16,516,796
			175,902,559	165,167,959

13.3 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

13.4 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.

13.5 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	**2022**			2021		
	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**	**(143,124,976)**	**56,533,926**	199,658,902	(136,819,179)	62,839,723
- Non - factory building	**48,225,383**	**(39,943,408)**	**8,281,975**	48,225,383	(39,023,188)	9,202,195
- Plant and machinery	**1,812,953,807**	**(1,192,243,492)**	**620,710,315**	1,811,973,302	(1,159,492,477)	652,480,825
	2,081,373,092	**(1,375,311,876)**	**706,061,216**	2,080,392,587	(1,335,334,844)	745,057,743

14. LONG TERM LOANS - unsecured

	2022	2021
	Rupees	
Due from employees	**473,246**	452,229

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

15. STORES AND SPARES - net

	Note	2022	2021
		Rupees	
Stores and spares inventory		**142,458,923**	128,735,228
Provision for slow moving and obsolete items		**(22,182,180)**	(20,072,415)
		120,276,743	108,662,813

16. STOCK IN TRADE

	Note	2022	2021
Finished goods inventory:			
- Sugar	*16.1*	**1,302,857,862**	1,004,529,461
- Bagasse		**9,790,371**	5,006,565
		1,312,648,233	1,009,536,026
Work-in-process inventory:			
- Sugar		**8,547,119**	7,675,430
- Molasses		**1,255,311**	-
		9,802,431	7,675,430
		1,322,450,664	1,017,211,456

16.1 As of the reporting date, the carrying amount of inventories pledged as securities in respect of short term borrowings amounted to Rs. 611.233 million.

17. TRADE DEBTS - unsecured

	Note	2022	2021
		Rupees	
Receivable against local sales of:			
- Sugar		**37,044,700**	93,590,474
- Bagasse		**106,953**	105,254
		37,151,653	93,695,728

18. SHORT TERM LOANS AND ADVANCES - UNSECURED

	Note	2022	2021
Loan to growers		**63,988,613**	39,146,018
Advance to suppliers and contractors	*18.1*	**75,384,881**	70,199,173
Due from employees		**2,093,286**	2,018,909
		141,466,780	111,364,100

	2022	2021
	Rupees	
18.1 Advance to suppliers and contractors		
Total advances outstanding	**77,700,365**	72,514,657
Provision for loans considered doubtful	**(2,315,484)**	(2,315,484)
	75,384,881	70,199,173

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

19. OTHER RECEIVABLES

	Note	2022	2021
		Rupees	
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		**831,923**	1,015,273
		76,247,837	76,431,187

20. TAX REFUNDS DUE FROM GOVERNMENT

Income tax refundable

	2022	2021
Opening balance	**68,844,153**	49,066,163
Advance tax paid / withheld during the year	**42,530,712**	52,933,581
	111,374,865	101,999,744
Less: Provision for current tax for the year	**48,340,731**	33,155,591
Closing balance	**63,034,135**	68,844,153

21. CASH AND BANK BALANCES

	Note	2022	2021
Cash in hand		**309,993**	577,334
Cash at bank:			
- Current accounts		**31,622,622**	16,790,421
- Deposit accounts	21.1	**34,027,834**	8,569,171
		65,650,456	25,359,592
		65,960,449	25,936,926

21.1 These represent funds deposited with banks in saving accounts carrying profit at the rate of 8% to 10% (2021: 5% to 5.5%).

22. REVENUE - NET

	Note	2022	2021
		Rupees	
Revenue from local sales - net	22.1	**3,392,097,376**	2,253,713,462
Revenue from export sales		**-**	-
		3,392,097,376	2,253,713,462

22.1 Revenue from local sales - net

Sale of goods to local customers - gross		**3,950,342,450**	2,609,293,250
Less: sales tax		**(558,245,074)**	(355,579,788)
		3,392,097,376	2,253,713,462

