

**AUDITED  
FINANCIAL STATEMENTS  
OF  
ADAM SUGAR MILLS LIMITED  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2025**

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



## Adam Sugar Mills Limited

### DIRECTORS' REPORT

**IN THE NAME OF ALLAH, THE BENEFICENT, THE MERCIFUL**

**Dear Members,**

On behalf of the Board, we welcome you to the 60<sup>th</sup> Annual General Meeting of the Company and place before you the audited accounts of the Company for the year ended 30 September, 2025.

### FINANCIAL RESULTS

	<b>PKR</b>
Profit after taxation and levies	46,133,837
Incremental depreciation, net-off deferred tax transferred from surplus on revaluation of Property, Plant and Equipment	109,951,638
Un-appropriated profit brought forward	984,363,904
Un-appropriated profit carried forward	1,115,003,447

### OPERATING RESULTS

	<b>2025</b>	<b>2024</b>
Cane Crushed-Metric Tons	651,341	684,186
Sugar Recovery Rate	8.81%	10.13%
Sugar Produced-Metric Tons	57,442	69,369
Commenced Crushing on	21/11/2024	25/11/2023
Stopped Crushing on	15/03/2025	07/03/2024
Number of Season Days	115	104
EPS – basic & diluted	2.67	4.23

The financial year 2024-25 was very challenging, coupled with crop diseases resulting low sucrose recovery, time to time Government interventions such as imposing lifting embargo, closing of portal etc. Despite these obstacles, due to efficient management, favorable selling rates during some months of the year and specially effect of export of sugar rates during the year improved average selling price resulting to an increase of 34% growth in net turnover, reaching PKR 10.841 billion.



Industry is still waiting for the fulfillment of Government's promise of De-regulation. Government has only deregulated the cane purchase price however, selling price in actual is dictated by Government by imposing rate(s) linked to PBS rates and control of increase of selling price on monthly basis during the last few months of the financial year.

## **FUTURE PROSPECTS**

As mentioned in our June 2025 Quarterly Report regarding initial survey of sugar cane crop which suggested a bumper crop. Current year sugar crop is not only quantitatively increased but also qualitatively better than previous season. This is due to more acreage coverage and also yield per acre is increased. Though flooding had devastating effect on other crops however it helped better sugar cane crop with good sucrose recovery.

As of December 31, 2025, the Company has crushed 222,261 M.Ton of sugarcane with an average recovery of 9.14 %, producing 19,420 M.Ton of sugar.

As we move forward to the next financial year, challenges as discussed above persists and will affect the industry. Nevertheless, Governments' efforts towards fiscal stabilization and privatization of SOEs will bring positive impact on overall economy. The 1<sup>st</sup> privatization of PIA is successfully completed giving positive intention of the Government to bring private sector to run businesses.

As mentioned above sugar production will be higher due to bumper sugar cane crop, we are therefore hope full that Government will allow export of sugar and decision regarding exports will come on right time rather after lapse of demand in international markets resulting in low rates.

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

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- The names of the persons who, at any time during the financial year, were Directors of the Company are given below:
  1. Mr. Junaid G. Adam
  2. Mr. Ghulam Ahmed Adam
  3. Mr. Omar G. Adam
  4. Mr. Jawaid Ahmed
  5. Mr. Saleem Parekh
  6. Mrs. Humera Diwan
  7. Ms. Sarah Adam
- The financial statements, prepared by the Management, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.



- The company has maintained proper books of accounts as required by the law.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The accounting policies and disclosures are in accordance with the approved Accounting Standards applicable in Pakistan, unless otherwise disclosed.
- The system of internal control is sound in design and effectively implemented.
- There is no significant doubt as to the ability of the company to continue as an on-going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- No trading in the shares of the Company was carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.
- The management of the Company follows the rigorous approach to risk management which is essential to running a successful sustainable business.
- The main trends and factors likely to affect the future development, performance and position of the Company's business are described in "**Future Prospects**".
- There are no contents with regard to modification in the Auditor's Report.
- Pattern of Shareholding is attached in the Annual Report.

## **COMPOSITION OF BOARD OF DIRECTORS**

The total number of Directors is 7 and its composition as on January 06, 2025 was as under:

### **Non-executive directors:**

Mr. Junaid G. Adam (Chairman)  
Mr. Jawaid Ahmed

### **Executive directors:**

Mr. Ghulam Ahmed Adam (Chief Executive)  
Mr. Omar G. Adam; and

### **Independent director:**

Mr. Saleem Parekh  
Mrs. Humaira Diwan

The requirement of 1/3 independent Directors equals to 2.33, fraction of which is less than 0.5 and therefore, as per the applicable regulations is rounded down to 2.

### **Female Director**

Ms. Sarah Adam



## **BOARD MEETINGS**

During the period five meetings of the Board of Directors were held. Participation of directors is as follows:

<b>NAME OF DIRECTORS</b>	<b>NUMBER OF MEETINGS ATTENDED</b>
1. Mr. Ghulam Ahmed Adam	5
2. Mr. Jawaid Ahmed	5
3. Mr. Junaid G. Adam	4
4. Mr. Omar G. Adam	5
5. Mr. Saleem Parekh	5
6. Mrs. Humera Diwan	1
7. Ms. Sarah Adam	1

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

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company remains committed to social responsibility by providing free education at its Mills site and organizing free eye camps for the community.

The Company is running a free school at its Mills site where children of Company's staff and adjoining areas are enrolled.

During the financial year ending September 30, 2025, one eye camp was organized in November 2024 where 1076 surgeries were performed.

## **ENVIRONMENT**

The Company has initiated the installation of a Water Treatment Plant, with design approval underway, ensuring environmental sustainability in compliance with Punjab EPA guidelines.

## **DIVIDEND**

The Board of Directors in their meeting held on January 05, 2026, has recommended a final cash dividend for the year ended September 30, 2025 at PKR 4 per share i.e. 40%.

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  
NTN: 0709384-5

## AUDITORS

M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, the auditors of the Company retires and offers them for reappointment. The Audit Committee has recommended their reappointment for the year 2025-2026.

## EMPLOYEE RELATIONS

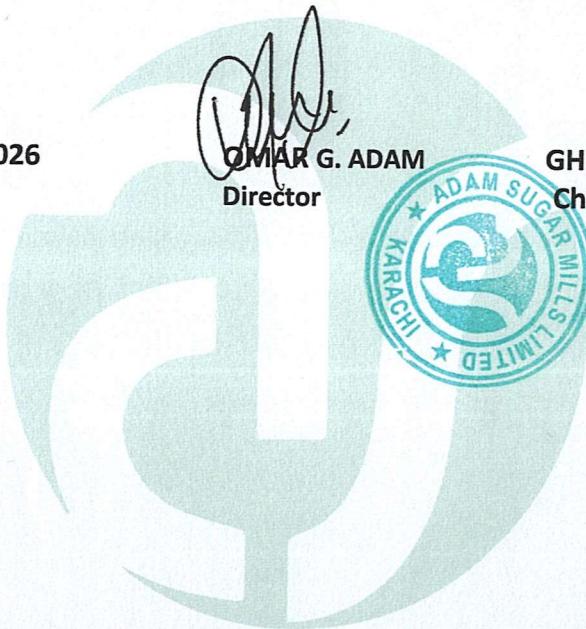
Your directors appreciate the spirit of cooperation shown by the officers, staff and workers and we hope that their dedication will continue in future.

On behalf of the Directors

Karachi: January 05, 2026

  
OMAR G. ADAM  
Director

  
GHULAM AHMED ADAM  
Chief Executive



## INDEPENDENT AUDITORS' REPORT

To the members of Adam Sugar Mills Limited

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the annexed financial statements of Adam Sugar Mills Limited ('the Company'), which comprise the statement of financial position as at September 30, 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at September 30, 2025 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. However, we have determined that there are no key audit matters to communicate in our report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

Based on our audit, we further report that, in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**

**Chartered Accountants**

**Karachi**

**Date:**

**UDIN:**

# Adam Sugar Mills Limited

## Statement of Financial Position

As at September 30, 2025

	Note	2025	(Restated) 2024	(Restated) 2023
		Rupees		
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	6,651,978,276	6,418,184,008	6,553,381,086
Intangible assets	5	2,008,500	-	-
Long term advances		3,691,600	30,864,400	1,503,424
Long term deposits		4,191,581	4,191,581	4,306,481
		6,661,869,957	6,453,239,989	6,559,190,991
<b>Current assets</b>				
Stores and spares	6	124,247,835	154,330,437	178,672,213
Stock in trade	7	801,926,516	3,249,144,346	1,827,839,307
Short term investments	8	25,020,460	25,020,460	25,204,970
Trade debts - unsecured	9	743,312,197	506,643,021	98,357,818
Loans, advances, deposits and prepayments	10	137,680,227	89,558,315	75,388,674
Others receivables - considered good	11	10,822,087	12,549,818	11,456,837
Bank balances	12	26,807,240	53,025,872	35,231,198
		1,869,816,562	4,090,272,269	2,252,151,017
<b>Total assets</b>		<b>8,531,686,519</b>	<b>10,543,512,258</b>	<b>8,811,342,008</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Authorized capital		250,000,000	250,000,000	250,000,000
Issued, subscribed and paid-up capital	13	172,909,620	172,909,620	172,909,620
<i>Capital reserves:</i>				
Surplus on revaluation of property, plant and equipment- net	14	3,418,092,417	3,528,044,055	3,680,599,141
Share premium		172,909,620	172,909,620	172,909,620
Capital contribution from director		18,601,691	18,601,691	18,601,691
		3,609,603,728	3,719,555,366	3,872,110,452
Revenue reserves	15	1,315,003,447	1,184,363,904	1,052,517,319
		5,097,516,795	5,076,828,890	5,097,537,391
<b>Non-current liabilities</b>				
Subordinated loan from Chief Executive		-	-	20,411,807
Long term financing	16	454,813,156	219,882,722	312,254,709
Deferred liabilities	17	1,250,659,803	1,307,390,047	1,329,350,977
Provident fund payable		5,050,558	4,945,994	4,267,808
		1,710,523,517	1,532,218,763	1,666,285,301
<b>Current liabilities</b>				
Short term borrowings	18	870,099,304	2,718,924,732	664,802,282
Subordinated loan from Chief Executive	19	24,959,714	22,571,399	-
Trade and other payables	20	615,697,275	835,408,349	1,090,915,331
Accrued markup	21	26,843,124	208,113,890	78,451,764
Current maturity of long term financing	16	150,780,809	115,055,580	96,771,337
Current maturity of deferred income - Government grant		1,010,766	1,618,314	2,110,493
Unclaimed dividend		7,613,657	7,156,698	6,251,126
Taxation - net	22	26,641,558	25,615,643	108,216,983
		1,723,646,207	3,934,464,605	2,047,519,316
<b>Contingencies and commitments</b>	23			
<b>Total equity and liabilities</b>		<b>8,531,686,519</b>	<b>10,543,512,258</b>	<b>8,811,342,008</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

# Adam Sugar Mills Limited

## Statement of Profit or Loss

For the year ended September 30, 2025

(Restated)

2025

2024

Note

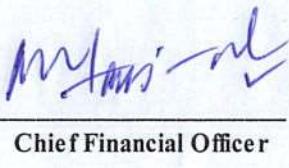
Rupees

Sales revenue - net	24	10,841,042,745	8,055,242,392
Cost of sales	25	(10,127,300,649)	(7,130,102,302)
<b>Gross profit</b>		<b>713,742,096</b>	<b>925,140,090</b>
Administrative expenses	26	(211,393,947)	(193,741,440)
Selling and distribution costs	27	(48,991,786)	(15,230,695)
<b>Operating profit</b>		<b>(260,385,733)</b>	<b>(208,972,135)</b>
		<b>453,356,363</b>	<b>716,167,955</b>
Finance costs	28	(289,545,057)	(565,808,995)
Other income	29	18,027,323	23,385,919
Other operating expenses	30	(32,528,786)	(33,178,867)
<b>Profit before levies and taxation</b>		<b>(304,046,520)</b>	<b>(575,601,943)</b>
		<b>149,309,843</b>	<b>140,566,012</b>
Levies	31	(60,015,857)	(34,028,673)
<b>Profit before taxation</b>		<b>89,293,986</b>	<b>106,537,339</b>
Taxation - net	32	(43,160,149)	(33,452,020)
<b>Profit after taxation</b>		<b>46,133,837</b>	<b>73,085,319</b>
<b>Earnings per share - basic and diluted</b>	33	<b>2.67</b>	<b>4.23</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# Adam Sugar Mills Limited

## Statement of Comprehensive Income

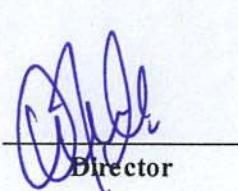
For the year ended September 30, 2025

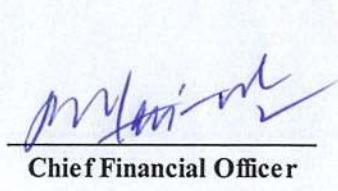
	2025	2024	(Restated)
	Rupees		
Profit after taxation	46,133,837	73,085,319	
<b>Other comprehensive income / (loss) for the year</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on remeasurement of defined benefit obligation	732,106	149,922	
Related deferred tax effect	(241,595)	(49,474)	
	490,511	100,448	
Effect of change in tax rate on the deferred tax liability on revaluation surplus	-	(33,375,900)	
<b>Total comprehensive income for the year</b>	<b>46,624,348</b>	<b>39,809,867</b>	

The annexed notes from 1 to 42 form an integral part of these financial statements.

