

The bottom half of the image shows a wooden bowl brimming with white sugar granules. In the foreground, a wooden spoon holds a small amount of sugar, and several sugar cubes are scattered on a dark, textured wooden surface. Overlaid on the left side of this section is the text '34th ANNUAL REPORT' in a large, bold, white font with a black outline.

# **34<sup>th</sup> ANNUAL REPORT**

**For the year ended 30th September, 2022**

**Sakrand Sugar Mills Limited**



# SAKRAND SUGAR MILLS LIMITED

## **34<sup>th</sup> ANNUAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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## COMPANY PROFILE

### BOARD OF DIRECTORS

Mr. Saleem Zamindar	Chairman / Director
Mr. Dinshaw H. Anklesaria	Director
Mr. Shams Ghani	Director
Mr. Muhammad Jamshid Malik	Director (Resigned on February 23, 2023)
Miss. Sadia Moin	Director
Mr. Muhammad Saleem Mangrio	Director
Mr. Abdul Qayyum Khan Abbasi	Director
Mr. Muhammad Omar Arshid	Director (Appointed on March 15, 2023)

### AUDIT COMMITTEE

Miss. Sadia Moin	Chairperson
Mr. Saleem Zamindar	Member
Mr. Muhammad Saleem Mangrio	Member

### HR COMMITTEE

Mr. Abdul Qayyum Khan Abbasi	Chairman
Mr. Muhammad Omar Arshid	Member
Mr. Shams Ghani	Member

### CHIEF EXECUTIVE OFFICER

Mr. Mansoor Afzal Subzwari

### CHIEF FINANCIAL OFFICER

Mr. Shams Ghani

### COMPANY SECRETARY

Mr. Muhammad Yousuf Qureshi





## **BANKERS**

Allied Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Habib Bank Limited  
Meezan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Sindh Bank Limited  
Summit Bank Limited  
United Bank Limited  
Al-Baraka Bank Pakistan Limited

## **AUDITORS**

UHY Hassan Naeem & Co.  
Chartered Accountants

## **LEGAL ADVISOR**

Mr. Muhammad Jamshid Malik

## **REGISTRAR**

M/s. JWAFS Registrar Services (Pvt.) Ltd.  
407-408, Al Ameera Centre  
Shahrah-e-Iraq, Saddar, Karachi-74400

## **REGISTERED OFFICE**

41-K, Block-6, P.E.C.H.S., Karachi  
Phone. 0092-21-35303291-2  
[www.sakrandsugar.com](http://www.sakrandsugar.com)

## **FACTORY ADDRESS**

Deh Tharo Unar, Taluka Sakrand  
District Shaheed Benazir Abad, Sindh



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th (Thirty Fourth) Annual General Meeting of the members of Sakrand Sugar Mills Limited (the Company) will be held on Tuesday May 09, 2023 at 3:30 pm at Institute of Chartered Accountants Auditorium Clifton Karachi to transact the following business.

### A. ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on Wednesday, September 14, 2022.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2022 together with the Directors' report and the Auditors' report thereon.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the official website of the Company (<http://www.sakrandsugar.com>).

3. To appoint auditors for the year ending September 30, 2023 and fix their remuneration. The Members are hereby notified that the Audit Committee and the Board of Directors have recommended the name of Parker Russell-A.J.S. Chartered Accountants to be the Auditors' for the year ending September 2023.

### B. OTHER BUSINESS

1. To transact any other business with the permission of the Chairman.

By Order of the Board

**Muhammad Yousuf Quraishi**  
Company Secretary

Karachi,  
Dated: April 18, 2023

### NOTES:

#### 1. Closure of Share Transfer Books:

The Shares Transfer Book of the Company will remain closed from April 29, 2023 to May 09, 2023 (both day inclusive). Transfers received in order at the office of our Registrar, M/s JWAFFS Registrar Services (Pvt.) Ltd. (407-408, Al Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi), by the close of business (5:00 p.m.) on April 28, 2023 will be treated as being in time for the purposes of attending and voting at the meeting.

#### 2. Participation in Annual General Meeting and appointing proxies:

A member of the company entitled to attend and vote at the AGM may appoint another member as his/her proxy to attend and vote on his behalf. Proxies in order to be effective must be received at the registered office of the company or shares registrar's office not later than 48 hours before the meeting.



CDC account holders / subaccount holders are requested to bring with them their original CNIC's or Passports along with Participant(s) ID number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by members the same must be accompanied with attested copies of CNIC's or the passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted along with Proxy form to the Company. The nominee shall produce his original CNIC at the time of attending the meeting for verification.

**3. Submission of copies of CNIC:**

In terms of the directive of the Securities and Exchange Commission of Pakistan (SECP) the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person, except in the case of minor(s) and corporate shareholders, are required to be mentioned in the annual return filed by the Company with the SECP. Therefore, the shareholders who have not yet provided copies of their CNIC's are advised to provide at earliest the attested copies of their CNIC's (if not already provided) directly to our Independent Share Registrar, M/s JWAFS Registrar Services (Pvt.) Ltd., 407-408, Al Ameer Centre, Shahrah-e-Iraq, Saddar, Karachi.

**4. Submission of Annual Audited Accounts through Email/CD:**

Pursuant to the directions issued by the SECP vide SRO 787 (1) 2014 dated September 8, 2014 has directed and Shareholders of the company in the 33rd Annual General Meeting held on September 14, 2022 approved to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail / CD. However, the Company will provide hard copies of the Annual Report to any member on their demand, free of cost at their registered address.

**5. Conversion of Physical Shares into CDC Account:**

The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the Act), which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages - safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares etc. The shareholders of the Company may contact the Share Registrar M/s JWAFS Registrar Services (Pvt.) Ltd., for the conversion of physical shares into book-entry form.

**6. Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar M/s JWAFS Registrar Services (Pvt.) Ltd. (407-408, Al Ameer Centre, Shahrah-e-Iraq, Saddar, Karachi).**

**7. Kindly quote your folio number in all correspondences with the Company**



## اطلاع برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ سکرٹڈ شوگر ملز لمیٹڈ (کمپنی) کے حصص یافتگان کا چوتھوں سالانہ اجلاس عام بروز منگل 09 مئی 2023 کی دوپہر 3:30 بجے بمقام انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آڈیٹوریم، کراچی میں منعقد ہوگا۔ جس میں درج ذیل امور طے پائیں گے۔

### (الف) عمومی امور

- 1- 14 ستمبر 2022 بروز بدھ کو منعقد ہونے والے سالانہ اجلاس عام کی کاروائی کی توثیق۔
- 2- 30 ستمبر 2022 کو اختتام پذیر ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ حسابات بمعہ ڈائریکٹرز اور آڈیٹرز رپورٹ کی وصولی، تجزیہ اور منظوری۔  
کمپنیز ایکٹ 2017 سیکشن 223(7) کی تکمیل میں کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائٹ پر اپ لوڈ کر دیئے گئے ہیں جنہیں درج ذیل لنک سے ڈاؤن لوڈ کیا جاسکتا ہے: (<https://www.sakrandsugar.com>)
- 3- 30 ستمبر 2023 کو ختم ہونے والے سال کیلئے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ ممبران کو مطلع کیا جاتا ہے کہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے آڈیٹرز میسرز پارکر رسل اے۔ جے۔ ایس چارٹرڈ اکاؤنٹنٹس کے نام کی سفارش کی ہے۔

### (ب) دیگر امور

چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

محمد یوسف قریشی  
کمپنی سیکریٹری

کراچی

18 اپریل 2023

نوٹس:

### 1- کمپنی حصص کی کتب بندش:

کمپنی کی حصص منتقلی کی کتب 29 اپریل 2023 سے 09 مئی 2023 تک بند رہیں گی (بشمول دونوں ایام)۔ ہمارے شیئر رجسٹرار میسرز JWAFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، (407-408، ال امیر سینٹر، شاہراہ عراق، صدر، کراچی) کو 28 اپریل 2023 تک کاروباری اوقات کے اختتام (5 بجے شام) تک وصول ہونے والی منتقلیوں کو اجلاس میں شرکت اور ووٹ دینے کے لئے بروقت تصور کیا جائیگا۔



## 2- سالانہ اجلاس عام میں شرکت اور پراکسیز کا تقرر:

اجلاس میں شرکت اور ووٹ دینے کے اہل ممبر کو اجلاس میں شرکت اور ووٹ دینے کیلئے کسی اور ممبر کو بطور نمائندہ (پراکسی) مقرر کرنے کا حق حاصل ہوگا اور مقرر کردہ پراکسی کو اجلاس میں شرکت اظہار رائے اور ووٹ دینے کے وہی حقوق حاصل ہوں گے جو خود ممبر کو حاصل ہیں۔ پراکسی کے دستاویزات اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا شیئر رجسٹرار آفس کے دفتر میں وصول ہو جانی چاہیے۔

CDC اکاؤنٹ ہولڈرز/ سب اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ شناختی مقصد کے لیے سالانہ جنرل اجلاس میں شرکت کے وقت اپنے ساتھ اپنا اصل CNIC یا پاسپورٹ بشمول پرائیویٹ ID نمبر اور CDC اکاؤنٹ نمبر ساتھ لے کر آئیں۔ اگر ممبران کی طرف سے پراکسی دی جاتی ہیں تو پراکسی کو حقیقی حصص یافتہ کے قومی شناختی کارڈ / پاسپورٹ مصدقہ نقول پر کسی فارم کے ہمراہ پیش کرنا ہوگی۔ کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی نامزد شخص کے دستخط کے ساتھ پراکسی فارم کے ساتھ کمپنی کو جمع کرایا جائے گا۔ نامزد شخص تصدیق کیلئے اجلاس میں شرکت کے وقت اپنا اصل CNIC پیش کرے گا۔

## 3- CNIC کی کاپی جمع کروانا:

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے اعلامیہ کے مطابق رجسٹرڈ حصص یافتگان اپنا کمپیوٹرائزڈ قومی شناختی کارڈ یا مجاز شخص کا ماسوائے نابالغان اور کارپوریٹ حصص یافتگان کے جمع کروانا لازمی قرار پایا ہے، چنانچہ ان حصص یافتگان کو جنہوں نے اپنے قومی شناختی کارڈ کی نقول فراہم نہیں کیں انہیں متنبہ کیا جاتا ہے کہ مصدقہ شناختی کارڈ کی نقول شیئر رجسٹرار میسرز JWAFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، (407-408، ال امیر اسینٹر، شاہراہ عراق، صدر، کراچی) کو جمع کروائیں۔

## 4- ای میل / سی ڈی کے ذریعے سالانہ آڈٹ شدہ حسابات اور نوٹس کی ترسیل:

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے نوٹیفیکیشن 787(I)/2014 مورخہ 8 ستمبر 2014 اور حصص یافتگان نے تین سو اسی سالانہ اجلاس عام مورخہ 14 ستمبر 2022 کو نوٹس اور آڈٹ شدہ حسابات کو سی ڈی / ای میل کے ذریعے بھیجی کی اجازت دی ہے۔ تاہم، کمپنی کسی بھی ممبر کو ان کے مطالبے پر سالانہ رپورٹ کی پرنٹ شدہ کاپی ان کے رجسٹرڈ پتے پر مفت فراہم کرے گی۔

## 5- فزیکل شیئرز کی سی ڈی سی اکاؤنٹ میں تبدیلی:

ایس ای سی پی نے اپنے لیٹر نمبر CSD/ED/Misc/2016-639-640 بتاریخ 26 مارچ 2021 کو تمام لسٹڈ کمپنیوں کو کمپنیز ایکٹ 2017 کے سیکشن 72 کی تکمیل میں تجویز دی ہے جس کے مطابق تمام کمپنیوں کے لیے لازم ہے کہ فزیکل فارم میں جاری شدہ تمام شیئرز کو اس ایکٹ کے نفاذ سے چار سال کے اندر بک انٹری فارم میں تبدیل کریں۔

اسی طرح کمپنی میں فزیکل فولیو / شیئرز سرٹیفکیٹ رکھنے والے تمام شیئر ہولڈرز سے گزارش کی جاتی ہے کہ جلد از جلد اپنے فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرائیں۔ اس ضمن میں شیئر ہولڈرز پاکستان اسٹاک ایکسچینج ممبر، سی ڈی سی پارٹسینٹ یا سی ڈی سی انوسٹر اکاؤنٹ سروس پرووائیڈرز سے سی ڈی ایس اکاؤنٹ کھولنے میں معاونت اور فزیکل شیئرز کی بک انٹری فارم میں منتقلی کرا سکتے ہیں۔ بک انٹری فارم میں شیئرز رکھنا کئی فوائد کا حامل ہے جس میں سی ڈی سی شیئرز کی محفوظ تحویل، ڈپلیکیٹ شیئرز وغیرہ کے اجراء کیلئے مطلوبہ لوازمات سے بچاؤ شامل ہے۔ اس ضمن میں کمپنی کے شیئر ہولڈرز کمپنی کے شیئر رجسٹرار میسرز JWAFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، (407-408، ال امیر اسینٹر، شاہراہ عراق، صدر، کراچی) سے فزیکل شیئرز کو بک انٹری فارم میں تبدیلی کرنے کے لیے رابطہ کر سکتے ہیں۔

6- ممبران سے گزارش ہے کہ اپنے پتے اور رابطہ نمبروں میں کسی بھی قسم کی تبدیلی کی فوری اطلاع ہمارے شیئر رجسٹرار میسرز JWAFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، (407-408، ال امیر اسینٹر، شاہراہ عراق، صدر، کراچی) کو جمع کروائیں۔

7- برائے مہربانی کمپنی کے ساتھ تمام مراسلات میں اپنے فلیو کا حوالہ دیں۔





# VISION & MISSION STATEMENT

## VISION

**To make a product of International Standard acceptable as a brand in the world market. To explore business opportunities available under the World Trade Organization regime.**

## MISSION

- **Sustained contribution to the National Economy by producing cost effective product.**
- **To ensure professionalism and healthy working environment.**
- **To create a reliable product through adoption of latest technology/ advancement.**
- **To promote research & development and provide technical know how to the growers for improvement of sugarcane yield/recovery.**



## DIRECTORS' REPORT

The Directors are pleased to present the 34th Annual Report with the Audited Financial Statements of the company for the year ended September 30, 2022.

