

**CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
OF
ADAM SUGAR MILLS LIMITED
FOR THE HALF YEARLY PERIOD ENDED
MARCH 31, 2024**

**Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD**



Adam Sugar Mills Ltd.

DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the unaudited financial statements of the Company for the six months ended March 31, 2024.

Operational Highlights	March 2024	March 2023
Cane Crushed - M.Ton	684,186	590,048
Sugar Recovery Rate	10.13%	9.79%
Sugar Produced - M.Ton	69,369	57,790
Cane Crushing Commencement Date	25/11/2023	27/11/2022
Cane Crushing Ending Date	07/03/2024	12/03/2023
Cane Crushing Days	104	106

Overview

The crushing season concluded on 104th day in comparison to previous year's 106 days. As reported in our December 2023' quarter Review Report, sugar sowing was lower than last year; however, lower acreage is supplemented by a better yield of sugarcane per acre.

The minimum support price of sugarcane has been increased by the Punjab Government from Rs. 300 to Rs. 400 per 40 kgs. The current average sugarcane cost is much higher than the indicative support price of Rs. 400 per 40 kgs due to inflationary trends affecting other purchase incidentals.

Alhamdulillah, production is increased by 20% due to regular supply of sugar cane during the crushing period and efficient plant management. This is also supplemented by reasonable increase in price however, price is not increase in proportionate to the costs particularly sugar cane bench mark price.

VIS Credit Rating Company Limited has completed 2nd Annual Review in May 2024 after Credit Rating was first done in May 2022 and reaffirmed our rating at a favorable Long Term and Short Term Credit Rating of A- and A2 respectively.

Future Outlook

The IMF estimated that Pakistan's average inflation will decelerate this year from last year's level and further slowdown from FY25 onwards. Positive results are coming as per IMF's estimates, however business houses in Pakistan are looking towards State Bank of Pakistan to bring the policy rate from current 22.00% p.a. to a level which is competitive with the regional markets. Higher interest rates along with unreasonable power rates are making it difficult to compete in the international markets.

Telephones: 32417812-16
: 32401139-43
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Adam Sugar Mills Ltd.



HEAD OFFICE :
HAJI ADAM CHAMBERS,
P.O. BOX 4274,
ALTAF HUSSAIN ROAD,
NEW CHALLI,
KARACHI-PAKISTAN.

Presently Sugar Mills from the platform of All Pakistan Sugar Mills Association are trying to convince the Sugar Advisory Board to allow export of surplus sugar stock; we are hoping that Government of Pakistan will allow export of surplus stock.

Acknowledgement

The Directors are pleased to place on record their appreciation for the devoted and dedicated services of the officers, staff and workers of the Company. We also like to express our thanks to our bankers for their continued support and are also grateful to our shareholders for their confidence in the Management.

On behalf of the Board of Directors

Ghulam Ahmed Adam
Chief Executive
Karachi: May 24, 2024

Omar G. Adam
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
To The Members of Adam Sugar Mills Limited**

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Adam Sugar Mills Limited ("the Company") as at March 31, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

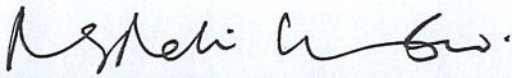
We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity.' A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As per the terms of our engagement, we were only required to review the cumulative figures for the six-month period ended March 31, 2024. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended March 31, 2024.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is **Mr. Muhammad Rafiq Dosani.**


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: May 24, 2024

UDIN: RR202410210xithyuBCW

Adam Sugar Mills Limited

Condensed Interim Statement of Financial Position

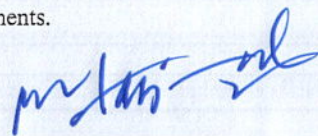
As at March 31, 2024

		(Unaudited) March 31 2024	(Audited) September 30, 2023
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	3	6,430,489,345	6,532,712,172
Long term advances		39,739	1,503,424
Long term deposits		4,223,981	4,306,481
		<u>6,434,753,065</u>	<u>6,538,522,077</u>
Current assets			
Stores and spares	4	149,535,456	199,341,127
Stock in trade	5	7,855,805,703	1,827,839,307
Short term investments		25,204,970	25,204,970
Trade debts - unsecured		41,127	98,357,818
Loans, advances, prepayments and deposits	6	89,579,434	75,388,674
Others receivables - considered good		12,549,819	11,456,837
Cash and bank balances	7	216,019,396	35,231,198
		<u>8,348,735,905</u>	<u>2,272,819,931</u>
Total assets		<u><u>14,783,488,970</u></u>	<u><u>8,811,342,008</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized Capital		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up capital (17,290,962 ordinary shares of Rs. 10/- each)		172,909,620	172,909,620
Capital reserves:			
Surplus on revaluation of property, plant and equipment- net		3,873,210,209	3,972,855,205
Share premium		172,909,620	172,909,620
Capital contribution from director		18,601,691	18,601,691
		4,064,721,520	4,164,366,516
Revenue reserves		1,498,717,220	1,146,325,477
		<u>5,736,348,360</u>	<u>5,483,601,613</u>
Non-current liabilities			
Subordinated loan from Chief Executive		21,491,603	20,411,807
Long term financing	9	255,743,295	312,254,709
Deferred liabilities	10	970,211,145	958,788,704
Provident fund payable		4,760,032	4,267,808
		<u>1,252,206,075</u>	<u>1,295,723,028</u>
Current liabilities			
Short term borrowings	11	4,430,549,687	664,802,282
Trade and other payables	12	2,997,454,353	1,090,915,331
Accrued markup		164,699,497	78,451,764
Current maturity of long term financing	9	112,272,170	96,771,337
Current maturity of deferred income - Government grant		1,926,621	2,110,493
Unclaimed dividend		7,156,698	6,251,126
Taxation-net		80,875,509	92,715,034
		<u>7,794,934,535</u>	<u>2,032,017,367</u>
Contingencies and commitments	13		
Total equity and liabilities		<u><u>14,783,488,970</u></u>	<u><u>8,811,342,008</u></u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

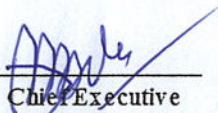
Adam Sugar Mills Limited

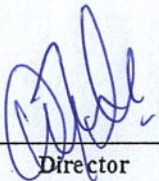
Condensed Interim Statement of Profit or Loss (Un-audited)