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Chief Executive

  
Director

  
Chief Financial Officer

**Adam Sugar Mills Limited**

**Statement of Changes in Equity**

For the year ended September 30, 2025

	Issued, subscribed and paid up capital	Capital reserves			Revenue reserves		Total
		Surplus on revaluation of property, plant and equipment - net	Share premium	Capital contribution from Director	General reserve	Unappropriated profits	
<b>Rupees</b>							
<b>Balance as at September 30, 2023 (as previously reported)</b>	172,909,620	3,780,726,839	172,909,620	18,601,691	200,000,000	918,513,735	5,263,661,505
Effect of correction of prior period errors (refer note 41)	-	(100,127,698)	-	-	-	(65,996,416)	(166,124,114)
<b>Balance as at September 30, 2023 (as restated)</b>	<b>172,909,620</b>	<b>3,680,599,141</b>	<b>172,909,620</b>	<b>18,601,691</b>	<b>200,000,000</b>	<b>852,517,319</b>	<b>5,097,537,391</b>
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax - restated	-	(119,179,186)	-	-	-	119,179,186	-
<i>Total comprehensive income for the year ended September 30, 2024</i>							
- Profit after taxation (restated)	-	-	-	-	-	73,085,319	73,085,319
- Other comprehensive income (restated)	-	(33,375,900)	-	-	-	100,448	(33,275,452)
	-	(33,375,900)	-	-	-	73,185,767	39,809,867
<i>Transactions with owners:</i>							
Final cash dividend @ 35% for the year ended September 30, 2023	-	-	-	-	-	(60,518,368)	(60,518,368)
<b>Balance as at September 30, 2024 - restated</b>	<b>172,909,620</b>	<b>3,528,044,055</b>	<b>172,909,620</b>	<b>18,601,691</b>	<b>200,000,000</b>	<b>984,363,904</b>	<b>5,076,828,890</b>
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(109,951,638)	-	-	-	109,951,638	-
<i>Total comprehensive income for the year ended September 30, 2025</i>							
- Profit after taxation	-	-	-	-	-	46,133,837	46,133,837
- Other comprehensive income	-	-	-	-	-	490,511	490,511
	-	-	-	-	-	46,624,348	46,624,348
<i>Transactions with owners:</i>							
Final cash dividend @ 15% for the year ended September 30, 2024	-	-	-	-	-	(25,936,443)	(25,936,443)
<b>Balance as at September 30, 2025</b>	<b>172,909,620</b>	<b>3,418,092,417</b>	<b>172,909,620</b>	<b>18,601,691</b>	<b>200,000,000</b>	<b>1,115,003,447</b>	<b>5,097,516,795</b>

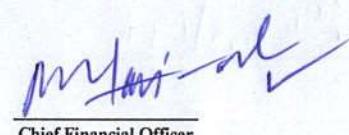
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Chief Executive



Director



Chief Financial Officer

# Adam Sugar Mills Limited

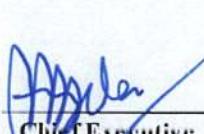
## Statement of Cash Flows

For the year ended September 30, 2025

(Restated)

	Note	2025	2024
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before levies and taxation		149,309,843	140,566,012
<i>Adjustments:</i>			
Depreciation on property, plant and equipment	4.1	278,874,707	282,001,899
Gain on disposal of fixed assets	29	-	(1,360,117)
Provision for provident fund		2,746,564	3,097,800
Finance costs	28	289,545,057	561,243,026
Amortization of deferred grant - net	29	(1,606,444)	(2,224,191)
Interest on unwinding of the loan		2,388,315	-
Interest recognized on unwinding of the liability		2,515,997	-
Provision for staff retirement benefits	17.2.2	4,084,187	3,221,872
Profit on savings account	29	(1,176,257)	(141,423)
Profit on term deposits	29	(590,603)	(5,810,224)
Provision against slow-moving stores and spares	30	4,826,099	23,900,275
Operating profit before working capital changes		581,607,622	863,928,917
<b>Working capital changes:</b>		<b>730,917,465</b>	<b>1,004,494,929</b>
<i>Decrease / (increase) in current assets</i>			
Stores and spares including long term spares		30,290,017	441,501
Stock in trade		2,447,217,830	(1,421,305,039)
Trade debts		(236,669,176)	(408,285,203)
Loans, advances and prepayments		(48,121,912)	(14,169,641)
<i>Increase / (decrease) in current liabilities</i>		<b>(235,667,274)</b>	<b>(245,085,047)</b>
Trade and other payables		1,957,049,485	(2,088,403,429)
<b>Cash (used in) / generated from operations</b>		<b>2,687,966,950</b>	<b>(1,083,908,500)</b>
Financial costs paid		(470,815,821)	(425,754,236)
Payment to provident fund		(2,642,000)	(2,419,614)
Payment against workers' profit participation fund		-	(29,071,238)
Staff retirement benefits paid		(25,555)	(278,511)
Taxes paid		(148,023,929)	(189,844,726)
<b>Net cash (used in) / generated from operating activities</b>		<b>(621,507,305)</b>	<b>(647,368,325)</b>
		<b>2,066,459,645</b>	<b>(1,731,276,825)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(487,999,122)	(147,194,704)
Addition to intangibles		(2,008,500)	-
Proceed from sale of operating fixed assets		-	1,750,000
Long term advances- net		-	(29,360,976)
Long term deposit received		-	114,900
Short term investments- net		-	184,510
Profit received on saving accounts	29	1,176,257	141,423
Profit received on term deposit accounts		2,318,334	4,717,243
<b>Net cash used in investing activities</b>		<b>(486,513,031)</b>	<b>(169,647,604)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowing-net		(911,726,995)	1,122,268,000
Dividend paid		(25,479,484)	(59,612,796)
Long term loan obtained		384,687,698	-
Long term loan repaid		(116,548,032)	(75,790,551)
<b>Net cash generated from / (used in) financing activities</b>		<b>(669,066,813)</b>	<b>986,864,653</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>910,879,801</b>	<b>(914,059,776)</b>
Cash and cash equivalents at the beginning of the year		<b>(977,166,466)</b>	<b>(63,106,690)</b>
<b>Cash and cash equivalents at the end of the year</b>	34	<b>(66,286,665)</b>	<b>(977,166,466)</b>

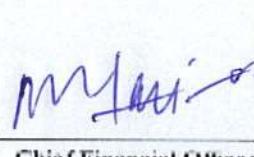
The annexed notes from 1 to 42 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

# **Adam Sugar Mills Limited**

## **Notes to the Financial Statements**

*For the year ended September 30, 2025*

### **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 the 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.

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

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance with the applicable accounting and reporting standards**

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

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

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

#### **2.2 Basis of measurement of items in these financial statements**

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

#### **2.4 Use of estimates and judgments**

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

*(Signature)*

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

(a) *Judgements*

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

Area of judgement	Brief description of the judgement applied
Property, plant and equipment	Whether the consumption of future economic benefits embodied in the Company's fixed assets is reduced over time and, accordingly, whether it is appropriate to use 'diminishing balance method' as the depreciation method.
Timing of revenue recognition	<p><i>Local sales revenue :</i> Whether control of the promised goods is transferred to the customer when the goods are dispatched from the Company's premises.</p> <p><i>Export sales revenue :</i> Whether control of the promised goods is transferred to the customer when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.</p>

(b) *Assumptions and other major sources of estimation uncertainty*

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

Area of estimation uncertainty	Brief description of the assumption or the source of estimation uncertainty
Property, plant and equipment	<ul style="list-style-type: none"> <li>- Estimation of useful lives and residual values of the operating fixed assets</li> <li>- Estimation of revalued amounts of freehold land, factory building, non-factory building and plant and machinery.</li> </ul>
Deferred taxation	<ul style="list-style-type: none"> <li>Recognition of deferred tax asset on unused tax credits</li> <li>- availability of future taxable profit against which deductible temporary differences and unused tax credits can be utilised</li> </ul>

**2.5 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

**2.5.1 Amendments to existing standards that became effective during the year**

The following new or amended standards and interpretations became effective during the period which are considered to be relevant to the Company's financial statements :

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The above amendments / interpretations do not likely have an effect on the financial statements of the Company except noted below:

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 October, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

## 2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2024:

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).
- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

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Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- Amendment in IAS 21 'The Effects of Changes in Foreign Exchange Rates', - lack of exchangeability (effective for annual reporting periods beginning on or after January 1, 2025) a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. SECP vide its SRO 1715(I)/2023 dated November 21, 2023 has directed that IFRS 17 shall be followed for the period commencing January 1, 2026 by companies engaged in insurance / takaful and re-insurance / re-takaful business.

The International Accounting Standards (the IASB or the Board) issued Amendments to IFRS 9 and FRS 7. Amendments to the Classification and Measurement of Financial instruments. The amendments:

- Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged or cancelled or expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
- Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-Linked features and other similar contingent features.
- Clarify the treatment of non-recourse assets and contractually linked instruments (CLI)
- Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income (FVTOCI).
- Annual Improvements - Volume Eleven:
  - Hedge Accounting by a First-time Adopter (Amendments to IFRS 1) - Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. The amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.
  - Gain or Loss on Derecognition (Amendments to IFRS 7) - Paragraph B38 of IFRS 7 has been amended to update the language on unobservable inputs and to include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.



- Introduction (Amendments to Guidance on implementing IFRS 7) - Paragraph IG1 of the Guidance on implementing IFRS 7 has been amended to clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.
- Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7) - Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.
- Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7) - Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.
- Lessee Derecognition of Lease Liabilities (Amendments to IFRS 9) - Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 Leases and an extinguishment of a lease liability in accordance with IFRS 9.
- Transaction Price (Amendments to IFRS 9) - Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'. The use of the term "transaction price" in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9.
- Determination of a 'De Facto Agent' (Amendments to IFRS 10) - Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in 874 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendment is intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents.
- Cost Method (Amendments to IAS 7) - Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

The above standards, amendments to approved accounting standards and interpretations have not been early adopted by the Company and are not likely to have any material impact on the Company's financial statements.

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at September 30, 2024:

- IFRS 1 (First-time Adoption of International Financial Reporting Standards)
- IFRS 18 (Presentation and Disclosure in Financial Statements)
- IFRS 19 (Subsidiaries without Public Accountability: Disclosures)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

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



### 3.1 Property, plant and equipment

#### *Operating fixed assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except freehold land, factory building, non-factory buildings and plant and machinery which are stated at revalued amounts less accumulated depreciation charged thereon.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Major spare parts qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation on additions is charged from the date when the assets become available for use till the date of disposal. Depreciation on all property, plant and equipment is charged to the statement of profit or loss using the reducing balance method over the asset's useful life at the rates specified in note 4.1 to these financial statements.

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

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

#### *Capital work-in progress*

Capital work-in-progress is stated at cost less impairment if any, and consists of expenditure incurred in respect of property, plant and equipment in the course of their construction and installation. Transfers are made to operating fixed assets as and when the assets become available for use.

### 3.2 Stores and spares

Stores and spares excluding items in transit are valued at lower of average cost and net realizable value. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the reporting date.

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

### 3.3 Stock-in-trade

#### *Basis of valuation*

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

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#### *Determination of cost*

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

The **costs of purchase** of inventories comprise the purchase price, duties and other taxes (other than those subsequently recoverable by the company from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The **costs of conversion** of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (which is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance). However, in periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the **first-in, first-out (FIFO)** cost formula.

#### *Determination of net realizable value*

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs to be incurred to make the sale have increased.

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

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

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

#### **3.4 Trade debts**

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the customer obtain control of the goods sold this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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### 3.5 Cash and cash equivalents

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

### 3.6 Financial assets

#### 3.6.1 *Initial recognition, classification and measurement*

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

- (a) financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI); and
- (c) fair value through profit or loss (FVTPL);

##### *(a) Financial assets measured at amortized cost*

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

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

##### *(b) Financial assets at FVOCI*

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

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

##### *(c) Financial assets at FVTPL*

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

Such financial assets are initially measured at fair value.

#### 3.6.2 *Subsequent measurement*

##### *(a) Financial assets measured at amortized cost*

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

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

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(b) *Financial assets at FVOCI*

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

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

(c) *Financial assets at FVTPL*

These assets are subsequently measured at fair value.