During the year under review Sugar production in country was 7.9 million metric tons, 38% higher as compared to previous year. This production was recorded as the highest of sugar production in Pakistan, whereas the national sugar consumption is around 6.8 million metric tons and created a surplus of more than one million ton. PSMA consistently tried for export permission but of no avail which led to a huge pile up of sugar stock in the domestic market. The timely export of sugar would not only have brought valuable foreign exchange, but also would have stabilized sugar prices.

### Operational Highlights

The Operational performance for the period under review as compared with that of last year's corresponding period is tabulated hereunder;

		..... Season .....	
		2021-2022	2020-2021
Start of Season		19-Nov-21	06-Nov-20
Operational Days	Days	127	115
Season Duration	Days	115	70
Sugarcane crushed	M. Tons	538,986	205,968
Production			
Sugar	M. Tons	53,633	19,453
Molasses	M. Tons	24,500	10,093
Recovery			
Sugar	%	9.951	9.445
Molasses	%	4.546	4.900

### Financial Highlights

The financial Result for the period review as compared with that of last year's corresponding period is tabulated hereunder;

Description	Rupees in Million	
	2021 - 2022	2020 - 2021
Sales - net	3,995.00	1,614.53
Cost of Sales	(4,071.90)	(1,662.02)
Gross loss	(76.90)	(47.49)
Loss before taxation	(495.57)	(492.44)
Loss after taxation	(297.85)	(359.51)
(Loss)/Earning per Share	Rs. (6.68)	(8.06)



The Government cane support price was increased from Rs. 202/- per maund to Rs.250/- per maund, an increase of 25% along with an increase of all other input elements due to inflationary effect, whereas the selling price of sugar registered an increase of 4% only when compared to last year. The quantum of increase in cost did not transform into selling price, thus bottom line resulted into a loss. The average recovery for the season was better as compared to previous year and company also managed to crush more sugarcane as compared to last year due to better management decisions.

The period under review resulted into a Loss of Rs.297.85 million which also include a provision of Rs. 122.5 million against Trade Debts, as compared to a Loss of Rs. 359.51 million incurred during the corresponding period. The primary reason attributable to negative bottom line is the shortage of cane crop, particularly in the lower Sindh region, resulting in the dual disadvantage. Firstly, below capacity utilization of mill, and, secondly, exorbitant high prices of cane which could not be transformed into the selling price of the finished product because of stringent government policies on this specific commodity.

The Management successfully negotiated with Sindh Bank Limited to Restructure the outstanding Long term debt amounting to Rs. 727 million (Rupees Seven Hundred Twenty Seven million) to be repaid over a period of next ten years commencing October 2022.

#### **AUDITORS' REPORT:**

As regards to the adverse opinion by the Auditors as to Going Concern, it may be mentioned that despite of stringent un favorable conditions faced by the industry in general and as an entity in particular, the company was able to perform much better during the Crushing Season 2021-2022 as it produced 53,633 M. tons of Sugar as against the production of 19,453 M. tons of Sugar produced during the corresponding period. The management is taking all necessary steps to turnaround the entity into a profitable venture.

#### **FUTURE OUTLOOK:**

Due to heavy rainfall and flood in the monsoon it is expected that the crops including sugarcane will be badly affected. This would result in less yield per acre. Hence, the quantum of cane crop is expected to be lower for the crushing season 2022-2023 which will lead to increase in cane price.

#### **CORPORATE SOCIAL RESPONSIBILITY:**

Being a responsible corporate citizen, the company always strives to discharge its social responsibilities towards the society. Go green activities are conducted throughout the year by planting trees in the surrounding area. Various measures are also taken to reduce pollution and pollutant affluent.

The company provides medical facilities for its employees and uses health insurance facility. Health cards are available to managers and employees for easy access to medical facilities when needed at approved hospitals. The company also organizes regular medical camps, and medical facilities are provided free of charge to workers and villagers.

The Company also plans to increase literacy in the surrounding areas and encourages farmers and workers to undergo basic and advanced education as well as training.



The Company always strive to provide a clean and healthier living conditions for its employees and providing ample extracurricular indoor and outdoor activities for resident employees and their families.

#### **LABOUR MANAGEMENT RELATIONS:**

The relationship between management and workers is cordial and cooperative. I would like to take this opportunity to thank and appreciate the spirit of understanding, goodwill and cooperation shown by our staff/workers and hope that this continues in the future.

I would also like to thank the managers, officers and all employees of the company for their dedication, responsibility and loyalty.

#### **AUDITORS:**

The External Auditors "M/s UHY Hassan Naeem & Co". Chartered Accountants retire. Company received consent from M/s. Parker Russell-A.J.S. offering their services to act as External Auditors'. The Board approved appointment of M/s. Parker Russell-A.J.S. as External Auditors' for the year 2022-2023.

#### **STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operation, cash flows and changes in equity.
2. The Company has maintained proper books of accounts as required under the law.
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 Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and departure there from if any, has been adequately disclosed.
5. The Company operates a funded Provident Fund Scheme for its permanent employees.
6. There has been no material departure from the best practices of Corporate Governance except those mentioned in the preamble of the statement.
7. Key operating and financial data for last six years in summarized form is annexed.
8. The total number of Directors as on September 30, 2022 are as follow.

a)	Male	6
b)	Female	1





9. The composition of the Board is as follow.

i.	Executive Directors	2
ii.	Non-Executive Directors	2
iii.	Independent Directors	3

10. During the period under review TWO meetings of the Board were held and the attendance by each director was as follow.

S.No.	Name Of Directors	Attended	Status
1	Mr. Saleem Zamindar (Chairman)	2	Independent
2	Mr. Dinshaw H. Anklesaria	0	Executive
3	Mr. Mohammad Jamshid Malik	2	Non-Executive
4	Miss Sadia Moin Khan	1	Independent
5	Mr. Mohammad Saleem Mangrio	1	Non-Executive
6	Mr. Abdul Qayyum Khan Abbasi	2	Independent
7	Mr. Shams Ghani	2	Executive

The details of remuneration of executive directors have, also been provided in the relevant note to the financial statements as required under the Listing Regulations of Pakistan Stock Exchange. No remuneration is paid to the non-executive and independent directors except the meeting fee.

11. As required under the Code of Corporate Governance included in the Listing Regulation of Pakistan Stock Exchange the Board has constituted an AUDIT COMMITTEE comprising of the following directors. During the period under review TWO meetings of Audit Committee were held and attendance of each member was as under.

Names Of Directors	Designation	Attended
Miss Sadia Moin Khan	Chairperson	1
Mr. Saleem Zamindar	Member	2
Mr. Muhammad Saleem Mangrio	Member	2

Terms of reference of Audit Committee has been determined by the Board as laid down in the Listing Regulation of Pakistan Stock Exchange.

12. The Board also constituted Human Resource and Remuneration Committee as required under the code of Corporate Governance comprising of the following Directors. During the year ONE meeting of the committee was held and was attended by all the members of the committee.

Names Of Directors	Designation	Attended
Mr. Abdul Qayyum Khan Abbasi	Chairman	1
Mr. Muhammad Jamshid Malik	Member	1
Mr. Shams Ghani	Member	1



13. Since the Directors election was held in the month of September 2022, there was no time left for Director's training. However, the management intend to arrange Director training this year through professional institute nominated by SECP.
14. No dividend has been announced during the year.

#### **PATTERN OF SHARE HOLDING:**

The pattern of shareholding and additional information regarding pattern of shareholding as on September 30, 2022 is annexed.

#### **ACKNOWLEDGEMENT:**

The Management of the company would like to thank all its stakeholders including staff, financial institution and shareholders for their continued support and cooperation.

#### **On behalf of the Board of Directors**

**Mansoor Afzal Subzwari**  
Chief Executive Officer

**Shams Ghani**  
Director

Karachi: April 06, 2023



## ڈائریکٹرز کی رپورٹ

ہم آپ کو کمپنی کے چوتھوں (34 ویں) سالانہ اجلاس عام میں خوش آمدید کہتے ہیں، ساتھ ہی پیش خدمت ہے 30 ستمبر 2022 کے مالیاتی اور کارکردگی کے نتائج اور آڈٹ شدہ مالیاتی گوشوارے بمعہ آڈیٹرز رپورٹ۔ رواں سال کے دوران ملک میں چینی کی پیداوار 7.9 ملین ٹن رہی جو گذشتہ سال کے مقابلے میں 38 فیصد زیادہ ہے۔ پاکستان کی تاریخ میں یہ چینی کی سب سے زیادہ پیداوار ریکارڈ کی گئی ہے جب کہ قومی سطح پر چینی کی کھپت 6.8 ملین ٹن کے لگ بھگ ہے اور اس حساب سے ایک ملین ٹن چینی ملکی ضرورت سے زائد تھی۔ پاکستان شوگر ملز ایسوسی ایشن چینی کی برآمد کیلئے مسلسل کوشش کرتی رہی مگر برآمد کی اجازت نہ ملنے کی وجہ سے ملک میں چینی کا اضافی اسٹاک رہا۔ چینی کی بروقت برآمد سے نہ صرف قیمتی زرمبادلہ حاصل ہوتا بلکہ چینی کی قیمتوں میں استحکام بھی آتا۔

### آپریٹنگ نتائج

اس سال کی آپریٹنگ کارکردگی گزشتہ سال کی کارکردگی سے مختصر موزانہ مندرجہ ذیل ہے۔

	Season .....	
	2021-2022	2020-2021
Start of Season	19-Nov-21	06-Nov-20
Operational Days	Days 127	115
Season Duration	Days 115	70
Sugarcane crushed	M. Tons 538,986	205,968
Production		
Sugar	M. Tons 53,633	19,453
Molasses	M. Tons 24,500	10,093
Recovery		
Sugar	% 9.951	9.445
Molasses	% 4.546	4.900

### مالیاتی نتائج

اس سال کے مالیاتی نتائج کا گزشتہ سال کے مالیاتی نتائج سے مختصر موزانہ مندرجہ ذیل ہے۔

Description	Rupees in Million	
	2021 - 2022	2020 - 2021
Sales - net	3,995.00	1,614.53
Cost of Sales	(4,071.90)	(1,662.02)
Gross loss	(76.90)	(47.49)
Loss before taxation	(495.57)	(492.44)
Loss after taxation	(297.85)	(359.51)
(Loss)/Earning per Share	Rs. (6.68)	(8.06)

حکومت کی جانب سے گنے کی امدادی قیمت 202 روپے فی من سے بڑھا کر 250 روپے فی من کر دی گئی، جو کہ 25% کا اضافہ بنتا ہے اس کیساتھ ساتھ ملک میں مہنگائی کی وجہ سے پیداواری لاگت میں اضافہ رہا جبکہ دوسری طرف چینی کی قیمت فروخت میں صرف 4% اضافہ ریکارڈ کیا گیا جو کہ ادارے کے نقصان کا باعث بنا۔ پچھلے سال کے مقابلے میں اس سال گنے کی زیادہ کر شنگ اور بہتر چینی کی ریکوری ادارے کے مثبت فیصلوں کا نتیجہ ہے۔



زیر جائز مدت میں 297.85 ملین روپے کا نقصان ہوا جس میں 122.5 ملین روپے کی تجارتی قرضہ وصول نہ ہونے کا اندیشہ بھی شامل ہے۔ جبکہ پچھلے سال یہ نقصان 359.51 ملین تھا۔ نقصان کی بنیادی وجہ گنے کی فصل میں کمی ہے، خاص طور پر زیریں سندھ کے علاقے میں جس کے نتیجے میں دوہرا نقصان ہوا۔ اول، مل کا اپنی صلاحیت سے کم کر شنگ کرنا، دوم، گنے کی مجموعی قلت کی وجہ سے اس کی قیمت میں بے تحاشہ اضافہ ہونا۔ جس حساب سے گنے کے ریٹ میں اضافہ ہوا اس تناسب سے گورنمنٹ کی کڑی پالیسی کی وجہ سے چینی کے ریٹ میں اضافہ نہیں ہوا۔

انتظامیہ نے سندھ پبلک لیٹنڈ کے ساتھ 727 ملین روپے کے واجب الادا طویل مدتی قرضوں کی تنظیم نو کیلئے کامیاب مذاکرات کئے ہیں جس کے نتیجے میں ادارہ یہ واجب الادا قرضہ اب اکتوبر 2022 سے اگلے دس سال کی مدت میں ادا کریگا۔

### آڈیٹرز رپورٹ

آڈیٹرز نے اپنی منفی رپورٹ Going Concern مرتب کی ہے تاہم ادارے کو اور انڈسٹری کو اس وقت نامناسب حالات کا سامنا ہے جس کے باوجود ادارے نے اس سال بہتر کارکردگی کا مظاہرہ کرتے ہوئے 53633 ٹن چینی بنائی جبکہ گزشتہ سال صرف 19453 ٹن چینی بنا سکی تھی۔ انتظامیہ اپنی تمام تر کوششیں کر رہی ہے کہ ادارے کو خسارے سے منافع بخش ادارے میں تبدیل کر سکے۔

### مستقبل کے نقطہ نظر

مومن سون میں شدید بارشوں اور سیلاب کی وجہ سے گنے سمیت دیگر فصلوں کے بری طرح متاثر ہونے کا خدشہ ہے جس کی وجہ سے کرشنگ سیزن 2022-2023 میں گنے کی فی ایکڑ اور مجموعی پیداوار میں کمی ہوگی جو گنے کی قیمت میں اضافے کا باعث بنے گی۔

### کارپوریٹ سماجی ذمہ داری اور کمپنی کے کاروبار کے ماحول پر اثرات

ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے، کمپنی ہمیشہ معاشرے کے حوالہ سے اپنی سماجی ذمہ داریوں کو نبھانے کی کوشش کرتی ہے۔ آس پاس کے علاقے میں درخت لگا کر سال بھر شجر کاری کی سرگرمیاں چلائی جاتی ہیں۔ آلودگی کو کم کرنے کے لئے بھی مختلف اقدامات کیے جاتے ہیں۔