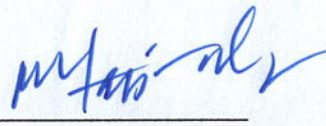
For the Half Year and Quarter Ended March 31, 2024

	Note	Six-month period ended		Quarter ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
		Rupees			
		Restated		Restated	
Sales revenue - net	14	3,091,137,971	2,580,816,944	1,289,421,392	1,680,085,572
Cost of sales	15	(2,214,663,777)	(2,163,831,044)	(910,473,886)	(1,316,438,320)
Gross profit		876,474,194	416,985,900	378,947,506	363,647,252
Administrative expenses		(108,774,725)	(99,075,658)	(58,687,590)	(44,835,129)
Selling and distribution costs		(6,530,297)	(23,863,415)	(4,730,309)	(22,596,320)
		(115,305,022)	(122,939,073)	(63,417,899)	(67,431,449)
Operating profit		761,169,172	294,046,827	315,529,607	296,215,803
Finance costs	16	(224,721,368)	(120,124,315)	(183,018,471)	(94,722,972)
Other income		11,591,570	11,353,209	8,112,447	6,491,153
Other operating expenses		(78,656,692)	(12,784,025)	(50,545,002)	(12,784,025)
		(291,786,490)	(121,555,131)	(225,451,026)	(101,015,844)
Profit before taxation		469,382,682	172,491,696	90,078,581	195,199,959
Taxation - net	17	(123,112,140)	(50,068,003)	21,440,579	(38,808,861)
Profit after taxation		346,270,542	122,423,693	111,519,160	156,391,098
Earnings per share- basic and diluted		20.03	7.08	6.45	9.04

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Adam Sugar Mills Limited

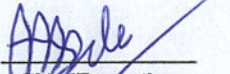
Condensed Interim Statement of Comprehensive Income (Un-audited)

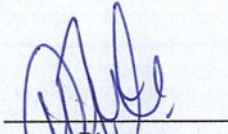
For the Half Year and Quarter Ended March 31, 2024

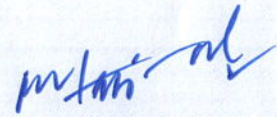
	Six-month period ended		Quarter ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Rupees			
		Restated		Restated
Profit after taxation	346,270,542	122,423,693	111,519,160	156,391,098
Other comprehensive income for the year				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation increase during the year	-	1,646,634,380	-	1,646,634,380
Less: Relevant deferred tax impact	-	(274,595,477)	-	(274,595,477)
	-	1,372,038,903	-	1,372,038,903
Effect of change in NTR/FTR ratio on the deferred tax liability on revaluation surplus	(33,005,427)	-	(33,005,427)	-
Total comprehensive income for the period	<u>313,265,115</u>	<u>1,494,462,596</u>	<u>78,513,733</u>	<u>1,528,430,001</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

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Chief Executive


Director


Chief Financial Officer

Adam Sugar Mills Limited

Condensed Interim Statement of Changes in Equity

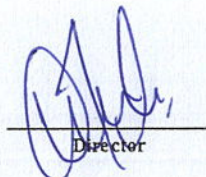
For the Half Year Ended March 31, 2024

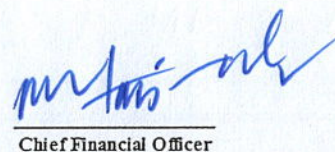
	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves		Total
		Surplus on revaluation of property, plant and equipment	Share premium	Capital contribution from Director	General reserve	Unappropriated profits	
	Rpees						
Balance as at September 30, 2022 (audited) - restated	172,909,620	2,661,730,994	172,909,620	18,601,691	200,000,000	788,775,896	4,014,927,821
<i>Total comprehensive income for the half year ended March 31, 2023</i>							
- Profit after tax - restated	-	-	-	-	-	122,423,693	122,423,693
- Other comprehensive income - restated	-	1,372,038,903	-	-	-	-	1,372,038,903
	-	1,372,038,903	-	-	-	122,423,693	1,494,462,596
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax (restate)	-	(57,223,698)	-	-	-	57,223,698	-
<i>Transaction with owners</i>							
Final Cash dividend @ 25% for the year ended September 30, 2022	-	-	-	-	-	(43,227,405)	(43,227,405)
Balance as at March 31, 2023 (un-audited) - restated	172,909,620	3,976,546,199	172,909,620	18,601,691	200,000,000	925,195,882	5,466,163,012
Balance as at September 30, 2023 (audited)	172,909,620	3,972,855,205	172,909,620	18,601,691	200,000,000	946,325,477	5,483,601,613
<i>Total comprehensive income for the half year ended March 31, 2024</i>							
- Profit after tax	-	-	-	-	-	346,270,542	346,270,542
- Other comprehensive income	-	(33,005,427)	-	-	-	-	(33,005,427)
	-	(33,005,427)	-	-	-	346,270,542	313,265,115
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax (restate)	-	(66,639,569)	-	-	-	66,639,569	-
<i>Transaction with owners</i>							
Final Cash dividend @ 35% for the year ended September 30, 2023	-	-	-	-	-	(60,518,368)	(60,518,368)
Balance as at March 31, 2024 (un-audited)	172,909,620	3,873,210,209	172,909,620	18,601,691	200,000,000	1,298,717,220	5,736,348,360

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

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Chief Executive


Director


Chief Financial Officer

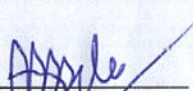
Adam Sugar Mills Limited

Condensed Interim Statement of Cash Flows (Un-audited)