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

**3.6.3 *Impairment***

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

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

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

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

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

**3.6.4 *De-recognition***

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

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

### 3.7 Financial liabilities

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

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

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

### 3.8 Off-setting of financial assets and financial liabilities

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 and settle liability simultaneously.

### 3.9 Provisions and contingent liabilities

#### *Provisions*

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

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

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

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

#### *Contingent liabilities*

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

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### 3.10 Employee benefits

#### *Post-employment benefits - Defined contribution plan*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Company operates an unfunded provident scheme for its mills employees which is classified as a defined contribution plan. Equal monthly contributions are made by the Company and the workers and officers to the plan.

When an employee has rendered service to the Company during a period, the Company recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

#### *Post-employment benefits - Defined benefit plan*

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates an unfunded gratuity scheme for its head office employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### 3.11 Revenue

#### *Revenue from sale of goods*

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

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

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

- (a) In case of local sale of goods, the customer is deemed to have obtained control of the promised goods being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Delivery occurs when the goods have been dispatched from the Company's premises and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- (b) Revenue from export sales is recognized when the customer obtains control of the goods being when the goods are loaded on to the shipping vessel, and there remains no other unfulfilled obligation to be satisfied by the Company.

### **3.12 Other income**

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

### **3.13 Levies and taxation**

#### *Levies*

A levy is an outflow of resources embodying economic benefits imposed by the government that does not meet the definition of income tax provided in the International Accounting Standard (IAS) 12 'Income Taxes' because it is not based on taxable profit.

In these financial statements, levy includes final tax under section 154 of the Income Tax Ordinance, 2001 and minimum tax under section 113 of the Income Tax Ordinance, 2001 over the normal tax liability computed there under, Workers' Welfare Fund expense and Workers' Profit Participation Fund expense.

#### *Current tax*

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

#### *Deferred tax*

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

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

#### *Judgment and estimates*

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

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

#### *Offsetting*

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

### **3.14 Translation of foreign currency transactions and balances**

On initial recognition, a foreign currency transaction is recognized, in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate (i.e. the spot exchange rate at the end of the reporting period).

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

### **3.15 Dividend distribution**

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

4.	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<i>Note</i>	<b>2025</b>	<b>2024</b>
			<b>Rupees</b>	
	Operating fixed assets	4.1	6,225,458,341	6,371,399,758
	Capital work in progress	4.2	388,549,985	3,780,786
	Capital Spares		37,969,950	43,003,464
			<b>6,651,978,276</b>	<b>6,418,184,008</b>

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2025										2024										
Gross carrying amount					Accumulated depreciation					Gross carrying amount					Accumulated depreciation					
As at October 01, 2024	Additions	Transfer from CWIP	Disposals	As at September 30, 2025	As at October 01, 2024	Charge for the year	Effect of revaluation	Reversal on disposal	As at September 30, 2025	As at October 01, 2023	Additions	Transfer from CWIP	Disposals	As at September 30, 2024	As at October 01, 2023	Charge for the year	Effect of revaluation	Reversal on disposal	As at September 30, 2024	
Free held land					1,429,893,000					1,429,893,000									1,429,893,000	
Factory buildings on freehold land	249,622,002	15,305,855			264,927,857	40,769,887	21,932,447			62,702,334	202,225,523	10%								
Non-factory buildings on freehold land	8,139,800				81,139,800	6,939,676	3,710,006			10,649,682	70,490,118	5%								
Plant and machinery	4,913,746,145	54,500,118			4,968,246,263	416,637,704	225,245,149			641,902,853	4,326,943,410	5%–9%								
Building construction machinery	12,553,248				12,553,248	5,547,497	630,553			6,177,650	6,375,598	9%								
Railway sidings	2,191,346				2,191,346	2,183,223	812			2,184,035	7,311	10%								
Vehicles	85,650,599	48,582,764			134,233,363	51,632,716	13,360,084			64,992,800	69,240,563	20%								
Office equipments	3,201,535				3,201,535	2,540,153	74,532			2,614,685	586,850	10%								
Computer and other equipments	13,230,093	335,334	3,587,000		17,152,427	6,592,780	937,097			7,529,877	9,622,550	10%								
Furniture and fixtures	10,248,716	2,920,374			13,169,690	5,522,169	639,293			6,221,462	6,948,228	10%								
Electrical equipments	15,785,394				15,785,394	9,719,237	545,954			10,265,191	5,320,203	9%								
Waterconstructions and electrical installations	82,062,977	6,635,595			88,698,572	14,318,079	6,424,428			20,742,507	67,956,065	9%								
Tools and other equipments	66,920,715	1,065,650			67,986,365	33,938,574	5,083,180			39,021,754	28,964,611	15%								
Arms and ammunitions	401,000				401,000	234,450	9,993			244,443	156,557	6%								
Air conditioners and refrigerators	3,599,172				3,599,172	2,270,239	201,179			2,471,418	1,127,754	15%								
	6,970,245,742	129,346,290	3,587,000		7,103,179,032	598,845,984	278,874,707			877,720,691	6,225,458,341									
2024										2023										
Gross carrying amount					Accumulated depreciation					Gross carrying amount					Accumulated depreciation					
As at October 01, 2023	Additions	Transfer from CWIP	Disposals	As at September 30, 2023	As at October 01, 2024	Charge for the year	Effect of revaluation	Reversal on disposal	As at September 30, 2024	As at October 01, 2023	Additions	Transfer from CWIP	Disposals	As at September 30, 2024	As at October 01, 2023	Charge for the year	Effect of revaluation	Reversal on disposal	As at September 30, 2024	
Free held land					1,429,893,000					1,429,893,000									1,429,893,000	
Factory buildings on freehold land	244,591,335	5,030,467			249,622,002	17,962,724	22,807,163			40,769,887	208,352,115	10%								
Non-factory buildings on freehold land	8,139,800				81,139,800	3,034,406	3,905,270			6,939,676	74,200,124	5%								
Plant and machinery	4,847,198,015	66,548,130			4,913,746,145	181,972,675	234,665,029			416,637,704	4,497,108,441	5%–9%								
Building construction machinery	12,553,248				12,553,248	4,854,181	692,916			5,547,097	7,006,151	9%								
Railway sidings	2,191,346				2,191,346	2,182,321	902			2,183,223	8,123	10%								
Vehicles	85,810,995	4,111,254			(4,271,650)	85,650,599	47,362,119	8,152,364		(3,881,767)	51,632,716	20%								
Office equipments	3,179,535	22,000			3,201,535	2,468,930	71,223			2,540,153	661,382	10%								
Computer and other equipments	11,562,043	1,668,050			13,230,093	5,910,325	682,455			6,592,780	6,637,313	10%								
Furniture and fixtures	10,013,216	235,500			10,248,716	5,001,233	520,936			5,522,169	4,726,547	10%								
Electrical equipments	15,785,394				15,785,394	9,119,287	599,950			9,719,237	6,066,157	9%								
Waterconstructions and electrical installations	47,497,096	34,565,881			82,062,977	10,020,749	4,297,330			14,318,079	67,744,898	9%								
Tools and other equipments	58,165,039	8,755,676			66,920,715	28,561,457	5,377,117			33,938,574	32,982,141	15%								
Arms and ammunitions	401,000				401,000	223,819	10,631			234,450	166,550	6%								
Air conditioners and refrigerators	3,456,762	142,410			3,599,172	2,051,626	218,613			2,270,239	1,328,933	15%								
	6,853,438,024	121,079,368			(4,271,650)	6,970,245,742	320,725,852	282,001,899		(3,881,767)	598,845,984	9%								

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		Note	2025	2024
			Rupees	
4.1.1	The depreciation for the year has been allocated as follows:			
Cost of sales		25.1	263,803,701	272,574,921
Administrative expenses		26	15,071,006	9,426,978
			<u>278,874,707</u>	<u>282,001,899</u>

4.1.2 Particulars of the Company's immovable fixed assets are as follows:

Asset class	Location	Total area
Freehold land	Chistian	211.836 acres
Factory building	Chistian	247,625 Sq.ft
Non-factory building	Chistian	102,897 Sq.ft

4.1.3 The latest valuation of the freehold land, factory building, non-factory building and plant and machinery was carried out by an independent valuer, M/s. Iqbal A. Nanjee and Company (Private) Limited, as at January 04, 2023. According to that valuation, the fair value and forced sale value of the assets were as follows:

	Fair value	Forced sale
	Rupees	
Freehold land		
	1,429,893,000	1,143,914,400
Building- factory and non-factory	<u>310,153,329</u>	<u>248,122,663</u>
Plant and machinery	<u>4,614,617,283</u>	<u>3,691,693,827</u>

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

Particulars	Note	2025	2024
		Rupees	
Free hold land		18,855,030	18,855,030
Factory building on free hold land		63,828,135	55,767,838
Non- Factory building on free hold land		2,676,923	2,966,120
Plant and Machinery		<u>1,532,526,790</u>	<u>1,573,634,262</u>
		<u>1,617,886,878</u>	<u>1,651,223,250</u>

#### 4.2 Capital work in progress

Opening balance as at the beginning of the year		3,780,786	-
Additions:			
- Machinery	42.3	388,356,199	3,780,786
		392,136,985	3,780,786
Transferred to operating fixed assets		(3,587,000)	-
		<u>388,549,985</u>	<u>3,780,786</u>

#### 5. INTANGIBLE ASSETS

ERP Software under implementation		2,008,500	-

#### 6. STORES AND SPARES

Stores and spares inventory in hand		155,320,196	164,168,559
Stores inventory in transit		-	16,408,140
Provision for slow-moving and obsolete stores and spares	6.1	155,320,196	180,576,699
		(31,072,361)	(26,246,262)
		<u>124,247,835</u>	<u>154,330,437</u>

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		2025	2024
		Rupees	
6.1	Provision for slow-moving and obsolete stores and spares		
	Opening balance	26,246,262	2,345,987
	Provision for the year	4,826,099	23,900,275
	<b>Closing balance</b>	<b>31,072,361</b>	<b>26,246,262</b>
7.	<b>STOCK IN TRADE</b>		
	<i>Finished goods inventory:</i>		
	Sugar	592,093,056	3,364,770,808
	Less: Provision for impairment	-	(130,042,490)
		<b>592,093,056</b>	<b>3,234,728,318</b>
	Molasses	204,314,561	9,189,983
		<b>796,407,617</b>	<b>3,243,918,301</b>
	<i>Work-in-process inventory:</i>		
	Sugar	4,917,986	5,226,045
	Molasses	600,913	-
		<b>5,518,899</b>	<b>5,226,045</b>
		<b>801,926,516</b>	<b>3,249,144,346</b>
7.1	As of the reporting date, the value of stock pledged against bank borrowings amounted to Rs. 134.6 million (2024: Rs. 2,514 million).		
8.	<b>SHORT TERM INVESTMENTS</b>	<i>Note</i>	2025
			2024
	<i>Term Deposit Receipts (TDRs):</i>		
	Faysal Bank Limited	9,709,490	9,709,490
	JS Bank Limited	15,310,970	15,310,970
		<b>25,020,460</b>	<b>25,020,460</b>
9.	<b>TRADE DEBTS - unsecured, considered good</b>		
	Receivable against sales of sugar	744,896,004	508,226,828
	Less: provision against expected credit losses	(1,583,807)	(1,583,807)
		<b>743,312,197</b>	<b>506,643,021</b>
10.	<b>LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
	Loans to staff	10.1	2,058,421
			3,617,921
	<i>Advances:</i>		
	- to growers	28,606,327	10,564,830
	- to contractors	2,266,820	679,480
	- to suppliers	21,553,523	10,820,649
	- against expenses	177,549	81,549
	- others	-	20,596,036
		<b>52,604,219</b>	<b>42,742,544</b>
	<i>Deposit:</i>		
	- Withholding tax deposits with federal board of revenue	10.2	39,742,281
	- Security deposit - Commissioner Workmen's Compensation Bahawalnagar	10.3	42,841,568
			42,841,568
	Prepayments		433,738
			356,282
		<b>137,680,227</b>	<b>89,558,315</b>

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10.1 These represent interest free loans provided to employees in accordance with the Company's policy and are recoverable in equal monthly installments.

10.2 This represents a deposit of Rs. 39,781,281 made with the Federal Board of Revenue. The matter relating to withholding tax was placed before the Honourable High Court of Sindh, which granted an interim stay on the demand, requiring the Company to deposit 50% of the total liability. The amount of Rs. 39,781,281 represents the portion deposited with the Federal Board of Revenue in accordance with the Court's directions. Further details are disclosed in Note 22.1.4 to the financial statements.

10.3 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, refer note no. 22.1.6 to these financial statements.