23. COST OF SALES

Sugarcane consumed		**3,425,868,254**	3,081,467,907
Manufacturing expenses	*23.1*	**460,688,267**	379,886,771
		3,886,556,521	3,461,354,678
Sugar stock in process - opening		**7,675,430**	5,067,022
Sugar stock in process - closing		**(8,547,119)**	(7,675,430)
		(871,689)	(2,608,408)
		3,885,684,832	3,458,746,270
Molasses stock in process - opening		**-**	-
Molasses stock in process - closing		**(1,255,311)**	-
Sale of molasses (by-product)		**(481,295,660)**	(410,625,000)
		(482,550,971)	**(410,625,000)**
Cost of goods manufactured		**3,403,133,860**	3,048,121,270
Finished stock of Sugar - opening		**1,004,529,461**	33,376,180
Finished stock of Sugar - closing		**(1,302,857,862)**	(1,004,529,461)
		(298,328,401)	(971,153,281)
Stock of Bagasse - opening		**5,006,565**	21,365,609
Stock of Bagasse - closing		**(9,790,371)**	(5,006,565)
		(4,783,806)	16,359,044
		3,100,021,653	2,093,327,033

23.1 Manufacturing expenses

Salaries, wages and other benefits	*23.1.1*	**142,505,004**	121,399,397
Production stores consumed		**61,457,921**	33,999,696
Fuel and power		**12,816,370**	10,135,230
Repairs and maintenance		**77,083,820**	58,983,252
Insurance		**8,005,627**	6,191,379
Depreciation	*13.2*	**158,312,303**	148,651,163
Others		**507,222**	526,654
		460,688,267	379,886,771

23.1.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 2.24 million (2021: Rs. 2.09 million)

24. ADMINISTRATIVE EXPENSES

	Note	2022	2021
		Rupees	
Salaries, wages and other benefits	24.1	**66,705,871**	63,017,502
Rent, rates and taxes		**944,595**	833,707
Insurance		**1,450,754**	1,224,513
Utilities		**532,499**	447,906
Printing and stationery		**1,267,368**	1,555,095
Postage, fax and telephone		**2,383,473**	2,148,947
Vehicle running and maintenance		**7,324,861**	4,649,021
Repair and maintenance		**1,463,972**	1,316,143
Traveling and conveyance		**1,041,096**	575,146
Subscriptions, books and periodicals		**4,276,114**	2,256,460
Legal and professional		**7,249,615**	7,483,945
Entertainment expense		**3,145,863**	2,481,823
Depreciation	13.2	**17,590,256**	16,516,796
Auditor's remuneration		**1,645,548**	1,419,980
Others		**5,460,109**	8,783,942
		122,481,993	114,710,926

24.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rs. 2.99 million (2021: Rs.2.71 million).

24.2 Auditors' remuneration

	Note	2022	2021
		Rupees	
Audit fee		**975,000**	800,000
Certification charges		**125,000**	125,000
Half yearly review		**300,000**	300,000
Out of pocket expenses		**245,548**	194,980
		1,645,548	1,419,980

25. SELLING AND DISTRIBUTION EXPENSES

		2022	2021
Loading, stacking and handling		**5,903,921**	4,388,531
Advertisement expense		**406,900**	16,900
Others		**-**	497,563
		6,310,821	4,902,994

26. OTHER INCOME

		2022	2021
Profit on deposit accounts		**8,362,863**	1,723,882
Insurance Claim		**2,000,000**	-
Sale of bagasse		**90,124,539**	15,041,865
Gain on disposal of operating fixed assets		**6,686,751**	565,079
Others		**1,040,851**	432,460
		108,215,004	17,763,286

27. OTHER EXPENSES

	Note	2022	2021
Provision for Slow moving stores and spares		**2,109,765**	-
Charity and donation	27.1	**3,026,606**	1,357,139
		5,136,371	1,357,139

27.1 None of the directors of the Company or their spouses had any interest in the donee organizatior

28. FINANCE COSTS

	2022	2021
	Rupees	
Mark up on:		
- Long term finance	**32,697,223**	30,602,877
- Short term borrowings	**244,208,925**	130,120,901
	276,906,148	160,723,778
Bank charges	**2,932,988**	1,202,691
	279,839,136	161,926,469

29. TAXATION - net

	2022	2021
	Rupees	
Current	**48,340,731**	33,155,591
Prior	**-**	-
Deferred	**(20,878,252)**	(57,747,318)
	27,462,479	(24,591,727)

29.1 Status of income tax assessments

Except as stated in note 12.1.1.2(a) to these financial statements, the income tax assessments of the Company are deemed to have been finalised up to, and including, the tax year 2022 (accounting year ended September 30, 2021) 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.