For the Half Year Ended March 31, 2024

	Note	March 31, 2024	March 31, 2023
		Rupees	
			Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		469,382,682	172,491,696
<i>Adjustments:</i>			
Depreciation on property, plant and equipment	3.1	139,809,755	126,428,311
Gain on disposal of property, plant and equipment		(114,109)	(224,952)
Provision for gratuity		1,472,093	1,090,065
Finance costs		223,641,572	119,147,838
Amortization of deferred grant		(1,124,626)	(1,398,637)
Unwinding of subordinated loan from director		1,079,796	976,477
Interest on saving accounts		(341,732)	(92,672)
Interest on term deposit receipts		(3,703,219)	(5,120,886)
Provision for Worker Profit Participation Fund		27,401,969	9,263,786
Provision for Worker Welfare Fund		10,412,748	3,520,239
Provision for Provident Fund		1,342,780	875,024
		<u>399,877,027</u>	<u>254,464,593</u>
Operating profit before working capital changes		869,259,709	426,956,289
Working capital changes:			
<i>Decrease / (increase) in current assets</i>			
Long term advances		1,463,685	-
Long term deposit		82,500	-
Stores and spares		49,805,671	(35,186,457)
Stock in trade		(6,027,966,396)	(2,901,646,461)
Trade debts		98,316,691	294,114,024
Loans, advances and prepayments		(14,190,760)	19,752,364
<i>Increase / (decrease) in current liabilities</i>			
Sales tax payable		(287,148,712)	(391,220,279)
Trade and other payables		2,184,944,255	1,133,975,332
		<u>(3,994,693,066)</u>	<u>(1,880,211,477)</u>
Cash used in operations		<u>(3,125,433,357)</u>	<u>(1,453,255,188)</u>
Financial costs paid		(135,574,784)	(78,458,798)
Payment to Provident fund		(850,556)	(1,000,201)
Payment of Worker Profit Participation Fund		(29,071,238)	-
Gratuity paid		(53,750)	-
Taxes paid		(157,012,240)	(48,748,672)
		<u>(322,562,568)</u>	<u>(128,207,671)</u>
Net cash used in operating activities		<u>(3,447,995,925)</u>	<u>(1,581,462,859)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(37,672,819)	(87,032,545)
Sale Proceed from disposal of operating fixed assets		200,000	400,000
Purchase of term deposit receipts		150,000,000	-
Redemption of term deposit receipts		(150,000,000)	-
Interest received on term deposits		2,610,237	4,806,173
Interest received on saving accounts		341,732	92,672
Net cash used in investing activities		<u>(34,520,850)</u>	<u>(81,733,700)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowing-net		3,765,296,993	1,882,135,929
Dividend paid		(59,612,796)	(42,681,832)
Long term loan repaid		(42,829,636)	236,184,137
Net cash generated from financing activities		<u>3,662,854,561</u>	<u>2,075,638,234</u>
Net increase / (decrease) in cash and cash equivalents		<u>180,337,786</u>	<u>412,441,675</u>
Cash and cash equivalents at the beginning of the year		(63,106,690)	(135,104,207)
Cash and cash equivalents at the end of the period	18	<u>117,231,096</u>	<u>277,337,468</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

Adam Sugar Mills Limited

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2024

1. STATUS AND NATURE OF BUSINESS

Adam Sugar Mills Limited ('the Company') was incorporated in Pakistan on October 19, 1965 in the name of Bahawalnagar Sugar Mills Limited as a public limited company under the provisions of the Companies Act, 1913 (repealed with the enactment of the Companies Ordinance, 1984, and subsequently, the Companies Act, 2017, promulgated in May 2017). In 1985, the name of the Company was changed to Adam Sugar Mills Limited. The shares of the Company are quoted on Pakistan Stock Exchange ("the Exchange"). The Company is principally engaged in the manufacturing and sale of white sugar.

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

Head office: The Company's registered office is situated at first floor, Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi.

Liaison office: The liaison office is situated at office no. 345-A/1, Gulberg-III, opposite Nisar Art Press, Lahore.

Mill: The Company's plant is located at Chak #4, Fordwah, Chishtian, District Bahawalnagar, Punjab.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34 '*Interim Financial Reporting*' 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 the provisions of, and directives issued under, the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of, and directives issued under, the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the audited financial statements, and should be read in conjunction with Company's annual audited financial statements as at September 30, 2023.

2.2 Basis of measurement of items in these condensed interim financial statements

Items included in these condensed interim financial statements have been measured at their historical cost except for freehold land, factory building, non-factory building and plant and machinery which are carried at revalued amounts less accumulated depreciation charged thereon.

2.3 Functional and presentation currency

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

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2.4 Judgements and sources of estimation uncertainty

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual financial statements of the Company as at and for the year ended September 30, 2023.

2.5 Material accounting policies

The material accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended September 30, 2023.

		(Un-audited) March 31, 2024	(Audited) September 30, 2023
	<i>Note</i>	Rupees	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	<u>6,430,489,345</u>	<u>6,532,712,172</u>
3.1 Operating fixed assets			
<i>Cost / revalued amount</i>			
Opening balance		6,853,438,024	6,470,139,136
Add: Additions during the period / year	3.1.1	37,672,819	333,999,084
Add: Effect of revaluation		-	50,947,009
Less: Disposals during the period / year		(992,650)	(1,647,205)
Closing balance		6,890,118,193	6,853,438,024
<i>Accumulated depreciation</i>			
Opening balance		320,725,852	1,645,109,647
Add: Charge for the period / year		139,809,755	272,798,044
Less: Effect of revaluation		-	(1,595,687,370)
Less: Disposal during the period / year		(906,759)	(1,494,469)
Closing balance		459,628,848	320,725,852
Written down value at the end of period / year		<u><u>6,430,489,345</u></u>	<u><u>6,532,712,172</u></u>
3.1.1 Additions to operating fixed assets			
Factory building on freehold land		662,167	15,578,006
Plant and Machinery		22,139,222	284,847,833
Vehicles		3,891,254	1,939,627
Computer and other equipments		1,325,500	1,788,658
Furniture and fixtures		-	2,558,434
Water connections and electrical installations		1,139,000	25,409,477
Tools and other equipment		8,515,676	1,877,049
		<u>37,672,819</u>	<u>333,999,084</u>
4. STORES AND SPARES			
Stores inventory in hand		168,815,948	175,034,576
Spares inventory in hand		23,907,470	26,652,538
		<u>192,723,418</u>	<u>201,687,114</u>
Provision for slow-moving and obsolete stores and spares		(43,187,962)	(2,345,987)
		<u>149,535,456</u>	<u>199,341,127</u>

↑

	(Un-audited) March 31, 2024	(Audited) September 30, 2023
	Rupees	
5. STOCK IN TRADE		
Work in process	5,135,508	4,427,369
Finished goods		
- Sugar	7,105,725,084	1,741,362,883
- Molasses	736,839,368	82,049,055
- Other by-product	8,105,743	-
	<u>7,850,670,195</u>	<u>1,823,411,938</u>
	<u>7,855,805,703</u>	<u>1,827,839,307</u>

5.1 As of the reporting date, the value of stock pledged against bank borrowings amounted to Rs. 4,195.502 million (September 30, 2023: Rs. 644 million).