کمپنی ملازمین کی صحت اور حفاظت پر خصوصی توجہ دیتی ہے۔ خاص طور پر کام کے دوران ہونے والے ممکنہ حادثات کو روکنے کیلئے تمام اقدامات بروئے کار لائے جاتے ہیں۔ تمام ملازمین پر حفاظتی قوانین کی پاسداری لازم ہے اور اس میں ذرا سی بھی کوتاہی برداشت نہیں کی جاتی۔ کمپنی اپنے ملازمین کو میڈیکل کی سہولیات بھی مہیا کرتی ہے اور اس امر کیلئے کمپنی نے جوبلی ہیلتھ انشورنس کمپنی کی خدمات حاصل کی ہوئی ہیں۔ اس کے ساتھ ساتھ وقتاً فوقتاً ملازمین اور گردنواح کے گاؤں والوں کیلئے مفت میڈیکل کیمپ کا اہتمام کرتی رہتی ہے۔ تعلیم کی اہمیت کو مد نظر رکھتے ہوئے کمپنی اپنے ملازمین اور گردنواح کے افراد کی بنیادی اور ایڈوانس تعلیم کے حصول کا درس دیتی ہے اور اس مقصد کے حصول کیلئے ان کی ہر ممکن مدد کرتی ہے۔

یہ بات کمپنی کیلئے باعث فخر ہے کہ کمپنی اپنے ملازمین کو بہتر ماحول اور طرز رہائش مہیا کرنے میں کامیاب رہی ہے اور ملازمین کو بھی اس بات کی بھرپور تاکید کرتی ہے کہ وہ اپنے ماحول کو بہتر بنانے میں کلیدی کردار ادا کریں۔





کمپنی ہمیشہ اپنے ملازمین کے لیے ایک صاف ستھرا ماحول اور صحت مند زندگی فراہم کرنے کیلئے کوشاں ہے اور رہائشی ملازمین اور ان کے اہل خانہ کے لیے غیر نصابی اندرونی اور بیرونی سرگرمیاں فراہم کرنے کی کوشش کرتی ہے۔

### لیبر اور انتظامیہ کے تعلقات

انتظامیہ اور لیبر کے مابین تعلقات خوشگوار اور باہمی تعاون کی فضاء میں سازگار ہیں۔ میں تمام تر تعاون، تفہیم کی فضاء، خلوص اور اچھی ساکھ کے حامل تمام تر ملازمین اور کام کرنے والوں کا شکریہ ادا کرنا چاہتا ہوں اور امید کرتا ہوں کہ مستقبل میں بھی ہم سب اسی رویے کا برتاؤ کریں گے۔

میں شکرگزار ہوں تمام تر ایگزیکٹو افسران اور تمام اسٹاف اراکین کا ان کی تمام تر وفاداری، احساس ذمہ داری اور کام سے بھرپور لگاؤ پر خراج تحسین پیش کرتے ہوئے اسے ریکارڈ کا حصہ بناتا ہوں۔

### آڈیٹرز

آڈیٹرز میسرز یو۔ ایچ۔ وائے۔ حسن نعیم اینڈ کو چارٹرڈ اکاؤنٹینٹس ریٹائر ہو رہے ہیں۔ آئندہ مالی سال 2022-2023 کیلئے میسرز پارکر رسل۔ اے۔ جے۔ ایس چارٹرڈ اکاؤنٹینٹس نے بحیثیت بیرونی آڈیٹرز اپنی خدمات پیش کرنے کا اظہار کیا ہے۔ جس کی بورڈ ممبران نے اجازت بھی دے دی ہے۔

### کارپوریٹ اور مالیاتی رپورٹنگ کے ضابطہ (فریم ورک)

- 1- کمپنی کی جانب سے حساب کتاب کا مناسب انتظام ہے اور اکاؤنٹس کے تمام کھاتے کمپنی احسن طریقے سے تشکیل دیتی ہے۔
- 2- کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے شفاف معاملات کو ظاہر کرتے ہیں ایکوٹی میں تبدیلی، کیش (فنانس) کا بہاؤ اور آپریشن ایک شفاف طور سے چل رہے ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی فنانشل رپورٹنگ اور اکاؤنٹنگ کے معیارات کی مکمل پیروی کی گئی ہے۔
- 4- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹس کے طریقے کار اپنائے جاتے ہیں، مالیاتی تفصیلات کی تیاری مناسب اور دانشمندہ فیصلوں پر مبنی ہوتی ہے۔
- 5- کمپنی نے اپنے مستقل ملازمین کیلئے پروویڈنٹ فنڈ جاری کیا ہوا ہے۔
- 6- تمام قابل اطلاق کارپوریٹ گورننس کے بہترین اصولوں پر عمل کیا جا رہا ہے اور کسی بھی اصول کی عدم تعمیل نہیں کی گئی۔ بجز ان دفعات کے جن کا ذکر کارپوریٹ گورننس کی رپورٹ میں کیا گیا ہے۔
- 7- کلیدی کارکردگی اور مالیاتی معلومات گزشتہ 6 سال کے ضمیمے میں مہیا کی گئی ہیں۔

8- کمپنی کے ڈائریکٹرز کی کل تعداد درج ذیل ہے

6	- مرد حضرات
1	- خاتون



9۔ بورڈ کی تشکیل درج ذیل ہے

3	- انڈیپنڈنٹ ڈائریکٹرز
2	- نان ایگزیکٹو ڈائریکٹرز
2	- ایگزیکٹو ڈائریکٹرز

10۔ سال رواں کے دوران بورڈ آف ڈائریکٹرز کے 12 اجلاس منعقد ہوئے جن کی تفصیل درج ذیل ہے۔

ڈائریکٹرز کے اسمائے گرمی اجلاسوں میں شرکت کی تعداد

2	جناب سلیم زمیندار (چیئر مین)
0	جناب ڈنشاء ایچ انگلسیر یا
2	جناب محمد جمشید ملک
1	محترمہ سعدیہ معین خان
1	جناب محمد سلیم منگریو
2	جناب عبدالقیوم خان عباسی
2	جناب شمس غنی

ایگزیکٹو ڈائریکٹرز کے معاوضوں کی تفصیلات مالیاتی گوشواروں کے متعلقہ نوٹ میں پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے مطابق فراہم کی گئی ہیں۔ نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کو مینٹنگ فیس کے علاوہ کوئی معاوضہ ادا نہیں کیا گیا۔

(11) پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشن میں شامل کوڈ آف کارپوریٹ گورننس کے تحت بورڈ نے مندرجہ ذیل ڈائریکٹرز پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے۔ زیر غور مدت کے دوران آڈٹ کمیٹی کے دو اجلاس منعقد ہوئے اور ہر رکن کی حاضری حسب ذیل تھی:

ڈائریکٹروں کے نام	عہدہ	حاضری
محترمہ سعدیہ معین خان	چیئر پرسن	1
جناب سلیم زمیندار	رکن	2
جناب محمد سلیم منگریو	رکن	2

آڈٹ کمیٹی کی ٹرمز آف ریفرنس کا تعین بورڈ نے کیا ہے جیسا کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشن میں طے کیا گیا ہے۔

(12) بورڈ نے کارپوریٹ گورننس کوڈ کے تحت "ایچ آر اینڈ آر کمیٹی" بھی تشکیل دی جس میں مندرجہ ذیل ڈائریکٹر شامل ہیں۔ سال کے دوران کمیٹی کا ایک اجلاس منعقد ہوا جس میں کمیٹی کے تمام ممبران نے شرکت کی۔



ڈائریکٹروں کے نام	عہدہ	حاضری
جناب عبدالقیوم خان عباسی	چیئرمین	1
جناب محمد جمشید ملک	رکن	1
جناب شمش غنی	رکن	1

(13) چونکہ ڈائریکٹرز کا انتخاب ستمبر 2022 کے مہینے میں ہوا تھا، لہذا ڈائریکٹرز کا ترقیتی پروگرام وقت کی قلت کی وجہ سے منعقد نہ ہو سکا۔ تاہم انتظامیہ رواں سال SECP کی جانب سے نامزد کردہ پروفیشنل انسٹی ٹیوٹ کے ذریعے ڈائریکٹرز ٹریننگ کا انتظام کرنے کا ارادہ رکھتی ہے۔

(14) سال کے دوران کسی ڈیویڈنڈ (Dividend) کا اعلان نہیں کیا گیا ہے۔

#### حصص داری کا خاکہ

30 ستمبر 2022 کے حصص داری کا خاکہ شیئرز ہولڈنگ کی تفصیلات کے ضمیمہ میں درج ہے۔

#### اظہار تشکر

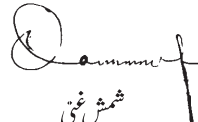
کمپنی کی انتظامیہ اپنے تمام اسٹیک ہولڈرز بشمول عملہ، مالیاتی ادارے اور شیئرز ہولڈرز کا مسلسل حمایت اور تعاون پر شکریہ ادا کرنا چاہتی ہے۔


آخر میں اللہ رب العزت کے حضور دعا گو ہوں کہ وہ ہمیں توفیق دے کہ ہم قومی ترقی میں اپنا حصہ ملا سکیں اور اپنی کمپنی کی بہتری کیلئے کام کر سکیں۔ آمین

منجانب

بورڈ ممبران

سکرٹری شوگر ملز لمیٹڈ

  
شمش غنی  
ڈائریکٹر

  
منصور فضل سنا داری  
چیف ایگزیکٹو

کراچی۔ 06 اپریل 2023



## CHAIRMAN'S REVIEW

On behalf of the Board, 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.

Despite the country's fragile economy and shaky political environment, which had a negative impact on all economic indicators, the sugar industry performed admirably and reported bumper sugar production after a two-year pause. However, the government's lack of a strategic export Policy caused difficulties to the sugar industry. Large stockpiles prevented domestic prices from rising in the country. Resultantly, local mills could not pay farmers for cane supplies on time.

The company has implemented a strong governance framework supportive of an effective and prudent management of business matters, which will be instrumental in achieving long-term success of the company. During the year, the Board Committees continued to work with a great measure of proficiency. The Board as a whole has reviewed the Annual Report and Financial Statements, and is pleased to confirm that in its view the report and financial statements, taken as a whole, are fair, balanced, and understandable.

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.


The Board members are familiar with the current vision, mission, and core values and found them appropriate for the organisation. The composition of the Board is adequately sized to govern the Board procedures and the members are actively engaged in the work of the Board.

The Board's policies cover all critical aspects of the board's responsibilities and the Company's operations. The Board is aware of the organization's current business activities, including the strengths and weaknesses of each major activity, and has emphasized this fact for future planning and segment diversification. The Board places a high priority on adhering to the requirements of the Code of Corporate Governance.

Throughout the year, the board of directors worked with great diligence and skill. The Audit Committee was particularly concerned with the management of business-related risks. The Human Resources and Remuneration Committee, on the other hand, has committed to ensuring that human resource policies are timely updated and properly implemented.

I'd like to recognize the sincere efforts and commitment of my fellow directors, key executives, and overall staff for their dedication and hard work for achieving the entity's objective.

At the end, let us pray to Almighty ALLAH to guide us in our pursuits of national development and for the betterment of our organization - Aameen.

  
**Saleem Zamindar**  
Chairman

Karachi: April 06, 2023





## **Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019** **For the Year ended September 30, 2022**

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

1. The total number of directors are 7 as per the following:

a. Male:	6
b. Female:	1
2. The composition of the Board is as follows:

i. Executive director	2
ii. Non-executive directors	2
iii. Independent director	3
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this, Company.
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to recording and circulating minutes of meeting of the Board. However, the frequency of the number of meetings could not be met.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. This year the Board could not arrange Directors' Training Program. The Board has although noted the requirements for compliance in the coming year at the earliest possible.
10. The Board has approved the appointment of Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Executive Officer, Chief Financial Officer and a Director duly endorse the financial statements before approval of the Board.



12. Following committees were formed for the period under review comprising of members given below:

**AUDIT COMMITTEE:**

- |                                |             |
|--------------------------------|-------------|
| 1. Miss. Sadia Moin            | Chairperson |
| 2. Mr. Saleem Zamindar         | Member      |
| 3. Mr. Muhammad Saleem Mangrio | Member      |

**HUMAN RESOURCE AND REMUNERATION COMMITTEE:**

- |                                 |          |
|---------------------------------|----------|
| 1. Mr. Abdul Qayyum Khan Abbasi | Chairman |
| 2. Mr. Muhammad Jamshid Malik   | Member   |
| 3. Mr. Shams Ghani              | Member   |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
- |                                  |    |
|----------------------------------|----|
| a. Audit Committee               | 02 |
| b. HR and Remuneration Committee | 01 |
15. The Board has set up an effective internal audit function.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of regulations 3, 6, 7, 8.32, 33 and 36 of the Regulations have been complied with.

*Saleem Zamindar*

**Saleem Zamindar**  
Chairman

Karachi: April 06, 2023



## INDEPENDENT AUDITORS' REVIEW REPORT TO MEMBERS OF SAKRAND SUGAR MILLS LIMITED

### **Review report on the statement of compliance contained in the 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 (here-in-after referred to as 'the Regulations'), prepared by the Board of Directors of Sakrand Sugar Mills Limited (the Company) for the year ended 30 September 2022 in accordance with the requirements of the Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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.

Following instances of non-compliance with the regulations were observed which are not stated in the Statement of Compliance:

- Auditors were not invited in any meeting of the audit committee.

Based on our review, except for the matters stated above nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2022.

Further, we highlight below instances of non-compliance with the requirements of Regulations reflected in the paragraph reference where it stated in the compliance report.



- Paragraphs 7 & 14, the frequency for the meetings of the Board of Directors and Audit Committee is not as per requirement.
- Paragraph 9, Director's training program was not arranged by the company during the year to any of its directors.