29.2 In respect of the year ended September 30, 2022, the numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented in these financial statements since the Company has suffered an accounting loss before tax during the year and its income subject to taxation under the normal tax regime has attracted the provisions of section 113 of the Income Tax Ordinance, 2001 (Minimum tax).

30. LOSS PER SHARE - BASIC AND DILUTED

30.1 Basic loss per share

	2022	2021
	Rupees	
Loss after taxation	**(40,940,073)**	(80,156,086)
	Number	
Weighted average number of ordinary shares outstanding	**10,425,000**	10,425,000
	Rupees	
Loss per share - basic	**(3.93)**	(7.69)

30.2 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, 2022 and September 30, 2021.

31. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

Particulars	2022				2021			
	Chief Executive	Executive Director	Executives	Total	Chief Executive	Executive Director	Executives	Total
	Rupees							
Basic salary	**1,500,000**	**1,125,000**	**10,744,818**	**13,369,818**	1,872,000	1,380,000	6,771,300	10,023,300
Vehicle expenses	**242,700**	**-**	**3,352,746**	**3,595,446**		-	-	-
Other prequisites	**921,282**	**675,000**	**9,196,444**	**10,792,726**	528,000	420,000	3,519,012	4,467,012
Total	**2,663,982**	**1,800,000**	**23,294,008**	**27,757,990**	2,400,000	1,800,000	10,290,312	14,490,312
No. of persons	**1**	**1**	**5**	**7**	1	1	3	5

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

32. 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 and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the Chief Executive and Directors is disclosed in note 31 to the financial statements. Transactions entered into, and balances held, with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

	2022	2021
Transactions during the year	Rupees	
Contribution to staff provident fund	**5,227,431**	4,796,270
Advance to SGM Sugar Mills Limited	**14,475,329**	1,392,860
Purchases during the year from SGM Sugar Mills Limited	**1,410,967**	3,001,835
Balances at year end		
Loan from directors	**403,000,000**	403,000,000
Loan from sponsors	**77,000,000**	77,000,000
	480,000,000	480,000,000
SGM Sugar Mills Limited (net)	**18,518,561**	7,063,174

33. OPERATING SEGMENT

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 83.15% (2021: 84.11%) of the total revenue/income arising from sale of sugar, molasses and bagasse.

- Nil% (2021: Nil%) revenue of the Company relates to customers outside Pakistan.

- All non-current assets of the Company at September 30, 2022 and 2021 were located in Pakistan.

34. FINANCIAL INSTRUMENTS

34.1 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

34.1.1 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	**2022**	2021
		Rupees	
Long term loans		**473,246**	452,229
Long term deposits		**792,527**	792,527
Trade debts	*(a)*	**37,151,653**	93,695,728
Short term loans		**2,093,286**	2,018,909
Other receivables		**1,272,952**	1,456,302
Bank balances	*(b)*	**65,650,456**	25,359,592
		107,434,120	123,775,287

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 on customer to customer basis. 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:

	September 30, 2022		September 30, 2021	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
	Rupees			
Not past due	**37,151,653**	**-**	93,695,728	-
Past due 3 months -1 year	**-**	**-**	-	-
Past due 1 year to 3 years	**-**	**-**	-	-
More than 3 years	**-**	**-**	-	-
	37,151,653	**-**	93,695,728	-