	(Un-audited) March 31, 2024	(Audited) September 30, 2023
	Rupees	
6. LOANS, ADVANCES, PREPAYMENTS AND DEPOSITS		
OTHERS RECEIVABLES - CONSIDERED GOOD	<i>Note</i>	
Loan to staff	3,609,288	2,761,121
<i>Advances:</i>		
- to suppliers	10,031,269	45,404,255
- to growers	20,227,331	16,897,081
- to contractors	181,201	291,295
- against expenses	643,899	23,549
- others	9,658,236	9,658,236
	<u>40,741,936</u>	<u>72,274,416</u>
<i>Deposit:</i>		
- Security Deposit-Commissioner Workmen's Compensation Bahawalnagar	42,841,568	-
	<u>2,386,642</u>	<u>353,137</u>
Prepayments	<u>89,579,434</u>	<u>75,388,674</u>

6.1 This represents a deposit placed by the company with the Commissioner Workmen's Compensation Bahawalnagar in terms of the orders dated November 11, 2023 passed by the Court of Kaleem Yousaf Authority Payment of Wages Bahawalnagar. For more information on this matter, please refer note no. 13.1.1 to these condensed interim financial statements.

	(Un-audited) March 31, 2024	(Audited) September 30, 2023
	Rupees	
7. CASH AND BANK BALANCES		
Cash in hand	900,726	-
Cash at bank:		
- Current accounts	212,405,275	34,699,552
- Deposit accounts	2,713,395	531,646
	<u>215,118,670</u>	<u>35,231,198</u>
	<u>216,019,396</u>	<u>35,231,198</u>

8. REVENUE RESERVES

General reserve	200,000,000	200,000,000
Unappropriated profits	1,298,717,220	946,325,477
	<u>1,498,717,220</u>	<u>1,146,325,477</u>

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		(Un-audited) March 31, 2024	(Audited) September 30, 2023
	Note	Rupees	
9. LONG TERM FINANCING			
<i>Secured</i>			
- From conventional banking companies			
Habib Bank Limited		344,647,500	378,124,000
- From Islamic banking companies			
Dubai Islamic Bank Pakistan Limited		<u>23,367,965</u>	<u>30,902,046</u>
		<u>368,015,465</u>	<u>409,026,046</u>
Current maturity shown under current liabilities		<u>(112,272,170)</u>	<u>(96,771,337)</u>
		<u><u>255,743,295</u></u>	<u><u>312,254,709</u></u>
10. DEFERRED LIABILITIES			
Deferred taxation - net	10.1	954,980,012	944,035,160
Staff retirement benefits - gratuity		13,600,602	12,182,259
Deferred grant	9.1	<u>1,630,531</u>	<u>2,571,285</u>
		<u><u>970,211,145</u></u>	<u><u>958,788,704</u></u>

10.1 Deferred taxation-net

	For the period ended March 31, 2024			Balance at end of the period
	Balance at beginning of the period	Charge / (income) recognized in statement of profit or loss	Charge / (income) recognized in other comprehensive income	
	(Rupees)			
Deferred tax liability in respect of:				
- Surplus on revaluation of property, plant and equipment	775,772,722	(21,313,024)	33,005,427	787,465,125
- Accelerated tax depreciation	238,809,108	(32,861,359)	-	205,947,749
- SBP's islamic financing facility for renewable energy	595,182	710,701	-	1,305,883
	<u>1,015,177,012</u>	<u>(53,463,682)</u>	<u>33,005,427</u>	<u>994,718,757</u>
Deferred tax asset in respect of:				
- Excess of minimum tax over normal tax liability	(37,518,861)	37,518,861	-	-
- Excess of alternative corporate tax over corporate tax	(16,169,033)	16,169,033	-	-
- Deferred income - Government grant	1,382,553	(1,777,670)	-	(395,117)
- Provision for gratuity	2,831,583	(6,127,335)	-	(3,295,752)
- Provision for slow moving items	(680,336)	(11,844,173)	-	(12,524,509)
- Provision for doubtful debtors	(459,304)	-	-	(459,304)
- Provision for WWF and WPPF	(20,528,454)	(2,535,609)	-	(23,064,063)
	<u>(71,141,852)</u>	<u>31,403,107</u>	<u>-</u>	<u>(39,738,745)</u>
Net deferred tax liability	<u><u>944,035,160</u></u>	<u><u>(22,060,575)</u></u>	<u><u>33,005,427</u></u>	<u><u>954,980,012</u></u>

11.	SHORT TERM BORROWINGS	Note	(Un-audited)	(Audited)
			March 31, 2024	September 30, 2023
			Rupees	
	<i>Unsecured - interest free</i>			
	- from Chief Executive	11.1	32,164,394	32,164,394
	- from Adam Lubricants Limited (a related party)	11.2	1,000,000,000	165,000,000
	<i>Secured</i>		1,032,164,394	197,164,394
	- from conventional banking companies			
	- JS Bank Limited	11.3	98,788,300	98,337,888
	- Habib Bank Limited	11.4	1,199,598,377	-
			1,298,386,677	98,337,888
	- from Islamic banking companies			
	- Askari Bank Limited	11.5	600,000,000	100,000,000
	- Dubai Islamic Bank Limited	11.6	400,000,000	-
	- Al Baraka Bank (Pakistan) Limited	11.7	400,000,000	269,300,000
	- Meezan Bank Limited	11.8	699,998,616	-
			2,099,998,616	369,300,000
			4,430,549,687	664,802,282

11.1 Loan obtained from Chief Executive

This represents loan granted by Mr. Ghulam Ahmed Adam, the Chief Executive of the Company, in previous years, to meet working capital requirements of the Company. The loan is interest free and is repayable on demand.

11.2 Loan obtained from M/s. Adam Lubricants Limited

This represents loan granted by M/S. Adam Lubricants Limited to meet working capital requirements of the Company. The loan is interest free and is repayable on demand.