Umy Hasan Naem .c

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Chartered Accountants

Place: Karachi

Date: April 7, 2023

UDIN: CR202210311HKvVobxt8



**PATTERN OF SHAREHOLDING  
OF THE SHARES HELD BY THE SHAREHOLDERS  
AS AT SEPTEMBER 30, 2022**

NUMBER OF SHAREHOLDERS	FROM	SHARE HOLDING	TO	TOTAL SHARES HELD
604	1	-	100	38,107
600	101	-	500	214,613
326	501	-	1,000	285,833
442	1,001	-	5,000	1,198,055
120	5,001	-	10,000	939,262
39	10,001	-	15,000	475,474
28	15,001	-	20,000	509,270
7	20,001	-	25,000	168,500
14	25,001	-	30,000	396,000
5	30,001	-	35,000	171,000
8	35,001	-	40,000	306,260
3	40,001	-	45,000	130,000
5	45,001	-	50,000	241,840
3	50,001	-	55,000	158,526
2	55,001	-	60,000	116,000
3	60,001	-	65,000	184,976
4	65,001	-	70,000	274,200
4	70,001	-	75,000	293,500
3	75,001	-	80,000	234,800
1	85,001	-	90,000	85,700
2	95,001	-	100,000	200,000
2	100,001	-	105,000	202,000
2	105,001	-	110,000	216,480
2	115,001	-	120,000	237,200
2	120,001	-	125,000	250,000
1	135,001	-	140,000	138,208
1	140,001	-	145,000	142,500
1	155,001	-	160,000	157,500
1	165,001	-	170,000	170,000
1	180,001	-	185,000	185,000
1	185,001	-	190,000	190,000
1	195,001	-	200,000	198,000
1	205,001	-	210,000	207,092
1	260,001	-	265,000	264,800
1	400,001	-	405,000	403,270
1	420,001	-	425,000	424,700
1	465,001	-	470,000	468,820
1	560,001	-	565,000	564,000
1	580,001	-	585,000	581,400
1	595,001	-	600,000	600,000
1	690,001	-	695,000	691,000
1	715,001	-	720,000	715,600
1	795,001	-	800,000	800,000
2	1,000,001	-	1,005,000	2,004,108
1	1,545,001	-	1,550,000	1,545,826
1	1,555,001	-	1,560,000	1,559,960
1	1,795,001	-	1,800,000	1,800,000
1	2,060,001	-	2,065,000	2,063,000
1	2,760,001	-	2,765,000	2,761,742
1	3,095,001	-	3,100,000	3,099,000
1	4,195,001	-	4,200,000	4,200,000
1	11,150,001	-	11,155,000	11,152,878
<b>2,259</b>				<b>44,616,000</b>



**PATTERN OF SHAREHOLDING  
OF THE SHARES HELD BY THE SHAREHOLDERS  
AS AT SEPTEMBER 30, 2022**

S.No.	Category	No. of Shareholders	Total Shares Held	Percentage %
1	INDIVIDUALS	2,220	40,705,517	91.24
2	INVESTMENT COMPANIES	3	123,800	0.28
3	INSURANCE COMPANIES	2	224,592	0.50
4	JOINT STOCK COMPANIES	11	311,963	0.70
5	FINANCIAL INSITUTION	18	2,435,688	5.46
6	NBFC	2	198,040	0.44
7	OTHERS	3	616,400	1.38
		<u>2,259</u>	<u>44,616,000</u>	<u>100</u>





**PATTERN OF SHAREHOLDING AS AT SEPTEMBER 30, 2022  
AS PER REQUIREMENTS OF  
THE CODE OF CORPORATE GOVERNANCE**

Category	Number of shares held	Category wise No. of shareholders	Category wise shares held	Percentage %
JOINT STOCK COMPANIES		11	311,963	0.70
INVESTMENT COMPANIES		3	123,800	0.28
DIRECTORS CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		7	11,161,378	25.02
DINSHAW H. ANKLESARIA	11,152,878			
SALEEM ZAMINDAR	500			
MUHAMMAD JAMSHED MALIK	5,500			
SADIA MOIN	500			
MUHAMMAD SALEEM MANGRIO	500			
SHAMS GHANI	1,000			
ABDUL QAYYAM KHAN ABBASI	500			
BANKS,DFIS,NBFIS,INSURANCE COMPANIES, MODARABA & MUTUAL FUNDS		25	3,474,720	7.79
INDIVIDUALS		2213	29,544,139	66.22
		2259	44,616,000	100.00

**Shareholders holding five percent or more voting interest in the company**

Name of Shareholder	No. of Shares held	Percentage
MR. DINSHAW H. ANKLESARIA	11,152,878	25.00
MUHAMMAD FAROOQ	4,200,000	9.41
FAISAL	3,099,000	6.95
YASIR GUL	2,761,742	6.19
	21,214,120	47.55



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAKRAND SUGAR MILLS LIMITED

### Report on the Audit of the Financial Statements

#### Adverse Opinion

We have audited the annexed financial statements of Sakrand Sugar Mills Limited (the Company), which comprise the statement of financial position as at September 30, 2022, and the statement of profit or loss, Statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters described in Basis for Adverse opinion Paragraph, the statement of financial position, the statement of profit or loss, Statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at September 30, 2022 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Adverse Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants' of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

- a) The financial Statements which indicates in note 1.1 to the financial statements that as of September 30, 2022 the company incurred a loss after taxation of Rs. 297.848 million (2021: Rs. 359.507 million) and as of that date it has accumulated losses amounting to Rs. 1,552.393 million (2021: Rs. 1,292.292 million) and its current liabilities exceeded its current assets by Rs. 2,510.590 million (2021: Rs. 2,095.891 million). The Company has defaulted in repayments of installments of long term financing and other liabilities. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

#### Key Audit Matters:

Except for the matter described in the Basis for Adverse Opinion section, we have determined, Key audit matters are those that, in our professional judgment were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:



**Following are the Key Audit Matters:**

Key Audit Matter	How our audit addressed the key audit matter
<b>Trade Debts</b>	
<p>As disclosed in note 11 of the accompanying financial statements, the company has trade debts amounting to Rs. 54.006 million net off provision for doubtful debts amounting to Rs. 296.574 million.</p> <p>We considered the recoverability of trade debts as a key audit matter due to judgement and materiality of trade debts related to the overall statement of financial position of the company.</p>	<p>Our audit procedure to verify trade debts included the following:</p> <p>We sought external confirmation for the amount that remained outstanding during the year and compare replies to the request</p> <p>Where responses to external confirmation were not received we have checked that subsequent to year end company received amount due from debtors.</p> <p>Obtain an understanding of the company's process for assessing provision against trade debts</p> <p>Evaluated the appropriateness of the company's methodology for assessing provision against trade debts</p> <p>Assessed the relevant disclosures made in the financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.</p>
<b>Contingencies</b>	
<p>The company is under litigations in respect of various matters including industry wide matters as disclosed in note 23 of the accompanying financial statements.</p> <p>We have considered it to be a key audit matter due to the reason because it involves management's judgement for recognition and measurement of provisions that may be required against such contingencies.</p>	<p>Our audit procedures include the following:</p> <p>We have assessed the management's process to identify new possible litigations and changes in existing obligations by examining minutes of Board meetings.</p> <p>We have obtained confirmation from the legal counsel of the company and evaluate the status of pending litigations by considering the opinion of company's legal counsel.</p>



### **Information other than financial statements and Auditor's report thereon:**

Management is responsible for 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 statement does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirement 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 operation, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and 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) because of the matter described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017). However the same are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Arslan Ahmed**.

Umy Hasan Naem . C

KARACHI

DATE: April 7, 2023

UDIN: AR202210311xoIqzFlSn



## STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

	Note	September 30, 2022	September 30, 2021
		..... Rupees in '000' .....	
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	3,731,900	3,232,714
Intangible asset	6	2,258	1,478
Long-term loans	7	381	503
Long-term deposits	8	2,098	2,098
		3,736,637	3,236,793
<b>Current Assets</b>			
Stores, spares and loose tools	9	148,075	79,744
Stock-in-trade	10	203,769	51,301
Trade debts	11	54,006	179,047
Loans and advances	12	112,804	50,834
Prepayments and other receivables	13	50,431	44,990
Cash and bank balances	14	33,882	23,867
		602,967	429,783
<b>Total Assets</b>		4,339,604	3,666,576
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Authorized share capital</b>			
60,000,000 ordinary shares of Rs. 10 each		600,000	600,000
<b>Share capital</b>			
Issued, subscribed and paid-up capital	15	446,160	446,160
<b>Revenue reserves</b>			
Accumulated loss		(1,552,393)	(1,292,292)
<b>Capital reserves</b>			
Surplus on revaluation of property, plant and equipment-net of deferred tax	16	2,168,001	1,809,512
<b>Directors'/Sponsors' subordinated loan</b>	17	92,767	92,767
		1,154,535	1,056,147
<b>Non-Current Liabilities</b>			
Deferred taxation	18	-	12,760
Long term financing - secured	19	-	-
Deferred liabilities	20	71,512	71,996
		71,512	84,756
<b>Current Liabilities</b>			
Trade and other payables	21	1,749,119	1,262,534
Unclaimed dividend		6,198	6,198
Unpaid dividend		30	68
Accrued mark-up	22	419,133	269,311
Current maturity of long-term financing		924,091	924,091
Taxation - net		14,986	63,472
		3,113,557	2,525,674
<b>Contingencies &amp; commitments</b>	23	-	-
<b>Total Equity and Liabilities</b>		4,339,604	3,666,576

The annexed notes from 1 to 43 form an integral part of these financial statements.

**Mansoor Afzal Subzwari**  
Chief Executive Officer

**Shams Ghani**  
Chief Financial Officer

**Sadia Moin**  
Director





## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	September 30, 2022	September 30, 2021
		..... Rupees in '000' .....	
Sales - net	24	3,995,003	1,614,526
Cost of sales	25	(4,071,902)	(1,662,016)
Gross loss		(76,899)	(47,490)
Operating expenses			
Administrative expenses	26	(265,843)	(280,783)
Selling and distribution cost	27	(4,725)	(4,706)
		(270,568)	(285,489)
Operating loss		(347,467)	(332,979)
Finance cost	28	(149,880)	(121,377)
Other charges	29	-	(38,072)
Other income / (loss)	30	1,776	(13)
		(148,104)	(159,462)
Loss before taxation		(495,571)	(492,441)
Taxation - net	31	197,723	132,934
Loss after taxation		(297,848)	(359,507)
Earning / (loss) per share - Basic and diluted	32	(6.68)	(8.06)

The annexed notes from 1 to 43 form an integral part of these financial statements.

Mansoor Afzal Subzwari  
Chief Executive Officer

Shams Ghani  
Chief Financial Officer

Sadia Moin  
Director



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	September 30, 2022	September 30, 2021
		..... Rupees in '000' .....	
<b>Loss after taxation</b>		(297,848)	(359,507)
<b>Other comprehensive income for the year</b>			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) during the year		(1,692)	1,269
<b>Total Comprehensive loss for the year</b>		<u>(299,540)</u>	<u>(358,239)</u>

The annexed notes from 1 to 43 form an integral part of these financial statements

**Mansoor Afzal Subzwari**  
Chief Executive Officer

**Shams Ghani**  
Chief Financial Officer

**Sadia Moin**  
Director



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Note	September 30, 2022	September 30, 2021
		..... Rupees in '000' .....	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	33	82,209	95,738
Taxes paid		(5,188)	(6,298)
Finance cost paid		-	(77)
<b>Net cash generated from operating activities</b>		<b>77,021</b>	<b>89,363</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(64,182)	(94,122)
Purchase of intangible assets		(3,000)	
Proceed from sale of vehicles		92	51
Long term loans		-	242
<b>Net cash used in investing activities</b>		<b>(67,090)</b>	<b>(93,829)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loan to employees		122	-
Dividend paid		(38)	(4)
<b>Net cash used in financing activities</b>		<b>84</b>	<b>(4)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>10,015</b>	<b>(4,470)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>23,867</b>	<b>28,337</b>
<b>Cash and cash equivalents at the end of the year</b>	14	<b>33,882</b>	<b>23,867</b>

The annexed notes from 1 to 43 form an integral part of these financial statements

**Mansoor Afzal Subzwari**  
Chief Executive Officer

**Shams Ghani**  
Chief Financial Officer

**Sadia Moin**  
Director



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2022

Share capital	Capital reserve	Revenue reserve	Directors' / Sponsors' subordinated loan	Total
Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment	Un-appropriated profit / Accumulated loss		

..... Rupees in '000' .....

Balance as at October 01, 2020	446,160	1,687,975	(958,473)	92,767	1,268,428
Loss after taxation	-	-	(359,507)	-	(359,507)
Other comprehensive income for the year	-	-	1,269	-	1,269
Total comprehensive loss for the year	-	-	(358,238)	-	(358,238)

Transferred from revaluation surplus on property, plant  
and equipment on account of incremental depreciation  
- net of tax

- (24,419) 24,419 - -

Adjusted due to deferred tax reversals

- 145,956 - - 145,956

**Balance as at September 30, 2021**

**446,160 1,809,512 (1,292,292) 92,767 1,056,147**

Balance as at October 01, 2021	446,160	1,809,512	(1,292,292)	92,767	1,056,147
Loss after taxation	-	-	(297,848)	-	(297,848)
Other comprehensive loss for the year	-	-	(1,692)	-	(1,692)
Total comprehensive loss for the year	-	-	(299,540)	-	(299,540)

Transferred from revaluation surplus on property, plant  
and equipment on account of incremental depreciation  
- net of tax

- (39,439) 39,439 - -

Revaluation surplus arising during the year

- 397,928 - - 397,928

**Balance as at September 30, 2022**

**446,160 2,168,001 (1,552,393) 92,767 1,154,535**

The annexed notes from 1 to 43 form an integral part of these financial statements

**Mansoor Afzal Subzwari**  
Chief Executive Officer

**Shams Ghani**  
Chief Financial Officer

**Sadia Moin**  
Director



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

### 1. COMPANY AND ITS OPERATION

Sakrand Sugar Mills Limited was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 [Repealed with the enactment of Companies Act, 2017], on March 02, 1989 and its shares are quoted on Pakistan Stock Exchange. The principal business of the Company is to manufacture and sell white sugar. The registered office of the Company is situated in 41-K, Block-6, P.E.C.H.S, Karachi while the Company's mill is situated at Deh Tharo Unar, Taluka Sakrand, District Shaheed Benazirabad, Sindh, Pakistan, having an area of 102.18 acres.