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 except for which has already been provided. 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	2022	2021
		Rupees	
Allied Bank Limited	A1+	**3,598,302**	3,264,767
Askari Bank Limited	A1+	**101,512**	101,512
Bank Al-Falah Limited	A1+	**1,587,081**	2,908,952
BankIslami Pakistan Limited	A-1	**24,601**	23,361
Bank-Al-Habib Limited	A1+	**3,479,966**	1,567,978
Habib Bank Limited	A1+	**27,364,860**	1,791,149
MCB Bank Limited	A1+	**8,681,717**	8,358,525
Meezan Bank Limited	A1+	**14,549,569**	4,561,810
National Bank of Pakistan	A1+	**580,566**	1,285,970
Sindh Bank Limited	A-1	**69,465**	65,465
United Bank Limited	A1+	**440,090**	1,366,808
Other banks (Non- rated)		**5,172,728**	63,295
		65,650,457	25,359,592

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.

34.1.2 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:

	2022			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
	------------------------Rupees-----------------------			
Long term finance - secured	**229,166,667**	**229,166,667**	**162,627,534**	**66,539,133**
Trade and other payables	**465,286,819**	**465,286,819**	**465,286,819**	**-**
Accrued mark-up	**61,384,153**	**61,384,153**	**61,384,153**	**-**
Short term borrowings	**949,354,072**	**949,354,072**	**949,354,072**	**-**
	1,705,191,711	**1,705,191,711**	**1,638,652,578**	**66,539,133**

	2021			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	------------------------Rupees-----------------------			
Long term finance	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

34.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will uctuate 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 were no foreign currency denominated receivables / payables.

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:

	2022	2021	2022	2021
	Effective interest rate		Carrying amount	
	--------Percentage--------		----------Rupees----------	
Financial liabilities				
Long term financing	**10.27% - 17.41%**	7.75% - 8.67%	**229,166,667**	350,000,000
Short term borrowings	**8.26% - 16.77%**	8.04% - 8.96%	**949,354,072**	908,564,854
Financial Assets				
Bank deposits - pls account	**8% - 10%**	5% - 5.5%	**34,027,834**	8,569,171

Fair value sensitivity analysis for fixed rate instruments

As at 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 ows 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, 2022		
Cash flow sensitivity-Variable rate financial instruments	**(11,444,929)**	**11,444,929**
As at September 30, 2021		
Cash flow sensitivity-Variable rate financial instruments	(12,499,957)	12,499,957

iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will uctuate 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.

34.2	Financial instruments by categories	2022	2021
		Rupees	
	Financial assets at amortised cost		
	Long term loans	**473,246**	452,229
	Long term deposits	**792,527**	792,527
	Trade debts	**37,151,653**	93,695,728
	Short term loans	**2,093,286**	2,018,909
	Other receivables	**1,272,952**	1,456,302
	Cash and bank balances	**65,960,449**	25,936,926
		107,744,113	124,352,621
	Financial liabilities at amortised cost		
	Long term finance - secured	**229,166,667**	350,000,000
	Trade and other payables	**465,286,819**	307,063,495
	Short term borrowings	**949,354,072**	908,564,854
	Accrued mark-up	**61,384,153**	24,873,080
		1,705,191,711	1,590,501,429

35. 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.

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 fair value of all other assets and liabilities recognised in the financial statements approximate their fair value.

36. CAPITAL MANAGEMENT

The management'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 Company's capital management:

	2022	2021
	Rupees	
Borrowings:		
Long term finance from a banking companies	**229,166,667**	350,000,000
Shareholders' equity:		
Issued, subscribed and paid up capital	**104,250,000**	104,250,000
Accumulated losses	**(170,155,080)**	(217,073,575)
Subordinated loans	**480,000,000**	480,000,000
	414,094,920	367,176,425
Total capital managed by the Company	**643,261,587**	717,176,425

37. CASH AND CASH EQUIVALENTS

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

	Note	2022	2021
		Rupees	
Cash and bank balances	*21*	**65,960,449**	25,936,926
Short term borrowings- Running finance	*10*	**(377,851,919)**	(408,564,854)
		(311,891,470)	(382,627,928)

38. GENERAL

38.1 Number of employees

	2022	2021
	Number	
Total employees of the Company at the year end	**275**	270
Average employees of the Company during the year	**328**	251

38.2 Investment out of Provident fund

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

38.3 Plant capacity and actual production

	2022	2021
	M.tons	
Sugarcane crushing capacity	**1,280,000**	1,280,000
Sugarcane crushed	**474,176**	392,757
Sugar produced	**52,507**	39,645

38.3.1 The estimated production capacity is based on 160 days of crushing. However, the actual crushing days were only 84 days (2021: 81 days) due to non-availability of sugar cane.