11.3 Running finance from JS Bank Limited

This represents the amount availed under the running finance facility obtained from M/s. JS Bank Limited in order to meet the working capital requirements of the Company. As of March 31, 2024, the limit of the facility amounted to Rs. 100 million (September 30, 2023: Rs. 100 million). The facility carries markup at the rate of 3-Month KIBOR + 3%. (September 30, 2023: 3-Month KIBOR + 3%) and is secured against:

- 1) Equitable mortgage on property and taken registered on mortgage of Rs.0.1 million on each below mentioned residential properties:
 - i) House #31, Khayaban-e-Sehar, Phase VI, DHA, Karachi MV:250 M & FSV 200 M as per valuation report 19-11-2020.
 - ii) Plot # 46-A, South Central Avenue, Phase II, DHA, Karachi measuring 2000 Sq. yards MV: 326.314 M (Land value 240 M & Building value 86.314 M) and FSV: 261.051 M only land value cover the exposure as per valuation report 16-11-2020
- 2) Personal guarantee of Mortgagers along with Net worth statement

Further, the said facility is due to expire in April 2024.

11.4 Cash finance from Habib Bank Limited

This represents the amount availed under the cash finance facility obtained from M/s. Habib Bank Limited in order to meet the working capital requirements of the Company. As of March 31, 2024, the limit of the facility amounted to Rs. 1,200 million (2023: Rs. 800 million). The facility carries markup at the rate of 1-Month KIBOR + 1.25%. (2023: 1-Month KIBOR + 1.25%) and is secured against pledge over stock of sugar bags with 25% margin, ranking charge over fixed assets amounting to Rs. 1,200 million and personal guarantee of Director amounting to Rs. 1,734 million. Further, the said facility is due to expire in February 2025.

11.5 Salam facility from Askari Bank Limited

This represents the amount availed under the Salam facility obtained from M/s. Askari Bank Limited in order to meet working capital requirements of the Company. As of March 31, 2024, the limit of the facility amounted to Rs. 600 million (2023: Rs. 400 million). The facility carries markup at the rate ranging from 1 month KIBOR + 1.50% to 9 month KIBOR + 1.50%. (2023: 9 month KIBOR + 1.50%) and is secured against pledge of sugar stock of Rs. 800 million with 25% margin, charge over current assets for Rs. 800 million and personal guarantee of directors of the company namely Mr. Ghulam Ahmed Adam and Mr. Omar Adam. Further, the said facility is due to expire in June, 2024.

11.6 Istisna cum Wakala from Dubai Islamic Bank Limited

This represents the amount availed under the Istisna cum Wakala facility obtained from M/s. Dubai Islamic Bank Limited in order to meet working capital requirements of the Company. The limit of the facility amounted to Rs. 400 million. The facility carried markup at the rate of 6 month KIBOR + 2.25% and is secured against pledge of sugar stock of Rs. 500 million with 20% margin, sixth charge over stocks and fifth charge over receivables for Rs. 267 million with 25% margin, subordination of director's loan amounting to Rs. 16.2 million and personal guarantee of Director Mr. Ghulam Ahmed Adam. Further, the said facility is due to expire in June 2024.

11.7 Salam facility from Al Baraka Bank (Pakistan) Limited

This represents the amount availed under the salam facility obtained from M/s. Al Baraka Bank (Pakistan) Limited in order to meet working capital requirements of the Company. As of March 31, 2024, the limit of the facility amounted to Rs. 400 million (2023: 300 million). The facility carries markup at the rate of 9 month KIBOR + 2.25% (2023: 9 month KIBOR + 2.25%) and is secured against pledge of sugar stock of Rs. 533.334 million with 25% margin, and personal guarantee of directors of the company namely Mr. Ghulam Ahmed Adam, Mr. Junaid Ahmed Adam & Mr. Omar Adam amounting to Rs. 400 million of each director. Further, the said facility is due to expire in October 2024.

11.8 Tijarah facility from Meezan Bank Limited

This represents the amount availed under the Tijarah facility obtained from M/s. Meezan Bank Limited in order to meet working capital requirements of the Company. As of March 31, 2024, the limit of the facility amounted to Rs. 700 million. The facility carries markup at the rate of 6 month KIBOR + 1.50% and is secured against:

- 1) Ranking over present and Future current assets of the company with 25% margin (without Takaful Insurance).
- 2) Pledge of white crystalline refined sugar in marketable bags in the factory under effective control of MBL approved muqaddam & pledge charge be registered with approved margins.
 - (i) 20% margin in case of stock placed in Godowns (within factory premises).
 - (ii) 25% margin in case of stock placed open area (duly covered with tarpal) of factory premises.
- 3) PG of CEO and executive director of the company. (Mr Ghulam ahmed Adam, CEO/Executive director) and Mr omar G .Adam (executive director).

Further, the said facility is due to expire in September 2024.

12. TRADE AND OTHER PAYABLES	Note	(Un-audited)	(Audited)
		March 31, 2024	September 30, 2023
		Rupees	
Trade creditors		715,511,207	39,302,907
Accrued liabilities		35,193,781	48,898,684
Advance from customers	12.1	2,027,529,660	502,825,992
Sales tax payable		123,317,366	410,466,078
Provision for Workers' Profit Participation Fund	12.2	34,884,885	36,554,154
Provision for Workers' Welfare Fund	12.3	44,646,368	34,233,620
Withholding tax payable		15,651,874	17,635,205
Others		719,212	998,691
		<u>2,997,454,353</u>	<u>1,090,915,331</u>

12.1 Advance from customers

During the year, the performance obligations underlying the opening contract liability of Rs. 502.825 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the period.

Additionally, the performance obligations underlying the closing contract liability of Rs. 2,027.529 million is expected to be satisfied within one year. Subsequent to the period, a portion of this liability amounting to Rs. 305.818 million was satisfied and recorded as revenue.