#### 1.1 GOING CONCERN ASSUMPTION

The financial statements of the company for the year ended 30th September 2022 reflect net loss (2021: loss) after taxation amounting to Rs 297,849 (2021: 359,507) thousands, and its current liabilities exceeds its current assets by Rs 2,510,590 (2021: 2,095,891) thousands. The company defaulted in repayment of its long term restructured liabilities and other liabilities due to liquidity crunch faced by the company.

However the financial statements are prepared by the management on going concern assumption on the basis of following factors:

- a) The company has successfully completed crushing season for 2022-2023 till the date of issuance of financial statement of 2022 and the major cash flow requirements for operations are already met.
- b) The company has already approached its banker for restructuring of its loans and the loan has been restructured and the short term liabilities will be converted into long term liabilities on certain conditions which will be fulfilled in due course of time.
- c) The management is working on further processing of composite fertilizer (By Product) and believe that the sale of processed fertilizer will result in increase in profits.
- d) The management is working on improvement of production cycles that will result in reduction in cost of production in future.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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 of:

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



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

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

## **2.2 Basis of preparation**

These financial statements have been prepared under the historical cost convention except for the following material items in the statement of financial position:

- a) Inventories are carried at lower of cost or net realisable value;
- b) Financial assets/ liabilities are carried in accordance with the requirements of IFRS-09 "Financial Instruments";
- c) Freehold land, factory and non-factory building on freehold land, plant and machinery are stated at revalued amounts; and
- d) Staff retirement benefit plan which is carried at present value of defined benefit obligation net of fair value of plan assets as prescribed in IAS-19 "Employee Benefits".

## **2.3 Functional and presentation currency**

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Pakistan Rupee (Rs) which is the Company's functional and presentation currency.

## **3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ASSUMPTION AND ESTIMATES**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise its judgements in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

- a) Determining the residual values and useful life of property, plant and equipment,
- b) Impairment / adjustment of inventories to their net realizable values,
- c) Accounting for staff retirement benefits,
- d) Recognition of tax and deferred tax,
- e) Impairment of financial and non-financial assets,
- f) Contingencies and Commitments.





### 3.1 Standards, Interpretations and amendments to approve accounting and reporting standards that are not yet effective

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

Standards / amendments / interpretations		Effective date (accounting periods beginning on or after)
IFRS 10 & IAS 28	Sale or contribution of Assets between an investor and its associate or Joint venture (Amendment)	Not yet finalized
IAS 1	Classification of liabilities as current or non current (Amendments)	January 01, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous contracts-cost of fulfilling a contract (Amendments)	January 01, 2022
<b>Improvements to Accounting standards Issued by IASB (2018-2020 cycle)</b>		
IFRS 09	Financial instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IFRS 16	Leases: Lease incentives	January 01, 2022
IAS 41	Agriculture - Taxation in fair value measurements	January 01, 2022

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



### 3.2 Following standards have been issued by IASB which are yet to be notified by the Securities & Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan

Standards or Interpretations		IASB Effective date (annual periods beginning on or after)
- IFRS 1	First time adoption of IFRSs	January 01, 2024
- IFRS 17	Insurance Contracts	January 01, 2023
- IFRS 16	Lease Liability in a Sale and Leaseback	January 01, 2024

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to the periods presented in these financial statements.

### 4.1 Property, plant & equipment

#### a) Tangible asset & Depreciation

Fixed assets are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any, except for freehold land, factory and non-factory building on freehold land and plant & machinery. Cost comprises purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Subsequent costs are included in the asset's carrying amounts or are recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is charged to statement of profit or loss by applying the reducing balance method except for plant & machinery on which units of production method has been applied so, as to write down the assets over their estimated useful lives at the rates specified in note 5 to these financial statements. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Freehold land, factory and non factory building on freehold land and plant & machinery are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amounts do not differ materially from their fair values.



Any revaluation increase arising on the revaluation of freehold land, factory and non-factory building on freehold land and plant & machinery is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant & equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of freehold land, factory and non-factory building on freehold land and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the "Revaluation surplus on property, plant & equipment" relating to a previous revaluation increase of that asset. The surplus on revaluation in respect of freehold land, factory and non-factory building on freehold land and plant & machinery to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

Depreciation on additions is charged from the quarter in which the assets become available for use, while no depreciation is charged in the quarter of disposal.

Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

The gain or loss arising on disposal or retirement of an item of property, plant & equipment is determined as the difference between the sale proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss. In case of the sale or retirement of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred to other comprehensive income.

#### **b) Assets acquired under finance lease**

The Company accounts for assets acquired under finance lease by recording the asset and the related liability. The amounts are determined on the basis of discounted value of total minimum lease payments and residual value of the assets at the end of the lease period to be paid by the Company.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding amounts.

Depreciation on fixed assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Company.

#### **c) Intangible asset and amortisation**

Intangible asset represents the cost of computer software acquired and is stated at cost less accumulated amortisation and any identified impairment loss.

Amortisation is charged to the statement of profit or loss on the written down basis so as to write off the cost of an asset over its estimated useful life. Amortisation on additions is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off. Amortisation is being charged at the rate disclosed in note 6 to the financial statements.



## **4.2 Stores, spares and loose tools**

These are valued at lower of cost or net realisable value except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon upto date of the statement of financial position. Cost is calculated on Weighted average basis. Obsolete and used stores, spares and loose tools are recorded at nil value.

## **4.3 Stock-in-trade**

The basis of valuation has been specified against each:

Finished goods	Lower of cost or net realisable value
Sugar-in-process	Cost of raw material consumed and proportionate manufacturing expenses
Molasses-in-process	Net realisable value
Bagasse	Net realisable value
Composite fertilizer	Net realisable value

Provision for obsolete and slow moving stock are made as and when required. Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be included in order to make the sale.

## **4.4 Trade debts**

Trade debts are carried at original invoice amount being the fair value, less an allowance for uncollectible amounts, if any. The company applies IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses the life time expected loss allowance for trade debts.

## **4.5 Capital work-in-progress**

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of tangible / intangible assets as and when the assets are available for intended use.

## **4.6 Provisions**

Provisions are recognised when Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

## **4.7 Impairment**

The carrying amounts of the assets are reviewed at each date of statement of financial position to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the statement of profit or loss.



## **4.8 Taxation**

Income tax expense comprises of current and deferred tax.

### **a) Current**

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

### **b) Deferred**

Deferred tax is recognised using the statement of financial position liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

After the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date.

## **4.9 Cash and cash equivalents**

Cash and cash equivalents are carried at cost in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances.

## **4.10 Share capital**

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds received.



#### **4.11 Subordinated loan from directors**

The Company has adopted Technical Release - 32 (Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan. In accordance with TR- 32, directors' interest free, unsecured loans that are repayable at the discretion of the Company have been accounted for in equity and presented separately as "Directors' / Sponsors subordinated loan".

#### **4.12 Post retirement benefits**

##### **a) Defined contribution plan - provident fund**

The Company operates a provident fund scheme for its permanent employees. Obligation for contributions to the fund are recognised as an expense in the statement of profit or loss when they are due. A trust has been established and its approval has been obtained from the Commissioner of Income Tax. Monthly contributions are made at the rate of 8.33% of basic salary both by the Company and its employees to the Fund as per the Company's policy.

##### **b) Defined benefit plan - staff gratuity**

The Company operates an unfunded gratuity scheme for all of its eligible employees who have completed the minimum qualification period of service. The contribution to the scheme are made in accordance with actuarial valuation using "Projected Unit Credit Method".

#### **4.13 Trade and other payables**

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

#### **4.14 Loans, advances and deposits**

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the date of statement of financial position. Balances considered bad and irrecoverable are written off when identified.

#### **4.15 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying capital asset under construction are capitalised and added to the project cost until such time the asset is substantially ready for their intended use, i.e., when they are capable of commercial production. All other borrowing costs are recognised as an expense in the statement of profit or loss in the period in which they are incurred.





#### **4.16 Contingencies**

Contingencies are disclosed when the company has possible obligation that arises from past event and whose existence will confirmed only by occurrence or non -occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

#### **4.17 Foreign currency transactions**

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing on the date of the statement of financial position. Exchange differences arising from the settlement of such transactions, and from the translation of monetary items at the end of the year exchange rates, are charged to the statement of profit or loss.

#### **4.18 Finance lease obligations**

Finance lease obligations are accounted for at the net present value of minimum payments under the lease arrangements.

Finance charges under lease arrangements are allocated to periods during the lease term so as to produce a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

#### **4.19 Financial instruments**

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

#### **4.20 Financial assets**

##### **a) Initial recognition and measurement**

Financial assets are classified at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVPL).

The Classification of financial asset at initial recognition depends on the financial asset contractual cashflow characteristics and the company's business model for managing them. With the exception of trade receivables, the company initially measures financial asset at its fair value plus transaction cost except for fair value through profit and loss. Trade receivables are measured at transaction price determined under IFRS-15.

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



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

**b) Subsequent measurement**

For the purpose of subsequent measurement, the company classifies its financial assets into following categories:

- Financial assets at amortised cost ( debt instruments)
- Financial assets designated at fair value through other comprehensive income (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instrument) and
- Financial assets at fair value through profit or loss (FVPL)

**c) Financial asset at amortised cost ( debt instruments)**

The company measures financial asset at amortised cost when both the following conditions are met:

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

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

**d) Financial asset designated at FVOCI (equity instrument)**

Upon initial recognition, the company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under Financial instruments: Presentation and are not held for trading. The classification is determined on instrument-by-instrument basis.

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



#### **e) Financial assets at FVPL**

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

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

This category also includes derivative instruments and listed equity investments which the company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised in profit or loss when the right of payment has been established. The company has not designated any financial asset at FVPL.

#### **f) Derecognition**

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

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

### **4.21 Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified as financial liabilities at FVPL, Loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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



## **Subsequent measurement**

### **a) Financial Liabilities at FVPL**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on abilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial recognition, only if the criteria in IFRS 09 are satisfied. The company has not designated any financial liability as FVPL.

### **b) Financial Liabilities at amortised cost**

After initial recognition, borrowing and payables are subsequently measured at amortised cost using EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Borrowings are classified as current liabilities unless the company has unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of borrowing.

### **c) Derecognition**

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

## **4.22 Impairment**

### **4.22.1 Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECL) for all the debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cashflows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cashflows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within next 12- months (a 12- month ECL). for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of default ( a life time ECL).



For financial assets other than trade debts, the company applies general approach in calculating ECL. It is based on the difference between contractual cashflow due in accordance with the contract and all the cashflows that the company expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cashflows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts the company applies a simplified approach where applicable in calculating ECL. Therefore the company does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECL at each reporting date. The company has established a provision matrix for large portfolio customer having similar characteristics and default rates based on the credit rating of customers from which the receivables are due that is based on the company's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

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

#### **4.22.2 Impairment of non financial assets**

The carrying amounts of the company's non financial assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exist the asset's recoverable amount is estimated and impairment losses are recognised in the profit or loss. The recoverable is the higher of an asset's fair value less cost to disposals and value in use.

#### **4.22.3 Offsetting**

Financial assets and liabilities are offset when the company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset or settle the liability simultaneously.

#### **4.23 Revenue recognition**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of discounts and applicable taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement of management with the goods and the amount of revenue can be measured reliably on the following basis:



- Local sales are recognised when goods are lifted by the customer.
- Export sales are recognised when the goods are on board the shipping vessel.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised using effective interest method on an accrual basis.
- Government grants relating to export subsidy are recognised when there is a reasonable assurance that the Company will comply with the conditions attached to it and the grant will be received.

#### **4.24 Dividends**

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised as a liability in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

#### **4.25 Related party transactions**

Related party comprises of major shareholders, associated companies with common directorship, directors of the Company and their close family members. The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rates agreed under a contract / agreement / arrangement.

#### **4.26 Off-setting of financial assets and liabilities**

Financial assets and financial liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on net basis or to realise the asset and settle the liability simultaneously.

#### **4.27 Earning per share**

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

#### **4.28 Unclaimed dividend**

The company recognised unclaimed dividend which was declared and remained unclaimed from the date it was due and payable. The dividend declared and remained unpaid from the date it was due and payable is recognised as unpaid dividend.





Note                      2022                      2021  
..... Rupees in '000' .....