	Note	2025	2024
		Rupees	
<b>11. OTHER RECEIVABLES- considered good</b>			
Rebate receivable	11.1	10,822,087	10,822,087
Interest accrued on term deposit receipts		-	1,727,731
		<b>10,822,087</b>	<b>12,549,818</b>

11.1 This represents the Inland Freight Subsidy receivable from the Trade Development Authority of Pakistan (TDAP) in respect of exports made by the Company during the financial years 2012-13 and 2013-14.

The Pakistan Sugar Mills Association (PSMA), along with the Company, has pursued the matter with TDAP for release of the said subsidy; however, no payment has been received to date. In January 2023, several sugar mills filed a Constitutional Petition before the Honourable Sindh High Court (SHC) seeking release of the subsidy. Pursuant to an order dated May 02, 2025, the Honourable Court directed TDAP to pass a speaking order within 30 days regarding the release of the subsidy.

TDAP issued a speaking order dated June 16, 2025, stating that the subsidy could not be disbursed until funds were released by the Finance Division. Subsequently, on August 19, 2025, a fresh petition was filed by sugar mills against the said speaking order before the Honourable Sindh High Court. The petition was disposed of on November 26, 2025, whereby the Honourable Court dismissed the petition on the grounds that the grant of subsidy constitutes a benefit and not a fundamental right.

The Company intends to challenge the said order before the Honourable Federal Constitutional Court through the filing of a Civil Petition for Leave to Appeal. Based on the assessment of the matter and legal advice received, the management believes that the Company has reasonable legal grounds to pursue the matter and is optimistic about the final outcome.

	Note	2025	2024
		Rupees	
<b>12. BANK BALANCES</b>			
Cash at bank in			
- Current accounts		26,447,638	47,248,737
- Deposit accounts	12.1	359,602	5,777,135
		<b>26,807,240</b>	<b>53,025,872</b>

12.1 These represent balances held with banks in saving accounts carrying profit at the rate of 4.2% to 9% (2024: 11% to 20%).

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**13. AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

2025		2024		2025		2024	
----(Number of shares)----				Rupees			
				<b>Authorized capital</b>			
<b>25,000,000</b>		<b>25,000,000</b>		Ordinary shares of Rs. 10/- each		<b>250,000,000</b>	<b>250,000,000</b>
				<b>Issued, subscribed and paid up capital</b>			
				Ordinary shares of Rs.10/- each:			
14,968,221		14,968,221		- fully paid in cash		149,682,210	149,682,210
				- issued to Pakistan Industrial Credit and Investment			
250,000		250,000		Corporation under terms of loan agreement		2,500,000	2,500,000
2,072,741		2,072,741		- issued as fully paid bonus shares		20,727,410	20,727,410
<b>17,290,962</b>		<b>17,290,962</b>				<b>172,909,620</b>	<b>172,909,620</b>

13.1 There are no agreements among shareholders in relation to voting rights, board selection, right of first refusal and block voting.

14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET		Restated	
		2025	2024
		Rupees	
<b>On freehold land</b>			
<i>Gross surplus</i>			
Balance as at the beginning of the year		1,411,037,970	1,411,037,970
<b>On buildings / plant and machinery</b>			
<i>Gross surplus</i>			
Balance as at the beginning of the year		3,159,710,574	3,337,589,957
Incremental depreciation transferred to unappropriated profits		(164,106,922)	(177,879,383)
<i>Related deferred tax charge</i>			
Balance as at the beginning of the year		2,995,603,652	3,159,710,574
Effect of change in tax rate			
Incremental depreciation transferred to unappropriated profits			
		(1,042,704,489)	(1,068,028,786)
		-	(33,375,900)
		54,155,284	58,700,197
		(988,549,205)	(1,042,704,489)
		<b>3,418,092,417</b>	<b>3,528,044,055</b>

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

15. REVENUE RESERVES		Restated	
		2025	2024
		Rupees	
General reserve		200,000,000	200,000,000
Unappropriated profits		1,115,003,447	984,363,904
		<b>1,315,003,447</b>	<b>1,184,363,904</b>

	<b>16. LONG TERM FINANCE - secured</b>	<i>Note</i>	<b>2025</b>	<b>2024</b>																																											
			<b>Rupees</b>																																												
	<i>From conventional banking company</i>																																														
	Habib Bank Limited	16.1	<b>591,952,698</b>	311,171,000																																											
	<i>From Islamic banking company</i>																																														
	Dubai Islamic Bank Pakistan Limited	16.2	<b>13,641,267</b>	23,767,302																																											
			<b>605,593,965</b>	334,938,302																																											
	Current maturity shown under current liabilities		<b>(150,780,809)</b>	<b>(115,055,580)</b>																																											
			<b>454,813,156</b>	<b>219,882,722</b>																																											
<b>16.1</b>	<b>Loan obtained from Habib Bank Limited</b>																																														
	Term finance - I	16.1.1	<b>22,500,000</b>	52,500,000																																											
	Term finance - II	16.1.2	<b>184,765,000</b>	258,671,000																																											
	Term finance - III	16.1.3	<b>384,687,698</b>	-																																											
			<b>591,952,698</b>	<b>311,171,000</b>																																											
<b>16.1.1</b>	<b>Term finance - I</b>																																														
	Opening balance		<b>52,500,000</b>	82,500,000																																											
	Repaid during the year		<b>(30,000,000)</b>	<b>(30,000,000)</b>																																											
	<b>Closing balance</b>	<b>16.1.4</b>	<b>22,500,000</b>	<b>52,500,000</b>																																											
<b>16.1.2</b>	<b>Term finance - II</b>																																														
	Opening balance		<b>258,671,000</b>	295,624,000																																											
	Repaid during the year		<b>(73,906,000)</b>	<b>(36,953,000)</b>																																											
	<b>Closing balance</b>	<b>16.1.4</b>	<b>184,765,000</b>	<b>258,671,000</b>																																											
<b>16.1.3</b>	<b>Term finance - III</b>																																														
	Opening balance		-	-																																											
	Obtained during the year		<b>384,687,698</b>	-																																											
	Repaid during the year		-	-																																											
	<b>Closing balance</b>	<b>16.1.4</b>	<b>384,687,698</b>	-																																											
<b>16.1.4</b>	The principal terms and conditions of the financing arrangements are as follows:																																														
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16.2	Dubai Islamic Bank Pakistan Limited	Note	2025	2024
			Rupees	
	Opening carrying amount - net of deferred grant		23,767,302	30,902,046
	Interest recognized on unwinding of the liability	28	2,515,997	3,371,923
	Loan installments paid		(12,642,032)	(10,506,667)
			(10,126,035)	(7,134,744)
	<b>Closing carrying amount - net of deferred grant</b>	<b>16.2.1</b>	<b>13,641,267</b>	<b>23,767,302</b>
	Current maturity shown under current liabilities		9,411,442	11,149,580
	Non-current maturity shown under non-current liabilities		4,229,825	12,617,722
		<b>16.2.1</b>	<b>13,641,267</b>	<b>23,767,302</b>

16.2.1 The Company obtained a long term financing facility amounting to Rs. 47.06 million from M/s. Dubai Islamic Bank Pakistan Limited under the State Bank of Pakistan's (SBP) Islamic Financing Facility for Renewable Energy (IFRE) notified vide IH & SMEFD Circular No. 12 of 2019 dated August 21, 2019.

The principal terms and conditions of the financing arrangement are as follows:

Purpose	For procurement and installation of solar panel of 509.22 KW on Company's land in Bhawalnagar
Total facility amount	Rs. 60,000,000
Facility availed amount	Rs. 47,057,210
Principal repayment frequency	Semi annually
Mark up payment frequency	Quarterly
Grace period	9 months from the date of disbursement of each tranche
Date of the first installment	November 4, 2021
Date of the last installment	May 25, 2027
Principal repayable in each installment	Each tranche of the facility is repayable in 10 equal semi-annually intallments
Markup rate (formula)	SBP rate + 2.5%
Security	1) First pari passu charge of Rs. 80 million over fixed assets (including land and building) of the Company with 25% margin. 2) Personal guarantee of the Director Mr. Ghulam Ahmed Adam with net worth statement.

16.2.2 Since the facility carries the markup rate of 4.5% which is well below the market interest rate prevailing as on the date of disbursement of funds, the financing is considered to contain an element of government grant as per the IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Accordingly, at initial recognition, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value, as deferred government grant in the statement of financial position. This deferred government grant is being recognized as income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

17.	DEFERRED LIABILITIES	Note	2025	2024
			Rupees	
	Deferred taxation - net	17.1 & 41	1,232,213,387	1,291,575,076
	Staff retirement benefits - gratuity	17.2	18,302,224	14,975,698
	Deferred Grant		144,192	839,273
			<b>1,250,659,803</b>	<b>1,307,390,047</b>

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## 17.1 Deferred taxation-net

	For the year ended September 30, 2025			
	Balance at beginning of the year (restated)	Charge / (income) recognized in statement of profit or loss	Charge / (income) recognized in other comprehensive income	Balance at end of the year
	(Rupees)			
<b>Deferred tax liability in respect of:</b>				
- Surplus on revaluation of property, plant and equipment	1,042,704,489	(54,155,284)	-	988,549,205
- Accelerated tax depreciation	354,666,049	14,399,700	-	369,065,749
- SBP's islamic financing facility for renewable energy	93,700	235,816	-	329,516
	1,397,464,238	(39,519,768)	-	1,357,944,470
<b>Deferred tax asset in respect of:</b>				
- Excess of minimum tax over normal tax liability	(54,862,496)	(11,886,008)	-	(66,748,504)
- Unabsorbed tax depreciation	-	-	-	-
- Excess of alternative corporate tax over corporate tax	(16,169,033)	-	-	(16,169,033)
- Deferred income - Government grant	(811,004)	-	-	(811,004)
- Provision for gratuity	(4,941,980)	(1,339,349)	241,595	(6,039,734)
- Provision for slow moving items	(8,661,266)	(1,592,613)	-	(10,253,879)
- Provision for doubtful debtors	(522,656)	-	-	(522,656)
- Provision for WWF and WPPF	(19,920,727)	(5,265,546)	-	(25,186,273)
	(105,889,162)	(20,083,516)	241,595	(125,731,083)
<b>Net deferred tax liability</b>	<b>1,291,575,076</b>	<b>(59,603,284)</b>	<b>241,595</b>	<b>1,232,213,387</b>
 <b>For the year ended September 30, 2024 (restated)</b>				
	Balance at beginning of the year (restated)	Charge / (income) recognized in statement of profit or loss (Restated)	Charge / (income) recognized in other comprehensive income (Restated)	Balance at end of the year (restated)
	(Rupees)			
<b>Deferred tax liability in respect of:</b>				
- Surplus on revaluation of property, plant and equipment	1,068,028,786	(58,700,197)	33,375,900	1,042,704,489
- Accelerated tax depreciation	329,148,483	25,517,566	-	354,666,049
- SBP's islamic financing facility for renewable energy	819,404	(725,704)	-	93,700
	1,397,996,673	(33,908,335)	33,375,900	1,397,464,238
<b>Deferred tax asset in respect of:</b>				
- Excess of minimum tax over normal tax liability	(37,518,861)	(17,343,635)	-	(54,862,496)
- Unabsorbed tax depreciation	-	-	-	-
- Excess of alternative corporate tax over corporate tax	(16,169,033)	-	-	(16,169,033)
- Deferred income - Government grant	(1,903,401)	1,092,397	-	(811,004)
- Provision for gratuity	(3,898,323)	(1,093,131)	49,474	(4,941,980)
- Provision for slow moving items	(750,716)	(7,910,550)	-	(8,661,266)
- Provision for doubtful debtors	(506,818)	(15,838)	-	(522,656)
- Provision for WWF and WPPF	(22,652,088)	2,731,361	-	(19,920,727)
	(83,399,240)	(22,539,396)	49,474	(105,889,162)
<b>Net deferred tax liability</b>	<b>1,314,597,433</b>	<b>(56,447,731)</b>	<b>33,425,374</b>	<b>1,291,575,076</b>

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**17.2 Staff retirement benefits - *gratuity***

As disclosed in note 3.10, the Company operates an unfunded gratuity scheme for its head office employees. The latest actuarial valuation of the plan was carried out as at October 28, 2025 by M/s. Nauman Associates, using the Projected Unit Credit Method.