12.2 Provision for Workers' Profit Participation Fund	(Un-audited)	(Audited)
	March 31, 2024	September 30, 2023
		Rupees
Opening balance	36,554,154	28,159,621
Charge for the period / year	27,401,969	8,394,533
Payment made during the period / year	(29,071,238)	-
	<u>34,884,885</u>	<u>36,554,154</u>

12.3 Provision for Workers' Welfare Fund

Opening balance	34,233,620	31,043,698
Charge for the period / year	10,412,748	3,189,922
	<u>44,646,368</u>	<u>34,233,620</u>

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- 13.1.1 For the last several years, the Company had been contesting certain legal suits filed against it by its 14 former employees ('the applicants') in the Court of Kaleem Yousuf Authority Payment of Wages Bahawalnagar ('the Authority'). In each of these suits, the applicant had moved an application under section 15(2) of the Payment of Wages Act, 1936 claiming that, for a certain period in the past, he had served the Company as an employee and, upon his separation from the Company, he had not been paid his due compensation, including accrued salary/wages, gratuity, leave encashment, overtime, bonus etc. The aggregate compensation claimed by such applicants amounted to Rs. 42.842 million.

On November 11, 2023, the Authority announced its final verdict in favour of the applicants holding that all the arguments / statements made, and all the documentary evidences produced, by the Company to support its position were found to be contradictory or invalid. In its orders, the Authority also directed the Company to submit with it the aforementioned claim within 30 days from the date of the order. In compliance thereof, the Company duly deposited an amount of Rs. 42.842 million with the Commissioner Workmen's Compensation Bahawalnagar (refer also note 6.1 to these condensed interim financial statements).

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Being aggrieved with the aforesaid orders of the Authority, in December 2023, the Company filed appeals under section 17 of the Payment of Wages Act, 1936 in the Court of Learned District & Session Judge / Presiding Officer, Punjab Labour Court No. 8, Bahawalpur ('the Labour Court') wherein, based on various legal grounds, the Company prayed to the Labour Court that the impugned orders passed by the Authority be declared illegal and void and may please be set aside.

As of the reporting date, the said appeals were yet pending for adjudication. However, in the opinion of the Company's legal counsel, the Company has a good arguable case on merit and there is no likelihood of any unfavourable outcome. Accordingly, in these condensed interim financial statements, no provision for the claim of Rs. 42.842 million has been recognized, and the amount already deposited with the Commissioner Workmen's Compensation Bahawalnagar has been accounted for as a deposit.

- 13.1.2 The status of all other contingent liabilities as reported in note 23 to the Company's annual financial statements for the year ended September 30, 2023 remains the same.

	(Un-audited) March 31, 2024	(Audited) September 30, 2023
13.2	————— Rupees —————	
13.2.1	<i>Guarantees issued by banking companies on behalf of the Company are as follows:</i>	
	Punjab Employees Social Security Institution	15,311,000
	<u>15,311,000</u>	<u>15,311,000</u>
13.2.2	<i>Letters of credit issued by commercial banks in respect of:</i>	
	Capital expenditure	-
	<u>27,645,080</u>	<u>-</u>
	Import of stores and spares	22,437,840
	<u>-</u>	<u>22,437,840</u>
	Six month period ended (Un-audited)	
	March 31, 2024	March 31, 2023
	----- Rupees -----	
14.	SALES REVENUE - net	
	<i>Local sales</i>	
	Sugar	1,760,434,302
	Molasses	731,500,000
	Other by products	8,581,198
	<u>3,211,798,537</u>	<u>2,500,515,500</u>
	Less: Sales tax	(265,169,234)
	<u>(458,633,144)</u>	<u>(265,169,234)</u>
	<u>3,091,137,971</u>	<u>2,235,346,266</u>
	<i>Export sales</i>	
	Sugar	345,470,678
	<u>-</u>	<u>345,470,678</u>
	<u>3,091,137,971</u>	<u>2,580,816,944</u>

		Six month period ended (Un-audited)	
		March 31, 2024	March 31, 2023
		----- Rupees -----	
15. COST OF SALES	<i>Note</i>		Restated
Opening stock of finished goods			
- Sugar		1,741,362,883	1,225,081,581
- Molasses		82,049,055	-
		<u>1,823,411,938</u>	<u>1,225,081,581</u>
Cost of finished goods manufactured	<i>15.1</i>	8,241,922,034	5,065,164,591
Closing stock of finished goods			
- Sugar		(7,105,725,084)	(4,044,340,828)
- Molasses		(736,839,368)	(82,074,300)
- Other by-product		(8,105,743)	-
		<u>(7,850,670,195)</u>	<u>(4,126,415,128)</u>
		<u>2,214,663,777</u>	<u>2,163,831,044</u>
15.1 Cost of finished goods manufactured			
Raw materials consumed		7,700,812,824	4,629,035,342
Conversion costs incurred	<i>15.1.1</i>	541,817,349	436,442,163
		<u>8,242,630,173</u>	<u>5,065,477,505</u>
-Opening stock of work in process		4,427,369	4,178,341
-Closing stock of work in process		(5,135,508)	(4,491,255)
		<u>(708,139)</u>	<u>(312,914)</u>
		<u>8,241,922,034</u>	<u>5,065,164,591</u>
		Six month period ended (Un-audited)	
		March 31, 2024	March 31, 2023
		----- Rupees -----	
15.1.1 Conversion costs incurred			
Depreciation		135,275,740	121,420,870
Salaries, wages and allowances		174,194,583	143,784,935
Repairs and maintenance		67,104,667	50,437,899
Stores and spares consumed		144,793,015	102,886,185
Fuel and power		9,955,921	9,119,630
Insurance		5,528,614	3,786,140
Flying ash expenses		2,175,000	2,426,042
Market committee fees		2,789,809	2,580,462
		<u>541,817,349</u>	<u>436,442,163</u>
16. FINANCE COSTS			
Markup charge on long term borrowings:			
- Conventional financing		43,092,100	25,936,124
- Islamic financing		-	2,301,391
- Islamic financing facility for renewable energy		1,819,055	2,083,993
- Subordinated loan from Chief Executive		1,079,796	976,477
		<u>45,990,951</u>	<u>31,297,985</u>
Markup charge on short term borrowings:			
- on conventional financing		68,623,669	38,889,708
- on Islamic financing		110,106,748	49,936,622
		<u>178,730,417</u>	<u>88,826,330</u>
		<u>224,721,368</u>	<u>120,124,315</u>