## 5 Property, plant and equipment

Operating fixed assets	5.1	3,731,900	3,232,714
		<u>3,731,900</u>	<u>3,232,714</u>

### 5.1 Operating Fixed Assets

PARTICULARS	Cost/ revalued amount				RATE %	Depreciation/Impairment				Book Value As At September 30, 2022
	As at Oct 01, 2021	Additions/ (Deletions)	Revaluation Surplus	As at Sept 30, 2022		As at Oct 01, 2021	For the year	Disposal	As at Sept 30, 2022	
	( Rupees in '000')									
Freehold land	510,900	-	51,090	561,990	-	-	-	-	-	561,990
Factory building	370,174	-	231,285	601,459	5	78,605	14,307	-	92,912	508,547
Non-factory building	330,736	-	25,293	356,029	5	164,361	8,164	-	172,525	183,504
Plant and machinery	3,039,124	59,819	231,926	3,330,869	UOP	801,387	76,912	-	878,299	2,452,570
Office equipment & others	22,752	739	-	23,491	10	12,107	1,092	-	13,199	10,292
Furniture and fixtures	9,194	363	-	9,557	10	7,032	242	-	7,274	2,283
Vehicles	67,276	(5,340)	-	61,936	20	54,058	2,697	(7,322)	49,433	12,503
	-	3,082	-	-		-	-	-	-	-
	-	(8,422)	-	-		-	-	-	-	-
Tents and Tarpaulins	2,321	-	-	2,321	33	2,279	12	-	2,291	30
Tools and tackles	4,343	179	-	4,522	33	4,277	64	-	4,341	181
	4,356,820	55,760	539,594	4,952,174		1,124,106	103,490	(7,322)	1,220,274	3,731,900

PARTICULARS	Cost / revalued amount				Depreciation/Impairment				
	As at Oct 01, 2020	Additions/ (Deletions)	As at Sept 30, 2021	RATE %	As at Oct 01, 2020	For the year	Disposal	As at Sept 30, 2021	Book Value As At September 30, 2021
( Rupees in '000')									
Freehold land	510,900	-	510,900	-	-	-	-	-	510,900
Factory building	370,174	-	370,174	5	63,559	15,046	-	78,605	291,569
Non-factory building	330,736	-	330,736	5	155,775	8,586	-	164,361	166,375
Plant and machinery	2,945,681	93,443	3,039,124	UOP	774,363	27,024	-	801,387	2,237,737
Office equipment & others	22,073	679	22,752	10	10,992	1,115	-	12,107	10,645
Furniture and fixtures	9,194	-	9,194	10	6,802	230	-	7,032	2,162
Vehicles	67,453	(177)	67,276	20	51,150	3,021	(113)	54,058	13,218
Tents and Tarpaulins	2,321	-	2,321	33	2,262	17	-	2,279	42
Tools and tackles	4,343	-	4,343	33	4,250	27	-	4,277	66
	<u>4,262,874</u>	<u>93,945</u>	<u>4,356,820</u>		<u>1,069,153</u>	<u>55,066</u>		<u>1,124,106</u>	<u>3,232,714</u>





**Note**                      **2022**                      **2021**  
 ..... Rupees in '000' .....

**5.2 Depreciation for the year has been allocated as follows :-**

Cost of sales	25.1	91,283	42,097
Administrative expenses	26	12,207	12,969
		<u>103,490</u>	<u>55,066</u>

**5.3** The latest valuation of the freehold land, factory building, non factory building and plant and machinery as carried out by an independent valuer, Pakistan Inspection Co. Private Limited as at December 07, 2021. According to that valuation, the fair value and forced sale value of the assets were as follows:

	<b>Fair value</b>	<b>Forced sale value</b>
	..... Rupees in '000' .....	..... Rupees in '000' .....
Free hold land	561,990	449,592
Building - Factory & non-factory	691,625	553,300
Plant & machinery	2,453,125	1,962,500

**5.4** Had there been no revaluation, the figures of the revalued assets would have been as follows:

	<b>2022</b>			<b>2021</b>
<b>Particulars</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Written down value</b>	<b>Written down value</b>
	..... Rupees in '000' .....			
Free hold land	7,602	-	7,602	7,602
On freehold land				
Factory building	102,973	74,436	28,538	29,981
Non-factory building	20,272	19,201	1,071	1,126
Plant & machinery	1,704,645	887,757	816,888	824,591
	<u>1,835,491</u>	<u>981,394</u>	<u>854,099</u>	<u>863,300</u>



	Note	2022 ..... Rupees in '000'	2021 .....
<b>6 INTANGIBLE ASSET</b>			
Computer software		2,258	1,478
<b>6.1 Net carrying amount</b>			
Opening net book value		1,478	2,206
Addition during the year		3,000	-
Amortisation charged		(986)	(728)
Impairment charged		(1,234)	-
Closing net book value		2,258	1,478
Amortisation rate (%)		33%	33%
<b>6.2</b>	The entire amortisation and impairment charge has been allocated to 'Administrative expenses'.		
<b>7 LONG TERM LOANS</b>			
<b>Secured - considered good</b>			
Vehicle loans to employees	7.1	540	699
Less: Current portion of long term loans shown under current assets		(159)	(196)
		381	503
<b>7.1</b>	These are interest free loans given to employees for the purchase of vehicles other than directors and executives of the Company. The loan is recoverable in 60 to 84 installments from the date of disbursement and is secured by registration of vehicles in the name of the Company.		
		2022	2021
		..... Rupees in '000'	.....
<b>8 LONG TERM DEPOSITS</b>			
Unsecured - interest free			
Rent		818	818
Utilities		1,273	1,273
Others		7	7
		2,098	2,098
<b>9 STORES, SPARES AND LOOSE TOOLS</b>			
Stores		14,263	19,712
Spares & loose tools		133,812	60,032
		148,075	79,744



	Note	2022 ..... Rupees in '000'	2021 .....
<b>10 STOCK IN TRADE</b>			
Finished goods - Sugar		185,896	-
Sugar in process		3,288	13,146
Compost fertilizer		14,585	38,155
		<u>203,769</u>	<u>51,301</u>
<b>11 TRADE DEBTS</b>			
Considered good-Unsecured	11.1	350,580	353,094
Provision for expected credit losses	11.2	(296,574)	(174,047)
		<u>54,006</u>	<u>179,047</u>
<b>11.1 Aging analysis of trade debts:</b>			
less than one year		-	-
Above one year		350,580	353,094
		<u>350,580</u>	<u>353,094</u>
<b>11.2 Movement of allowance of expected credit losses of trade receivable</b>			
Balance as at 1st October		174,047	7,178
Impairment charge for the year		122,527	166,869
Amounts written off		-	-
Balance as at 30th September		<u>296,574</u>	<u>174,047</u>
<b>12 LOANS AND ADVANCES</b>			
Current portion of vehicle loans	7.1	159	196
<b>Unsecured considered good</b>			
Loan to growers		10,980	9,829
Advance to suppliers and contractors		99,341	36,538
Advance against expenses		1,293	2,745
Advance against salaries		1,031	1,526
		<u>112,645</u>	<u>50,638</u>
		112,804	50,834
<b>Considered Doubtful</b>			
Loan to growers		-	9,506
Advance to supplier, contractors & others		-	17,473
		-	26,979
Less: Provision for doubtful advances		-	(26,979)
		<u>112,804</u>	<u>50,834</u>



	Note	2022 ..... Rupees in '000'	2021 .....
<b>13 PREPAYMENTS AND OTHER RECEIVABLES</b>			
Prepayments		5,742	512
Government subsidy receivable on export of sugar	13.1	36,624	36,624
Sales tax	13.2	6,465	6,465
Other receivables		1,600	1,389
		<u>50,431</u>	<u>44,990</u>

**13.1** This represents export subsidy on export of sugar as announced by the federal and provincial governments of Pakistan.

**13.2** This represents the amount of sales tax paid by the Company in the year ended 2001 against the demand raised by the collectorate of sales tax. The Company had adjusted further sales tax paid earlier by it on its sales against the output tax on its subsequent sales following the judgment of High Court of Sindh on the issue declaring further tax charge as unlawful. The Company's suit for the recovery of the same is pending in the High Court of Sindh.

	2022 ..... Rupees in '000'	2021 .....
<b>14 CASH AND BANK BALANCES</b>		
Cash in hand	262	487
Cash at banks:		
in current accounts	33,610	23,370
in saving accounts	10	10
	<u>33,620</u>	<u>23,380</u>
	<u>33,882</u>	<u>23,867</u>

## 15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022 Number of shares	2021		2022 ..... Rupees in '000'	2021 .....
16,900,000	16,900,000	Fully paid ordinary shares of Rs.10 each issued for cash	169,000	169,000
5,408,000	5,408,000	Fully paid ordinary shares of Rs.10 each issued as bonus shares	54,080	54,080
22,308,000	22,308,000	Fully paid ordinary shares of Rs.10 each issued as right shares	223,080	223,080
<u>44,616,000</u>	<u>44,616,000</u>		<u>446,160</u>	<u>446,160</u>



## 16 SURPLUS ON REVALUATION OF FIXED ASSETS

2022  
..... Rupees in '000' .....

### Surplus on revaluation:

As at October 01

2,343,036

2,377,429

Revaluation surplus on land, plant & machinery and building arise during the year

539,594

-

Transferred to retained earnings in respect of incremental depreciation charged during the year- net of deferred tax

(39,439)

(24,419)

Relevant deferred tax

(16,109)

(9,974)

484,046

(34,393)

As at September 30

2,827,082

2,343,036

As at October 01

533,524

689,454

On revaluation surplus on Plant and Machinery & Building arise during the year

141,666

-

Adjustments due to deferred tax reversal

-

(145,956)

Reversal on incremental depreciation charged during the year

(16,109)

(9,974)

Related deferred tax on revaluation surplus

659,081

533,524

As at September 30

2,168,001

1,809,512

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

## 17 DIRECTORS' / SPONSORS' SUBORDINATED LOANS

These represent unsecured, interest free loan which are repayable at the discretion of the Company. These loans are also subordinated to syndicated long-term financing facility (SLTFF). The Company's agreement with the syndicate stipulates that the financing availed by the Company are to be extinguished in full before any payment is made against the subordinated loans as disclosed in note 19.2.

## 18 DEFERRED TAXATION

Deferred Tax arises due to following elements:

Deferred tax liability arises due to :

Accelerated depreciation

161,992

162,544

Surplus on revaluation of property, plant & equipment

659,081

533,524

821,073

696,068

Deferred tax asset arises due to :

Loans & advances

-

-

Impairment loss on trade debts

86,006

58,297

Provision for staff gratuity

4,365

4,505

Carried forward tax losses, minimum taxes and tax credits

730,702

620,505

(821,073)

(683,308)

Deferred tax liability

-

12,760



As at September 30, 2022, deferred tax asset amounting Rs. 14.735 million on unused tax losses, impairment loss and gratuity have not been recognised in the financial statements as a matter of prudence as in the opinion of the management there is no certainty regarding realisability of the amount.

## 19 LONG TERM FINANCING - SECURED

Particulars	NBP DF	SMBL SLTFF	September 2022	September 2021
	Rupees in '000'			
Opening balance	15,000	909,091	924,091	916,988
Unwinding of charges		-	-	7,103
	15,000	909,091	924,091	924,091
Repaid during the year	-	-	-	-
	15,000	909,091	924,091	924,091
Overdue installments	(15,000)	(545,455)	(560,455)	(378,636)
Current portion	-	(363,636)	(363,636)	(545,455)
Closing liability as at September 30	-	-	-	-
	19.1	19.2		

### 19.1 National Bank of Pakistan-DF

This represents long-term finance facility obtained by the Company from a commercial bank. This facility was created by conversion of short-term running finance facility as a result of restructuring agreement reached between the Bank and the Company dated June 12, 2017. This facility carries mark-up at the rate of 3 months KIBOR + 2.5% p.a. The principal amount and mark-up thereon is repayable in 11 quarterly equal installments effective from the date of agreement. This facility is secured by way of first pari passu hypothecation charge over plant & machinery, first equitable mortgage over land and buildings thereon and personal guarantees of all the directors of the Company.

### 19.2 Syndicated long term finance facility (SLTFF)

This represent long-term finance facility obtained by the Company from syndicate of Summit Bank Limited and Sindh Bank Limited (the Banks) for working capital purpose amounting to Rs. 1,000 million. This carries mark-up at the rate of 3 months KIBOR plus 3% (2021: KIBOR plus 3%) per annum payable quarterly. The principal amount is repayable in 22 equal quarterly installments after 18 months grace period.

This facility is secured by way of pari passu hypothecation charge over all present and future fixed assets of the Company, first pari passu charge over immovable property, lien on current assets and personal guarantees of all sponsors / directors of the Company along with subordinated loan agreements.



**19.3** Subsequent to year end the Company initiated the negotiations with Sindh Bank Limited for restructuring of long term loan . On December 7, 2022 Sindh Bank Limited approved the request of Company for rescheduling of loan subject to certain conditions, one of which was to obtain a compromise/consent decree from relevant Court of Law. However, till the date of finalization of financial statements the required compromise/consent decree from Court of Law could not be obtained hence the impact of restructuring has not been incorporated in the financial statements.

As per the agreement the Sindh Bank Limited has agreed to waive off all of accrued mark and has reschedule the payment of principal amount which was to be paid on step up basis for next 10 years every month starting October 5, 2022. The Company has complied with the due dates for reschedule payments till finalization of these financial statements.

If all the conditions of the agreement with Sindh Bank Limited had been complied (i.e obtaining decree from Court of Law), the impact on these financial statement would be as follows:

	Principal ..... Rupees in '000' .....	Mark-up
Carrying amount of financial liabilities as per original loan terms	727,273	330,557
Carrying amount of financial liabilities as per reschedule loan terms - discounted at market rate of interest	345,462	-
Gain that would be reported on restructuring	381,811	330,557

The financial statements would have following effect in the current period if the required compromise/consent decree from relevant Court of Law would have been obtained:

Decrease in current maturity- long term finance	727,273
Decrease in accrued mark-up	330,557
Increase in long term finance	345,462
Increase in revenue reserves	712,368

The company is in process of obtaining the decree and is confident that all the conditions would be fulfilled in due course of time.





	Note	2022 ..... Rupees in '000'	2021 .....
<b>20 DEFERRED LIABILITIES</b>			
Quality premium	20.1	56,461	56,461
Gratuity	20.2	15,051	15,535
		<u>71,512</u>	<u>71,996</u>

20.1 Subsequent to the verdict issued by the Honorable Supreme Court of Pakistan (SCP) dated March 03, 2018 relating to quality premium, the Company based on advice from its legal advisor has taken the position that since no valid notification for quality premium under section 16(v) of the Sugar Factories Control Act, 1950 could have been issued by the Provincial Government, no liability for the payment of quality premium has arisen between the crushing season 1998-1999 till the date of the decree. The Company has also considered additional payments made to the cane grower over and above minimum support price fixed by the Provincial Government which are considered to be inclusive of quality premium. However, as a matter of prudence, the Company carries full provision in respect of quality premium payable pertaining to years 2003 and 2004 in these financial statements.

## 20.2 Staff gratuity

Contributions to the fund are made based on actuarial recommendations. The last actuarial valuation was carried out as at September 30, 2022 using the Projected Unit Credit Method.