38.4 Reclassification of corresponding figures

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

38.5 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 23rd December, 2022.

38.6 Level of rounding

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

Cheif Executive Director Chief Financial Officer

PATTERN OF SHAREHOLDING
AS AT SEPTEMBER 30, 2022

NUMBER OF SHARES HOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	TOTAL NUMBER OF SHARES HELD
935	1	100	57,459
501	101	500	135,654
125	501	1,000	107,926
131	1,001	5,000	321,631
15	5,001	10,000	113,360
5	10,001	15,000	67,890
5	15,001	20,000	91,800
1	20,001	25,000	23,000
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
1,735			**10,425,000**

CATEGORIES	NUMBERS OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
INDIVIDUALS	1,719	9,240,589	88.64%
INVESTMENT COMPANIES	2	4,900	0.05%
INSURANCE COMPANIES	2	250,100	2.40%
JOINT STOCK COMPANIES	5	2,001	0.02%
FINANCIAL INSTITUTIONS	4	924,800	8.87%
MODARABA COMPANIES	1	600	0.01%
OTHERS	2	2,010	0.02%
TOTAL	**1,735**	**10,425,000**	**100.00%**

SINDH ABADGAR'S SUGAR MILLS LIMITED
PATTERN OF SHARES HELD BY SHARE HOLDERS
AS AT SEPTEMBER 30, 2022

Combined pattern of CDC & Physical Shareholding as at 30th September 2022

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHARES HELD CDC ACCOUNTS	CATEGORY WISE NO. OF FOLIOS/ SHARES	CATEGORY WISE SHARES	PERCENTAGE
1	**INDIVIDUALS**	-	1,704	1,016,553	9.75
2	**INVESTMENT COMPANIES**		2	4,900	0.05
	PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP.	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	2,001	0.02
	WASI SECURITIES (SMC-PVT) LIMITED	100			
	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT)	400			
	SARFARAZ MEHMOOD (PRIVATE) LIMITED	500			
	MAPLE LEAF CAPITAL LIMITED	1			
	NINI SECURITIES (PRIVATE) LIMITED	1,000			
5	**DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN**		10	5,713,071	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	56			
	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		**1,735**	**10,425,000**	**100.00**

SASM

FORM OF PROXY

No. of Shares

Please Quote Folio No.

I/We ………………………………………………………of…………………………..………….. a member of **SINDH ABADGAR'S SUGAR MILLS LIMITED** and holding ………………… ordinary shares, as per Register Folio No…………………………………………………… hereby appoint Mr……………………………….……………..of…………………………………….. or failing him…………………………………………………of…………………………………… who is also a member of the company vide Register Folio No. …………………… as my proxy to vote for me and on my behalf at the Thirty Ninth Annual General Meeting of the Company to be held on January 20, 2023 at 16:00 hours at the Hall/Auditorium of Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi and at an adjournment thereof.