	(Un-audited) March 31, 2024	(Un-audited) March 31, 2023
	Rupees	
17. TAXATION-net		Restated
Current	145,172,715	41,948,503
Prior	-	4,819,434
	<u>145,172,715</u>	<u>46,767,937</u>
Deferred	(22,060,575)	3,300,066
	<u>123,112,140</u>	<u>50,068,003</u>

	(Un-audited) March 31, 2024	(Un-audited) March 31, 2023
	Rupees	
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	216,019,396	375,884,486
Short term borrowings - running finance	(98,788,300)	(98,547,018)
	<u>117,231,096</u>	<u>277,337,468</u>

19. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of Adam Pakistan Limited, Adam Lubricants Limited, key management personnel, directors and their close family members. Transactions entered into, and balances held with, related parties, are as follows:

Transactions during the period

Name of the related party	Basis of relationship	Particulars	(Un-audited) March 31, '2024	(Un-audited) March 31, '2023
			Rupees	
Adam Lubricants Limited	Company under common control	Purchases made during the period	11,873,910	12,364,853
		Payment made during the period	5,699,698	12,365,154
		Loan received during the period	835,000,000	255,000,000
Key management personnel		Remuneration to Chief Executive and Directors	31,473,805	31,449,095

Balances at the end of the period / year

Name of the related party	Basis of relationship with the party	Particulars	(Un-audited) March 31, '2024	(Audited) September 30, '2023
			Rupees	
Adam Lubricants Limited	Company under common control	Balance payable (trade creditors) as at the period / year end	6,530,643	356,431
		Short term Loan payable as at the period / year end	1,000,000,000	165,000,000
Chief Executive (Mr. Ghulam Ahmed Adam)	Key management personnel	Short term Loan payable as at the period / year end	32,164,394	32,164,394
		Subordinated loan payable as at the period / year end	24,959,713	24,959,713
Chief Executive (Mr. Ghulam Ahmed Adam), Director (Mr. Junaid Ghulam Adam and Mr. Omar Ghulam Adam)	Key management personnel	Guarantee provided to banks against financing on behalf of the company	9,045,534,267	4,251,360,000

20. RESTATEMENT OF THE CORRESPONDING FIGURES

20.1 Change in accounting policy

During the previous year, the Company changed its accounting policy for determining the cost of inventories pertaining to sugar and its by-products. As per the revised policy, the cost of such inventories is determined by using the First-In, First-Out (FIFO) formula as against the previous policy of using the Weighted average cost formula.

The management believes that the aforementioned new policy provides reliable and more relevant information to users of the financial statements since:

- (a) it more closely aligns the reported cost of sales for a period as well as the reported cost of inventories held at the end of that period with the actual physical flow of inventories. This is because, in practice, it has been observed that, every year, the stocks of sugar and its by-products that were produced in the previous crushing season are sold first, and consequently, the items remaining in inventory at the end of the year are those produced in the most recent crushing season.
- (b) the cost of production fluctuates significantly from one crushing season to the next. This makes the use of the FIFO method even more relevant as, otherwise, the inventories would be measured at average costs and, therefore, may be materially under / over valued.

As also stated in note 19.3 below, the aforesaid change in accounting policy has been accounted for retrospectively in audited financial statements for the year ended September 30, 2023 in accordance with the requirements of the International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and all the corresponding figures affected thereby have been restated. However, had the said change in accounting policy has been made, the expenses reported in the condensed interim statement of profit or loss would have been (higher) / lower and the profits and earnings per share would have been (lower) / higher by the amounts presented below:

	(Un-audited) March 31, 2024	(Un-audited) March 31, 2023
	----- (Rupees) -----	
Cost of sales	(510,059,946)	(200,654,520)
Other operating expenses:		
- Provision for Workers' Welfare Fund	9,687,795	2,678,414
- Provision for Workers' Profit Participation Fund	25,494,198	9,263,786
	35,181,993	11,942,200
Profit before taxation	(474,877,953)	(188,712,320)
Taxation - net		
- Current tax	107,803,626	12,380,718
- Deferred tax	(22,916,714)	35,751,679
	84,886,912	48,132,397
Profit after taxation	(389,991,041)	(140,579,923)
Earnings per share - basic and diluted	(22.55)	(8.13)

20.2 Correction of prior period errors

- 20.2.1 In the condensed interim statement of profit or loss for the six-month period ended March 31, 2023, the deferred tax income was, inadvertently, overstated by Rs. 81.699 million, which is analyzed as below:

	Note	--- Rupees ---
Effect of:		
- inappropriate revision of the NTR ratio	(i)	82,851,114
- non-recognition of deferred tax asset on the provision for WPPF and WWF	(ii)	(4,075,649)
- change in the amount of reversal of deferred tax liability arising from incremental depreciation		2,923,202
		81,698,667

Note (i) - Inappropriate revision of the NTR ratio

As per the Accounting Technical Release (ATR) 27 (Revised 2012) issued by the Institute of Chartered Accountants of Pakistan (ICAP), the NTR ratio used in the computation of deferred tax liability / asset should be based on a reasonable estimate of the ratio that an entity's turnover chargeable to tax under the normal provisions of the Income Tax Ordinance, 2001 bears to its total estimated turnover for future years (taking into account the turnover trend for at least the last three years). The objective of this estimation is to ensure the consistent application of a relatively stable NTR ratio which represents a normalized, long-term average ratio of an entity's income subject to NTR to its total income. However, in its condensed interim financial statements for the six-month period ended March 31, 2023, the Company had, inadvertently, changed its NTR ratio from 86.82% (as it was derived for the year ended September 30, 2022 - a normal ratio) to 58.27% (as it was derived based on the turnover for the six-month period ended March 31, 2023 - a distorted ratio caused by a temporary pattern of increase in export sales which was not expected to continue) which resulted in the reduction of deferred tax liability and the recognition of corresponding deferred tax income of Rs. 82.851 million in the condensed interim statement of profit or loss of the Company for the six-month period ended March 31, 2023.

Note (ii) - Non-recognition of deferred tax asset on the provision for WPPF and WWF

As per sections 60A and 60B of the Income Tax Ordinance, 2001, a person is entitled to a deductible allowance for the amount of any Workers' Welfare Fund (WWF) and Workers' Profit Participation Fund (WPPF) paid by the person in a tax year under the respective statutes. This provision of law gives rise to a deductible temporary difference in relation to the provisions for WWF and WPPF whereon a deferred tax asset should have been recognized. However, in its previous financial statements, the Company had, inadvertently, not recognized the said deferred tax asset which, in turn, had resulted in the non-recognition of the related deferred income of Rs. 4.076 million in the condensed interim financial statements for the six-month period ended March 31, 2023.