	Note	2022 ..... Rupees in '000'	2021 .....
<b>20.2.1 Changes in defined benefit liabilities are:</b>			
Opening defined benefit obligation		15,535	16,651
Expense for the year / current service cost		599	607
Interest cost		1,631	1,527
Actuarial (Gains)/Losses	20.2.4	1,692	(1,269)
Benefits due but not paid		(4,406)	(1,981)
Benefit paid by the Company		-	-
Closing defined benefit obligation		<u>15,051</u>	<u>15,535</u>

## 20.2.2 Liability for gratuity arose in the following manner:

Opening net liability	15,535	16,651
Expense for the year	2,230	2,134
Benefit payable	(4,406)	(1,981)
Other comprehensive expense/(income)	1,692	(1,269)
Closing net liability	<u>15,051</u>	<u>15,535</u>



### 20.2.3 Principal actuarial assumptions used in the actuarial valuation:

The "Projected Unit Credit Method" using the following significant assumptions was used for the valuation of the scheme:

	2022	2021
	%	%
Discount rate used for interest cost	10.50%	9.75%
Discount rate used for year end obligation	13.25%	10.50%
Salary increase rate - long term	13.25%	10.50%
Salary increase rate - short term	13.25%	10.50%
Demographic assumptions		
Mortality rates	SLIC	SLIC
	2001-2005	2001-2005

### 20.2.4 Remeasurement recognised in OCI during the year:

Actuarial (gains)/losses from changes in demographic assumptions	-	-
Actuarial (gains)/losses from changes in financial assumptions	43	13
Experience adjustments	1,649	(1,281)
Remeasurement loss / (gain) on defined benefit obligation	<u>1,692</u>	<u>(1,269)</u>

The weighted average number of years of defined benefit obligation is given below:

Plan duration	Years
September 30, 2022	7
September 30, 2021	7

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in respective assumptions by one percent.

	Effect of 1 Percent increase ..... Rupees in '000' .....	Effect of 1 Percent decrease
<b>2022</b>		
Discount rate	14,118	16,093
Future salary growth	16,099	14,095
<b>2021</b>		
Discount rate	14,513	16,679
Future salary growth	16,685	14,488



The above sensitivity analyses are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the statement of financial position.

The defined benefit obligation exposes the Company to the following risks:

**Final salary risks:**

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Mortality risks:**

The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

**Withdrawal risks:**

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

	2022	2021
	..... Rupees in '000' .....	
<b>21 TRADE AND OTHER PAYABLES</b>		
<b>Trade payables</b>		
Sugar cane and others	197,512	159,336
<b>Accrued expenses</b>	56,018	50,538
<b>Other payables</b>		
Advance from customers	243,543	329,777
Sales Tax and Excise duty payable	1,135,548	598,854
Payable to FBR in respect of dividend distribution	-	4,747
Payable to central zakat fund in respect of dividend distribution	-	757
Workers' welfare fund	15,232	15,232
Workers' profit participation fund	50,390	50,390
Payable to provident fund	36,959	37,260
Others	13,917	15,643
	<u>1,495,589</u>	<u>1,052,660</u>
	<u>1,749,119</u>	<u>1,262,534</u>
<b>22 ACCRUED MARK UP</b>		
National Bank of Pakistan - Demand finance	5,937	3,859
Syndicate Long Term Finance	413,196	265,452
	<u>419,133</u>	<u>269,311</u>



## 23 CONTINGENCIES AND COMMITMENTS

### Contingencies

- 23.1** The Company filed Constitution Petition (CP) No. D-2123/2011 against Commissioner Inland Revenue in the Sindh High Court challenging the validity and legality of section 3A of the Federal Excise Act, 2005 and SRO 655(1)/2007 dated July 29, 2007 which, in a judgement dated February 22, 2013 was decided in favor of the Company. Aggrieved by the judgement of the Sindh High Court, the Commissioner Inland Revenue constituted Civil Petition for Leave to Appeal (CPLA) No. 750 of 2013 in the Honorable Supreme Court of Pakistan which is currently pending. The management and the legal advisors of the Company are confident that the matter will eventually be decided in favour of the Company and the judgment passed by Sindh High Court in this respect will be upheld.
- 23.2** Appeals were instituted by the Company before Appellate Tribunal, Karachi, against Order-in-Original No. 26 of 2006 dated September 30, 2006 and Order-in-Original No. 62 of 2006 dated September 30, 2006 passed by Additional Collector (Customs, Central Excise and Sales Tax) Hyderabad, whereby a demand of further tax of Rs. 5.917 million was established. The Appellate Tribunal decided the case in favour of the Company in orders dated April 04, 2008, however, being aggrieved by the decisions, Civil Appeals No. 938 of 2011 and 939 of 2011 were filed in Sindh High Court which were dismissed and as a result CPLA No. 85 of 2009 and CPLA No. 86 of 2009 were instituted before Honorable Supreme Court of Pakistan by the department. These CPLAs were subsequently disposed off in a judgment dated February 06, 2012 and remanded back to Sindh High Court which is currently pending adjudication. The management and the legal advisors of the Company are confident about the favorable outcome of the above matters, therefore, no provisions in this respect are made in these financial statements.
- 23.3** The Company along with other sugar mills (Petitioners) has filed Constitution Petition (CP) No. 230 of 2014 challenging certain provisions of prevailing sugar sectors regulatory regime including the fixation of the minimum price of sugarcane and a linked corresponding minimum price of refined sugar, which is currently pending before the Honorable High Court of Sindh. The legal advisors of the Company are confident about the favorable outcome of this matter, therefore, no provisions in this respect are made in these financial statements.
- 23.4** The Commissioner Inland Revenue Zone II, LTO selected the case of the company for tax years 2015, 2017, 2018 and 2019 for audit under section 177(1) of the Income Tax Ordinance, 2001 (hereinafter referred to as the Ordinance, 2001). The Assistant / Deputy Commissioner (Audit-I) Inland Revenue, after proceedings, passed orders under Section 122(1) of the Ordinance, 2001, of identical nature resulting in demand aggregating to Rs. 15.408 Billion. Similar approach was adopted while framing the assessment orders of other sugar mills in the province of Sindh.

The Company filed appeals against the orders and demand for the aforesaid years before the Commissioner (Appeals) Inland Revenue, wherein the orders were confirmed by the forum, thereafter the Company filed appeal before the Appellate Tribunal Inland Revenue against the decision of the Commissioner (Appeals) and is pending before the forum. The company meanwhile has obtained stay from recovery of tax demanded in the respective years from Honorable High Court of Sindh.



"In the opinion of the tax advisor of the Company, the above assessments have been framed on frivolous and flimsy grounds without applying judicial mind and without due process of law. The Company, therefore, based on the opinion of its legal counsel, has not made any provision in these financial statements against the above orders and demands."

- 23.5** The Competition Commission of Pakistan (CCP) in August 2021 passed an orders dated 13 August 2021 and imposed penalty on PSMA and member sugar mills alleging them to be guilty of collusive activities and cartelization. The penalty imposed on the Company is Rs. 169 million. The PSMA and our Company along with other sugar mills filed the Suit against the order of the Competition Commission of Pakistan (CCP) at Honorable High Court of Sindh. The Honorable Court passed the interim order on October 7, 2021 that the operation of orders dated 06.08.2021 and 13.08.2021 shall remain suspended till the hearing is underway.

In the opinion of the legal advisor of the Company, based on merit the final outcome of aforesaid suit is expected to be in favor of the Company. The Company, therefore, based on the opinion of its legal advisor, has not made any provision in these financial statements against the above order.

- 23.6** Through Constitutional Petition no. 5564 of 2021, the Company has sought directions from the Honorable High Court against the Government of Sindh in respect of approval, settlement and release of the pending claims of the Company in respect of freight support / export subsidy on export of sugar. The Company exported 6,547MT of sugar in the Financial Year ending September 30, 2018 and is therefore entitled to receive the respective share from the Provincial Government.

- 23.7** Contingencies in respect of quality premium has been disclosed in note 20.1 to the financial statements.

#### **Commitments**

- 23.8** There is no capital commitment existed at the year end.

	2022	2021
	..... Rupees in '000' .....	
<b>24 SALES - Net</b>		
Sugar - Local	4,122,696	1,517,943
Molasses	472,950	234,425
Mud	4,000	-
Compost fertilizer	22,933	82,875
	<u>4,622,579</u>	<u>1,835,243</u>
Less: Sales tax	(627,576)	(220,717)
	<u>3,995,003</u>	<u>1,614,526</u>



	Note	2022 ..... Rupees in '000' .....	2021
<b>25 COST OF GOODS SOLD</b>			
Sugarcane consumed		3,807,376	1,361,233
Manufacturing expenses	25.1	416,994	272,779
		4,224,370	1,634,012
<b>Sugar in process</b>			
Opening		13,146	5,891
Closing		(3,288)	(13,146)
		9,858	(7,255)
<b>Finished goods</b>			
Opening		-	-
Closing		(185,896)	-
		(185,896)	-
<b>Molasses</b>			
Opening		-	-
Closing		-	-
		-	-
<b>Baggase</b>			
Opening		-	-
Closing		-	-
		-	-
<b>Compost fertilizer</b>			
Opening		38,155	73,414
Closing		(14,585)	(38,155)
		23,570	35,259
		<u>4,071,902</u>	<u>1,662,016</u>

#### 25.1 Manufacturing expenses

Salaries, wages and other benefits	25.1.1	116,397	103,201
Stores and spares consumed		93,437	38,317
Fuel and power		42,000	26,850
Repairs and maintenance		60,655	50,867
Vehicle maintenance		4,141	2,765
Insurance		2,816	3,713
Depreciation	5.2	91,283	42,097
Bagasse, mud, ash handling and others		6,265	4,969
		<u>416,994</u>	<u>272,779</u>

**25.1.1** This includes Rs. 1.449 (2021: Rs. 1.387) in respect of staff gratuity and Rs. 1.892 (2021: 1.824) million in respect of contribution to staff provident fund.



	Note	2022 ..... Rupees in '000' .....	2021
<b>26 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	26.1	76,978	61,997
Rent, rates and taxes		5,217	5,110
Insurance		2,484	2,400
Water, gas and electricity		2,188	2,812
Printing and stationery		1,977	1,566
Postage, telephone, telegrams and telex		1,164	1,035
Vehicle maintenance		8,191	4,456
Repairs and maintenance		4,867	2,954
Traveling and conveyance		1,039	770
Fee and subscription		2,062	2,055
Legal and professional		10,902	7,084
Auditors' remuneration	26.2	1,928	1,996
Loss allowance for expected credit loss		122,527	166,869
Entertainment		2,733	2,195
Computer maintenance		5,769	2,914
Charity and donation		27	22
Depreciation	5.2	12,207	12,969
Amortisation		986	728
Impairment of intangible asset		1,234	-
Advertisement		211	115
Newspaper, books and periodicals		-	5
Others		1,152	731
		<u>265,843</u>	<u>280,783</u>
<b>26.1</b>	This includes Rs. 0.780 (2021: 0.747) million in respect of staff gratuity and Rs. 0.972 (2021: 0.201) million in respect of contribution to staff provident fund.		
<b>26.2</b>	Auditors' remuneration comprises of :		
Statutory audit fees		1,197	1,140
Half yearly review		565	570
Other Certifications		100	101
Out of pocket expenses		66	185
		<u>1,928</u>	<u>1,996</u>
<b>27 SELLING AND DISTRIBUTION COST</b>			
Loading, stacking		4,664	4,449
Sampling charges		61	257
		<u>4,725</u>	<u>4,706</u>





	Note	2022 ..... Rupees in '000'	2021 .....
<b>28 FINANCE COST</b>			
Mark-up on long term financing		149,822	121,300
Bank charges		58	77
		<u>149,880</u>	<u>121,377</u>
<b>29 OTHER CHARGES</b>			
Provision for default surcharge and penalty - Others		-	25,000
Provision for default surcharge and penalty - Sindh workers' profit participation fund		-	13,072
		<u>-</u>	<u>38,072</u>
<b>30 OTHER INCOME / (LOSS)</b>			
Gain/(loss) on sale of fixed assets		1,776	(13)
		<u>1,776</u>	<u>(13)</u>
<b>31 TAXATION</b>			
Current period		14,986	19,596
Prior period		(58,283)	-
Deferred		(154,426)	(152,530)
		<u>(197,723)</u>	<u>(132,934)</u>
<b>31.1 Relationship Between profit and tax expense</b>			
Accounting profit/(loss)		(495,571)	(492,441)
Tax rate		29%	29%
Theoretical tax expense		(143,716)	(142,808)
Prior year adjustment		(58,283)	-
Other adjustment		4,275	9,874
Actual Expense		<u>(197,723)</u>	<u>(132,934)</u>
<b>31.2</b>	Income tax assessments of the Company have been completed up to the tax year 2022 (accounting year ended September 30, 2021) which are deemed to have been assessed under section 120 of the Income Tax Ordinance, 2001.		



	Note	2022	2021
<b>32 EARNING PER SHARE - BASIC AND DILUTED</b>			
Loss for the year (Rupees in 000')		(297,848)	(359,507)
Weighted average number of ordinary shares (in 000')		44,616	44,616
Loss per share		(6.68)	(8.06)
<b>32.1 There is no dilutive effect on the basic earnings of the Company.</b>			
	Note	2022	2021
		..... Rupees in '000' .....	
<b>33 CASH GENERATED FROM OPERATIONS</b>			
Loss before taxation		(495,571)	(492,441)
<b>Adjustments for non cash charges and other items :</b>			
Depreciation		103,490	55,066
Amortization		986	728
Impairment of intangible asset		1,234	-
Finance cost		149,822	121,377
Provision for bad debts		122,527	166,869
Loss/(gain) on sale of fixed assets		(1,776)	13
Provision for gratuity		(1,692)	1,269
		374,591	345,322
<b>Working capital changes</b>			
<b>Change in current assets</b>			
Stores, spares and loose tools		(68,331)	19,533
Stock in trade		(152,468)	28,003
Trade debts		2,514	10,817
Loans and advances		(61,970)	(5,170)
Prepayments and other receivables		(5,441)	27
		(285,696)	53,210
<b>Change in current liabilities</b>			
Trade and other payables		488,885	189,647
Cash generated from operations		82,209	95,738



	Note	2022	2021
<b>34 PLANT CAPACITY AND PRODUCTION</b>			
Installed Production Capacity-Metric ton		86,400	86,400
Duration of Season-Days		127	115
Actual Production-Metric ton		53,633	19,453
Actual Crushing-Days		115	70
% of capacity attained		62%	23%

The Company could not operate at full capacity due to shortage of availability of sugarcane in market.