	2025	2024
	Rupees	
<b>17.2.1 Movement in net liability in the statement of financial position</b>		
Opening defined benefit obligation	14,975,698	12,182,259
Expense charged to statement of profit or loss	4,084,187	3,221,872
Remeasurements recognized in other comprehensive income	(732,106)	(149,922)
Benefit paid	(25,555)	(278,511)
<b>Closing defined benefit obligation</b>	<u>18,302,224</u>	<u>14,975,698</u>
<b>17.2.2 Expense recognized in the statement of profit or loss</b>		
Current service cost	2,288,637	1,455,919
Interest cost on defined benefit obligation	1,795,550	1,765,953
	<u>4,084,187</u>	<u>3,221,872</u>
<b>17.2.3 Remeasurement gains recognised in other comprehensive income</b>		
Actuarial (gain) / loss on defined benefit obligation due to change in financial assumptions	151,245	218,350
Actuarial (gain) / loss on defined benefit obligation due to experience adjustments	(883,351)	(368,272)
	<u>(732,106)</u>	<u>(149,922)</u>
<b>17.2.4 Year end sensitivity analysis of defined benefit obligation</b>		
Discount rate + 100 bps	17,418,663	14,222,570
Discount rate - 100 bps	19,305,447	15,829,219
Rate of salary increase + 100 bps	19,324,455	15,826,781
Rate of salary increase -100 bps	17,385,959	14,211,814
<b>17.2.5 Principal assumptions used in valuation of gratuity</b>		
Discount rate used for interest cost in profit and loss	12.00%	16.75%
Discount rate used for year end obligation	11.75%	12.00%
Expected rate of increase in salary level (per annum)	11.38%	11.50%
Mortality rates	SLIC 2001- 2005	SLIC 2001- 2005
<b>17.2.6</b> As of the reporting date, the weighted average duration of the defined benefit obligation was 5 years (2024: 5 years).		
<b>17.2.7</b> The current service and interest cost amounting to Rs. 4,084,187 (2024: Rs. 3,221,872) has been classified under administrative expenses.		

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18.	SHORT TERM BORROWINGS	Note	2025	2024
			Rupees	
<b><i>Unsecured - interest free</i></b>				
	- from Chief Executive	18.1	32,164,394	32,164,394
	- from Adam Lubricants Limited (a related party)	18.2	744,841,005	830,068,000
			<u>777,005,399</u>	<u>862,232,394</u>
<b><i>Secured</i></b>				
	- from Conventional banking companies	18.3	93,093,905	1,030,192,338
	- Habib Bank Limited			
	- from Islamic banking companies	18.4	-	318,500,000
	- Al Baraka Bank (Pakistan) Limited	18.5	-	508,000,000
	- Askari Bank Limited		-	826,500,000
			<u>870,099,304</u>	<u>2,718,924,732</u>

#### 18.1 Loan obtained from the Chief Executive

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

#### 18.2 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.

18.3	Cash finance from Habib Bank Limited	Note	2025	2024
			Rupees	
	Opening balance		1,030,192,339	-
	Obtained during the year		1,645,122,549	2,962,684,649
	Repaid during the year		<u>(2,582,220,982)</u>	<u>(1,932,492,310)</u>
	<b>Closing balance</b>	18.3.1	<b>93,093,906</b>	<b>1,030,192,339</b>

18.3.1 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 September 30, 2025, the limit of the facility amounted to Rs. 1,200 million (2024: Rs. 1,200 million). The facility carries markup at the rate of 1-Month KIBOR + 1.25%. (2024: 1-Month KIBOR + 1.25%). The facility is secured against pledge over stock of sugar bags with 25% margin duly covered by tarpaulin allowed up to PKR 700 Mn for temporary enhanced facility, ranking charge over fixed assets amounting to Rs. 1,200 million (2024: Rs. 800 million) and personal guarantee of Director (Mr. Ghulam Ahmad Adam) . The unavailed facility at year end is Rs. 1106.91 million (2024: Rs. 169.808 million). Further the said facility is due to expire in February 2026.

18.4	Salam facility from AlBaraka Bank (Pakistan) Limited	Note	2025	2024
			Rupees	
	Opening balance		318,500,000	269,300,000
	Financing obtained during the year		399,998,948	400,000,000
	Financing repaid during the year		<u>(718,498,948)</u>	<u>(350,800,000)</u>
	<b>Closing balance</b>	18.4.1	<b>-</b>	<b>318,500,000</b>

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**18.4.1** This represents the amount availed under the salam facility obtained from M/s. AlBaraka Bank (Pakistan) Limited in order to meet working capital requirements of the Company. As of September 30, 2025, the limit of the facility amounted to Rs. 400 million (2024: Rs. 400 million). The loan is repayable within 270 days from the disbursement of each tranche. The facility carries markup at the rate of Matching KIBOR + 2.25% (2024: Matching KIBOR + 2.25%) and is secured against pledge of sugar stock of Rs. 533.334 million with 25% margin, 1st pari passu charge over all present and future fixed assets of the company amounting Rs. 200 million, ranking charge over all present and fixed assets of the company amounting of Rs. 150 million and personal guarantee of directors of the Company (namely Mr. Ghulam Ahmed Adam and Mr. Omar Adam NWS). The unavailed facility at year end amounting Rs. 400 million (2024: Rs.81.5 million). Further the said facility is due to expire on November 2025.

	<i>Note</i>	2025	2024
		<u>Rupees</u>	
<b>18.5</b>	<b>Salam facility from Askari Bank Limited</b>		
Opening balance		508,000,000	100,000,000
Obtained during the year		1,293,451,282	995,608,850
Repaid during the year		(1,801,451,282)	(587,608,850)
<b>Closing balance</b>	<b>18.5.1</b>	<b>-</b>	<b>508,000,000</b>

**18.5.1** This represents the amount availed under the salam facility obtained from M/s. Askari Bank Limited in order to meet working capital requirements during crushing season. The limit of the facility was Rs. 600 million (2024: Rs. 600 million). The facility carried markup at the rate of Matching KIBOR + 1.5% (2024: Matching KIBOR + 1.5%) and was secured against pledge of white refined sugar stock amounting to Rs. 533 million with 25% margin, ranking charge over current assets with 25% margin amounting to Rs. 533 million and personal guarantee of directors of the Company (namely Mr. Ghulam Ahmed Adam, and Omar G Adam) to the extent of unpaid liability. The unavailed facility at year end amounting Rs. 600 million (2024: Rs.92 million). Further the said facility is due to expire on November 2025.

	<i>Note</i>	2025	2024
		<u>Rupees</u>	
<b>19.</b>	<b>SUBORDINATED LOAN FROM THE CHIEF EXECUTIVE</b>		
Outstanding amount of the loan (on undiscounted basis)		24,959,714	22,571,399
<b>Outstanding amount of the loan (on discounted basis):</b>			
Balance as at the beginning of the year		22,571,399	20,411,807
Add: Interest on unwinding of the loan during the year	28	2,388,315	2,159,592
		<b>24,959,714</b>	<b>22,571,399</b>

**19.1** As of September 30, 2020, the outstanding carrying amount of the loan was fully amortized to its nominal value (i.e. Rs. 24.96 million). However, the terms of the loan were renegotiated with the Chief Executive of the Company whereby the contractual maturity of the loan was extended for a further period of five (05) years ending on September 30, 2025. Accordingly, in view thereof, the nominal value of the loan was, again, discounted to its present value, as of September 30, 2020, determined using the discount rate of 10.58% (computed as 1-year KIBOR + 3% credit spread).

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			2025	2024
			Rupees	
<b>20.</b>	<b>TRADE AND OTHER PAYABLES</b>	<i>Note</i>		
	Trade creditors	20.1 & 42.3	41,192,675	537,961,797
	Accrued liabilities		49,565,435	25,381,416
	Advance from customers		69,907,055	117,718,013
	Sales tax payable		315,605,114	51,206,250
	Withholding tax payable		59,234,213	36,816,235
	Provision for Workers' Profit Participation Fund	20.2	29,485,614	19,793,368
	Provision for Workers' Welfare Fund	20.3	46,836,425	40,572,471
	Others		3,870,744	5,958,799
			<u>615,697,275</u>	<u>835,408,349</u>
<b>20.1</b>	<b>Trade creditors</b>			
	Cane growers		-	448,347,946
	Others	20.1.1	<u>41,192,675</u>	<u>89,613,851</u>
			<u>41,192,675</u>	<u>537,961,797</u>
<b>20.1.1</b>	This includes an amount of Rs. 1,010,771 (2024: Rs. 1,530,643) due to Adam Lubricants Limited, an associated undertaking, as at reporting date.			
<b>20.2</b>	<b>Provision for Workers' Profit Participation Fund</b>	<i>Note</i>	2025	2024
	Opening balance		19,793,368	36,554,154
	<i>Add:</i>			
	Charge for the year		7,465,492	10,346,187
	Interest accrued	28	2,226,754	1,964,265
			9,692,246	12,310,452
	Payment made during the year		-	(29,071,238)
			<u>29,485,614</u>	<u>19,793,368</u>
<b>20.3</b>	<b>Provision for Workers' Welfare Fund</b>			
	Opening balance		40,572,471	34,233,620
	Charge for the year		6,263,954	6,338,851
			<u>46,836,425</u>	<u>40,572,471</u>
<b>21.</b>	<b>ACCRUED MARKUP</b>			
	Long term borrowings		10,475,633	17,745,985
	Short term borrowings		16,367,491	190,367,905
			<u>26,843,124</u>	<u>208,113,890</u>
<b>22.</b>	<b>TAXATION - NET</b>			
	Opening balance		25,615,643	108,216,983
	Less: taxes deducted at source including advance tax		(148,023,929)	(189,844,726)
			(122,408,286)	(81,627,743)
	Add: Levies- Final/ minimum tax under Income Tax Ordinance, 2001.	31.	46,286,411	17,343,635
	Add: Current tax	32.	102,763,433	89,899,751
	Income tax (refundable) / payable		149,049,844	107,243,386
			<u>26,641,558</u>	<u>25,615,643</u>

*(Signature)*

**22.1** Except as disclosed in note 22.1.1 to these financial statements, income tax assessments of the Company are deemed to have been finalized up to, and including, the tax year 2025 (accounting year ended September 30, 2024) based on the returns of income filed by the Company with the concerned taxation authority. As per section 120 of the Income Tax Ordinance, 2001 ('the Ordinance'), a tax return filed by a taxpayer is treated as an assessment order issued by the concerned taxation authority unless the same is selected for re-assessment / audit as per the legal provisions stipulated in the Ordinance.

## **23. CONTINGENCIES AND COMMITMENTS**

### **23.1 Contingencies**

**23.1.1** During the year ended September 30, 2021, the Commissioner, Inland Revenue (defunct) Zone II, LTU, selected the case of the Company for tax years 2014, for audit under section 177(1). During the pending proceedings, the jurisdiction was transferred to Audit Unit-12 under Commissioner Inland Revenue, Audit-I, LTO. The Deputy Commissioner (Audit-1) Inland Revenue, after notice and hearing, then passed orders in terms of Section 122(1) resulting in a demand of Rs. 487.06 million against declared loss of Rs. 23.16 million for the tax year 2014.

The Company filed an appeal against the impugned order and impugned demand before the Commissioner Inland Revenue (Appeals) for the above mentioned tax year, whereby the Company failed to get desired relief, and therefore, filed appeals before the Appellate Tribunal. Further, the Company also filed a Constitutional Petition before the Honorable Sindh High Court, Karachi, and the Court, vide its order dated January 25, 2021 directed the Department not to take coercive action against the Company for recovery of the impugned demand.

On February 16, 2022, the Deputy Commissioner (Audit-1) Inland Revenue issued a notice to impose penalty u/s 182 for concealment of income u/s 111(1)(a)/(d)(i) amounting to Rs. 266.51 million for the above mentioned tax year. The Company filed a Constitutional Petition before the Honorable Sindh High Court, Karachi, and the Court, vide its order dated August 04, 2022 directed the Department not to pass any final order pursuant to the impugned notice u/s 182(2).

The legal counsel is of the view that there is no likelihood of any unfavourable outcome against the Company pertaining which is pending before Appellate Tribunal. Therefore, based on the view of the Company's legal counsel, no provision has been made in these financial statements.

**23.1.2** In April and June 2021, the Company received certain Orders-in-Original passed by the Deputy Commissioner Inland Revenue (DCIR) whereby it was alleged that the Company had suppressed its sales and the corresponding sales tax liability and, accordingly, it was liable to pay an aggregate amount of Rs. 8,683.757 million (including default surcharge and penalty). The details of the said Orders-in-Original are produced below:

Order-in-Original		Period covered	Demand created		
Order No.	Order Date		Sales tax	Default surcharge and penalty	Total
(Rs. in million)					
09/165/2021	June 05, 2021	Oct. 2014 to Sep. 2015	995.887	846.735	1,842.622
10/165/2021	June 12, 2021	Oct. 2015 to Sep. 2016	1,074.208	915.274	1,989.482
05/165/2021	April 08, 2021	Oct. 2016 to Sep. 2017	1,293.325	1,100.854	2,394.179
06/165/2021	April 08, 2021	Oct. 2017 to Sep. 2018	1,327.875	1,129.599	2,457.474
<b>Total</b>			<b>4,691.295</b>	<b>3,992.462</b>	<b>8,683.757</b>

Being aggrieved with the aforementioned Orders-in-Original passed by the DCIR (here-in-after referred to as 'the impugned orders'), in May and June 2021, the Company preferred appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] praying that the impugned orders are bad in law and may be set-aside or demanded back. In addition, the Company also filed Constitutional Petitions before the Honorable Sindh High Court, Karachi which, vide its order dated October 04, 2021 directed the DCIR not to take coercive measures against the Company for recovery of the impugned demand. Thereafter, the CIR(A) vide his orders dated August 21, 2021, September 17, 2021 and October 21, 2021 upheld the orders passed by the DCIR and disposed off the pending appeals.