20.2.2 In the condensed interim statement of comprehensive income for the six-month period ended March 31, 2023, the deferred tax charge arising on increase in revaluation surplus was, inadvertently, overstated by Rs. 41.686 million due to the non-application of the NTR ratio. As per the guidance provided in the above-referred ATR 27 issued by the ICAP, the difference between the tax base and the carrying amount of property, plant and equipment should be split into temporary and permanent differences (by applying the NTR ratio to the said total difference) and, accordingly, the deferred tax should be recognized only on the portion representing the temporary difference. However, in its previous financial statements, the Company had, inadvertently, not split the said difference in the tax base and the carrying amount arising from the revaluation surplus and, instead, had measured the corresponding deferred tax liability based on the entire amount of the surplus which, in turn, had resulted in the aforesaid overstatement of the deferred tax charge by Rs. 41.686 million recognized in other comprehensive income for the six-month period ended March 31, 2023.

20.3 Combined effects of restatement of the corresponding figures

In these condensed interim financial statements, the change in accounting policy (referred to in note 19.1 above) as well as the correction of prior period errors (referred to in note 19.2 above) have been accounted for retrospectively in accordance with the requirements of the IAS 8 and all the corresponding figures affected thereby have been restated. The retrospective effects on the corresponding figures presented in these condensed interim financial statements are as follows:

Effects on the statement of profit or loss / statement of comprehensive income

	For the period ended March 31, 2023		
	As previously reported	As restated	Change
	----- (Rupees) -----		
Sales revenue - net	2,580,816,944	2,580,816,944	-
Cost of sales	(2,364,485,564)	(2,163,831,044)	200,654,520
Gross profit	216,331,380	416,985,900	200,654,520
Administrative expenses	(99,075,658)	(99,075,658)	-
Selling and distribution costs	(23,863,415)	(23,863,415)	-
	(122,939,073)	(122,939,073)	-
Operating profit	93,392,307	294,046,827	200,654,520
Finance costs	(120,124,315)	(120,124,315)	-
Other income	11,353,209	11,353,209	-
Other operating expenses	(841,825)	(12,784,025)	(11,942,200)
	(109,612,931)	(121,555,131)	(11,942,200)
Profit before taxation	(16,220,624)	172,491,696	188,712,320
Taxation - net	79,763,060	(50,068,003)	(129,831,063)
Profit after taxation	63,542,436	122,423,693	58,881,257
Earnings per share- basic and diluted	3.67	7.08	3.41
Increase in other comprehensive income			<u>41,685,883</u>
Increase in total comprehensive income			<u>100,567,140</u>

21. OPERATING SEGMENTS

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

- (a) Revenue from sale of sugar represents 90% (September 30, 2023: 86.15%) of the total revenue whereas remaining represent revenue from sale of molasses, bagasse and mud.
- (b) 100% (September 30, 2023: 94.43%) gross sales of the Company were made to customers based in Pakistan.
- (c) All non-current assets of the Company at March 31, 2024 and September 30, 2023 were located in Pakistan.

22. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. However, during the period, there were no transfers between the levels of the fair value hierarchy.

Following is the fair value hierarchy of the assets carried at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
March 31, 2024				
- Freehold land	-	1,429,893,000	-	1,429,893,000
- Factory building	-	215,895,293	-	215,895,293
- Non - factory building	-	76,147,409	-	76,147,409
- Plant and machinery	-	4,569,859,398	-	4,569,859,398
September 30, 2023				
- Freehold land	-	1,429,893,000	-	1,429,893,000
- Factory building	-	226,628,811	-	226,628,811
- Non - factory building	-	78,105,394	-	78,105,394
- Plant and machinery	-	4,665,225,340	-	4,665,225,340

22.1 Valuation techniques and inputs used to determine fair value

The Company obtains independent valuations for its certain classes of property, plant and equipment. The following table summarizes the inputs used in the fair value measurement:

Description	31-Mar-24 Rupees	30-Sep-23 Rupees	Inputs used in fair value measurement
	-- Written down value (WDV) --		
Freehold land	1,429,893,000	1,429,893,000	The market value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot.
Factory buildings on freehold land	215,895,293	226,628,811	To determine the fair value of the buildings, following significant inputs were used: 1) Covered area of each building physically inspected by the valuer; 2) Complete specification of civil work on each building; 3) Physical condition of each building; 4) Cost of construction of new similar building;
Non-factory buildings on freehold land	76,147,409	78,105,394	
	292,042,702	304,734,205	
Plant and machinery	4,569,859,398	4,665,225,340	To determine the fair value of the plant and machinery, following significant inputs are used: 1) Cost of acquisition of similar plant and machinery with similar level of technology keeping in view the make, model, capacity, country of origin and other specification. 2) Physical condition of the plant and machinery - To arrive at commensurable value, the new installed values have been depreciated accordingly, keeping in view the present condition of the plant and machinery.;

22.2 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The Company's financial assets consist of long term deposits, short term investments, trade debts, short term loan to staff, other receivables and cash and bank balances. Its financial liabilities consist of long term finances (including accrued markup), subordinated loan from the Chief Executive, short term borrowings, accrued markup on short term borrowings and trade and other payables. The fair value of above financial assets and liabilities (except non-current portion of long term loans) approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of non-current portion of long term loans is not significantly different from its carrying value as these financial instruments bear interest at floating rates which gets re-priced at regular intervals.

23. GENERAL

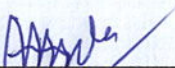
23.1 Date of authorization for issue

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on May 24, 2024.


23.2 Level of rounding

Unless otherwise indicated, all figures in these condensed interim financial statements have been rounded off to the nearest rupee.

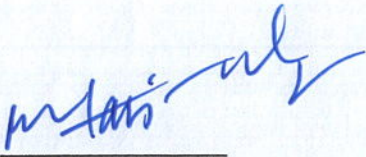
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Chief Executive



Director



Chief Financial Officer