As witness my hand this …………………………….….. day of…………………….…………. 2023.
Witness

Signature: ______________________________

Name : ______________________________

RUPEES
FIVE
REVENUE
STAMP

SIGNATURE OF MEMBER

---

1. A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.

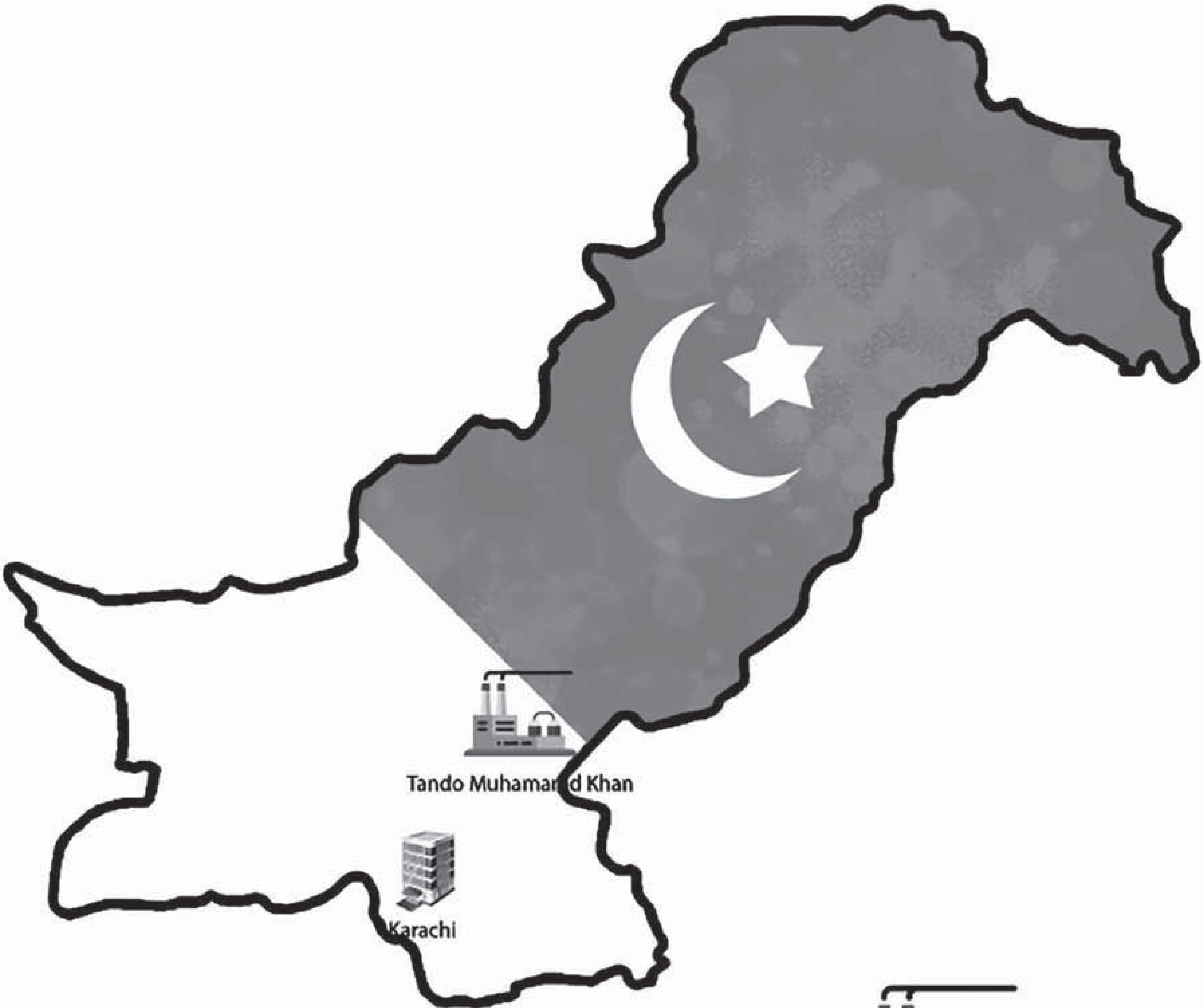
2. The proxies shall be lodged with the company not later than 48 hours before the time for holding of the meeting and must be duly stamped, signed and witnessed.

3. The instrument appointing a Proxy should be signed by the member or his/her attorney duly authorized in writing, if the member is a corporate Body should be signed either under the Common Seal or under the hand of an officer or attorney so authorized.

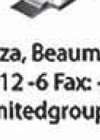
PAKISTAN

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) E-mail : sasm@unitedgroup.org.pk

Mill: Deh: Deenpur, Taluka: Bulri Shah Karim, Distt. Tando Muhammad Khan , Sindh-73021.
Tel : 03152001617 E-mail : sasmtmk@unitedgroup.og.pk