*[Signature]*

Subsequently, on September 28, 2021 and December 08, 2021, the Company filed appeals before the Appellate Tribunal Inland Revenue (ATIR) challenging the aforesaid orders passed by the CIR(A). As of the reporting date, all such appeals were pending for adjudication. However, the Company's legal counsel is of the view that the final outcome of the appeals is likely to be in favour of the Company and, accordingly, no provision for the aforementioned tax demand raised by the DCIR, amounting to Rs. 8,683.757 million, has been recognized in these financial statements.

**23.1.3** In August 2021, the Company, along with several other mills, received a demand notice from the Competition Commission of Pakistan (CCP) whereby it was alleged that the Company involve in anti-competitive activities in the sugar industries and accordingly the said demand notice impose a penalty of Rs. 277,754,779/- on the Company. Being aggrieved with the aforesaid order the Company filed a Suit (bearing no. 64290 of 2021) before the Honorable High Court of Lahore ('the Court') for suspension of demand notice dated August 13, 2021 issued by CCP. Subsequently, the Honorable Lahore High Court vide its order dated October 18, 2021, has restrained CCP from recovering the impugned demand, till the next date of hearing against legality, correctness, propriety and legitimacy of the Casting Vote of Chairperson of The Competition Commission of Pakistan.

The Company also filed an appeal (STA/17/2022) before the Competition Appellate Tribunal (CAT), Islamabad, which, vide its order dated 2 June 2022, directed that no coercive measures be taken by the CCP for recovery of the penalties until the final adjudication of the appeal.

During the year, the CAT disposed of the above appeal vide its order dated 21 May 2025, setting aside the impugned CCP order dated 13 August 2021 and remanding the matter back to the Commission for fresh hearing by the Chairman or any other member not previously involved, to be decided within 90 days. Being aggrieved, the Company filed Civil Appeal No. 497/2025 before the Supreme Court of Pakistan, which, vide its order dated 18 September 2025, upheld the CAT's direction regarding the casting vote and remand of the case, to be heard afresh within 90 days.

Subsequently, the appeal before the Competition Appellate Tribunal (CAT) was withdrawn on 28 October 2025, as all learned counsel for the appellants, under instructions, did not press the appeals following the setting aside of the casting vote. The impugned order effectively remained a split decision, with two Members each expressing differing views. Accordingly, the Tribunal allowed the request, and all listed appeals were formally withdrawn, with pending applications remaining, and the files consigned to record. On 3 November 2025, the CCP filed a review petition before the Supreme Court.

Currently, the CCP's review petition before the Supreme Court remain pending. Based on the opinion of its legal counsel, the Company has a strong case on merit, and the final outcomes of these matters are expected to be favorable. Accordingly, no provision has been recognized in these financial statements for penalties aggregating Rs. 277.754 million.

**23.1.4** The Deputy Commissioner Inland Revenue issued a show cause notice under section 161(1A) dated 19 May 2021 and thereafter passed an ex-parte order under section 161(1) dated 16 June 2021 for alleged non-deduction and non-collection of withholding taxes under various provisions of the Income Tax Ordinance, 2001 in respect of Tax Year 2015. The proceedings were initiated on the basis that the Company, being a prescribed withholding agent, was required under the law to withhold and/or collect taxes on specified payments and to deposit the same into the Federal Treasury. The said order created a demand for short deduction / collection of withholding taxes amounting to Rs. 146.66 million, along with default surcharge under section 205 of Rs. 118.13 million and penalty under section 182 of Rs. 14.67 million, aggregating to Rs. 279.46 million.

Being aggrieved with the said order, the Company filed an appeal before the Commissioner Inland Revenue (Appeals), Karachi, who vide order dated 11 May 2022 set aside the order of the Deputy Commissioner Inland Revenue with directions to re-adjudicate the matter after providing proper opportunity of being heard.



Accordingly, a notice under section 124 read with section 161 dated 5 October 2023 was issued requiring compliance on 26 October 2023, for which an adjournment was requested by the Company and was granted. Thereafter, a reminder dated 31 October 2023 was issued for compliance on 10 November 2023, followed by six further reminder notices; but the matter remained pending. Consequently, the Deputy Commissioner Inland Revenue passed an order dated 29 June 2024, creating a revised aggregate tax demand of Rs. 276,191,637, comprising income tax of Rs. 122,179,262, default surcharge of Rs. 141,594,049 and penalty of Rs. 12,418,326.

Being aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue, Division Bench-I, Karachi (ITA No. 1392/KB/2024). The Appellate Tribunal Inland Revenue vide its order dated 8 July 2025 dismissed the appeal, holding that no legal infirmity or procedural lapse existed in the impugned order dated 29 June 2024 and accordingly confirmed the order passed by the Deputy Commissioner Inland Revenue.

Subsequent thereto, during July 2025, the Company paid an aggregate amount of Rs. 24,781,281, and further deposited Rs. 15,000,000 on 25 September 2025, aggregating to Rs. 39,781,281, which has been reflected as deposits (refer Note 10.2 to the financial statements).

Being further aggrieved, the Company instituted Income Tax Reference Application No. 307 of 2025 before the Honourable High Court of Sindh on 31 July 2025, challenging the order passed by the Appellate Tribunal Inland Revenue. Subsequent to the reporting period, the Honourable High Court of Sindh at Karachi vide its order dated 2 October 2025 directed the Company to deposit 50% of the total liability, after adjustment of amounts already deposited amounting to Rs. 39,781,281, resulting in a further deposit requirement of Rs. 98,314,537, to be deposited with the learned Nazir of the Court within two weeks. The interim order was directed to continue, and the matter was fixed for hearing on 12 January 2026. Accordingly, the Company deposited the required amount of Rs. 98,314,537 with the Nazir of the Honourable High Court of Sindh on 4 December 2025.

The matter is currently pending adjudication before the Honourable High Court of Sindh. Based on legal advice, the management is optimistic about a favourable outcome of the Income Tax Reference Application and accordingly, no provision has been made in these financial statements.

**23.1.5** For the last several years, the Company has been contesting certain legal suits filed against it by 15 former employees (“the applicants”) before the Court of Kaleem Yousuf, Authority under the Payment of Wages Act, 1936, Bahawalnagar (“the Authority”). In each case, the applicants filed claims under section 15(2) of the Payment of Wages Act, 1936, alleging that they had previously been employed by the Company and, upon separation, were not paid their alleged dues including salary/wages, gratuity, leave encashment, overtime and bonus. The aggregate compensation claimed amounted to Rs. 42.842 million.

On 11 November 2023, the Authority announced its final verdict in favour of the applicants and directed the Company to deposit the claimed amount within 30 days from the date of the order. In compliance therewith, the Company deposited Rs. 42.842 million with the Commissioner Workmen’s Compensation, Bahawalnagar (refer note 10.3).

Being aggrieved, in December 2023, the Company filed appeals under section 17 of the Payment of Wages Act, 1936 before the Learned District & Sessions Judge / Presiding Officer, Punjab Labour Court No. 8, Bahawalpur. Subsequently, the matter was taken up before the Punjab Labour Appellate Tribunal No. II, Multan, which, vide its order dated 27 October 2025, allowed withdrawal of the revision petition at the request of the Company’s counsel to enable the Company to pursue the matter before the Authority and directed the Authority to decide the claims expeditiously. As at the reporting date, all 15 cases remain pending before the Punjab Labour Appellate Tribunal No. II, Multan.

Separately, the same 15 former employees also filed appeals before the National Industrial Relations Commission (NIRC), Islamabad, against the order dated 9 July 2025 passed by the learned Member-in-Chambers, along with applications under section 85 of the Industrial Relations Act, 2012, read with section 5 of the Limitation Act, 1908, seeking condonation of delay. The impugned order was passed on 7 July 2025 and signed on 31 July 2025. Attested copies were applied for on 28 August 2025, and the appeals were filed on 8 October 2025. The NIRC, vide its order dated 27 October 2025, dismissed five out of the fifteen appeals on the ground of limitation.



As at the reporting date, ten out of the fifteen cases remain pending before the NIRC, while all fifteen cases are pending adjudication before the Punjab Labour Appellate Tribunal No. II, Multan. Based on the opinion of the Company's legal counsel, the Company has a good arguable case on merit and no adverse outcome is expected. Accordingly, no additional provision has been recognized in these financial statements in respect of these matters.

### 23.2 Previously reported contingency, resolved during the year.

**23.2.1** As disclosed in the financial statements of the Company for the year ended 30 September 2024 (refer Note 22.1.5 (2)), this matter was previously reported as a contingent liability, which stated that the Commissioner Inland Revenue had raised a demand alleging that the Company had claimed inadmissible input tax on certain construction-related goods, including cement, steel, paints, bricks, varnishes, and distempers, for the periods from July 2014 to June 2018 and July 2016 to November 2017, in violation of section 8(1)(h) and (i) of the Sales Tax Act, 1990.

The matter originated with Order-in-Original No. 17/12/2020 & 19/12/2020 dated 29 June 2020 passed by the Deputy Commissioner Inland Revenue under section 11(2) of the Sales Tax Act, 1990, creating demands of Rs. 10.063 million and Rs. 2.997 million, together with default surcharge and penalty. Being aggrieved, the Company filed appeals before the Commissioner Inland Revenue (Appeals), Hyderabad, who remanded the matters back to the DCIR for further proceedings. Following completion of the remanded proceedings, the DCIR revised the demands to Rs. 8.748 million and Rs. 2.997 million, along with default surcharge of Rs. 0.437 million and penalty of Rs. 0.150 million.

The Company filed appeals before the CIR(A), Hyderabad, registered as Appeal Nos. 209 & 210 dated 31 October 2022, which confirmed the DCIR's orders and dismissed the appeals for being without legal merit. The confirmed demands were Rs. 9.186 million for the tax period July 2016 to November 2017 and Rs. 3.147 million for the tax period July 2014 to June 2018, in accordance with SRO 450(I)/2013 dated 27 May 2013, which clarified that input tax is not admissible on goods not directly used in the manufacture of taxable goods.

Being further aggrieved, the Company filed appeals before the Appellate Tribunal Inland Revenue (Special Division Bench), Karachi, registered as STA Nos. 10/KB/2023 and 11/KB/2023, which were dismissed on 1 August 2024, confirming the CIR(A)'s orders and holding that the demands were legally valid under section 25(5) of the Sales Tax Act, 1990. The Company subsequently filed Reference Applications No. 149 & 150 of 2024 before the Honourable High Court of Sindh, Karachi, which were dismissed on 2 October 2024, confirming that the goods in question were used for construction purposes and did not constitute raw materials for the production of taxable goods by the Company.

Subsequently, the Company filed CPLA 1063-K & 1064-K of 2024 before the Supreme Court of Pakistan, which vide its order dated 8 May 2025, upheld the decisions of the lower forums and dismissed the petitions, confirming that the goods in question do not constitute raw material for taxable production in the Company's operations.

As a result of the final adjudication, the Company has recognized a provision of Rs. 12.333 million in these financial statements (refer Note 30).

### 23.3 Commitments

As of the reporting date, no material financial commitments were known to exist.