### 35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The risk is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management. The Board of Directors supervises the overall risk management approach within the Company.

#### 35.1 Market risk

Market risk is the risk that the value of financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the company's exposure to market risk or the manner in which the this risk is managed. Under market risk the company is exposed to interest rate risk, currency risk and equity price risk.

#### 35.2 Interest rate risk

This represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of change in market interest rates. As of September 30, 2022, the Company is exposed to such risk mainly in respect of long-term financing.

Management of the Company estimates that 1% increase in the market interest rate, with all other factors remaining constant, would decrease the Company's profit by Rs. 9.24 million (2021: Rs. 9.24 million) and a 1% decrease would result in an increase in the Company's profit by the same amount. However, in practice, the actual results may differ from the sensitive analysis. This analysis is prepared assuming that all other variables held constant and the amount of net liabilities outstanding as at the date of statement of financial position.

#### 35.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of the changes in foreign exchange rates. The Company is not exposed to foreign currency risk as at September 30, 2022 due to the fact that neither of the assets or liabilities are dominated in foreign currencies.



### 35.4 Equity risk

Equity risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. As of September 30, 2022, the Company is not exposed to equity price risk.

### 35.5 Credit risk

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

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

	2022	2021
	..... Rupees in '000' .....	
Long-term deposits	2,098	2,098
Trade debts	54,006	179,047
Loan, advances and other receivables	112,080	47,952
Bank balances	33,620	23,380
	<u>201,804</u>	<u>252,477</u>

#### Trade debts

All the trade debts at the statement of financial position date represent domestic parties. The maximum exposure to credit risk before any credit enhancements and provisions for trade debts at the reporting date by division is:

Compost fertilizer (net of provisions)	51,519	174,046
Others	5,001	5,001
	<u>56,520</u>	<u>179,047</u>

The aging of trade receivable at the reporting date is:

Past due 3 years	<u>56,520</u>	<u>179,047</u>
------------------	---------------	----------------

The Company has made adequate provision of Rs. 296.574 million for receivables since it is likely that the same is not to be received and for rest of the receivables, the Company considers the amount to be fully recoverable and therefore, no further provision has been made.

#### Quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as follows:



## Bank Balances

Name of banks	Ratings		Agency	2022	2021
	Short-term	Long-term		..... Rupees in '000' .....	
National Bank of Pakistan	A-1+	AAA	PACRA	588	623
Allied Bank Limited	A-1+	AAA	PACRA	676	671
Askari Bank Limited	A-1+	AA+	PACRA	-	4
Habib Bank Limited	A-1+	AAA	VIS	225	249
Sindh Bank Limited	A-1	A+	VIS	123	129
Summit Bank Limited				156	194
United Bank Limited	A-1+	AAA	VIS	1,585	357
MCB Bank Limited	A-1+	AAA	PACRA	56	161
Soneri Bank Limited	A-1+	AA-	PACRA	7	7
Meezan Bank Limited	A-1+	AAA	VIS	12,559	4
Al-Baraka Bank	A-1	A	VIS	8	8
Bank- Alfalah	A-1+	AA+	PACRA	954	27
Bank Al Habib Limited	A-1+	AAA	PACRA	16,683	20,946
				<u>33,620</u>	<u>23,380</u>

## 35.6 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts to follow effective cash management and planning policy to ensure the availability of funds through committed credit facilities. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than one year	1 to 5 Years	Total
-----Rupees in '000'-----				
Long term financing - secured	-	-	-	-
Deferred liabilities	-	-	71,512	71,512
Trade and other payables	1,201,170	510,990	-	1,712,160
Current maturity of long-term financing	924,091	-	-	924,091
Unclaimed dividend	6,198	-	-	6,198
Unpaid dividend	30	-	-	30
Taxation - net	-	14,986	-	14,986
Accrued mark-up	419,133	-	-	419,133
September 30, 2022	<u>2,550,622</u>	<u>525,976</u>	<u>71,512</u>	<u>3,148,110</u>

	On demand	Less than one year	1 to 5 Years	Total
-----Rupees in '000'-----				
Long term financing - secured	-	-	-	-
Deferred liabilities	-	-	71,996	71,996
Trade and other payables	669,980	592,554	-	1,262,534
Current maturity of long-term financing	924,091	-	-	924,091
Unclaimed dividend	6,198	-	-	6,198
Unpaid dividend	68	-	-	68
Taxation - net	-	63,472	-	63,472
Accrued mark-up	269,311	-	-	269,311
September 30, 2021	<u>1,869,648</u>	<u>656,026</u>	<u>71,996</u>	<u>2,597,670</u>



Effective interest/mark-up rates for the financial liabilities are mentioned in the respective notes to the financial statements.

### **35.7 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short-term in nature or repriced periodically.

Certain property, plant and equipment of the Company was valued by independent valuer to determine the fair value of property, plant and equipment as at December 7, 2021. The revaluation surplus was credited to other comprehensive income and is shown as 'surplus on revaluation of property, plant and equipment'. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets/ liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Level 2 fair value of revalued property, plant and equipment has been derived using the current market price or depreciated replacement cost method. Sales prices of comparable property, plant and equipment in identical circumstances or close proximity are adjusted for differences in key attributes such as property size, structure, location, capacity etc. The most significant inputs into this valuation approach are price per marla, price per square feet, depreciated replacement cost etc.

### **35.8 Capital risk management**

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



	2022	2021
	..... Rupees in '000' .....	..... Rupees in '000' .....
Long term financing - secured	-	-
Current maturity of long-term financing	924,091	924,091
Total debt	924,091	924,091
Total equity	1,154,535	1,056,147
<b>Total debt and equity</b>	<b>2,078,626</b>	<b>1,980,238</b>
<b>Gearing ratio</b>	<b>44%</b>	<b>47%</b>

### 36 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits to the executives of the Company are as follows:

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	..... Rupees in '000' .....					
Remuneration	-	9,109	7,640	-	2,834	11,578
Perquisites	-	524	819	-	76	439
Conveyance	-	60	24	-	-	54
Telephone	-	217	149	-	-	122
Medical	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Leave encashment	-	350	225	-	-	115
Company's contribution to PF	-	1,000	-	-	-	-
Meeting fees	-	-	-	-	-	-
	-	11,260	8,857	-	2,910	12,308
Number of person(s)	1	6	2	1	1	3

**36.1** No remuneration has been paid by the Company to its chief executive officer or non-executive directors during the year.

**36.2** Meeting fees is Rs. 0.1 million (2021: Nil) per director for attending each board meeting of the Company.

### 37 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, other than those disclosed elsewhere in the financial statements are as under:

	2022	2021
	..... Rupees in '000' .....	..... Rupees in '000' .....
<b>Directors and sponsors</b>		
Paid to directors	11,260	2,910





### 38 INVESTMENTS MADE BY THE PROVIDENT FUND

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

### 39 OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

39.1 All sales of the company comprises of sugar and its other by-products.

39.2 All non-current assets of the Company as at September 30, 2022 are located in Pakistan.

### 40 NUMBER OF EMPLOYEES

The total number of employees as at year end and average number of employees during the year are as follows:

	2022	2021
Total number of employees as at reporting date	182	193
Total number of factory employees as at reporting date	169	180
Average number of employees during the year	185	197
Average number of factory employees during the year	172	184

### 41 CORRESPONDING FIGURES

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

### 42 AUTHORISATION FOR ISSUE

These financial statements were approved on 06 April 2023 by the board of directors of the Company.

### 43 GENERAL

Figures in these financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

**Mansoor Afzal Subzwari**  
Chief Executive Officer

**Shams Ghani**  
Chief Financial Officer

**Sadia Moin**  
Director



## SIX YEARS' REVIEW AT A GLANCE








FINANCIAL RESULTS	2022	2021	2020	2019	2018	2017
	(Rs. in 000)					
Sales	3,995,003	1,614,526	1,966,828	3,387,534	1,821,745	2,347,921
Gross (loss) / profit	(76,899)	(47,490)	(458,675)	510,301	503,547	4,524
Operating profit/(loss)	(347,467)	(332,979)	(579,916)	398,594	400,543	(77,309)
Profit/(loss) before taxation	(495,571)	(492,441)	(741,936)	223,350	388,077	223,947
Profit/(loss) after taxation	(297,848)	(359,507)	(599,246)	156,649	268,232	197,260
Accumulated (loss) for the year	(1,552,393)	(1,292,292)	(958,473)	(387,383)	(566,148)	(824,289)
OPERATING RESULTS	2022	2021	2020	2019	2018	2017
Sugarcane crushed (tonnes)	538,986	205,968	312,129	335,136	367,222	459,573
Sugar recovery ( % )	9.951	9.445	9.677	11.00	10.80	9.22
Sugar produced (tonnes)	53,633	19,453	30,123	36,865	39,660	42,320
Molasses recovery ( % )	4.55	4.90	6.48	5.08	5.50	4.25
Molasses produced (tonnes)	24,500	10,093	22,040	19,435	26,047	19,530
Operating period ( days )	127	115	116	113	148	121
ASSETS EMPLOYEED	2022	2021	2020	2019	2018	2017
	(Rs. in 000)					
Fixed capital expenditure	3,731,900	3,234,192	3,195,928	3,253,753	3,104,279	2,936,016
Long term loans and deposits	2,478	2,601	2,842	2,842	2,421	1,970
Investments	-	-	-	-	-	178,590
Current assets	602,967	429,783	662,350	1,042,735	814,545	512,992
<b>Total assets employed</b>	<b>4,339,603</b>	<b>3,666,576</b>	<b>3,861,120</b>	<b>4,299,330</b>	<b>3,940,672</b>	<b>3,629,568</b>
FINANCED BY	2022	2021	2020	2019	2018	2017
	(Rs. in 000)					
Shareholders' equity	(1,106,233)	(846,132)	(512,313)	58,777	(119,988)	(378,129)
Revaluation on fixed assets	2,168,001	1,809,512	1,687,975	1,768,672	1,789,432	1,811,584
Subordinate loan from directors	92,767	92,767	92,767	92,767	92,767	92,767
Long term liabilities	-	-	538,352	763,849	921,937	676,407
Deferred liabilities	71,512	84,756	384,358	496,540	454,732	391,118
Current liabilities	3,113,557	2,525,674	1,669,982	1,118,726	801,792	1,035,821
<b>Total funds invested</b>	<b>4,339,603</b>	<b>3,666,576</b>	<b>3,861,120</b>	<b>4,299,330</b>	<b>3,940,672</b>	<b>3,629,568</b>
Break-up value per share ( Rupees )	(24.79)	(18.96)	(11.48)	1.32	(2.69)	(8.48)
Earnings/(Loss) per share ( Rupees )	(6.68)	(8.06)	(13.43)	3.51	6.01	5.94









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1. Proxies, in order to be effective, must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxy must be a member of the company ( Sakrand Sugar Mills Limited).
2. CDC Shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Cards (CNIC) /Passports in original to prove his/her identity, and in case of Proxy, must enclose copy of his/her CNIC or Passport.
3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee should be attached with the proxy form.



## پراکسی فارم

سکرٹڈ شوگر ملز لمیٹڈ

41-K، بلاک 6، پی۔ای۔سی۔ایچ۔ایس، کراچی، پاکستان۔

### تشکیل نیابت داری (پراکسی فارم)

میں / ہم \_\_\_\_\_  
ساکن \_\_\_\_\_

بحیثیت حصہ دار سکرٹڈ شوگر ملز لمیٹڈ \_\_\_\_\_  
نام (فولیوی ڈی سی اکاؤنٹ نمبر)

ساکن \_\_\_\_\_  
یا بصورت دیگر \_\_\_\_\_  
نام (فولیوی ڈی سی اکاؤنٹ نمبر)

ساکن \_\_\_\_\_  
کو اپنی جگہ بروز منگل 09 مئی 2023 کو

بوقت 03:30 بجے دن، بمقام انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آڈیٹوریم، کراچی، پاکستان، میں منعقد یا ملتوی ہونے والے سالانہ عام اجلاس میں شرکت کرنے بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

بطور گواہ میرے / ہمارے دستخط سے مورخہ \_\_\_\_\_ 2023 کو دی گئی۔

۱۰ روپے کارسیدی ٹکٹ  
چسپاں کر کے دستخط کریں

دستخط \_\_\_\_\_  
(ممبر / مجاز فسر)

\_\_\_\_\_ حاصل عام حصص

سی ڈی سی اکاؤنٹ نمبر	فولیو نمبر
شراکتی آئی ڈی	
اکاؤنٹ نمبر	

۱- گواہ  
دستخط \_\_\_\_\_  
نام \_\_\_\_\_  
شناختی کارڈ نمبر \_\_\_\_\_  
پتہ \_\_\_\_\_

۲- گواہ  
دستخط \_\_\_\_\_  
نام \_\_\_\_\_  
شناختی کارڈ نمبر \_\_\_\_\_  
پتہ \_\_\_\_\_

کمپیوٹرائزڈ شناختی کارڈ نمبر \_\_\_\_\_

نوٹس:

(۱) موثر العمل ہونے کے لیے پراکسیز اجلاس کے وقت انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔ پراکسی کو کمپنی (سکرٹڈ شوگر ملز لمیٹڈ) کا ممبر ہونا لازمی ہے۔

(۲) سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی کاپی ساتھ لگائیں۔

(۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نمائندہ کے دستخط پراکسی فارم کے ساتھ منسلک کرنے ہو گئے۔

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[www.sakrandsugar.com](http://www.sakrandsugar.com)

**FACTORY**  
Deh Tharo Unar, Taluka Sakrand,  
District Shaheed Benazirabad, Sindh.