	SALES REVENUE - net	Note	2025	2024
			Rupees	
24.	Local sales	24.1	9,896,158,901	7,882,909,511
	Export sales		944,883,844	172,332,881
			<u>10,841,042,745</u>	<u>8,055,242,392</u>
24.1	Local sales			
	Sale of sugar	24.1.1	9,241,215,207	6,945,133,801
	Sale of by-products	24.1.2	654,943,694	937,775,710
			<u>9,896,158,901</u>	<u>7,882,909,511</u>

*[Signature]*

			2025	2024
		Note	Rupees	
<b>24.1.1</b>	<b>Sale of Sugar</b>			
Revenue from sale of sugar - gross			11,053,809,282	8,156,176,646
Less: federal excise duty			(7,500,000)	-
Less: sales tax and advance income tax			<u>(1,805,094,075)</u>	<u>(1,211,042,845)</u>
			<u>9,241,215,207</u>	<u>6,945,133,801</u>
<b>24.1.2</b>	<b>Sale of By-products:</b>			
Sales of Molasses (gross)			742,593,962	955,578,191
Less: sales tax			<u>(113,277,045)</u>	<u>(34,600,911)</u>
			<u>629,316,917</u>	<u>920,977,280</u>
Sales of Bagasse (gross)			25,500,000	15,148,492
Less: sales tax (including further tax)			<u>(3,980,666)</u>	<u>(2,590,888)</u>
			<u>21,519,334</u>	<u>12,557,604</u>
Sales of Mud (gross)			4,885,060	5,131,400
Less: sales tax (including further tax)			<u>(777,617)</u>	<u>(890,574)</u>
			<u>4,107,443</u>	<u>4,240,826</u>
			<u>654,943,694</u>	<u>937,775,710</u>
<b>25.</b>	<b>COST OF SALES</b>			
Opening stock of finished goods				
- Sugar			3,234,728,318	1,741,362,883
- Molasses			<u>9,189,983</u>	<u>82,049,055</u>
			<u>3,243,918,301</u>	<u>1,823,411,938</u>
Cost of finished goods manufactured		25.1	7,679,789,965	8,550,608,665
Closing stock of finished goods			<u>10,923,708,266</u>	<u>10,374,020,603</u>
- Sugar		7	<u>(592,093,056)</u>	<u>(3,234,728,318)</u>
- Molasses		7	<u>(204,314,561)</u>	<u>(9,189,983)</u>
			<u>(796,407,617)</u>	<u>(3,243,918,301)</u>
			<u>10,127,300,649</u>	<u>7,130,102,302</u>
<b>25.1</b>	<b>Cost of finished goods manufactured</b>			
Raw materials consumed			6,814,580,427	7,703,366,619
Conversion costs incurred:				
- Depreciation		4.1.1	263,803,701	272,574,921
- Salaries, wages and allowances			330,131,662	281,228,182
- Stores and spares consumed			137,752,815	154,199,794
- Repairs and maintenance			94,614,925	101,329,390
- Fuel and power			20,977,872	19,833,464
- Insurance			12,517,663	13,652,904
- Market committee fees			2,679,024	2,789,809
- Flying ash removal expenses			3,024,730	2,432,258
			<u>865,502,392</u>	<u>848,040,722</u>
Opening stock of work in process			5,226,045	4,427,369
Closing stock of work in process		7	<u>(5,518,899)</u>	<u>(5,226,045)</u>
			<u>(292,854)</u>	<u>(798,676)</u>
			<u>7,679,789,965</u>	<u>8,550,608,665</u>

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26.	ADMINISTRATIVE EXPENSES	Note	2025	2024
			Rupees	
Salaries, wages and other allowances	26.1		82,572,833	72,418,938
Directors' remuneration	35		63,976,686	65,243,175
Depreciation	4.1.1		15,071,006	9,426,978
Vehicle running expenses			6,445,148	7,872,914
Legal and professional charges			7,917,161	5,420,090
Electricity charges			4,728,416	5,251,437
Computer expenses			2,715,037	5,094,718
Printing and stationery			5,085,587	4,085,091
Fees and subscription			3,577,826	3,164,481
Entertainment			3,945,609	3,098,896
Postage and telephone			3,926,327	3,007,612
Auditors' remuneration	26.2		2,859,000	2,550,000
Repair and maintenance			1,359,360	2,202,158
Conveyance and travelling expenses			1,575,720	1,405,919
Rent, rates and taxes			1,276,401	1,138,447
General expenses			4,361,830	2,360,586
			<b>211,393,947</b>	<b>193,741,440</b>

26.1 This include Rs. 4,084,187 (2024: Rs. 3,221,872) in respect of staff retirement benefits.

26.2	Auditors' remuneration	Note	2025	2024
			Rupees	
Annual audit			2,200,000	2,000,000
Review of half yearly financial statements			559,000	450,000
Other certifications			100,000	100,000
			<b>2,859,000</b>	<b>2,550,000</b>

## 27. SELLING AND DISTRIBUTION COSTS

Commission expenses	10,082,812	6,257,112
Shifting expenses	4,866,157	5,348,827
Loading and unloading expenses	2,465,532	2,495,760
Export expenses	31,316,445	917,896
Advertisement expenses	260,840	211,100
	<b>48,991,786</b>	<b>15,230,695</b>

## 28. FINANCE COSTS

Markup charge on long term borrowings:		
- Conventional financing	48,638,880	80,500,293
- Islamic financing facility for renewable energy	2,515,997	3,371,923
- Subordinated loan from Chief Executive	2,388,315	2,159,592
	<b>53,543,192</b>	<b>86,031,808</b>
Markup charge on short term borrowings:		
- on conventional financing	74,987,769	197,980,293
- on Islamic financing	154,110,124	275,266,660
	<b>229,097,893</b>	<b>473,246,953</b>
Bank charges	4,677,218	4,565,969
Finance cost on Workers' profit participation fund	2,226,754	1,964,265
	<b>289,545,057</b>	<b>565,808,995</b>

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	<i>Note</i>	2025	2024
		Rupees	
<b>29. OTHER INCOME</b>			
Profit on saving accounts		1,176,257	141,423
Profit on term deposit receipts		590,603	5,810,224
Gain on disposal of operating fixed assets		-	1,360,117
Amortization of deferred government grant		1,606,444	2,224,191
Foreign currency gain on monetary items		599,036	58,800
Forfeited deposits on unfulfilled sale contracts		-	4,993,994
Miscellaneous		14,054,983	8,797,170
		<b>18,027,323</b>	<b>23,385,919</b>

**30. OTHER OPERATING EXPENSES**

		2025	2024
		Rupees	
Provision against slow-moving stores and spares		4,826,099	23,900,275
Provision for sales tax payable on demand	23.2.1	12,333,000	-
Assets written off		7,020,309	-
Charity and donation	30.1	8,349,378	9,278,592
		<b>32,528,786</b>	<b>33,178,867</b>

**30.1** None of the directors or their spouse had any interest in the donees. Further, the particulars of the parties to whom donation paid exceeds Rs. 1 million or 10% of the total donation, whichever is higher, are as follows:

		2025	2024
		Rupees	
Bantva Memon Jamat		1,500,000	1,500,000
Indus Hospital		1,000,000	1,000,000
Al Khidmat Foundation		1,000,000	1,000,000
Shaukat Khanum Hospital		1,000,000	-

**31. LEVIES**

		2025	2024
		Rupees	
Workers' Welfare Fund		6,263,954	6,338,851
Workers' Profit Participation Fund		7,465,492	10,346,187
Excess of minimum tax over normal tax		13,729,446	16,685,038
		<b>46,286,411</b>	<b>17,343,635</b>
		<b>60,015,857</b>	<b>34,028,673</b>

**32. TAXATION**

		2025	2024
		Rupees	
Current		100,149,419	93,015,589
Prior year		2,614,014	(3,115,838)
Deferred		102,763,433	89,899,751
		(59,603,284)	(56,447,731)
		<b>43,160,149</b>	<b>33,452,020</b>

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		Restated 2025	2024
		Rupees	
<b>33. EARNINGS PER SHARE</b>			
<b>33.1 Basic earnings per share</b>			
Profit after taxation		<u>46,133,837</u>	<u>73,085,319</u>
Weighted average number of ordinary shares outstanding during the year		<u>17,290,962</u>	<u>17,290,962</u>
Earnings per share - basic		<u>2.67</u>	<u>4.23</u>
<b>33.2 Diluted earnings per share</b>			

There was no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at the reporting date.

		Note	2025	2024	
			Rupees		
<b>34. CASH AND CASH EQUIVALENTS</b>					
Bank balances		12	26,807,240	53,025,872	
Short term borrowing - running finance		18.3	<u>(93,093,905)</u>	<u>(1,030,192,338)</u>	
			<u>(66,286,665)</u>	<u>(977,166,466)</u>	

### 35. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees							
Basic salary	31,800,000	31,800,000	30,600,000	30,600,000	26,120,121	37,394,400	88,520,121	99,794,400
Vehicle expenses	155,200	-	92,000	449,886	87,750	57,700	334,950	507,586
Travelling expenses	-	-	1,136,686	2,359,289	-	257,935	1,136,686	2,617,224
Bonus and leave encashment	-	-	-	-	1,928,839	1,558,100	1,928,839	1,558,100
Meeting Fee	80,000	8,000	360,000	26,000	-	-	440,000	34,000
	<u>32,035,200</u>	<u>31,808,000</u>	<u>32,188,686</u>	<u>33,435,175</u>	<u>28,136,710</u>	<u>39,268,135</u>	<u>92,360,596</u>	<u>104,511,310</u>
Number of persons	1	1	2	2	13	19		

**35.1** The Chief Executive, two directors and the executives have been provided with free use of the Company maintained cars.

### 36. 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. Remuneration of the Chief Executive and directors is disclosed in note 35 to the financial statements. Transactions entered into, and balances held with, related parties, are as follows:

*[Signature]*

Name of the related party	Particulars	2025	2024
		Rupees -----	
Adam Lubricants Limited (Company under common control)	<i>Transactions during the year</i>		
	Lubricants purchased during the year	7,647,770	14,873,910
	Payment against purchases during the year	8,167,642	13,699,698
	Loan received during the year	2,932,815,970	1,540,000,000
	Loan repaid during the year	3,018,042,965	874,932,000
	<i>Balances at the year end</i>		
	Payable against purchases	1,010,771	1,530,643
	Short term loan payable	744,841,005	830,068,000
Chief Executive (Mr. Ghulam Ahmed Adam)	<i>Balances at the year end</i>		
	Short term loan payable	32,164,394	32,164,394
	Subordinated loan payable	24,959,713	24,959,713
Chief Executive (Mr. Ghulam Al Guarantees provided to banks against financing on behalf of the Company (refer notes 16, 18.3.1, 18.4.1 and 18.5.1)		4,251,360,000	4,251,360,000

### 37. SEGMENT INFORMATION

These financial statements have been prepared on the basis of a single reportable segment i.e. sale and manufacturing of sugar. The entity-wide disclosures required by IFRS 8 'Operating Segments' are given below:

- (a) Revenue from sale of sugar represents 93.96% (2024: 88.35%) of the total revenue whereas remaining represent revenue from sale of molasses, bagasse and mud.
- (b) 91.28% (2024: 97.57%) gross sales of the Company were made to customers based in Pakistan.
- (c) As at September 30, 2025 and September 30, 2024 all non-current assets of the Company were located in Pakistan.
- (d) Following are the customers from whom 10% or more of the Company's revenue has been generated during the year:

	2025	2024
	Rupees -----	
Customer- A	5,303,601,834	2,884,552,892
Customer- B	2,399,542,372	1,798,349,670
Customer- C	1,244,753,684	-

### 38. FINANCIAL INSTRUMENTS

#### 38.1 Categories of financial assets and financial liabilities

##### 38.1.1 Financial assets

###### *At amortised cost*

Long term deposits	4,191,581	4,191,581
Short term investments	25,020,460	25,020,460
Trade debts	743,312,197	506,643,021
Short term loans to staff	2,058,421	3,617,921
Other receivables	-	1,727,731
Bank balances	26,807,240	53,025,872
	<u>801,389,899</u>	<u>594,226,586</u>

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	2025	2024
	----- Rupees -----	
Subordinated loan from the Chief Executive	24,959,714	22,571,399
Long term finance	605,593,965	334,938,302
Short term borrowings	870,099,304	2,718,924,732
Trade and other payables	94,628,854	569,681,572
Accrued markup	26,843,124	208,113,890
	<u>1,622,124,961</u>	<u>3,854,229,895</u>

### 38.2 Risks arising from financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

#### 38.2.1 Credit risk

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

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is **past due for 90 days or more**.

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

#### *Maximum exposure to credit risk and its management strategies*

Following is the quantitative analysis of the Company's maximum exposure to credit risk as at the reporting date:

	Note	2025	2024
		----- Rupees -----	
Long term deposits		4,191,581	4,191,581
Short term investments		25,020,460	25,020,460
Trade debts	(a)	743,312,197	506,643,021
Short term loans to staff		2,058,421	3,617,921
Other receivables		-	1,727,731
Bank balances	(b)	26,807,240	53,025,872
		<u>801,389,899</u>	<u>594,226,586</u>

#### **Note 'a' - Credit risk management of trade debts**

The Company attempts to control credit risk arising from dealings with customers by monitoring credit exposures and continually assessing the creditworthiness of its customers. As part of its credit risk management strategy, the Company receives advances from customers against sales of goods. In addition, the Company has a system of assigning credit limits to its customers based on an extensive evaluation of customer profile and payment history. Outstanding customer receivables are regularly monitored.

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As of the reporting date, the aging analysis of trade debts was as follows:

	2025		2024	
	Gross carrying amount	Provision for expected credit losses	Gross carrying amount	Provision for expected credit losses
			Rupees	
Not past due	743,312,197	-	506,643,021	-
Past due 3 months -1 year	-	-	-	-
Past due more than 1 year	1,583,807	1,583,807	1,583,807	1,583,807
	<b>744,896,004</b>	<b>1,583,807</b>	<b>508,226,828</b>	<b>1,583,807</b>

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good do not require any impairment.

**Note 'b' - Credit risk management of bank balances**

Bank Name	Credit rating agency	Ratings	2025	2024
			Rupees	
Meezan Bank Limited	VIS	AAA	-	23,815,591
Habib Bank Limited	VIS	AAA	14,423,968	682,604
Bank Al-Habib Limited	PACRA	AA+	-	-
Bank Al-Falah Limited	VIS	AA+	271,973	5,675,124
Al Baraka Bank (Pakistan) Limited	VIS	AA-	7,492,789	6,191,297
MCB Bank Limited	PACRA	AAA	603,070	722,013
Faysal Bank Limited	PACRA	AA	1	800,674
Allied Bank Limited	PACRA	AAA	355,845	20,250
Soneri Bank Limited	PACRA	AA-	552	53,262
Askari Bank Limited	PACRA	AA+	98	-
United Bank Limited	VIS	AAA	405,610	9,670,302
Bank of Punjab	PACRA	AA+	57,547	1,252,633
Samba Bank Limited	PACRA	AA	12,755	12,857
HSBC Bank Middel East Limited	-	-	497,907	497,907
JS Bank Limited	PACRA	AA	2,334,790	3,041,790
National Bank of Pakistan	VIS	AAA	315,887	315,887
Dubai Islamic Bank Limited	VIS	AA	-	141,018
Habib Metropolitan Bank Limited	PACRA	AA+	603	98,818
Sindh Bank Limited	PACRA	A	22,861	22,861
Silk Bank Limited	VIS	AAA	6,826	6,826
Bank Makramah Limited	VIS	B	3,321	3,321
Bank Islami Limited	PACRA	AA-	837	837
			<b>26,807,240</b>	<b>53,025,872</b>

*Concentration of credit risk*

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was exposed to following concentration of credit risk:

	2025	2024
	Rupees	
Customer- A	296,013,401	375,503,309
Customer- B	<b>198,418,148</b>	<b>59,726,214</b>

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### 38.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

	September 30, 2025						
	Carrying amount	Contractual cash flows	On demand	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees)						
<u>Non-derivative financial liabilities</u>							
Long term finance (including accrued markup)	616,069,598	711,309,102	-	67,213,631	124,677,312	519,418,159	-
Subordinated loan from the Chief Executive	24,959,714	24,959,713	-	-	24,959,713	-	-
Short term borrowings	870,099,304	870,099,304	777,005,399	93,093,905	-	-	-
Accrued markup on short term borrowings	16,367,491	16,367,491	-	16,367,491	-	-	-
Trade and other payables	94,628,854	94,628,854	-	94,628,854	-	-	-
	1,622,124,961	1,717,364,464	777,005,399	271,303,881	149,637,025	519,418,159	-

	September 30, 2024						
	Carrying amount	Contractual cash flows	On demand	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees)						
<u>Non-derivative financial liabilities</u>							
Long term finance (including accrued markup)	352,684,287	421,507,496	-	76,058,824	90,649,716	254,798,956	-
Subordinated loan from the Chief Executive	22,571,399	24,959,713	-	-	24,959,713	-	-
Short term borrowings	2,718,924,732	2,718,924,732	1,892,424,732	826,500,000	-	-	-
Accrued markup on short term borrowings	190,367,905	190,367,905	-	190,367,905	-	-	-
Trade and other payables	569,681,572	569,681,572	-	569,681,572	-	-	-
	3,854,229,895	3,925,441,418	1,892,424,732	1,662,608,301	115,609,429	254,798,956	-

### 38.2.3 Market risk

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

#### a) *Currency risk*

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. As of the reporting date, the Company was not exposed to any foreign currency risk.

#### b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of the reporting date, the Company was exposed to cash flow interest rate risk on the long term and short term financing obtained from banks.

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Exposure to interest rate risk

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2025	2024	2025	2024
	Effective interest rate (%)		Carrying amount (Rs.)	
<b>Financial liabilities</b>				
Long term finance	12.28%-18.13%	11.02%-22.12%	605,593,965	334,938,302
Short term borrowings	11.07%-17.67%	18.21%-23.08%	93,093,905	2,718,924,732
<b>Financial assets</b>				
Bank deposits - pls account	4.2% - 9%	11% - 20%	359,602	5,777,135

Sensitivity analysis:

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

	(Decrease) / increase in profit before taxation	
	1% increase	1% (decrease)
<b>As at September 30, 2025</b>		
Cash flow sensitivity - Variable rate financial instruments	(6,983,283)	6,983,283
<b>As at September 30, 2024</b>		
Cash flow sensitivity - Variable rate financial instruments	(30,480,859)	30,480,859

c) *Other price risk*

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

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## 39. 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).

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 year, there were no transfers between the levels of the fair value hierarchy.

### 39.1 Fair value hierarchy

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

September 30, 2025	Level 1	Level 2	Level 3	Total
	Rupees			
- Freehold land	-	1,429,893,000	-	1,429,893,000
- Factory building	-	202,225,523	-	202,225,523
- Non - factory building	-	70,490,118	-	70,490,118
- Plant and machinery	-	4,326,343,410	-	4,326,343,410
September 30, 2024				
- Freehold land	-	1,429,893,000	-	1,429,893,000
- Factory building	-	208,852,115	-	208,852,115
- Non - factory building	-	74,200,124	-	74,200,124
- Plant and machinery	-	4,497,108,441	-	4,497,108,441

There were no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

### 39.2 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:

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Description	2025	2024	Inputs used in fair value measurement
	Rupees	Rupees	
--- 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	202,225,523	208,852,115	To determine the fair value of the buildings, following significant inputs were used:
Non-factory buildings on freehold land	70,490,118	74,200,124	<ol style="list-style-type: none"> <li>1) Covered area of each building physically inspected by the valuer;</li> <li>2) Complete specification of civil work on each building;</li> <li>3) Physical condition of each building;</li> <li>4) Cost of construction of new similar building;</li> </ol>
Plant and machinery	4,326,343,410	4,497,108,441	<p>To determine the fair value of the plant and machinery, following significant inputs are :</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.;</li> </ol>

### 39.3 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 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.

### 40. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

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

	2025	2024	(Restated)
	----- Rupees -----		
<b><i>Borrowings</i></b>			
Long term finance	605,593,965	334,938,302	
Subordinated loan from the Chief Executive	24,959,714	22,571,399	
	<u>630,553,679</u>	<u>357,509,701</u>	
<b><i>Share capital and reserves</i></b>			
Issued, subscribed and paid up capital	172,909,620	172,909,620	
Share premium	172,909,620	172,909,620	
Capital contribution from director	18,601,691	18,601,691	
Revenue reserves	1,315,003,447	1,184,363,904	
	<u>1,679,424,378</u>	<u>1,548,784,835</u>	
	<u>2,309,978,057</u>	<u>1,906,294,536</u>	

#### 41. CORRECTION OF PRIOR PERIOD ERRORS

##### Restatement of Super Tax – Tax Year 2023

For Tax Year 2023, the Company received an order under section 4C dated 21 May 2025, under which Super Tax is payable at the effective rate of 8%, resulting in a total demand of Rs. 32,047,828, of which Rs. 4,460,980 has already been paid, leaving a balance of Rs. 27,586,848. Upon review of the Company's records, it was noted that Super Tax had been initially provided at an incorrect rate of 4%, amounting to Rs. 16,545,879. The resulting under-provision of Rs. 15,501,949 has now been recognized, and the Super Tax liability has been restated retrospectively in the financial statements to reflect the correct charge.

##### Rate of deferred tax

The Company had previously calculated deferred tax using the standard rate of 29%. However, under Section 4C of the Income Tax Ordinance, an additional tax is applicable based on the level of taxable income, which is also required to be considered in determining deferred tax. The Company had inadvertently not applied the correct composite tax rate in prior years. During the current year, the Company has corrected this matter retrospectively.

The aforesaid prior period errors have been corrected retrospectively in accordance with 'IAS 8 - Basis of Preparation of Financial Statements', and the comparative figures have been restated. As the restatement had a material impact on the statement of financial position at the beginning of the earliest comparative period presented (i.e., September 30, 2023), a third statement of financial position has also been presented in these financial statements in compliance with IAS 1 'Presentation of Financial Statements'.

The retrospective effects on the corresponding figures presented in these financial statements are as follows:

##### Effects on the statement of financial position

	As at September 30, 2024			As at September 30, 2023		
	As previously reported	As restated	Change	As previously reported	As restated	Change
	(Rupees)			(Rupees)		

##### Share capital and reserves

Unappropriated profits	1,038,641,867	984,363,904	(54,277,963)	918,513,735	852,517,319	(65,996,416)
Surplus on revaluation of plant and electrical instruments	3,654,432,478	3,528,044,055	(126,388,423)	3,780,726,839	3,680,599,141	(100,127,698)

##### Deferred liabilities

Deferred taxation-net	1,126,410,639	1,291,575,076	165,164,437	1,163,975,268	1,314,597,433	150,622,165
Taxation - net	10,113,694	25,615,643	15,501,949	92,715,034	108,216,983	15,501,949

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Effects on the statement of profit or loss

	For the year ended September 30, 2024		
	As previously reported	As restated	Change
	(Rupees)		
Revenue - net	8,055,242,392	8,055,242,392	-
Cost of sales	(7,130,102,302)	(7,130,102,302)	-
<b>Gross profit</b>	<b>925,140,090</b>	<b>925,140,090</b>	-
Administrative expenses	(198,307,409)	(193,741,440)	(4,565,969)
Selling and distribution expenses	(15,230,695)	(15,230,695)	-
<b>Operating profit</b>	<b>(213,538,104)</b>	<b>(208,972,135)</b>	<b>(4,565,969)</b>
	<b>711,601,986</b>	<b>716,167,955</b>	<b>(4,565,969)</b>
Finance costs	(561,243,026)	(565,808,995)	4,565,969
Other income	23,385,919	23,385,919	-
Other operating expenses	(33,178,867)	(33,178,867)	-
<b>Profit before levies and taxation</b>	<b>(571,035,974)</b>	<b>(575,601,943)</b>	<b>4,565,969</b>
	<b>140,566,012</b>	<b>140,566,012</b>	-
Levies	(34,028,673)	(34,028,673)	-
<b>Profit before taxation</b>	<b>106,537,339</b>	<b>106,537,339</b>	-
<i>Taxation</i>			
- Current	(93,015,589)	(93,015,589)	-
- Prior year	3,115,838	3,115,838	-
- Deferred	37,608,106	56,447,731	(18,839,625)
	(52,291,645)	(33,452,020)	(18,839,625)
<b>Profit after taxation</b>	<b>54,245,694</b>	<b>73,085,319</b>	<b>(18,839,625)</b>
<b>Earning per share - basic and diluted</b>	<b>3.14</b>	<b>4.23</b>	<b>1.09</b>

**42. GENERAL**

**42.1 Plant capacity and actual production**

	2025		2024	
	Quantity (Metric Tons)	No. of Days	Quantity (Metric Tons)	No. of Days (Metric Tons)
Crushing capacity	<b>2,400,000</b>	<b>150</b>	2,400,000	150
Cane crushed	<b>651,341</b>	<b>115</b>	684,186	104
Production - sugar	<b>57,442</b>	<b>115</b>	69,369	104

**42.1.1** During the crushing season 2024-25, mill operated 115 days (2023-2024 : 104 days) out of 180 days, therefore the production capacity of the Company remained under utilized mainly due to non-availability of sugar cane.

	2025	2024
	Number	Number
<b>42.2 Number of employees</b>		
Total number of employees as at the year end	<b>493</b>	<b>485</b>
Average number of employees during the year	<b>668</b>	<b>650</b>

#### 42.3 Reclassification of corresponding figures

Corresponding figures have been rearranged and reclassified in these financial statements, wherever necessary, for the purpose of comparison. Major reclassifications are detailed hereunder:

Reclassification from	Reclassification to	Rupees
Bank charges (Administrative Expenses)	Bank charges (Finance Cost)	27 <u>4,565,969</u>
Trade creditors (Trade and other payable)	Withholding tax payable (Trade and other payable)	4.2 <u>379,560</u>

#### 42.4 Non-adjusting event after the reporting date

The Board of Directors in their meeting held on January 05, 2026 has proposed a final cash dividend of Rs. \_\_\_\_\_/- per share (2024: Rs. 1.5/- per share) for approval of the members at the Annual General Meeting to be held on \_\_\_\_\_. These financial statements do not reflect this appropriation.

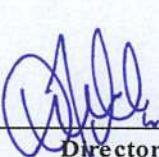
#### 42.5 Date of authorization of the financial statements for issue

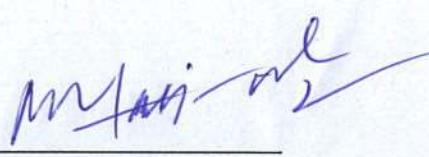
These financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on January 05, 2026

#### 42.6 Level of rounding

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

  
\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer