



SHAHMURAD
SUGAR MILLS LTD.

ANNUAL
REPORT 2022



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Company Information

BOARD OF DIRECTORS

MR. NOOR MOHAMMAD ZAKARIA

MR. ZIA ZAKARIA

MR. ABDUL AZIZ AYOOB

MRS. SANOBAR HAMID ZAKARIA

MR. ASAD AHMED MOHIUDDIN

MR. RUMI MOIZ

MR. SHEIKH ASIM RAFIQ

BOARD AUDIT COMMITTEE

MR. RUMI MOIZ

MR. NOOR MOHAMMAD ZAKARIA

MRS. SANOBAR HAMID ZAKARIA

HUMAN RESOURCE AND REMUNERATION COMMITTEE

MR. RUMI MOIZ

MR. NOOR MOHAMMAD ZAKARIA

MR. ZIA ZAKARIA

CHIEF FINANCIAL OFFICER

MR. ZAID ZAKARIA

COMPANY SECRETARY

MR. MOHAMMAD YASIN MUGHAL
FCMA

AUDITORS

M/s. KRESTON HYDER BHIMJI & CO.
Chartered Accountants

LEGAL ADVISOR

MR. IRFAN
Advocate

REGISTERED OFFICE

96-A, Sindhi Muslim Society, Karachi-74400 Tel: 34550161-63 Fax: 34556675

www.shahmuradsugar.co

REGISTRAR & SHARES REGISTRATION OFFICE
C & K Management Associates (Pvt) Ltd.
404-Trade Tower,
Abdullah Haroon Road,
Near Metropole Hotel, Karachi - 75530

FACTORY
Jhok Sharif,
Taluka Mirpur Bathoro,
District Sujawal (Sindh)



Mission

To gain strength through industry leadership in the manufacturing and marketing of sugar and allied products, to have a strong presence in these products markets while retaining the options to diversify in other lucrative ventures.

To operate efficiently, ethically and while maximizing profits and satisfying customers' needs and stakeholders' interests.

To assist in the socio economic development of Pakistan especially in the rural areas through industrial expansion and development.

Vision

To be a leading company producing sugar and allied products of international quality by maintaining high level of ethical and professional standards.

CODE OF CONDUCT

Shahmurad Sugar Mills Limited is guided by the following principles in its pursuit of excellence in all activities for the attainment of the Company's Objectives.

THE COMPANY

- Fulfills all statutory requirements of the Regulatory Authority and follows all applicable laws of the Country together with compliance of accepted accounting principles, rules and procedures required.
- Deals with all stakeholders in an objective and transparent manner so as to meet the expectations of those who rely on the Company.
- Meet the expectations of the spectrum of the society and the Regulatory Authority by implementing an effective and fair system of financial reporting and internal controls.
- Uses all means to protect the environment and ensures health and safety of the employees.
- Activities and involvement of directors and employees of the Company in no way conflict with the interest of the Company. All acts and decisions of the management are motivated by the interest of the Company rather than their own.
- Ensures efficient and effective utilization of its resources.

AS DIRECTORS

- Promote and develop attractive environment through responsive policies and guidelines to facilitate viable and timely decisions.
- Maintain organizational effectiveness for the achievement of the Company's goals.
- Support and adherence to compliance of legal and industry requirements.
- Safeguard the interest and assets of the Company to meet and honor all obligations of the Company.
- Promote a culture that supports enterprise and innovation with appropriate short-term and long term performance related rewards that are fair and achievable in motivating management and employees effectively and productively.

AS EXECUTIVE AND MANAGERS

- Ensure cost effectiveness and profitability of operations.
- Provide directions and leadership for the organization and take viable and timely decisions.
- Develop and cultivate work ethics and harmony among colleagues and associates.
- Encourage initiatives and self-realization in employees through meaningful empowerment.
- Promote and develop culture of excellence, conservation and continuous improvement.
- Provide pleasant work atmosphere and ensure equitable way of working and rewarding system.
- Institute commitment to environmental, health and safety performance.

AS EMPLOYEES AND WORKERS

- Observe company's policies, regulations and Codes of Best Business Practices.
- Exercise prudence in effective, efficient and economical utilization of resources of the Company.
- Make concerted struggle for excellence and quality.
- Devote productive time and continued efforts to strengthen the Company.
- Protect and safeguard the interest of the Company and avoid the conflict of interest. Ensure the primary interest in all respects is that of the Company.
- Maintain financial integrity and must avoid making personal gain at the Company's cost by participating in or assisting activities which compete with the Company.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 44th Annual General Meeting of SHAHMURAD SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindh Muslim Society, Karachi on Thursday, January 26, 2023 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on March 29, 2022.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2022 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of Final Cash Dividend @ 100 % i.e. Rs.10.00 per ordinary share of Rs.10/- each for the year ended September 30, 2022 as recommended by the Board of Directors. This is in addition to 100% i.e. Rs.10.00 per share interim cash dividend already paid making a total cash dividend of Rs. 20.00 per share i.e. 200%.
4. To appoint Auditors and to fix their remuneration for the year 2022-23. The present Auditors M/s Kreston Hyder Bhimji & Co., Chartered Accountants, retire and offer themselves for re-appointment.

SPECIAL BUSINESS

5. To consider and pass the following Special Resolutions in respect of related party transactions as required u/s 208 of Companies Act 2017.
 - a. "RESOLVED that the transactions carried out in normal course of business with related parties as disclosed in Note No. 37 of the audited financial statements for the year ended September 30, 2022 be and are hereby ratified and approved."
 - b. "FURTHER RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in future in normal course of business with related parties during the ensuing years and in this connection the Chief Executive Officer or Director or Company Secretary be and are hereby authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."
6. To consider and if thought fit, approve enhancement in the scale of remuneration to be paid to the Non-Executive Directors for attending the Board and its Committee(s) meetings by passing the following resolution, as Special Resolutions with our without modification, addition or deletion in General Meeting as per Articles No.75 of the Articles of Association of the company.

"RESOLVED THAT the scale of the remuneration to be paid to the Non-Executive Directors for attending the Board and its Committee(s) meetings be enhanced from PKR 10,000/- to PKR 25,000/-.

"Further Resolved That the Chief Executive Officer or Director or Company Secretary be and are hereby authorized to do all acts, deeds and things, all steps and action necessary, ancillary and incidental for altering the Articles of Association of the company, including filing of all requisite documents / statutory forms, as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements, so as to effectuate the alteration in the Articles of Association and implementing the aforesaid resolution."

OTHER BUSINESS

7. To transact any other business with permission of the Chair.

Attached to this notice is a statement of Material Facts covering the above mentioned Special Business, as required under section 134(3) of the Companies Act, 2017.

By Order of the Board



M. YASIN MUGHAL
COMPANY SECRETARY

Karachi: December 26, 2022

NOTES:

1. Closure of Share Transfer Books:

The Register of the Members of the Company will remain closed from January 20, 2023 to January 28, 2023 (Both days Inclusive) for the purpose of attending the Annual General Meeting /Transfer of shares / entitlement of cash dividend.

2. Participation in Annual General Meeting and appointing proxies:

A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote on his/her behalf . PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

In pursuance of Circular No.1 of SECP dated January 26, 2000 the CDC Account holders/subaccount holders are requested to bring with them their original CNICs or Passports alongwith Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be submitted along with Proxy form to the Company. The nominee shall produced his original CNIC at the time of attending the meeting for identification.

3. Participation in the Annual General Meeting Electronically:

In Pursuance of Circular No. SMD/SL/2(20)2021/117 dated 15-02-2021 Issued by SECP to ensure the participant Members may attend the Meeting Electronically. To attend the Meeting Electronically a Member is required to send an e-mail to agm.shsml@alnoorgroup.co with e-mail address, name, folio number, CNIC Number, Cell Number and number of shares held in his / her name with subject "Registration for AGM of SHSML". A video link to join the Meeting will be shared with Members whose e-mails, containing all the required particulars, are received not later than 48 (forty-eight) hours before the time of the Meeting.

4. Submission of copies of CNIC:

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier, to the Company's Share Registrar. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend, under the provisions of Section 243 of the Companies Act 2017.

5. Deduction of Withholding Tax from Dividend U/S 150 of the Income Tax Ordinance, 2001:

- (I) The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 for payment of dividend are as follows:

Rate of tax deduction for the filer(s) of Income tax return 15%.
Rate of tax deduction for the non-filer(s) of Income tax return 30%.

- (II) To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Tax-payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/Non-Filer" status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold such shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follow:

Company Name	Folio/CDS Account #	Total Shares	Principal shareholder		Joint Shareholders		Signature
			Name and CNIC #	Proportion (No. of shares)	Name and CNIC #	Proportion (No. of shares)	

6. Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax:

As per FBR Circulars No.1(29) WHT/2006 dated June 30, 2010 and No.1(43) DG (WHT) 2008 - Vol. - II-66417-R dated May 12, 2015 the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide Valid Tax Exemption Certificate to our Share Registrar.

In case of those shareholders who are non-residents are requested to please provide their respective detail including residence status /country of residence with copy of their NICOP to our Share Registrars before book closure. In case of non availability of status in their respective portfolio, the respective tax on dividends would be applicable.

7. Payment of Cash Dividend Electronically:

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. A notice of the foregoing seeking information from shareholders for payment of dividend through electronic mode was sent earlier. The shareholders are now once again requested to provide their folio number, name and details of bank account including bank name, branch name, branch code and address, Account number, Title of Account and IBAN/swift code in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same at the earliest possible.

In case shares are held in CDC then the form must be submitted directly to shareholder's broker /participant CDC Investor account services.

8. Unclaimed Dividend / Shares:

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

9. Circulation of Annual Audited Accounts through Email/CD/DVD/ USB:

Pursuant to the directions issued by the SECP vide SRO 787(1) 2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 whereby Securities and Exchange Commission of Pakistan (SECP) has directed and Shareholders of the company in the 38th Annual General Meeting held on January 31, 2017 approved to circulate Annual Audited Financial Statements (i.e. Statement of Financial Position, Statement of Profit or Loss Accounts, Statement of Comprehensive Income, Statement of cash flows, notes to the Financial Statement, Auditor's and Director's Reports) along with notice of Annual General Meeting to its members through e-mail /CD/DVD/USB/ at their registered Addresses.

Shareholders who wish to receive the printed / hard copy of Financial Statements shall have to fill the standard request form available on the Company's website www.shahmuradsugar.co

10. Video Conference Facility:

As per Companies Act, 2017, if the Company received consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the Annual General Meeting (AGM) through video conference at least seven days prior to the date of AGM, the Company will arrange a video conference facility in that city subject to availability of such facility in that city. The Company will intimate to members regarding the video conference facility venue at least 5 days before the date of the AGM along with the complete information needed to access the facility. If you would like to avail video conferencing facility, as per above, please fill the following and submit to registered office of the Company at least seven days before AGM.



I / We, _____ of being a member of Shahmurad Sugar Mills Limited, holder of Ordinary _____ Share(s) as per Register Folio No / CDC Account No. _____ hereby opt for video conference

MEMBER SIGNATURE

11. Deposit of Physical Shares Into CDC Accounts.

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from commencement of the Companies Act, 2017.

The shareholders having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of Pakistan Stock Exchange.

12. Financial Statements and relevant reports have been placed on the website of the company which can be seen on www.shahmuradsugar.co

13. E-Voting:

Members can exercise their right to demand a poll subject to meeting requirements of section 143-145 of the Companies Act 2017 and applicable clauses of Companies (Postal Ballot) Regulation, 2018

14. Change of Address and Non-Deduction of Zakat Declaration Form:

Shareholders are requested to inform the Company's Share Registrar, M/s. C & K Management Associates (Pvt.) Limited, 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi of any change in their addresses and provide their non-deduction of zakat declaration Form immediately.

Statement under Section 134(3) of the Companies Act, 2017 Regarding Special Business

This statement sets out the material facts concerning the special resolution contained in the notice pertaining to the Special Business to be transacted at the Annual General Meeting of Shahmurad Sugar Mills Limited to be held on January 26, 2023.

RELATED PARTY TRANSACTIONS.

Agenda Item No. 5(a) of the Notice - Transactions carried out with related parties during the year ended September 30, 2022 to be passed as a Special Resolution.

The transactions carried out in normal course of business with related parties were approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Section 208 of the Companies Act 2017 and Section 15 of listed Companies Code of Corporate Governance, Regulation 2019.

During the Board meeting it was pointed out by the Directors that as the majority of Company's Directors were interested in these transactions due to their common directorship and holding of shares in the related parties, the quorum of directors could not be formed for approval of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting. In view of the above, the transactions carried out during the financial year ended September 30, 2022 with related parties shown in note No. 37 of the financial statements are being placed before the shareholders for their consideration and approval / ratification.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the related parties.

Agenda Item No. 5(b) of the Notice - Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with related parties during the ensuing years to be passed as a Special Resolution.

The Company is expected to be conducting transactions with related parties in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the related parties. Therefore, such transactions with related parties have to be approved by the shareholders.

In order to comply with the provisions of Section 208 of Companies Act 2017 and Section 15 of Listed Companies Code of Corporate Governance Regulation 2019, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with related parties during the ensuing years.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding.

REVISION OF MEETING FEE:

Agenda Item No.6 of the Notice - The Board of Directors in their meeting held on December 26, 2022 has recommended for shareholders' approval proposed to enhance Non-Executive Directors' Remuneration for attending Board and its committee(s) meetings from Rs.10,000/- to Rs.25,000/- for each meeting.

The directors of the Company have no vested interest, direct or indirect in the above mentioned Special Business except to the extent of payment of fee to non-executive directors.

CHAIRMAN'S REVIEW REPORT

It gives me immense pleasure to present to the shareholders of Shahmurad Sugar Mills Limited, a review of the financial performance of the Company for the year ended September 30, 2022 and the overall effectiveness of the Board to attain its goals and objectives.

The composition of the Board of Directors reflects a varied mix of necessary skills and competencies. The rich backgrounds and experience of the Board members in the fields of business, regulations, finance and banking is able to steer the corporate strategy into progress.

The Board carried out the annual review of its effectiveness and performance on a self-assessment basis. I believe that the processes adopted in developing and reviewing the overall corporate strategy and achievement of organizational goals are commendable which are truly reflected in the financial results and performance of the Company.

Despite immense challenges in the foregoing year, Alhamdulillah the Company was able to achieve commendable results mainly due to its diversified portfolio, export sales and austerity measures taken to control costs.

The company continued to fulfill its corporate social responsibilities and contribute positively to the environment.

On behalf of the Board of Directors, I would like to acknowledge the contribution of all our employees to the success of the Company. I look forward and pray to ALLAH SWT for the continued success and growth of the Company.



NOOR MOHAMMAD ZAKARIA
CHAIRMAN

Karachi
December 26, 2022

DIRECTORS' REPORT

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear members Asslamu Alaikum

I take the opportunity with great pleasure to present to you on behalf of the Board of Directors the audited financial statements of your company along with Auditors' report for the year ended September 30, 2022.

FINANCIAL PERFORMANCE:	2021-22	2020-21
	(Rupees in thousands)	
Profit before taxation	1,966,674	298,439
Provision for taxation	(315,823)	(162,773)
Profit after taxation	1,650,851	135,666
Earnings per share	Rs.78.17	Rs.6.42

Your company has earned a profit after tax amounting to Rs.1,650.851 million as against a profit of Rs. 135.666 million earned during the previous year. The principal activity of your company is to manufacture sugar and ethanol.

Salient comparative production and financial data are provided as under:

OPERATIONAL RESULTS:	2021-22	2020-21
Sugarcane crushed (metric tons)	601,695	441,293
Sugar produced (metric tons)	66,683	47,220
Sugar recovery rate (percentage)	11.08	10.70
Molasses produced (metric tons)	25,810	19,740
Ethanol produced (metric tons)	69,752	42,643

FINANCIAL DATA:	(Rupees in thousands)	
Sales	17,806,813	9,934,493
Cost of sales	(14,355,554)	(9,172,383)
Gross profit	3,451,259	762,110
Distribution cost	(142,085)	(43,368)
Administrative expenses	(304,211)	(255,575)
Other expenses	(591,917)	(87,000)
Financial cost	(488,790)	(366,619)
Other Income	42,468	289,059
Share of loss in associate	(50)	(168)
Profit before tax	1,966,674	298,439

PERFORMANCE REVIEW

SUGAR DIVISION:

Alhamdulillah, during the period under consideration the performance of the company on overall bases was good. During the period under review, the recovery rate increased to 11.08 percent from 10.70 percent achieved in the same period last year which was due to the good quality of sugar cane. The sugar produced was 66,683 metric tons which was 41.22 percent higher than the previous year's production of 47,220 metric tons. This was due to higher crushing volume of sugarcane as the availability of the same was improved during the current crushing season. As mentioned in the quarterly reports, the production of sugar in the country during the current year was approximately 8 million tons which is far greater than the requirement of the country and as a result, the price of sugar has a declining trend in the domestic market.

ETHANOL DIVISION

During the period under consideration, ethanol plant operated satisfactorily and produced 69,752 metric tons of ethanol as compared to 42,643 metric tons produced last year. The production is higher by 63.57 percent when compared with the production of last year. The higher production was achieved due to the availability of raw material and improved demand from foreign buyers. Your company exported 72,397 metric tons of ethanol as against 39,690 metric tons exported last year and the company earned valuable foreign exchange for the country. The management has worked extensively to develop a portfolio of various products mixes in order to ensure optimum utilization of the plant capacity.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE:

1. The Financial Statements prepared by the management of the Company present fairly its states of affairs, the results of operations, cash flow and changes in equity.
2. The Company has maintained proper books of accounts as required under the law.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as going concern.
7. There has been no material departure from the best practices of the Code of Corporate Governance as detailed in the Listing Regulations of Pakistan Stock Exchange.
8. There have been no outstanding statutory payments, except those under normal course of business and some disputed cases which are appearing in the relevant notes to the financial statements.
9. The pattern of shareholding in the Company as on September 30, 2022 is also included in the Annual Report.
10. The Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses or minor children carried out no trade in the shares of the Company except as otherwise indicated.
11. The investment out of provident fund have been made in accordance with the provision of Section 218 of the companies Act 2017 and rules formulated for this purpose.
12. The key operating and financial data of the last ten years and pattern of shareholding have been included in the Annual Report. There has been no significant change in the holding of directors or their spouses except otherwise indicated.

ELECTION OF BOARD OF DIRECTORS:

The tenure of current members of the Board was completed on March 29, 2022 and the members in the Extra Ordinary General Meeting held on the said date elected the following persons as directors of your company for period of three years.

01. Mr. Noor Muhammad Zakaria
02. Mr. Zia Zakaria
03. Mr. Abdul Aziz Ayoob
04. Mrs. Sanobar Hamid Zakaria
05. Mr. Asad Ahmad Mohiuddin
06. Mr. Rumi Moiz
07. Mr. Sheikh Asim Rafiq

MEETING OF BOARD OF DIRECTORS:

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

<u>NAME OF DIRECTORS</u>	<u>ATTENDED</u>	<u>STATUS</u>
1. Mr. Noor Muhammad Zakaria	3	Non Executive
2. Mr. Zia Zakaria	5	Executive
3. Mr. Abdul Aziz Ayooob	5	Executive
4. Mrs. Sanobar Hamid Zakaria	4	Non Executive
5. Mr. Asad Ahmad Mohiuddin	5	Non Executive
6. Mr. Naeem Ahmad Shafi*	1	Independent Director
7. Mr. Khurram Aftab*	2	Independent Director
8. Mr. Rumi Moiz	3	Independent Director
9. Mr. Sheikh Asim Rafiq	2	Independent Director

* Mr. Naeem Ahmad Shafi and Mr. Khurram Aftab were directors prior to election of directors.

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

AUDIT COMMITTEE:

The Board has also constituted an Audit Committee comprising of the following directors. During the period under consideration, four meetings of the Audit Committee were held and attendance of each director was as under:

<u>NAME OF DIRECTORS</u>	<u>ATTENDED</u>	<u>STATUS</u>
1. Mr. Naeem Ahmad Shafi (Chairman)	1	Independent Director
2. Mr. Noor Muhammad Zakaria	2	Non-executive
3. Mrs. Sanobar Hamid Zakaria	3	Non-executive
4. Mr. Rumi Moiz (Chairman)	2	Independent Director

Mr. Naeem Ahmad Shafi was the chairman of Audit Committee before election of directors. After election Mr. Rumi Moiz was nominated by the Board as Chairman of the Audit Committee.

Terms of Reference of the Audit Committee have also been determined by the Board in accordance with the guidelines provided in the Listing Regulations of the Pakistan Stock Exchange Limited.

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Board has also constituted Human Resource and Remuneration Committee in accordance with the guidelines provided in the Listing Regulations of Pakistan Stock Exchange Limited consisting of the following Directors.

1. Mr. Rumi Moiz	Chairman	Independent Director
2. Mr. Noor Muhammad Zakaria	Member	Non-Executive Director
3. Mr. Zia Zakaria	Member	Executive Director

During the period, one meeting of the Committee was held and all the directors attended the meeting.

DIRECTORS' REMUNERATION POLICY:

As per articles of the Company, the Board is authorized to determine the remuneration of executive, non-executive and independent Directors from time to time with the approval of members in general meeting obtained in accordance with the articles of the Company and Companies Act 2017. The Board of Directors has developed a Directors' Remuneration Policy which describes in detail, the objectives and sets a transparent procedure for determination of the remuneration packages of individual non-executive directors for attending Board's and its committees meetings.

Salient features, amongst other, of Directors' Remuneration Policy include that the level of remuneration shall be competitive and sufficient to attract and retain qualified and skilled individuals. Details of the aggregate amount of remuneration of executive and non-executive directors are disclosed in note no. 39 to the financial statements.

FUTURE OUTLOOK:

SUGAR DIVISION

The Government of Sindh has notified the price of sugarcane at Rs. 302/- per forty kgs as against Rs. 250/- notified last year. Sugarcane crop is better in the country due to attractive returns to the growers during the last two years and good rain fall. The crushing season for 2022-23 has just commenced, it is expected that the production of sugar would be higher than the requirement of the country in addition to the opening surplus carry-over stock of last year. In view of the increase in the price of raw material the production cost of sugar would increase considerably. The price of sugar in the market is also expected to enhance accordingly. The Government should consider the option of exporting excess sugar in order to stabilize the price of sugar in the domestic market and earn much needed foreign exchange for the country.

ETHANOL DIVISION:

The availability of molasses is expected to be better due to a good cane crop in the country. The price of molasses has also increased considerably due to higher demand. The price of ethanol is range bound and there is uncertainty due to political and economical situations in the world. The management is aggressively pursuing various avenues to develop product mixes which would help improve the profit margin of ethanol division.

CREDIT RATING OF THE COMPANY:

VIS Credit Rating Company Limited has assigned initial medium to long term entity rating of 'A-/A-2' (Single A minus/ A-two) to the Company an outlook on medium to long term rating as "stable".

CORPORATE AND SOCIAL RESPONSIBILITY:

The Company is committed to accomplish its Corporate and Social Responsibility (CSR) goals and continued to take initiatives by supporting education, healthcare, environments and other social causes around the Mills area in order to bring improvement in the lives of lesser privileged communities of the area. The Company undertook continuously numbers of welfare activities in its franchise area i.e. established a school up to secondary level, holding of medical camps on interval basis, financial assistance to deserving villagers, provided fertilizer and seed to growers, supply of free ration and medical assistance to needy persons.

ENVIRONMENTS AND COMPANY'S BUSINESS:

The management is well aware of its responsibilities towards maintaining good environment so that its negative impacts can be eliminated and it is committed to sustainable development of the society. Your company is determined to minimize environmental impact by reducing waste and emissions and conduct its business with the highest concern for health and safety of its employees, customers, suppliers, neighbors and the general public. The management initiates tree plantation drives to support the environment within the community.

RELATED PARTIES TRANSACTIONS:

All related parties transactions carried out during the period are placed before the Board's Audit Committee and the Board for final approval as required under the Listing Regulation of Pakistan Stock Exchange. Related parties transactions carried out at arm's length price as provided in Companies Act 2017 would also be placed before the members in the forth coming annual General Meeting.

CONTRIBUTION TO NATIONAL EXCHEQUER:

The company is also enhancing the resources of the country in the form of taxes, duties and earning foreign exchange through export of sugar as when allowed by the Government and ethanol in order to reduce trade deficit being faced by the country. During the period under review your company has exported 72,397 metric tons of ethanol and earned valuable foreign exchange for the country.

RISK MANAGEMENT AND OPPORTUNITIES:

The Company operates in a challenging environment and the management has set up an effective mechanism for identification, evaluation and mitigation of risk which enables smooth operation and ensures that focus remains on business growth.

CREDIT RISK:

The company usually sells the products against advance payments but in case of credit sale proper due diligence of customers is exercised to whom credit is extended.

MARKET RISK:

The company is exposed to risk of changes in the price of its raw materials and finished products. This is managed by planning of stock levels and continuous monitoring of markets for purchases and sales through various sources at time and intervals found appropriated.

LIQUIDITY RISK :

The Company managed working capital requirements from various banks to cater to the mismatch between sales receipts and payment for purchases in order to meet its business obligations.

The Board periodically reviews major risk faced by the business and take necessary actions in order to mitigate the risk. Audit Committee also reviews the financial and compliance risks. The Human Resource and Remuneration Committee reviews the compensation and reward policies to ensure that these are competitive and effective for retention and attraction of talented and experienced staff.

MECHANISM FOR EVALUATION OF THE BOARD:

The Board and Board's committee's members are highly experienced personnel and continuously striving to improve their effectiveness and undertake annual review to assess the Board's performance. The Board also reviews the developments taking place in the corporate sector and governance to ensure that the company remains aligned with the best practices.

DIVIDEND:

The Directors have recommended a final cash dividend at the rate of 100 percent i.e. Rs.10.00 per share of Rs.10/- each in addition to 100 percent Interim cash dividend i.e. Rs.10.00 per share of Rs.10.00 each. (2021: 30 percent i.e. Rs.3.00 per share of Rs. 10/- each)

APPOINTMENT OF AUDITORS:

The present Auditors, M/s Kreston Hyder Bhimji and Company, Chartered Accountants, will stand retired with the conclusion of Annual General Meeting for the year 2021-22 and being eligible have offered themselves for re-appointment for the year 2022-23. Audit Committee also recommended their re-appointment for the year 2022-23 and the Board of your company also endorsed the recommendation of the Audit Committee for re-appointment of M/s Kreston Hyder Bhimji and Company, Chartered Accountants, till the conclusion of next Annual General Meeting.

STAFF RELATIONS:

Finally the directors place on record their appreciation for devotion of duty and hard work of the executives, staff members and workers for the smooth running of the company's affairs, meeting the objectives and targets in the current demanding environments and are confident that they will continue to demonstrate the same zeal and vigor in future under the blessing of our Creator.

By order of the Board



ZIA ZAKARIA
Managing Director & CEO



A. AZIZ AYOUB
Director

Karachi

Dated: December 26, 2022

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2019 FOR THE YEAR ENDED SEPTEMBER 30, 2022

Shahmurad Sugar Mills Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019 ("the Regulations") in the following manner:

1. The total number of directors are seven as per following:
 - a) Male Six
 - b) Female One
2. The composition of Board is as follow:
 - (a) Independent directors:
 - i) Mr. Rumi Molz
 - ii) Mr. Shelkh Asim Rafiq
 - (b) Non-Executive directors:
 - i) Mr. Noor Muhammad Zakaria
 - ii) Mr. Asad Ahmad Mohiuddin
 - iii) Mrs. Sanobar Hamid Zakaria
 - (c) Executive directors:
 - i) Mr. Zia Zakaria
 - ii) Mr. Abdul Aziz Ayoob

Following the election of Directors, the Board was reconstituted on March 29, 2022 comprising of 7 directors including 2 independent directors. One third of seven comes to 2.33 and the fraction was not rounded upward to one to have three independent directors in observance of general mathematic principle.
3. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this Company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act 2017 ("the Act") and the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
9. Since Chairman and all the directors, except the female director, have prescribed education and experience required for exemption under clause 19(2) of the Regulations accordingly they are exempted from attending directors training program pursuant to clause 19(2) of the Regulations. Director Mr. Asad Ahmad Mohiuddin has acquired the required certification.
10. Chief Financial Officer (CFO) was appointed by the Board during 2019 and his remuneration package and terms and conditions of employment and complied with relevant requirements of the Regulations. The remuneration, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit and any change thereto have been approved by the Board.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.

- 12 After election of the Board, the Board has constituted committees comprising of the following members.
- | | |
|--|----------|
| a) Audit Committee: | |
| Mr. Rumi Molz | Chairman |
| Mr. Noor Muhammad Zakaria | Member |
| Mrs. Sanobar Hamid Zakaria | Member |
| b) HR and Remuneration Committee: | |
| Mr. Rumi Molz | Chairman |
| Mr. Noor Muhammad Zakaria | Member |
| Mr. Zia Zakaria | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following.
- | | |
|----------------------------------|-------------------------|
| a) Audit Committee | Four quarterly meetings |
| b) HR and Remuneration Committee | One annual meeting |
15. The Board has set up an effective Internal Audit function in the Company managed by qualified and experience professional, who are conversant with the policies and procedures of the Company and the industry's best practices. They are involved in the internal audit functions on full time basis. The head of internal audit department functionally reports to the Board's Audit Committee. The Audit Committee submit the audit reports to the Chairman of the Committee
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and Auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 is as follows:
- I. The requirement of Nomination Committee is optional in regulation no 29. The Board takes care of the responsibilities prescribed for nomination committee so a separate nomination committee is not considered necessary.
 - II. The requirement of Risk Management Committee is optional in regulation no 30. The risk management carried out at the overall Company's level by the executive management of the Company headed by the CEO. The Company's management monitors potential risk and risk management procedures are carried out to identify, assess and mitigate any identified or potential risk. The Board is also apprised from time to time about the risks and their management. Therefore, it is not considered necessary to have a separate committee in the respect.
 - III. Since the requirement with respect to disclosure of significant policies on the website is optional in regulation no 35(1), the company has uploaded only limited information in this respect on the Company's website. However, significant related information in respect of salient policies is disclosed in the annual reports of the Company which are duly uploaded on the website and are available for every one assessing the website. The company will however, review and place key elements of other policies if considered necessary.


NOOR MOHAMMAD ZAKARIA
 Chairman


ZIA ZAKARIA
 Chief Executive Officer

Karachi: December 26, 2022

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FINANCIAL POSITION:										
Share capital	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187	211,187
Revenue reserves	4,591,245	3,141,065	3,178,204	2,690,419	1,750,761	920,125	937,213	858,025	736,114	521,769
Surplus on revaluation	1,212,117	1,309,151	1,389,650	1,476,197	1,582,959	546,707	568,724	587,964	611,888	416,220
of fixed assets										
Long-term financing	656,877	895,100	1,163,612	1,340,813	1,659,686	1,542,234	756,942	774,675	761,669	726,251
Deferred taxation	162,110	70,279	17,212	(25,726)	(68,700)	(81,034)	53,862	56,458	28,842	24,831
Current liabilities	6,217,140	4,304,474	5,351,671	4,672,241	4,925,666	3,456,917	1,428,785	2,642,076	2,318,096	1,901,805
Operating assets	5,551,147	5,260,906	5,386,952	5,498,699	5,315,321	3,052,313	2,541,075	2,424,275	2,425,608	2,141,973
Long-term deposits	2,599	2,429	2,429	2,429	2,429	2,429	2,428	2,395	2,390	2,390
Long-term investment	1,094	958	1,006	1,351	1,815	2,673	3,097	3,759	5,101	4,346
Current assets	7,494,696	4,665,568	5,919,925	4,860,438	4,529,303	3,537,186	1,407,923	2,696,867	2,229,376	1,646,273
FINANCIAL PERFORMANCE										
Turnover	17,806,813	9,934,493	11,143,607	9,497,552	7,220,127	5,055,682	5,909,743	5,199,162	5,353,972	5,642,437
Gross profit	3,451,259	762,110	1,591,640	2,010,195	810,408	583,894	670,379	805,191	884,146	606,322
Operating profit	2,455,514	665,226	1,275,897	1,705,403	783,430	128,636	343,522	541,563	616,908	395,721
Profit/(Loss) before tax	1,966,674	298,439	931,588	1,354,532	548,249	(74,397)	170,136	262,783	243,411	84,281
Profit after tax	1,650,851	135,666	760,556	1,205,546	601,258	7,268	125,148	184,723	226,741	91,611
Earning per share	78.17	6.42	36.00	57.08	28.47	0.34	5.93	8.75	10.74	4.34
Cash dividend	200%	30%	120%	170%	70%	5%	24%	35%	43%	15%
Bonus shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUGAR PRODUCTION										
Cane Crushed (M.Tons)	601,695	441,293	444,430	500,270	744,578	672,747	496,109	596,006	666,887	561,083
Sugar Produced (M.Tons)	66,683	47,220	48,786	55,425	82,366	72,755	52,578	65,791	71,473	59,343
Recovery (%)	11.08%	10.70%	11.00%	11.08%	11.06%	10.82%	10.60%	11.02%	10.72%	10.58%



Independent Auditor's Review Report to the Members of Shahmurad Sugar Mills Limited

Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shahmurad Sugar Mills Limited (the Company) for the year ended September 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

Kreston Hyder Bhimji & Co
Chartered Accountants
Karachi

Date: 26th December, 2022

UDIN: CR2022102250KNhWl3l

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHAHMURAD SUGAR MILLS LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Shahmurad Sugar Mills Limited**, ("the Company") which comprise the statement of financial position as at September 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017). In the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter. Following are the Key audit matters:

S.No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Borrowings</p> <p>The Company has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 5,427,239 million, being 77% of total liabilities, as at reporting date.</p> <p>Given the significant level of borrowings, finance costs and gearing impact, the disclosure given by the management in financial statements and compliance with various loan covenants, this is considered to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level. Verification of disbursement of loans and utilization on sample basis. Review of charge registration documents. Verification of repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made.

S.No.	Key audit matter	How the matter was addressed In our audit
	<p>(Refer Notes 3.11, 20 and 24 to the financial statements).</p>	<ul style="list-style-type: none"> • Understating and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis. • Obtaining confirmation from Banks and other lenders of the Company to confirm balances, terms and conditions stated in the terms sheets and compliance thereof. • Performing analytical procedures, recalculations and other related procedures for verification of finance costs. • Ensuring that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the financial statements.
2.	<p>Recognition of Revenue</p> <p>Revenue from sale of the Company's products has increased by approximately 79% as compared to last year. Revenue is recognized when performance obligations are satisfied by transferring control of promised goods to customer, generally on delivery of goods.</p> <p>There is inherent risk that revenue may be overstated since the Company focuses on revenue as a key performance indicator, which could create an incentive for revenue to be recognized before control has been transferred.</p> <p>Considering revenue recognition as a significant risk area, we have identified this as a key audit matter.</p> <p>(Refer to note 3.15 and 27 to the financial statements).</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards including management's assessment of Impact of IFRS-15 "Revenue from Contracts with Customers". • Obtaining an understanding of management's internal controls over the revenue process and tested effectiveness of controls relevant to such process; • Performing analytical procedures and test of details by selecting sample of transactions for comparing with sales orders, sales invoices, delivery orders and other underlying records. • Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery orders and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • Reviewing the adequacy of disclosure as required under applicable financial reporting framework.

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 of the Company, 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. 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 the 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 is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

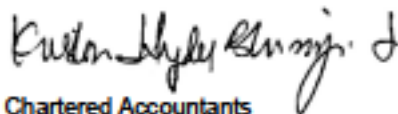
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 Shaikh Mohammad Tanvir.



Chartered Accountants
Karachi

Dated: 28th December, 2022

UDIN: AR202210225pBgnGKW0y

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

	Note	2022 (Rupees in thousand)	2021
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	5,551,147	5,260,906
Intangible asset	5	-	-
Long term Investment	6	1,094	958
Long term loans	7	1,140	1,395
Long term deposits	8	2,599	2,429
		5,555,980	5,265,688
CURRENT ASSETS			
Stores and spares	9	241,733	297,350
Stock-in-trade	10	3,537,695	3,574,691
Trade debts	11	1,059,148	415,500
Loans and advances	12	568,220	155,596
Trade deposits and short term prepayments	13	5,921	1,451
Other receivables	14	15,363	117,549
Short term investment	15	1,050,410	373
Income tax refundable-net of provision		-	49,297
Cash and bank balances	16	1,016,206	53,761
		7,494,696	4,665,568
		13,050,676	9,931,256
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 25,000,000 ordinary shares of Rs. 10 each		250,000	250,000
Issued, subscribed and paid-up capital	17	211,187	211,187
Revenue reserve			
General reserve	18	80,000	80,000
Unappropriated profit		4,513,440	3,063,446
Share of associate's unrealised loss on remeasurement of its Investment at fair value through other comprehensive income		(2,195)	(2,381)
Revaluation surplus on property, plant and equipment	19	1,212,117	1,309,151
		6,014,549	4,661,403
NON CURRENT LIABILITIES			
Long term financing	20	656,877	895,100
Deferred taxation	21	162,110	70,279
		818,987	965,379
CURRENT LIABILITIES			
Trade and other payables	22	1,319,916	796,875
Accrued finance cost	23	61,211	30,270
Short term borrowings	24	4,532,139	3,176,979
Loan from related parties	25	41,135	48,135
Unclaimed dividend		14,431	11,992
Current portion of long term financing	20	238,223	238,223
Income tax payable - net of payments		10,085	-
		6,217,140	4,304,474
CONTINGENCIES AND COMMITMENTS			
	26	-	-
		13,050,676	9,931,256

The annexed notes 01 to 48 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOUB
Director


ZAID ZAKARIA
Chief Financial Officer

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

	Note	2022 (Rupees in thousand)	2021
Sales	27	17,806,813	9,934,493
Cost of sales	28	(14,355,554)	(9,172,383)
Gross profit		3,451,259	762,110
Profit from trading activities	29	1,241	442
		3,452,500	762,552
Distribution cost	30	(142,085)	(43,368)
Administrative expenses	31	(304,211)	(255,575)
Other expenses	32	(591,917)	(87,000)
		(1,038,213)	(385,943)
Other Income	33	41,227	288,617
Operating profit		2,455,514	665,226
Finance cost	34	(488,790)	(366,619)
		1,966,724	298,607
Share of loss in associate	6	(50)	(168)
Profit before taxation		1,966,674	298,439
Provision for taxation	35	(315,823)	(162,773)
Profit after taxation		1,650,851	135,666
Earning per share - Basic and diluted	36	78.17	6.42

The annexed notes 01 to 48 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOUB
Director


ZAID ZAKARIA
Chief Financial Officer

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

	Note	2022	2021
		(Rupees in thousand)	
Profit after taxation		1,650,851	135,666
Other comprehensive Income			
Items that may be reclassified subsequently to statement of profit or loss			
Share of associate's unrealised gain on remeasurement of its investment at fair value through other comprehensive income	6.2	186	120
Total comprehensive income for the year		1,651,037	135,786

The annexed notes 01 to 48 form an integral part of these financial statements.



ZIA ZAKARIA
Managing Director & CEO



AZIZ AYOOB
Director



ZAID ZAKARIA
Chief Financial Officer

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

	Issued, subscribed & paid up capital	General reserves	Un-appropriated profit	Share of associate's unrealized (loss)/ Gain on remeasurement of investment	Revaluation surplus on property, plant and equipment	Total
Rupees in thousand						
Balance as at start of October 1, 2020	211,187	80,000	3,100,705	(2,501)	1,389,650	4,779,041
During the year ended September 30, 2021						
Transaction with owners						
Final dividend for 30-September-2020 @ Rs. 12 per Share	-	-	(253,424)	-	-	(253,424)
Total comprehensive income for the year	-	-	135,666	120	-	135,786
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax (Note-19)						
	-	-	80,499	-	(80,499)	-
Balance as at close of September 30, 2021	211,187	80,000	3,063,448	(2,381)	1,309,161	4,661,403
Balance as at start of October 1, 2021	211,187	80,000	3,063,446	(2,381)	1,309,151	4,661,403
During the year ended September 30, 2022						
Transaction with owners						
Final dividend for 30-September-2021 @ Rs. 3.0 per Share	-	-	(63,356)	-	-	(63,356)
Interim dividend 2022 @ Rs. 10.0 per Share	-	-	(211,187)	-	-	(211,187)
	-	-	(274,543)	-	-	(274,543)
Total comprehensive income for the year	-	-	1,650,851	186	-	1,651,037
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax (Note-19)						
	-	-	73,686	-	(73,686)	-
Deferred tax adjustment due to change in tax rate directly debited to revaluation surplus						
	-	-	-	-	(23,348)	(23,348)
Balance as at close of September 30, 2022	211,187	80,000	4,613,440	(2,195)	1,212,117	6,014,549

The annexed notes 01 to 48 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOUB
Director


ZAID ZAKARIA
Chief Financial Officer

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

	Note	2022	2021
(Rupees in thousand)			
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,988,874	298,439
Adjustment for:			
Depreciation	4.1.1	363,243	355,646
Gain on disposal of property, plant and equipment	4.1.2 & 33	(6,084)	(8,991)
Share of loss in associate	6	60	168
Impairment allowance for obsolescence and slow moving items	32	7,382	4,100
Impairment allowance for export subsidy	32	117,380	58,695
Balances written off	32	2,844	-
Liabilities written back	33	-	(177,610)
Finance cost	34	488,780	366,619
		984,386	598,627
Cash generated before working capital changes		2,881,068	897,066
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		48,266	(54,121)
Stock in trade		38,898	(1,971,243)
Trade debts		(843,848)	(208,322)
Loans and advances		(416,288)	1,312,206
Trade deposits and short term prepayments		(4,470)	(985)
Other receivables		(16,204)	439
		(893,338)	(922,026)
Increase / (decrease) in current liabilities			
Trade and other payables		621,041	(352,225)
Short term borrowings		1,366,180	(464,309)
		1,878,201	(816,534)
		3,813,921	(841,494)
Receipts / (payments) for			
Income tax		(187,968)	(82,151)
Finance cost		(467,862)	(368,165)
Long term loans - net		266	(171)
Long term deposits		(170)	-
		(846,725)	(450,487)
Net cash inflows/(outflows) from operating activities		3,188,198	(1,291,981)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(860,848)	(232,594)
Sale proceeds from disposal of property, plant and equipment	4.1.2	12,469	11,985
Net cash (outflow) from investing activities		(838,380)	(220,609)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing	20.1	(238,223)	(322,412)
Paid to related parties		(7,000)	-
Dividend paid		(272,104)	(251,031)
Net cash (outflow) from financing activities		(517,327)	(573,443)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		2,012,478	(2,086,033)
Cash and cash equivalents at the beginning of the year		64,137	2,140,170
Cash and cash equivalents at the end of year		2,088,818	54,137
Cash and cash equivalent			
- Short term investment	15	1,060,410	376
- Cash and bank balances	16	1,018,208	53,761
		2,088,818	54,137

The annexed notes 01 to 48 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOUB
Director


ZAID ZAKARIA
Chief Financial Officer

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

1 THE COMPANY AND ITS OPERATIONS

Shahmurad Sugar Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on April 9, 1979. Its shares are quoted at the Pakistan Stock Exchange Limited. The registered office of the Company is located at 96-A, Sindh Muslim Cooperative Housing Society, Karachi, Sindh.

The Company owns and operates Sugar and Ethanol manufacturing units which are located at Jhok, District Sujawal in the Province of Sindh. The total area of factory land, owned by the Company is 333.32 Acres.

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the 'historical cost convention' except otherwise specifically stated in these financial statements. The Company uses accrual basis of accounting except for cash flow statement.

2.2 STATEMENT OF COMPLIANCE

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements have been prepared in Pak Rupees, which is the Company's functional currency.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods as appropriate. In the process of applying the accounting policies, management makes following estimates and judgments which are significant to the financial statements:

a) Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment. In making these estimates, the Company uses technical resources available with the Company. The company also uses judgements and estimates in determining fair values of items carried at revalued amounts. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation and impairment.

b) Intangibles

The Company reviews appropriateness of useful life. Further, where applicable, an estimate of recoverable amount of intangible asset is made for possible impairment as and when any such condition arise.

c) Impairment of Investment in Associated Company

In making an estimate of recoverable amount of the Company's investment, the management considers breakup value of shares of respective period.

d) Stores, spare parts and loose tools with respect to impairment allowance for obsolescence and slow moving items

The estimates of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameters i.e. age analysis, physical condition, obsolescence, etc. as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is accounted for as and when it takes place.

e) Stock-in-trade

The Company reviews the net realizable value of stock in trade to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

f) Impairment of financial assets

The Company reviews the recoverability of its financial assets i.e. trade debts, loans, deposits, short term investments, and other receivables to assess amount of expected credit loss required there against on annual basis. While determining impairment allowance, the Company considers financial health, market and economic information, aging of receivables, credit worthiness, credit rating, lifetime expected losses, past records and business relationship.

g) Impairment - non-financial assets

The Company reviews carrying amount of assets periodically to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the statement of profit or loss.

h) Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and decision by appellate authorities on certain issues in past. Due weightage is given to past history while determining the ratio of future export sales for the purposes of calculating deferred taxation.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

i) Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

2.5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARD AND INTERPRETATIONS

2.5.1 Standards, Interpretations and amendments to published approved accounting standards that became effective during the year

The following standards, amendments and interpretations are effective for the year ended September 30, 2022. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - Interest Rate Benchmark Reform (Amendments)

IFRS 16, - COVID-19, Related Rent Concessions beyond June 30, 2021 (Amendments)

Certain other amendments and annual improvements to existing standards have also become effective which are not relevant or do not have significant impact.

2.5.2 New accounting standards / amendments and IFRS Interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

		Effective for accounting periods beginning on or after
		Effective date (annual periods beginning on or after)
Amendment or Improvement		
IFRS 3	Reference to the Conceptual Framework (Amendments)	1-Jan-2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	1-Jan-2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	1-Jan-2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	1-Jan-2023
IAS 1	Disclosure of Accounting Policies (Amendments)	1-Jan-2023
IAS 8	Definition of Accounting Estimates (Amendments)	1-Jan-2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	1-Jan-2023
Improvements to accounting standards issued by the IASB (2018 - 2020 cycle)		
IFRS 9	Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	1-Jan-2022
IAS 41	Agriculture - Taxation in fair value measurement	1-Jan-2022
IFRS 16	Leases: Lease Incentives	1-Jan-2022

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

Standards / Amendments		IASB Effective dates (annual periods beginning on or after)
IFRS 1	First time adoption of International Financial Reporting Standards	1-Jan-2004
IFRS 17	Insurance Contracts	1-Jan-2023
IFRS 16	Lease Liability In a Sale and Leaseback	1-Jan-2024

3 SIGNIFICANT ACCOUNTING POLICIES

The Principal accounting policies adopted are set out below:

3.1 Property Plant and Equipment

a) Operating assets

Recognition/measurement

Operating fixed assets except furniture, fixture & fittings, office equipment and vehicles are stated at revalued amounts less accumulated depreciation and impairment, if any. Furniture, fixture & fittings, office equipment and vehicles are stated at cost less accumulated depreciation and impairment, if any.

Depreciation

Depreciation is charged to income applying the reducing balance method over the expected useful lives of the assets at the rates specified in assets note no. 4.1. Depreciation on additions is charged from the quarter in which the assets are put to use while no Depreciation is charged in the quarter in which the assets are disposed off.

Subsequent cost

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company. The costs of day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

Revaluation surplus

Revaluation of freehold land, building on freehold land and plant and machinery is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of freehold land, factory and non-factory buildings on freehold land and plant and machinery is recognized, net of tax, in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment" except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognized in statement of profit or loss, in which case the increase is first recognized in statement of profit or loss to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to statement of profit or loss. The revaluation reserve is not available for distribution to the Company's shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation reserve to retained earnings.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in statement of profit or loss when the item is derecognized.

b) Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the reporting date less impairment if any and represents costs / expenditures incurred on property, plant and equipment during the course of construction, installation and implementation, etc. These are transferred to specific assets as and when assets are available for intended use.

3.2 Intangible Asset

Intangible assets acquired by the company are stated at cost less accumulated amortization and impairment if any. Amortization is charged to income on straight line basis over the period specified in note 5.

3.3 Investment in Associates

The investment in associates, where the company has significant influence, is accounted for under equity method. Under this method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the investee after the date of acquisition which is recognized in the statement of profit or loss and statement of comprehensive income respectively. Dividend received, if any, reduces the carrying amount of investment. Changes recognized directly in the associate's equity are recognized directly in the Company's equity in proportion of the equity held.

Investment is de-recognized when the Company has transferred substantially all risks and rewards of ownership and rights to receive cash flows from the investment has expired or has been transferred.

3.4 Stores and Spares

Stores and spares are valued at cost, using weighted average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon up to the reporting date. Adequate impairment allowance is made for obsolescence and slow moving items as and when required based on parameters set out by management and as stated in note 2.4 (f).

3.5 Stock-in-Trade

These are stated at lower of weighted average cost and net realizable value.

Cost in relation to finished goods and semi finished goods represents cost of raw material and an appropriate portion of manufacturing overheads. Cost in respect of semi finished goods is adjusted to an appropriate stage of completion of process.

3.6 Trade Debts

Trade Debts are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value and subsequently at amortised cost. An allowance is made for lifetime expected credit losses using simplified approach as mentioned in note 3.14. Trade debts are written off when there is no reasonable expectation of recovery, i.e., when these are considered irrecoverable.

3.7 Employees post employment benefits

Defined Contribution Plan

The Company operates an approved provident fund scheme for all its employees eligible to the benefit and equal monthly contributions thereto are made both by the Company and the employees in accordance with the terms of the scheme @ 10% of the basic salary plus applicable cost of living allowances.

3.8 Compensated unavailed leaves

The Company accounts for its liability towards unavailed leaves accumulated by employees on accrual basis.

3.9 Taxation

a) Current Income Tax

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax or alternate corporate tax under section 113 of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Company also falls under the final tax regime under section 154 and 169 of the Income Tax Ordinance, 2001 to the extent of export sales.

b) Deferred taxation

Deferred tax is recognized using liability method, on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the guidelines mentioned in Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan (ICAP), if considered material.

c) Sales tax and Federal Excise Duty

Revenues, expenses and assets are recognized net of amount of sales tax / federal excise duty (FED) except:

- I) Where sales tax / FED incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- II) Receivables or payables that are stated with the amount of sales tax included.
- III) The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.10 Trade and other payables

Liabilities for trade and other payables are recognized at cost which is the fair value of the consideration to be paid for goods and services received plus directly attributable costs and these are subsequently measured at amortized cost.

3.11 Borrowings and their costs

Borrowings are recorded at the amount of proceeds received which is usually their fair value and subsequently carried at amortized cost.

Borrowing costs incurred on finances obtained for the construction / installation of qualifying assets are capitalized up to date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the statement of profit or loss.

3.12 Provisions and contingencies

Provisions are recognized when the Company has present obligation (legal or constructive) as a result of 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 the obligation. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.13 Financial Instruments

3.13.1 Recognition

Financial assets and liabilities are recognised when the company become party to the contractual provision of the instrument.

3.13.2 Initial measurement

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

3.13.3 Classification of financial assets

The Company determines the classification of financial assets at initial recognition. The classification of financial instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. A financial asset is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition.

The Company classifies its financial instruments in the following categories:

- at amortised cost.
- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or

Financial assets that meet the following conditions are classified as financial assets at amortised cost:

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

Financial assets that meet the following conditions are classified as financial assets at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are classified as financial assets at FVTPL.

3.13.4 Classification of 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.

3.13.5 Subsequent measurement

Financial assets and liabilities at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. In case of financial assets the amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment 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 assets at fair value through other comprehensive income (FVTOCI)

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition of a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement profit or loss, but is transferred to statement of changes in equity.

Financial assets and liabilities at fair value through profit or loss (FVTPL)

These are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL and any interest / markup or dividend income are included in the statement profit or loss.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss).

3.13.6 Derecognition of Financial Instruments

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Any gain or loss on derecognition of financial asset or liability is also included to the statement profit or loss.

3.13.7 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the company or the counter parties.

3.13.8 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognised in the statement of profit or loss.

3.14 Impairment

a) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables, if any.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets. The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The Company considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognized as expense in statement of profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

b) Non-Financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of such assets is estimated.

An impairment loss is recognised if the carrying amount of a specific asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets of the unit on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.15 Revenue Recognition

Revenue is recognized when or as performance obligation are satisfied. Revenue is measured at the fair value of the consideration received or receivable and is recognized on following basis:

- Revenue from sale of goods is recognized when the control of the goods have transferred to the buyer, usually on dispatch of the goods to customers.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding at the rate applicable.
- Mark-up on grower loan is accounted for in line with the recovery of the respective loan due to exigencies involved in such matters. Recognition of mark-up on loans considered doubtful is deferred.
- Dividend income is recognized when the Company's right to receive the payment is established.

3.16 Foreign currency transactions and translation:

Transactions in foreign currencies are recorded into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in the statement of profit or loss.

3.17 Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprises of short term investments having maturity within 3 months, cash and cheques in hand, balances with banks on current, savings and/or deposit accounts.

3.18 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. Operating segments are reported in a manner consistent with the internal reporting structure based on the operating (business) segments of the company. An operating segment's operating results are regularly reviewed by the management and the chief executive officer for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets, consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and other debts. Segment liabilities comprise of operating liabilities and exclude items that are common to all operating segments.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in this note. Inter-segment transactions are recorded at fair value. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

The Company has following reportable segments on the basis of product characteristics and the criteria defined by the "IFRS 8 Segment Reporting".

Sugar Division - Manufacturing and sale of Refined Sugar

Ethanol Division - Manufacturing and sale of Ethyl Ethanol.

3.19 Dividends and other appropriations

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3.20 Earnings per share

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

	Note	2022 (Rupees in thousand)	2021
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	5,179,482	5,140,258
Capital work in progress (CWIP)	4.2	371,665	120,648
		5,551,147	5,260,906

4.1 OPERATING FIXED ASSETS

PARTICULARS	2022										DEPRECIATION RATE PER ANNUM	
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	AS ON OCTOBER 1, 2021	DIRECT ADDITIONS	TRANSFER FROM CMP	DISPOSAL	DEPRECIATION	AS ON SEPTEMBER 30, 2022	COST	ACCUMULATED DEPRECIATION	NET CARRYING VALUE	NET CARRYING VALUE AT SEP 30, 2022		
Rupees in thousands												
FREEHOLD LAND												
Cost	31,575	-	-	-	-	31,575	31,575	-	31,575	-	31,575	-
Revaluation	181,756	-	-	-	-	181,756	181,756	-	181,756	-	181,756	-
FACTORY BUILDING												
Cost	40,256	-	10,965	-	4,848	46,373	160,311	113,938	46,373	113,938	46,373	10%
Revaluation	52,017	-	-	-	5,202	46,815	71,364	24,539	46,815	24,539	46,815	10%
NON FACTORY BUILDING												
Cost	68,215	-	-	-	3,410	64,805	136,988	72,183	64,805	72,183	64,805	5%
Revaluation	138,617	-	-	-	6,831	129,786	159,343	29,557	129,786	29,557	129,786	5%
RES QTR FOR LABOUR												
Cost	2,920	-	-	-	292	2,628	30,308	27,680	2,628	27,680	2,628	10%
Revaluation	7,533	-	-	-	753	6,780	12,685	5,915	6,780	5,915	6,780	10%
PLANT AND MACHINERY												
Cost	3,444,002	-	365,602	-	245,385	3,554,219	6,886,140	2,333,921	3,554,219	2,333,921	3,554,219	5% & 7.5%
Revaluation	1,100,502	-	-	-	70,835	1,029,667	1,345,009	315,342	1,029,667	315,342	1,029,667	5% & 7.5%
FURNITURE, FIXTURE AND FITTINGS												
Cost	2,613	304	-	-	275	2,642	10,868	8,226	2,642	8,226	2,642	10%
OFFICE EQUIPMENT												
Cost	22,238	3,953	-	-	2,497	23,694	62,064	38,360	23,694	38,360	23,694	10%
VEHICLES												
Cost	50,014	29,008	-	7,365	12,915	58,742	122,384	63,642	58,742	63,642	58,742	20%
TOTAL												
Cost	3,661,633	33,265	366,567	7,365	269,622	3,784,676	6,442,658	2,657,980	3,784,676	2,657,980	3,784,676	
Revaluation	1,478,425	-	-	-	83,621	1,394,804	1,770,157	375,353	1,394,804	375,353	1,394,804	
	5,140,258	33,265	366,567	7,365	353,243	5,179,482	8,212,815	3,033,333	5,179,482	3,033,333	5,179,482	

PARTICULARS	2021									
	NET CARRYING VALUE					GROSS CARRYING VALUE				
	AS ON OCTOBER 1, 2020	DIRECT ADDITIONS	TRANSFER FROM CWP	DISPOSAL	DEPRECIATION	AS ON SEPTEMBER 30, 2021	COST	ACCUMULATED DEPRECIATION	NET CARRYING VALUE AT SEP 30, 2021	DEPRECIATION RATE PER ANNUUM
	Rupees in thousand									
FREEHOLD LAND										
Cost	31,575	-	-	-	-	31,575	31,575	-	31,575	-
Revaluation	181,756	-	-	-	-	181,756	181,756	-	181,756	-
FACTORY BUILDING										
Cost	44,729	-	-	-	4,473	40,256	149,346	109,090	40,256	10%
Revaluation	57,787	-	-	-	5,780	52,017	71,354	19,337	52,017	10%
NON FACTORY BUILDING										
Cost	71,805	-	-	-	3,590	68,215	136,988	68,773	68,215	5%
Revaluation	143,807	-	-	-	7,190	136,617	159,343	22,726	136,617	5%
RES QTR FOR LABOUR										
Cost	3,244	-	-	-	324	2,920	30,308	27,388	2,920	10%
Revaluation	8,370	-	-	-	837	7,533	12,695	5,162	7,533	10%
PLANT AND MACHINERY										
Cost	3,579,822	-	108,524	-	244,344	3,444,002	5,532,538	2,088,538	3,444,002	5% & 7.5%
Revaluation	1,176,415	-	-	-	75,913	1,100,502	1,345,009	244,507	1,100,502	5% & 7.5%
FURNITURE, FIXTURE AND FITTINGS										
Cost	2,903	-	-	-	290	2,613	10,564	7,951	2,613	10%
OFFICE EQUIPMENT										
Cost	22,645	1,942	-	-	2,349	22,238	58,131	35,893	22,238	10%
VEHICLES										
Cost	47,579	15,985	-	2,994	10,556	50,014	105,367	55,353	50,014	20%
TOTAL										
Cost	3,804,302	17,927	108,524	2,994	285,926	3,661,833	6,054,817	2,302,984	3,661,833	
Revaluation	1,568,145	-	-	-	89,720	1,478,425	1,770,157	291,732	1,478,425	
	5,372,447	17,927	108,524	2,994	355,646	5,140,258	7,824,974	2,594,716	5,140,258	

4.1.1 Allocation of Depreciation

Depreciation has been allocated as follows:

		2022			2021		
		SUGAR	ETHANOL	TOTAL	SUGAR	ETHANOL	TOTAL
		(Rupees in thousand)			(Rupees in thousand)		
Manufacturing	28	90,617	235,653	326,270	82,593	247,915	330,508
Administration	31	17,146	9,827	26,973	15,484	9,654	25,138
		107,763	245,480	353,243	98,077	257,569	355,646

4.1.2 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Description	Sold to	Original Cost	Accumulated Depreciation	Net Carrying Value	Sale proceeds	Gain on Disposal	Mode of Disposal
(Rupees in thousand)							
Toyota Corolla	Nafees Ahmed Khanzada - Ex-employee	1,841	888	843	2,164	1,211	Negotiations
Toyota Corolla	Ajeem Aqeel Khan - Ex-employee	3,266	183	3,082	3,266	183	Negotiations
Toyota Corolla	Mumtaz Alam Siddique -Ex-employee	3,316	1,048	2,287	3,800	1,333	Negotiations
Suzuki Cultus	Reliance Insurance Co Ltd	1,124	406	718	1,060	331	Negotiations
Two vehicles each having carrying value less than Rs. 500,000	Various	2,456	2,112	344	2,400	2,056	Negotiations
2022		11,891	4,828	7,386	12,468	6,084	
2021		12,601	9,607	2,994	11,985	8,991	

4.2 CAPITAL WORK-IN-PROGRESS

	Balance as at beginning of the year	During the year		Balance as at close of the year
		Capital expenditure incurred	Transferred to operating fixed assets	
(Rupees in thousand)				
2022				
Civil Works	10,965	-	(10,965)	-
Plant & Machinery	109,683	617,584	(355,602)	371,665
	120,648	617,584	(366,567)	371,665
2021				
Civil Works	-	10,965	-	10,965
Plant & Machinery	14,505	203,702	(108,524)	109,683
	14,505	214,667	(108,524)	120,648

	Note	2022 (Rupees in thousand)	2021
5 INTANGIBLE ASSET			
Software - SAP Application			
Cost		5,917	5,917
Accumulated Amortization		(5,917)	(5,917)
		-	-
The cost of software has been fully amortized over the period of three years in accordance with the accounting policy of the Company. However, the software is still in use of the Company.			
6 LONG TERM INVESTMENT			
Under Equity Method			
Investment in associate - Al-Noor Modaraba Management (Pvt.) Ltd.			
Opening balance		958	1,006
Share of (loss) for the year	6.1.2	(50)	(168)
Share of associate's unrealized gain on remeasurement of associate's investment at fair value through other comprehensive income.	6.2	186	120
		136	(48)
		1,094	958
6.1	The Company holds 500,000 (14.29%) fully paid ordinary shares of Al-Noor Modaraba Management (Pvt.) Ltd (ANMM) originally acquired at cost of Rs. 5.0 million. ANMM is a group company of Al-Noor Group and it is an associate by virtue of common directorship. The principal activity of ANMM is to float and manage MODARABA and its principal place of business is 96-A, S.M.C.H.S. Karachi. Chief Executive of ANMM is Mr. Zainuddin Aziz.		
	This strategic investment is measured using equity method. In view of regulatory framework applicable in Pakistan the financial year end of ANMM is June 30 and since there are no significant changes in the associate's financial affairs up to September 30, therefore, the financial results of ANMM as of June 30, 2022 have been used for the purpose of application of equity method. The summarized financial information of ANMM based on its audited financial statements for the year ended June 30, 2022 is as under:		
6.1.1 Assets and Liabilities of ANMM			
Assets			
Tangible and intangible fixed assets		277	348
Long term investments		14,742	13,440
Current assets		674	676
		15,693	14,464
Liabilities			
Non - current liabilities		(1,126)	(1,126)
Current liabilities		(1,195)	(1,386)
		(2,321)	(2,512)
Net Assets		13,372	11,952
Less: Loan from directors included in equity		5,719	5,264
		7,653	6,688
Share of Shahmurad Sugar Mills Limited - Breakup value of investment		1,094	958

	Note	2022 (Rupees in thousand)	2021
6.1.2 Profit and loss of ANMM			
Income		-	99
Expenses		(319)	(1,251)
		(319)	(1,152)
Unrealised loss on remeasurement and Impairment loss on Investment at fair value through profit or loss.		(36)	-
Other Income		8	4
Loss for the year before taxation		(347)	(1,148)
Taxation		-	(26)
Loss for the year after taxation		(347)	(1,174)
Share of Shahmurad Sugar Mills Limited		(50)	(168)
6.2 Share of Associate's unrealized loss on re-measurement of associate's investment at fair value through OCI			
Opening balance		2,381	2,501
Unrealized gain on re-measurement of investment at fair value through other comprehensive income		(186)	(120)
Closing balance		2,195	2,381
7 LONG TERM LOANS			
- Unsecured & Interest free			
Considered Good			
- Due from executives	7.2 & 7.3	450	1,307
- Due from other employees		3,509	3,704
		3,959	5,011
Less: Current Portion of:			
- Due from executives		(450)	(957)
- Due from other employees		(2,369)	(2,659)
		(2,819)	(3,616)
		1,140	1,395
7.1 Loans and advances have been given in accordance with the terms of employment and are recoverable, in monthly instalments, within three years following the reporting date. These interest free loans are carried at cost since the effect of amortization is immaterial.			
7.2 Movement of loans to executives			
Balance at the beginning of the year		1,307	300
Disbursed during the year		-	2,150
Recovered during the year		(857)	(1,143)
Balance at the end of the year		450	1,307
7.3 The maximum aggregate amount due from executives at any month end during the year was Rs. 1.31 million (2021: 1.70 million).			

	Note	2022 (Rupees in thousand)	2021
8 LONG TERM DEPOSITS			
Unsecured & Interest free			
Utilities		1,209	1,039
Others		1,390	1,390
		<u>2,599</u>	<u>2,429</u>
9 STORES AND SPARES			
Stores		140,294	204,373
Spare parts		182,451	166,637
Stores in transit		550	540
		<u>323,295</u>	<u>371,550</u>
Less: Impairment allowance for obsolescence and slow moving items 9.1		<u>(81,562)</u>	<u>(74,200)</u>
		<u>241,733</u>	<u>297,350</u>
9.1 Impairment allowance for obsolescence and slow moving items			
Opening Balance		74,200	70,100
Provision for the year		7,362	4,100
Closing balance		<u>81,562</u>	<u>74,200</u>
10 STOCK-IN-TRADE			
Raw Material - Molasses	10.1	1,699,242	1,954,857
Sugar in process		14,463	15,220
Trading stock of fertilizers		72	65
Finished goods			
Sugar	10.1	<u>1,162,492</u>	<u>620,828</u>
Ethanol		<u>661,426</u>	<u>983,721</u>
		<u>1,823,918</u>	<u>1,604,549</u>
		<u>3,537,695</u>	<u>3,574,691</u>
10.1 Stock of finished goods pledged against short term finances under mark-up arrangement as referred in note No. 24 amounted to Rs. 1000 million (2021: Rs. 473.136 million).			
11 TRADE DEBTS			
Export sales		1,011,340	292,372
Local sales		47,808	123,128
		<u>1,059,148</u>	<u>415,500</u>
12 LOANS AND ADVANCES			
Unsecured - Considered Good			
Current portion of long term loans	7	2,819	3,616
Advances against purchases and services	12.1	556,535	143,764
Advances against expenses		8,866	8,216
		<u>568,220</u>	<u>155,596</u>
Considered doubtful			
Loans to growers	12.2	<u>25,018</u>	<u>25,018</u>
Less impairment allowance		<u>(25,018)</u>	<u>(25,018)</u>
		<u>568,220</u>	<u>155,596</u>

- 12.1 This includes Rs. 237.501 million (2021: Nil) advance to Al- Noor Sugar Mills Limited, an associate company, for purchase of molasses.
- 12.2 These loans were given to farmers/growers for sugar cane cultivation and land development carrying interest @ 10% p.a which is accounted for in line with the recovery of the respective loan. These loans were adjustable against purchase of sugarcane from respective growers. However, an impairment allowance has been made in respect of loans against which future adjustment through purchase of sugarcane is considered doubtful and hence as a matter of prudence no interest is accrued thereon as well.

	Note	2022 (Rupees in thousand)	2021
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Short term deposits		312	1,112
Short term prepayments			
Prepaid insurance		607	330
Prepaid markup		5,002	9
		5,609	339
		5,921	1,451
14 OTHER RECEIVABLES			
- Unsecured Considered Good			
Associated undertaking - Reliance Insurance Company Limited	14.1	-	156
Accrued profit		15,363	3
State Bank of Pakistan - Export subsidy		-	116,623
Government of Sindh - Export subsidy		-	767
		15,363	117,549
- Considered Doubtful			
Export subsidies	14.2	281,785	164,395
Less: Impairment allowance against export subsidies		(281,785)	(164,395)
		-	-
		15,363	117,549

- 14.1 This represented receivable against an insurance claim for damage to sugar stock and which has been recovered during the year.
- 14.2 These represent freight subsidy of 2022: Rs. 47.005 million (2021: Rs. 47.005 million) on sugar exports receivable from Trade Development Authority of Pakistan and 2022: Rs. 234.780 million (2021: Rs. 117.390 million) receivable from State Bank of Pakistan and Sindh Government. The Company is following up for the recovery however, due to uncertainties regarding its recoverability, impairment allowance has been made as a matter of prudence.

	Note	2022 (Rupees in thousand)	2021
15 SHORT TERM INVESTMENT			
Special Sharikah Certificates - at amortized cost	15.1	1,050,000	-
Meezan rozana amdanl fund - at fair value through profit or loss		410	373
		<u>1,050,410</u>	<u>373</u>
15.1	These special sharikah certificates carry profit ranging between 15% to 15.60% (2021: 5.75%). The investment has maturity of upto one month.		
16 CASH AND BANK BALANCES			
Cash in hand		1,771	1,149
Cash at banks			
In current accounts			
Local currency		59,006	52,067
Foreign currency		41,562	44
In saving accounts	16.1	<u>913,867</u>	<u>501</u>
	16.2	<u>1,014,435</u>	<u>52,612</u>
		<u>1,016,206</u>	<u>53,761</u>
16.1	This carry profit at the rate ranging between 6.50% to 14.512% (2021: 4.10% to 4.70%) p.a.		
16.2	Bank balances include Rs. 928.560 million (2021: Rs. 12.864 million) with shariah compliant financial institutions.		
17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
		2022	2021
		No. of Shares	
		<u>11,730,368</u>	<u>11,730,368</u>
		<u>9,388,295</u>	<u>9,388,295</u>
		<u>21,118,663</u>	<u>21,118,663</u>
		<u>117,304</u>	<u>117,304</u>
		<u>93,883</u>	<u>93,883</u>
		<u>211,187</u>	<u>211,187</u>
17.1	Associated companies hold 5,107,100 (24.17%) shares of the Company (2021: 5,013,100 I.e. 23.73%).		
17.2	All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.		

18 GENERAL RESERVE

This represents amount appropriated out of profit in past years and retained in order to meet future exigencies.

		2022	2021
		(Rupees in thousand)	
19 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Opening balance - Gross		1,478,425	1,568,145
Transfer to equity on account of Incremental depreciation			
Incremental depreciation - net of deferred tax		(73,686)	(80,499)
Deferred tax on Incremental depreciation		(9,934)	(9,221)
	4.1	(83,620)	(89,720)
Closing balance - Gross		1,394,805	1,478,425
Related deferred tax liability	21	(182,688)	(169,274)
Revaluation surplus net of deferred tax		1,212,117	1,309,151

- 19.1** The Company carries its land, building and plant and machinery on revaluation model in accordance with IAS -16 "Property, Plant and Equipment". Revaluation is carried out by independent valuer and last revaluation was carried out during the year ended September 30, 2018 through report dated September 28, 2018.

Forced sale values based on that valuation as of September 30, 2018 were as follows:

Freehold Land	213,331	170,665
Building including factory / non-factory and other building	370,939	296,749
Plant & Machinery	4,430,497	3,340,206

- 19.2** The revaluation surplus on property, plant and equipment is not available for distribution to shareholders of the Company in accordance with the section 240(2) of the Companies Act 2017.

20 LONG TERM FINANCING

Banks		552,477	771,964
Financial Institutions		104,400	123,136
	20.1	656,877	895,100

20.1

	BANKS			FINANCIAL INSTITUTION	TOTAL	
	Fajsal Bank Ltd. (Islamic)	Bank AlKhalif Ltd.	Meezan Bank Ltd.			Subtotal
Opening balance	210,000	431,451	350,000	991,451	1,133,323	1,455,735
Repayment	(50,000)	(59,457)	(100,000)	(219,457)	(238,223)	(322,412)
Closing balance	150,000	371,994	250,000	771,994	855,100	1,133,323
Current Maturity shown under current liabilities	(50,000)	(59,457)	(100,000)	(219,457)	(238,223)	(322,412)
	90,000	312,477	150,000	552,477	656,877	895,100
Description	Diminishing Musharaka	Long Term Finance	Diminishing Musharaka		Long Term Finance	
Sanctioned/Sale Price/ Debursed Amount (Rs in million)	300	500	500	150		
Effective rate of mark-up (per annum)	3 M KIBOR + 0.50%	SBP Rate + 0.75%	6 M KIBOR + 0.50%	SBP Rate + 0.75%		
Facility tenor	8 years	10 years	7 years		10 years	
Number of instalments	20	32	10		32	
Principal amount of each instalment (Rs in million)	15,000	Various	50,000		Various	
Installments Payable	Quarterly	Half yearly	Half yearly		Quarterly	
Date of Disbursement	21-02-2017	12-07-2017	11-07-2017		06-02-2018	
Grace Period	2 Years	2 Years	2 Years		2 years	
Date of payment of 1st instalment	21-05-2019	12-01-2020	11-01-2020		06-05-2021	
Date of payment of final instalment	21-02-2024	26-03-2028	11-07-2024		30-10-2028	
SECURITIES						
Fajsal Bank Ltd Rs 300 M	First pari passu equitable mortgage & hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company.					
Bank Alfalah Ltd Rs 500 M	First pari passu equitable mortgage & hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company.					
Meezan Bank Ltd Rs 500 M	First pari passu equitable mortgage & hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company.					
Pak Oman Investment Co. Ltd. - Rs. 150 M	First pari passu equitable mortgage & hypothecation charge over all fixed assets including Land, Building, Plant & Machinery of the Company.					
Shariah Compliant	Long term financing under shariah compliant arrangements amounted to Rs. 400 million (2021: Rs. 550 million)					

	Note	2022 (Rupees in thousand)	2021
21 DEFERRED TAXATION			
Opening balance		70,279	17,212
Charged to statement of profit or loss		68,483	53,067
Deferred tax related to change in tax rate debited to revaluation surplus		23,348	-
Closing balance		162,110	70,279
Deferred tax arises due to:			
Taxable temporary differences in respect of			
Accelerated tax depreciation		267,282	206,180
Revaluation surplus on property, plant and equipment	19	182,688	169,274
		449,970	375,454
Deductible temporary differences in respect of			
Impairment allowances & other provisions		(36,865)	(30,261)
Unabsorbed business loss/ tax depreciation		(250,995)	(274,914)
		(287,860)	(305,175)
		162,110	70,279
22 TRADE AND OTHER PAYABLES			
Creditors	26.10 & 26.11	646,681	564,541
Accrued expenses		33,266	37,392
Advance from customers	22.1	201,656	56,794
Retention money payables	22.2	8,843	10,281
Sales tax payable - net		131,287	98,237
Gratuity payable		1,930	1,930
Worker's profit participation fund	22.3	104,821	16,037
Worker's Welfare Fund		22,706	11,772
Fair value of foreign currency forward contracts		166,633	-
Payable to staff provident fund		2,093	1,891
		1,319,916	798,875
22.1	During the year, performance obligation underlying the opening contract liability of Rs. 56.794 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year. In addition, information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 201.656 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.		
22.2	These are utilized for the purpose of the business as per agreements, in compliance with requirements of section 217 of the Companies Act, 2017.		
22.3 Worker's profit participation fund			
Opening balance		16,037	56,261
Interest on funds utilized	34	481	1,494
Allocation for the year	32	104,340	16,037
		120,858	73,792
Payments made during the year		(16,037)	(57,755)
Closing balance		104,821	16,037

22.3.1 This carries interest rate prescribed under Companies Profit (Workers Participation) Act, 1968 and effective rate of interest applied during the year was 2022: 22.50% (2021: 10%).

	Note	2022 (Rupees in thousand)	2021
23 ACCRUED FINANCE COST			
On long term financing		8,699	7,621
On short term borrowings		52,512	22,649
		<u>61,211</u>	<u>30,270</u>
23.1	Accrued finance cost includes Rs. 30,299 million (2021: Rs. 9,932 million) in respect of borrowings under shariah compliant arrangements.		
24 SHORT TERM BORROWINGS			
From banking companies - Secured			
Cash / Running finance	24.1	49,939	300,979
Export refinance and EFS	24.2	2,711,483	1,826,000
Musawama / IERF / Murabaha	24.3	1,770,717	1,050,000
		<u>4,532,139</u>	<u>3,176,979</u>

24.1 The facilities are available up to Rs. 3,050 million (2021: Rs. 2,800 million) and are secured against pledge of sugar / molasses/ ethanol and first pari passu charge on property, plant and equipment. The effective rate of mark-up ranges from 3M / 6M Kibor + 0.10% to 0.50% (2021: 1M / 3M Kibor + 0.10% to 0.60%). Unutilized facilities as on year end amounted to Rs. 3,000 million (2021: Rs. 2,499 million).

24.2 The facilities are available under SBP export finance scheme up to limit of Rs. 2,890 million (2021: Rs. 2,290 Million) and are secured by first pari passu equitable mortgage charge and hypothecation over current and future Property, plant and equipment of the company and pledge of sugar / molasses / ethanol (refer note 10.1). The effective rate of mark-up is 0.25% to 1.00% over SBP ERF rate which was 2.25% to 3.00% (2021: 2.25% to 3.0%). Unutilized facilities as on year end amounted to Rs. 232 million (2021: Rs. 464 million).

24.3 Musawama / IERF / Murabaha has been obtained from shariah compliant banks. The aggregate limit of Musawama / IERF / Murabaha arrangements is up to Rs. 4,350 million (2021: Rs 3,500 million). These are secured by Pledge of sugar, molasses and ethanol ranking charge over stocks and book debts and pari passu hypothecation charge on Property Plant & Equipment and Pledge of Sugar (refer note 10.1). The effective rates of profit are ranging between Respective 3M/6M Kibor + 0.30% to 0.50% and SBP rate + 1.00% (2021: Respective / 3M Kibor + 0.35 % to 0.50% and SBP rate + 1.00%). The unavailed facility at the year end amounted to Rs. 2,600 million (2021: Rs. 2,450 million).

24.4 Short-term borrowings include Rs. 1,750 million (2021: Rs. 1,050 million) under shariah compliant arrangements.

	Note	2022 (Rupees in thousand)	2021
25 LOANS FROM RELATED PARTIES			
Loans from related parties	25.1	41,135	48,135

25.1 These represent loans from related parties which are repayable on demand and currently these do not carry markup.

26 CONTINGENCIES AND COMMITMENTS

a) CONTINGENCIES

- 26.1 The Company filed petition before Honourable High Court of Sindh challenging the levy of further tax against taxable supplies made to unregistered person under section 3(1A) of the Sales Tax Act, 1990. The entire liability till November 30, 2000 was paid by the Company, in the month of December 2000. As per judgment awarded against the department by the Honourable High Court of Sindh, the Company has claimed refund of such further tax amounting to Rs. 45.190 million out of which an amount of Rs.7.144 million was refunded by the department.

The Department of Sales Tax has thereafter filed an Appeal before the Honourable Supreme Court against the Order of the Honourable High Court of Sindh. The Honourable Supreme Court has allowed the Appeal with direction to the department to act in accordance with law; however Ratio Decidendi ordered by the High Court of Sindh has not been reversed, over ruled or amended. Sales Tax department has however raised demands of further tax involving amount of Rs. 54 million, which had been contested by the company in the light of Sindh High Court Judgment on which the Sales Tax Tribunal had issued orders in favour of the company. Against the order of the tribunal the sales tax department filed appeal before the Honourable High Court which is pending. Considering the decision of the Court and facts of the case the legal counsel of the company is of the view that the final outcome of the matter will be in favour of the Company.

- 26.2 The Company has filed a petition before the Honourable High Court of Sindh on 11 June 2011 against the imposition of special excise duty and recovery by the Inland Revenue Department (the Department) of 70% of the total amount of Rs 7.073 million against excise duty involved. The case was decided in favour of the company declaring Special Excise Duty as void ab-initio and of no legal effect. Thereafter the Department has filed an appeal before Honourable Supreme Court of Pakistan against the decision of Honourable High Court which is pending. The Company as a matter of abundant prudence has provided for the amount of said duty in the financial statements. During the year 2013, the Company received show-cause notice no C.No.01(01)RP/Zone-II/2013/ dated 10 December 2013 from the Department against refund claim of Special Excise Duty amounting to Rs. 48.457 million filed by the Company in compliance with the order of Honourable High Court of Sindh. The Company filed appeal in the Honourable High Court of Sindh on 30 December 2013 against that show cause notice issued by the Department and the Honourable High Court issued stay order against the proceedings on show cause notice. No provision is made in the financial statement as the outcome of case is expected to be in favour of the company as per legal counsel.
- 26.3 The Company's appeal in the Honourable Supreme Court dated 19 February 2004 against the Order of the Sindh High Court for levy of Quality Premium was accepted by the Honourable Supreme Court by assailing the Order of Sindh High Court. Furthermore Federal Government steering committee through its decision on 16-07-2007 held that the quality premium shall remain suspended till decision of Honourable Supreme Court or consensus on uniform formula to be developed by MINFAL.

During the year 2017-2018, the Honourable Supreme Court of Pakistan through its order dated 5 March 2018 has decided the matter against the Sugar Manufacturing Companies and the Legal Counsel of the Company is of the view that the Honourable Supreme Court has now simply prescribed the criteria for future, which if followed properly, would make quality premium applicable in the future, and in relation to the past (other than crushing season 1998 – 1999) it appears that no liability arose as no legally binding notification under section 16(v) can be said to be in the field in the light of the decision of the Honourable Supreme Court. Accordingly, no liability arises for the past except for the year 1998 – 99 for which quality premium amounted to Rs. 93.7 million against which no provision is made as the Company has already paid price higher than the minimum notified price for the said year.

- 26.4 There are certain litigations pending in the Honourable Sindh High Court, Hyderabad pertaining to ex-employees. The sixth Sindh labour court awarded decision in favour of the company and the ex-employees filed an appeal in Labour Appellate Tribunal at Hyderabad the outcome of which has also been decided in favour of the Company. The ex-employees have now filed suit before the Honourable Sindh High Court, Hyderabad. The financial liability may arise only if these cases are finally decided against the Company. The amount of liability is not ascertainable and hence, no provision has been made in this regard as in the management view the same is not likely to crystallize.

- 26.5 Cases regarding possession of land of the Company are pending in the Honourable High Court of Sindh which were filed on 01 January 2010 and 22 July 2010 and the financial impact of the same is not presently determinable with any accuracy. The Company is confident that the same is not likely to be decided against the Company.
- 26.6 The Company has filed a petition in the Honourable Supreme Court of Pakistan, dated 14 January 2010 against a show cause notice issued by Competition Commission of Pakistan (CCP), challenging the jurisdiction of the Competition Commission. The Honourable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honourable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honourable High Courts. There are no financial implications related to this at the moment.
- 26.7 Pakistan Standards and Quality Control Authority (the Authority) has demanded a marking fee payment @ 0.1% of ex-factory price for the year 2008-09 amounting to Rs. 1.45 million. The Company is of the view that demand notifications so raised are without any lawful authority under the PSQCA Act-VI of 1996 and are violation of the constitution. The Company has filed a petition before the Honourable High Court of Sindh dated 01 September 2010 challenging the levy of marking fee under PSQCA Act-VI of 1996 and the Honourable court accepted the petition and termed that the impugned notification has been issued without lawful authority and suspended the operation of the impugned notifications. In the meantime the legal counsel of the company filed caveat in respect of an appeal to be filed by the PSQCA against the Judgment in Honourable Supreme Court of Pakistan. The Pakistan Standards and Quality Control Authority have filed an appeal before the Honourable Supreme Court of Pakistan against the decision of Honourable High Court of Sindh. No provision has been made in this respect.
- 26.8 A show cause notice was issued by the Department of Inland Revenue LTU Karachi, regarding the reduced rate of Federal Excise Duty availed by the Company amounting to Rs. 99.801 million under SRO 77 (1) / 2013 dated February 7, 2013. The Company has filed suit in the Honourable High Court of Sindh Karachi dated 30 December 2013 against the show cause notice and the matter is pending before the Honourable High Court of Sindh. Pending the outcome of the case no provision has been made as the outcome of the case is expected to be in favour of the company as per legal counsel.
- 26.9 Excise, taxation and Narcotics department, Government of Sindh had notified fee on storage of rectified spirit in a private bonded warehouse at Rs. 0.5 per litre. The Company has filed appeal before the Honourable High Court of Sindh against the notification dated 08 July 2014. The Honourable High Court has issued stay order against the recovery of the storage charges on rectified spirit. Amount of the storage fee up-to September 30, 2015 works out to Rs. 70.044 million and no provision is made in the financial statements as the outcome of case is expected to be in the favour of Company as per legal counsel.
- 26.10 Against the sugarcane purchase price of Rs. 172 per 40 Kgs as fixed for the season 2013-2014, the company had filed a Constitutional Petition, dated 21 January 2014, before the Honourable High Court of Sindh for linkage with prevailing market sugar price which was dismissed and the matter was taken up with the Honourable Supreme Court of Pakistan on 05 January 2015. In the due course of time, the Government of Sindh fixed the price of sugarcane at Rs. 182 per 40 kgs for the season 2014-15 in pursuance of which the Sindh Chamber of Agriculture filed a petition in the Honourable High Court of Sindh. The Honourable High Court disposed of the case upon settlement with the consent of all the stake holders whereby it was settled that Sugar Mills shall purchase the sugarcane from growers at Rs. 160 per 40 kgs for crushing season 2014-15 whereas Rs. 12 per 40 kgs will be paid by the Government of Sindh. The Honourable High Court has subjected this interim arrangement to the decision of Civil appeal No 48 of 2015, dated 20 January 2015, which is pending before the Honourable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and 172 will also be dependent on upon the decision of Honourable Supreme Court of Pakistan. The Company based on the discussion with legal council is of the view that this difference will not be payable, hence provision of Rs 149 million already made as a matter of prudence has been reversed.
- 26.11 During the year 2017-2018, the Government of Sindh issued a notification no. 8(142)/ S.O(EXT)2017, according to which, the minimum price of sugarcane has been fixed at the rate of Rs. 182 per 40 kg for the crushing season 2017-2018. The Company along with other Sugar mills has filed a petition in the High Court of Sindh dated 19 December 2017 against the said notification. Thereafter, the Honourable Court after deliberations with all stakeholders announced the judgement fixing the purchase price at the Rs. 160 to be paid to growers and the balance of Rs. 22 per 40 kg to be decided by the Supreme Court of Pakistan which is pending. However, the Company, as a matter of prudence accounted for the said difference of Rs. 22 per 40 kgs these financial statements aggregating to Rs.409.518 million.

- 26.12 During the year 2016-17, Deputy Commissioner has raised a demand of Rs. 4.01 million in respect of claim of inadmissible input through order dated 21 August 2017 in light of proceedings of showcause notice no C.No. DCIR/SSML/inadmissible/E&C-3&4/Zone-II/LTU/2017 dated 02 May 2017. The Company filed an appeal with Commissioner Inland Revenue (Appeals), dated 15 September 2017 and the case was decided in favour of the Company. Being aggrieved by the said order, the Department has filed appeal in the Appellate Tribunal Inland Revenue which is yet to be decided. The management and advisor of the Company are of the view that the Company has reasonable grounds and favourable outcome is expected so no provision is made.
- 26.13 The Competition Commission of Pakistan (CCP) in August 2021 passed an order dated 13 August 2021 and imposed penalty on PSMA and member sugar mills alleging them to be guilty of collusive activities and cartelization. The penalty imposed on the Company is Rs. 575 million. The PSMA and our Company along with other sugar mills filed the suit against the order of the Competition Commission of Pakistan (CCP) at Sindh High Court (SHC). The Honorable Court passed an interim order on October 7, 2021 stating that the operation of impugned orders dated 06.08.2021 and 13.08.2021 shall remain suspended till the hearing is underway. The Company expects favourable outcome in the matter.
- 26.14 The Federal Board of Revenue (FBR) issued notices for conducting tax audits for multiple years commencing from 2015 to 2019 under section 177 of the Income Tax Ordinance, 2001 and despite providing all records, submission of evidences and details, audit proceedings for the said tax year were concluded by passing detrimental orders under section 122(1)(5) of the Income Tax Ordinance 2001 whereby frivolous tax demand of Rs. 23,455 million for these tax years have been created and also penalty has been imposed for tax years 2015 and 2016 which aggregates to Rs. 8,797 million. The demand is based on arbitrary and illogical observations against which the company has preferred appeals to the Commissioner Inland Revenue [Appeals-I], Karachi which is pending for hearing. In the meanwhile, the Company also got stay orders from the Honorable Sindh High Court restraining the department to take coercive measures for recovery of the demand during the pendency of the appeal. Since the demanded tax is not based on fact and records and in the view of the tax advisor, a favorable outcome is expected in the appeal, hence no provision has been made in the financial statements against said demands.
- 26.15 During the year the Assistant / Deputy Commissioner Inland Revenue issued show cause notices under section 161 (1A) of the Income Tax Ordinance 2002 for tax years 2016, 2017, 2019 and 2020, and has passed order there under that the Company should have to charge and deposit tax u/s 236 H of the Income Tax Ordinance 2001 on the sale to unregistered buyers treating them as non-filers retailers instead of depositing tax u/s 236 G by treating unregistered buyers as whole sellers/distributors / dealers. The officer has created aggregate demand of Rs. 80.577 million in respect of the above mentioned tax years. However, the Company has filed an appeal before the Commissioner Inland Revenue Appeals (CIRA) and the Company is confident that the matter will be decided in favour of the Company hence no provision is made in this respect.

	2022	2021
	(Rupees in thousand)	
b) COMMITMENTS		
The Company's commitment as on September 30, are as follows:		
Commitments for capital expenditures	94,934	61,997
Commitments for stores and spares	8,895	4,729
	<u>103,829</u>	<u>66,726</u>
Bank Guarantees		
In favour of Excise and Taxation Department	<u>500</u>	<u>500</u>

	Note	SUGAR		ETHANOL		TOTAL	
		2022	2021	2022	2021	2022	2021
(Rupees in thousand)							
27 SALES							
Local sales inclusive of sales tax		4,878,883	4,577,081	-	-	4,878,883	4,577,081
Export sales		-	-	13,878,128	6,024,695	13,878,128	6,024,695
		4,878,883	4,577,081	13,878,128	6,024,695	18,664,781	10,501,776
Less:							
Sales Tax		(738,821)	(665,046)	-	-	(738,821)	(665,046)
Commission		(2,863)	(2,237)	(8,384)	-	(11,067)	(2,237)
		(738,684)	(667,283)	(8,384)	-	(747,878)	(667,283)
Net sales exclusive of sales tax		4,138,678	3,909,798	13,887,734	6,024,695	17,808,813	9,934,493
28 COST OF SALES							
Manufacturing cost:							
Raw material consumed		4,488,838	3,418,526	8,484,276	5,148,429	12,881,113	8,566,955
Salaries, wages and benefits	28.1	126,717	118,779	64,710	50,073	180,427	168,852
Stores and spares consumed		164,748	91,284	62,170	34,174	208,818	125,458
Packing materials		60,168	26,019	436,826	222,502	486,884	248,521
Fuel and oil		17,461	11,971	246,814	123,575	283,286	135,546
Power and water		8,883	6,671	1,608	1,157	8,189	7,828
Chemicals and process materials		81,880	28,757	73,488	55,527	136,128	84,284
Repair and maintenance		47,887	33,856	38,880	27,228	88,747	61,084
Insurance		8,880	7,148	13,204	11,182	19,884	18,330
Other manufacturing expenses		17,287	14,039	6,817	2,761	23,104	16,800
Depreciation	4.1.1	80,817	82,593	236,863	247,915	328,270	330,508
		6,046,738	3,839,643	8,861,300	5,924,523	14,887,038	9,764,166
Opening stock of work in process		16,220	13,228	-	-	16,220	13,228
Closing stock of work in process		(14,483)	(15,220)	-	-	(14,483)	(15,220)
		767	(1,992)	-	-	767	(1,992)
		6,048,486	3,837,651	8,861,300	5,924,523	14,887,786	9,762,174
Molasses transfer to Ethanol Division		(618,200)	(449,085)	-	-	(618,200)	(449,085)
Bagasse transfer to Ethanol Division		(108,888)	(46,023)	-	-	(108,888)	(46,023)
Bagasse/Fuel oil sale	28.2	(13,830)	-	(4,647)	(11,133)	(18,177)	(11,133)
		(838,798)	(495,108)	(4,647)	(11,133)	(841,345)	(506,241)
		4,408,888	3,342,543	8,848,753	5,913,390	14,068,462	9,255,933
Opening stock of finished goods		820,828	628,322	883,721	488,452	1,804,648	1,116,774
Closing stock of finished goods		(1,182,482)	(520,828)	(881,428)	(983,721)	(1,823,818)	(1,604,549)
		(641,884)	7,494	322,296	(495,269)	(218,388)	(487,775)
Export freight and related charges		-	-	618,471	404,225	618,471	404,225
		3,888,036	3,350,037	10,487,618	5,822,346	14,366,664	9,172,383

28.1 Includes Rs. 5.509 million (2021 : Rs. 4.378 million) in respect of contribution towards provident fund.

28.2 Sale of bagasse and fuel oil is net of sales tax of Rs 2.317 million (2021: Rs Nil) and Rs 0.315 million (2021: Rs Nil) respectively.

	Note	SUGAR		ETHANOL		TOTAL	
		2022	2021	2022	2021	2022	2021
(Rupees in thousand)							
28	PROFIT FROM TRADING ACTIVITIES						
Sales		8,883	6,504	-	-	8,883	6,504
Sales tax		(188)	(128)	-	-	(188)	(128)
		8,797	6,376	-	-	8,797	6,376
Less: Cost of sales							
Opening stock		86	214	-	-	86	214
Purchases		8,683	5,785	-	-	8,683	5,785
Closing stock		(72)	(65)	-	-	(72)	(65)
		8,668	5,934	-	-	8,668	5,934
		1,241	442	-	-	1,241	442
30	DISTRIBUTION COST						
Sugar handling and other charges		18,072	14,393	-	-	18,072	14,393
Storage charges		-	-	48,730	14,159	48,730	14,159
Carriage out ward		-	-	76,283	14,816	76,283	14,816
		18,072	14,393	124,013	28,975	142,086	43,368
31	ADMINISTRATIVE EXPENSES						
Salaries, allowances and benefits	31.1	80,742	58,856	68,768	54,834	118,488	113,690
Staff welfare		11,880	7,204	12,441	12,977	24,101	20,181
Repair and maintenance		11,676	8,145	16,864	9,740	27,428	17,885
Legal and professional		8,388	6,129	123	1,181	8,612	7,310
Auditors' remuneration	31.2	1,231	1,024	688	541	1,817	1,565
Vehicle running		17,884	11,982	10,008	7,738	27,872	19,720
Insurance		888	686	-	-	888	686
Communication		1,024	952	3,388	2,868	4,413	3,820
Entertainment		4,763	2,978	7,304	5,566	12,067	8,544
Printing and stationery		460	434	900	1,028	1,360	1,462
Fees and subscription		6,773	4,058	4,867	3,391	10,430	7,449
Advertisement		488	402	14	-	613	402
Depreciation	4.1.1	17,148	15,484	8,827	9,654	28,973	25,138
Others		17,308	15,571	20,462	12,152	37,780	27,723
		168,800	133,905	144,311	121,670	304,211	255,575
31.1	Includes Rs. 4.193 million (2021 : Rs. 5.211 million) in respect of contribution towards provident fund.						
31.2	Auditors' remuneration						
Kreslon Hyder Bhirji & Co							
Statutory audit		827	766	628	489	1,366	1,255
Half yearly review		80	75	61	46	131	121
Corporate Governance		11	10	7	6	18	16
Other certifications		-	56	-	-	-	56
Sindh sales tax on services		120	117	-	-	120	117
Haroon Zakaria & Co - Cost audit		183	-	-	-	183	-
		1,231	1,024	688	541	1,817	1,565

	Note	2022 (Rupees in thousand)	2021
32 OTHER EXPENSES			
Charity and donation	32.1	4,510	1,749
Impairment allowance for obsolescence and slow moving store and spares		7,362	4,100
Impairment allowance for export subsidy		117,390	58,695
Directors meeting fee		290	320
Worker's profit participation fund		104,340	16,037
Worker's welfare fund		10,934	6,099
Unrealized loss on foreign currency forward contracts		166,632	-
Net exchange loss		177,815	-
Balances written-off		2,644	-
		<u>591,917</u>	<u>87,000</u>
32.1	None of the directors or their spouses had any interest in the above donees.		
33 OTHER INCOME			
Income from financial Assets and others			
Net exchange gain		-	36,080
Income on saving bank accounts		23,957	46,225
Dividend income from mutual fund		37	376
		<u>23,994</u>	<u>82,681</u>
Income from non financial Assets			
Gain on disposal of property, plant and equipment	4.1.2	5,094	8,991
Liabilities written back		-	177,610
Insurance claim		4,970	716
Scrap sales	33.1	7,169	18,619
		<u>17,233</u>	<u>205,936</u>
		<u>41,227</u>	<u>288,617</u>
33.1	This is net of sales tax of Rs 1.362 million (2021: Rs 3.165 million).		
34 FINANCE COST			
Mark-up/Interest/Profit on:			
Long term financing		74,528	81,824
Short-term borrowings			
Cash/running finance		159,800	100,994
Export refinance/IERF		121,226	84,631
Istisna / Murabaha		127,068	91,521
		<u>408,094</u>	<u>277,146</u>
Worker's profit participation fund	22.3	481	1,494
Bank and other charges		5,687	6,155
		<u>488,790</u>	<u>366,619</u>
34.1	Finance cost includes Rs. 228.053 million (2021: Rs. 179.392 million) in respect of shariah compliant arrangements.		

	Note	2022 (Rupees in thousand)	2021
35 PROVISION FOR TAXATION			
Current		207,735	109,706
Prior year adjustment		39,605	-
Deferred		68,483	53,067
		<u>315,823</u>	<u>162,773</u>
35.1 Reconciliation of tax expense:			
Accounting profit before tax		1,966,674	298,439
Applicable tax rate		29%	29%
Tax expense based on accounting profit		570,335	86,547
Add/(less)			
Effects of FTR		(480,440)	60,719
Effects of minimum tax		52,243	48,987
Effect of super tax		19,407	-
Prior year adjustment		39,605	-
Change in tax rate for future periods		(13,654)	-
Others		128,327	(33,479)
		<u>(254,512)</u>	<u>76,227</u>
		<u>315,823</u>	<u>162,774</u>

35.2 The management believes that the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Accounting Year	As per Financial Statements	As per Return/ Assessment
	Rupees in thousand	
2021	109,706	99,806
2020	130,305	138,833
2019	109,338	108,016

	2022	2021
36 EARNING PER SHARE - BASIC AND DILUTED		
Profit after taxation (Rupees in thousand)	1,650,851	135,666
Weighted average number of ordinary shares	21,118,663	21,118,663
Earning per share - Rupees	<u>78.17</u>	<u>6.42</u>

There is no dilutive effect on the basic earning per share.

37 TRANSACTIONS WITH RELATED PARTIES

37.1 The related parties comprise of associate companies, directors, executives being the key management personnel and post employment contribution plan. The company in the normal course of business carries out transactions with various related parties. Balances due from and to related parties are shown under respective notes, and remuneration of executives and directors and key management personnel, being executives, have been disclosed in note 39. Transactions with related parties are as follow:

Relationships	Nature of Transactions	Note	2022 (Rupees in thousand)	2021
Associates				
Al Noor Sugar Mills Limited	- Purchase of Goods		910,729	598,793
	- Dividend paid		42,897	39,597
Al Noor Modaraba Management (Pvt.) Ltd.	- Share of loss		(50)	(168)
	- Share of other comprehensive loss and item taken to equity		186	120
Reliance Insurance Company Limited	- Insurance premium		27,023	24,701
	- Insurance claim		4,970	716
	- Proceed for disposal of vehicle		1,050	2,000
Related Parties	Loan repayment		7,000	-
Others				
Staff Provident Fund	- Contribution of the Company		9,702	9,590

37.2 During the year the Company entered transactions / arrangement with following related parties on the basis of relationship mentioned below:

Name of related parties	Relationship	Percentage of shareholding	
Al Noor Modaraba Management (Pvt.) Ltd.	Common directorship and Shareholding	14.28%	14.29%
Al-Noor Sugar Mills Limited	Common directorship	-	-
Reliance Insurance Company Limited	Common directorship	-	-

37.3 Outstanding balances with related parties have been separately disclosed at their respective notes to these financial statements.

	2022	2021
	(Rupees in thousand)	
38 CAPACITY AND PRODUCTION IN METRIC TONS		
Sugar Division		
Installed cane crushing capacity per day (M.Tons)	11,000	11,000
No of days Mill operated	113	90
Total crushing capacity on basis of no. of days mill operated (M.Tons)	1,243,000	990,000
Actual crushing (M.Tons)	601,695	441,293
Sugar Production (M.Tons)	66,683	47,220

The sugar production plant capacity is based on crushing sugar cane on daily basis and the sugar production is dependent on certain factors which include sucrose recovery. Capacity is under utilized due to lesser availability of sugar cane.

Ethanol Division		
Plant - I		
Installed ethanol production capacity per day (M.Tons)	100	100
No of days Mill operated	346	210
Total ethanol production capacity on basis of no. of days mill operated (M.Tons)	34,600	21,000
Production in M.Tons	34,001	17,103
Plant - II		
Installed ethanol production capacity per day (M.Tons)	100	100
No of days Mill operated	347	303
Total ethanol production capacity on basis of no. of days mill operated (M.Tons)	34,700	30,300
Production in M.Tons	35,751	25,540

The ethanol plant production capacity under-utilization is due to various technical factors and shortage of raw material.

39 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the financial statements in respect of remuneration including all benefits to Chief Executive, Director and Executives of the Company during the year were as follows:

	2022				2021			
	Chief Executive	Executive Directors	Executives	Total	Chief Executive	Executive Directors	Executives	Total
	Rupees in thousand							
Managerial Remuneration	7,066	8,759	26,679	42,504	5,888	7,299	25,084	38,271
Provident fund	707	876	5,823	7,406	736	912	2,485	4,133
Perquisite (including house rent and bonus)	3,533	4,379	35,902	43,814	2,944	3,650	24,520	31,114
Reimbursable expenses including travelling expenses	1,657	1,076	-	2,733	1,234	809	-	2,043
	12,963	15,090	68,404	96,457	10,802	12,670	52,089	75,561
Number of persons	1	1	11	13	1	1	10	12

- I. The Chief Executive, Executive Directors and all the Executives are also provided with free use of company's maintained cars.
- II. Meeting fee paid to non-executive directors aggregates to Rs. 290,000 (2021: Rs.320,000).
- III. Executives are those employees whose annual basic salary is equal to or more than twelve hundred thousands.

40 SEGMENT INFORMATION

The operating results, assets and liabilities and other significant information of each segment is as follows:

	Note	Sugar Division		Ethanol Division		Total	
		2022	2021	2022	2021	2022	2021
Rupees in thousand							
REVENUE							
External sales	27	4,139,079	3,909,798	13,667,734	6,024,695	17,806,813	9,934,493
Inter-segment transfers		623,166	495,108	-	-	623,166	495,108
		<u>4,762,245</u>	<u>4,404,906</u>	<u>13,667,734</u>	<u>6,024,695</u>	<u>18,429,979</u>	<u>10,429,601</u>
RESULTS							
Profit from operations		93,072	411,463	2,911,891	51,704	3,004,963	463,167
Profit from trading activity		1,241	442	-	-	1,241	442
Other income		10,873	167,831	30,354	120,786	41,227	288,617
		<u>105,186</u>	<u>579,736</u>	<u>2,942,245</u>	<u>172,490</u>	<u>3,047,431</u>	<u>752,226</u>
Other expenses						(591,917)	(87,000)
Finance cost						(488,790)	(366,619)
Share of loss from associate						(50)	(168)
Profit before tax						1,966,674	298,439
Taxation						(315,823)	(162,773)
Net profit for the year						<u>1,650,851</u>	<u>135,666</u>
STATEMENT OF FINANCIAL POSITION							
Segment assets		3,791,507	2,979,334	9,044,744	6,687,999	12,836,251	9,667,333
Unallocated Assets						213,331	262,965
Long term Investment						1,094	958
Total assets						<u>13,050,676</u>	<u>9,931,256</u>
Liabilities							
Segment liabilities		1,086,270	1,469,955	5,822,330	3,772,089	6,908,600	5,242,044
Unallocated liabilities						127,527	27,809
Total liabilities						<u>7,036,127</u>	<u>5,269,853</u>
OTHER INFORMATION							
Additions to property, plant and equipment		580,815	139,091	70,034	93,503	650,849	232,594
Depreciation		107,763	98,077	245,480	257,569	353,243	355,646

Revenue from major customers

During the year external sales to major customers amounted to Rs. 4,256 million (2021: 1,655 million).

	Note	2022 (Rupees in thousand)	2021
Geographical Information			
All non-current assets of the Company are located in Pakistan. Company's local external net sales represent sales to various customers in Pakistan as well as outside Pakistan as follows:			
Pakistan		4,130,685	3,909,798
Netherlands		6,476,042	269,860
Ghana		1,998,756	969,027
UAE		813,068	37,354
Italy		751,702	96,040
Indonesia		732,310	677,412
Thailand		306,553	358,847
Taiwan		303,357	488,424
Philippines		265,069	332,867
Angola		262,023	-
Jordan		176,576	117,733
Lebanon		161,871	237,336
Ivory Coast		142,374	26,762
Cameroon		132,371	65,999
Singapore		124,351	152,982
Tanzania		116,874	297,753
Korea		104,351	56,264
Iraq		97,660	55,960
Eritrea		96,492	-
Nigeria		65,262	-
Japan		63,349	-
South Africa		50,313	-
Turkey		22,688	65,030
China		-	1,103,323
Spain		-	280,478
Others		412,716	335,244
		17,806,813	9,934,493

41 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the company as at September 30 are as follows:

2022							Total
Mark-up / Interest Based			Non-Mark-up / Non-Interest Based				
Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total		
(Rupees in thousand)							
FINANCIAL ASSETS							
At cost / amortised cost							
Long term loans	-	-	-	2,819	1,140	3,959	3,868
Long and short term deposits	-	-	-	312	2,599	2,911	2,811
Trade debts	-	-	-	1,059,148	-	1,059,148	1,059,148
Other receivables	-	-	-	15,363	-	15,363	16,883
Short term investment	1,050,000	-	1,050,000	-	-	-	1,050,000
Cash and bank balances	913,867	-	913,867	102,339	-	102,339	1,016,206
At fair value							
Short term investment	-	-	-	410	-	410	410
	1,963,867	-	1,963,867	1,180,391	3,739	1,184,130	3,147,887
FINANCIAL LIABILITIES							
At cost / amortised cost							
Long term financing	238,223	656,877	895,100	-	-	-	895,100
Trade and other payables	104,821	-	104,821	692,813	-	692,813	797,634
Accrued finance cost	-	-	-	61,211	-	61,211	61,211
Short term borrowings	4,532,139	-	4,532,139	-	-	-	4,532,139
Loan from related parties	-	-	-	41,135	-	41,135	41,135
Unclaimed dividend	-	-	-	14,431	-	14,431	14,431
At fair value							
Fair value of foreign currency forward contract	-	-	-	166,633	-	166,633	166,633
	4,875,183	656,877	5,532,060	976,223	-	976,223	6,508,283
2021							
Mark-up / Interest Based			Non-Mark-up / Non-Interest Based			Total	
Maturity up to One Year	Maturity after One Year	Sub Total	Maturity up to One Year	Maturity after One Year	Sub Total		
(Rupees in thousand)							
FINANCIAL ASSETS							
At cost / amortised cost							
Long term loans	-	-	-	3,616	1,395	5,011	5,011
Long and short term deposits	-	-	-	1,112	2,429	3,541	3,541
Trade debts	-	-	-	415,500	-	415,500	415,500
Other receivables	-	-	-	165	-	165	165
Short term investment	373	-	373	3	-	3	376
Cash and bank balances	501	-	501	53,260	-	53,260	53,761
	874	-	874	473,656	3,824	477,480	478,354
FINANCIAL LIABILITIES							
At cost / amortised cost							
Long term financing	238,223	895,100	1,133,323	-	-	-	1,133,323
Trade and other payables	16,037	-	16,037	616,035	-	616,035	632,072
Accrued finance cost	-	-	-	30,270	-	30,270	30,270
Short term borrowings	3,176,979	-	3,176,979	-	-	-	3,176,979
Loan from related parties	-	-	-	48,135	-	48,135	48,135
Unclaimed dividend	-	-	-	11,992	-	11,992	11,992
	3,431,239	895,100	4,326,339	706,432	-	706,432	5,032,771

42 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

42.1 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks that include credit risk, liquidity risk and market risk (including interest/ mark-up rate risk, currency risk and other price risk). The Company's overall risk management programs focuses on the under predictability of financial markets and seek to minimize potential adverse effects on the Company's financial performance.

This note presents information about the Company's Exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's Board of Directors provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest/ mark-up rate risk, credit risk, financial instruments and investment of excess liquidity. The Board of Directors reviews and agrees policies for managing each of these risks.

The information about the Company's exposure to each of the above risk, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital, is as follows:

A 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. The Company's operating activities exposes it to credit risks arising mainly in respect of loans and advances, deposits, trade debts, other receivables, short-term investment and bank balances. The maximum exposure to credit risk at the reporting date is as follows:

	2022	2021
	(Rupees in thousand)	
Loans to executive and other employees	3,959	5,011
Long and short term deposits	2,911	3,541
Trade debts	1,059,148	415,500
Other receivables	15,773	165
Short term investment	1,050,410	376
Bank balances	1,014,435	53,113
	<u>3,146,636</u>	<u>477,706</u>

Loans

These represent loans to executive and other employees against which the Company pursues for the recovery through monthly deductions from salaries of these employees and also the Company retains right to adjust retirement balance in case of default hence there is no significant credit risk in this respect. Certain loans are receivable from growers; however, considering the uncertainty about their recovery an impairment allowance is made there against as disclosed in note 12.2.

Deposits

These represent security deposits against utilities and other services and contracts. These are not significant and further based on past experience and credit worthiness of the counterparties the Company does not expect that these counter parties will fail to meet their obligations hence the Company believes that it is not exposed any significant credit risk in respect of deposits.

Trade debts

Trade debts are due from local and foreign customers. The Company manages credit risk in respect of trade debts interalia by obtaining advance against sales / or through letter of credits and by monitoring and follow up of customers. All the export debts are secured under irrevocable letter of credit, document acceptance contracts and other acceptable banking instruments. Further the Company actively pursue for the recovery and the significant amounts have been recovered subsequent to the year end date. Furthermore, these are neither past due nor impaired, hence no impairment allowance is necessary in respect of trade debts. Aging of trade debts is as follows:

1 to 6 months	<u>1,059,148</u>	<u>415,500</u>
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Short term investment and Bank balances

The Company limits its exposure to credit risk by investing funds and maintaining bank accounts only with financial institution that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with credit ratings are tabulated below:

	Long Term Ratings	Short Term Ratings	2022 Rupees in thousand	2021
In Local Currency				
United Bank Limited	AAA	A-1+	10,416	15,003
Al-Baraka Bank (Pakistan) Limited	A+	A-1	12,996	10,933
Habib Metropolitan Bank Limited	AA+	A-1+	4,995	6,523
National Bank of Pakistan Limited	AAA	A-1+	3,942	4,159
Standard Chartered Bank (Pakistan) Limited	AAA	A-1+	1,548	3,382
MCB Bank Limited	AAA	A-1+	1,590	3,194
Allied Bank Limited	AAA	A-1+	2,466	2,452
Faysal Bank Limited	AA	A-1+	7,971	1,839
Askari Bank Limited	AA+	A-1+	1,308	1,832
BankIslami Pakistan Limited	A+	A-1	914,815	1,381
Habib Bank Limited	AAA	A-1+	494	679
Samba Bank Limited	AA	A-1	478	478
Meezan Bank Limited	AAA	A-1+	34	456
Dubai Islamic Bank Pakistan Limited	AA	A-1+	714	93
Bank Al-Habib Limited	AAA	A-1+	9,019	77
JS Bank Limited	AA-	A-1+	47	47
Soneri Bank Limited	AA-	A-1+	40	40
In Foreign Currency				
Habib Bank Limited	AAA	A-1+	59	44
Meezan Bank Limited	AAA	A-1+	41,503	-
			1,014,435	52,612

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired is assessed by reference to past experience and external ratings or to historical information about counter party default rates.

As at the reporting date amounts of Rs. 25.018 million (2021: 25.018 million) receivable from growers were past due against which impairment allowance have been made. These past due loans to growers are outstanding for more than three years (Refer Note 12.2).

B Liquidity risk

Liquidity risk represents the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with contractual maturities of the financial liabilities is as follows:

Year ended 30 September 2022	Carrying Amount	Contractual Cashflows	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
(Rupees in thousand)						
Long term financing	895,100	1,050,877	39,107	274,422	711,203	26,145
Trade and other payables	797,634	797,634	797,634	-	-	-
Accrued finance cost	61,211	30,270	28,715	1,555	-	-
Short-term borrowings	4,532,139	4,728,694	2,558,965	2,169,729	-	-
Loan from related parties	41,135	48,135	48,135	-	-	-
Unclaimed dividend	14,431	11,991	11,991	-	-	-
	6,341,650	6,667,601	3,484,547	2,445,706	711,203	26,145

Year ended 30 September 2021	Carrying Amount	Contractual Cashflows	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
(Rupees in thousand)						
Long term financing	1,133,323	1,299,904	37,746	261,131	834,765	166,262
Trade and other payables	632,072	632,072	632,072	-	-	-
Accrued finance cost	30,270	30,270	28,715	1,555	-	-
Short-term borrowings	3,176,979	3,176,979	300,979	2,876,000	-	-
Loan from related parties	48,135	48,135	48,135	-	-	-
Unclaimed dividend	11,992	11,991	11,991	-	-	-
	5,032,771	5,199,351	1,059,638	3,138,686	834,765	166,262

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2022 the Company has Rs. 5,832 million (2021: Rs. 5,413 million) available unutilized short term financing limit from financial institutions and also has Rs. 1,016.206 million (2021: Rs. 53.761 million) being cash and bank balances. The Company has also made investment of Rs. 1,050.410 million (2021: Rs. 0.373 million) in short term securities which can be realised as well.

C Market Risk

Market risk is the risk that the fair value or future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk. The Company is subject only interest rate risk and currency risk whereas there were no financial instrument as at year end that were subject to other price risk.

D Interest/ mark-up rate risk management

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Company's major interest / markup rate exposure arises from long term financings, short term borrowings and payables. The Company analyses its interest / markup rate exposure on a regular basis by monitoring mark-up/interest rate trends and taking appropriate actions. As at the year end the interest / markup rate profile of the Company's interest / markup bearing financial instruments is:

	Note	Carrying Values	
		2022 (Rupees in thousand)	2021
Financial Liabilities			
<u>Variable Rate Instruments</u>			
Long term financing	20	400,000	560,000
Trade and other payables	22.3	104,821	16,037
Short term borrowings	24	4,532,139	3,176,979
		5,036,960	3,753,016
Financial Assets			
<u>Variable Rate Instruments</u>			
Short term investment	15.1	1,050,410	373
Bank balances (PLS savings)	16.1	913,867	501
		1,964,277	874
Net exposure		3,072,683	3,752,142

Fair value sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest / markup rate at the reporting date would not effect profit or loss of the Company.

Cash flow sensitivity analysis

An increase / decrease of 100 basis points in interest rates at the reporting date would have decreased /increased profit for the year before tax by the amount of Rs. 30.727 million (2021: Rs. 37.519 million) assuming that all other variables remains constant.

E Foreign exchange risk management

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future economical transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivables / payable from / to the foreign entities and balances in foreign currencies with local entities. Management regularly analyses and monitors exchange rates and in appropriate cases, the Company takes out forward contracts to mitigate risk. The Company's exposure to foreign currency risk is as follows:

	2022	2021	2022 (Rupees in thousand)	2021
Statement of Financial Position Exposure				
Foreign debtors	\$ 4,407,669	\$ 1,715,296	1,011,340	292,372
Bank balances	\$ 181,136	\$ 258	41,562	44
			<u>1,052,902</u>	<u>292,416</u>
Off Statement of Financial Position Exposure				
Commitments				
US Dollars	\$ -	\$ 30,100	-	5,146
Chinese Yuan	¥ 273,704	¥ 0	8,886	-
EUROS	€ 185,850	€ 310,867	41,927	61,595
			<u>50,813</u>	<u>66,741</u>

The following significant exchange rates have been applied:

Rupee per USD

	2022	2021
Average rate	229.70	170.70
Reporting date rate - Selling	229.95	170.95
Reporting date rate - Buying	229.45	170.45

Rupee per Euro

	2022	2021
Average rate	225.60	198.43
Reporting date rate - Selling	225.84	198.14
Reporting date rate - Buying	225.35	198.72

Rupee per Chinese Yuan

	2022	2021
Average rate	32.47	-
Reporting date rate - Selling	32.50	-
Reporting date rate - Buying	32.43	-

Sensitivity analysis

A 10 percent strengthening / weakening of the PKR against USD at 30 September would have decreased / increased profit before tax by the amount of Rs. 105.29 million (2021: Rs. 29.241 million). The effect of commitments in foreign currency would have been Rs. 5.081 million (2021: Rs. 6.675 Million). This analysis assumes that all other variables, in particular interest rates, remains constant.

F Capital risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

The primary objectives of the Company when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During 2022 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2022 and 2021 were as follows:

	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Total borrowings	5,468,374	4,358,437
Less: Cash and cash equivalent	(2,066,616)	(54,137)
Net debt	3,401,758	4,304,300
Total equity	6,014,549	4,661,403
Total equity and debt	9,416,307	8,965,703
Gearing ratio (%)	36.13%	48.01%

43 FAIR VALUES / MEASUREMENT

Fair value 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.

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 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).

Management assessed that the fair values of cash & cash equivalent, short term investment and short term deposits, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposit asset and long term liabilities, management considers that their carrying values approximate fair value. Fair value of forward contracts is determined using level 2 input.

The fair value of land and buildings and plant and machinery is a level 3 recurring fair value measurement. Management engages an independent external expert / valuator to carry out periodic valuation of its non-financial assets (i.e. Land, Building and Plant and Machinery) and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained by the valuer.

Land and Building

The valuation is considered on the factors of location, need of the buyers, the overall prevailing market situation and other considerations linked with this.

Plant and Machinery

Factors taken into consideration in order to assess the present value of the machinery and equipments include Make, Model, Quality, Operational Capacity, Existing Condition, Demand and Resale Prospects, Depreciation and Obsolescence etc.

44 PROVIDENT FUND RELATED DISCLOSURES

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

45 NUMBER OF EMPLOYEES

No of persons employed as on year end were 368 (2021: 361) and average number of employee during the year were 399 (2021: 394).

46 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on December 26, 2022.

47 SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2022, the Board of Directors has proposed a final cash dividend of Rs. 211.187 million at 100% i.e. Rs. 10 per share of Rs. 10 each (2021: Rs. 63.35 million at 30% i.e. Rs. 3 per share of Rs. 10 each) in their meeting held on December 26, 2022 subject to the approval of the members at the Annual General Meeting scheduled to be held on January 26, 2023. This dividend is in addition to interim dividend of Rs. 10 per share, i.e., 100%

48 GENERAL

48.1 Comparative figures have been re-arranged and re-grouped where considered necessary for more appropriate presentation and comparison.

Reclassification from component	Reclassification to component	Rs In (000)
Other receivable - Others	Trade deposit and short term prepayments - Prepaid markup	9
Short term investment - Accrued profit	Other receivable - Accrued profit	3

48.2 Amounts have been rounded off to the nearest thousand rupee unless otherwise stated.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOOB
Director


ZAID ZAKARIA
Chief Financial Officer

**PATTERN OF HOLDING OF THE SHARES HELD BY THE
SHAREHOLDERS AS ON SEPTEMBER 30, 2022**

NO. OF SHAREHOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
1383	1	-	100	31,098
547	101	-	500	137,133
110	501	-	1000	91,249
144	1001	-	5000	335,433
31	5001	-	10000	239,879
17	10001	-	15000	216,317
9	15001	-	20000	164,490
8	20001	-	25000	182,151
1	25001	-	30000	28,500
2	30001	-	35000	64,970
2	40001	-	45000	83,813
1	45001	-	50000	49,000
2	50001	-	55000	103,500
1	60001	-	65000	64,816
2	65001	-	70000	134,462
1	75001	-	80000	77,000
2	80001	-	85000	162,852
1	85001	-	90000	86,866
2	90001	-	95000	184,500
2	95001	-	100000	200,000
1	115001	-	120000	115,909
1	120001	-	125000	122,000
1	130001	-	135000	133,779
2	145001	-	150000	294,175
2	155001	-	160000	313,866
2	180001	-	185000	366,217
1	185001	-	190000	185,514
1	190001	-	195000	193,777
2	205001	-	210000	411,119
1	215001	-	220000	218,086
2	220001	-	225000	445,991
1	225001	-	230000	226,624
1	255001	-	260000	256,696
1	285001	-	290000	288,924
1	305001	-	310000	308,500
1	310001	-	315000	313,040
1	360001	-	365000	360,263
1	375001	-	380000	377,851
1	395001	-	400000	400,000
1	410001	-	415000	410,210
1	415001	-	420000	415,523
1	420001	-	425000	422,428
1	465001	-	470000	465,500
1	515001	-	520000	520,000
1	570001	-	575000	571,845
3	585001	-	590000	1,763,305
1	605001	-	610000	608,600
1	640001	-	645000	644,346
1	665001	-	670000	666,566
1	960001	-	965000	964,787
1	1020001	-	1025000	1,023,199
1	1370001	-	1375000	1,372,210
1	3295001	-	3300000	3,299,784
2308	Total			21,118,883

CATEGORIES OF SHAREHOLDING AS ON SEPTEMBER 30, 2022

S.R. NO.	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1	INDIVIDUALS	2266	13,299,891	62.98%
2	INSURANCE COMPANIES	1	23,551	0.11%
3	JOINT STOCK COMPANIES	19	5,231,682	24.77%
4	FINANCIAL INSTITUTIONS	4	610,158	2.89%
5	MUTUAL FUND	8	1,604,210	7.60%
6	MODARABAS	1	15	0.00%
7	OTHERS	9	349,156	1.65%
	TOTAL:-	2308	21,118,663	100.00%

CATEGORIES OF SHAREHOLDING AS AT SEPTEMBER 30, 2022

Categories of Shareholders	No. of Share holders	Shares Held	Percentage
ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES			
Al-Noor Sugar Mills Ltd.	1	3,299,784	15.62%
Reliance Insurance Co. Ltd.	1	23,551	0.11%
Noori Trading Corporation (Pvt.) Ltd.	2	760,566	3.60%
Zain Trading Corporation (Pvt.) Ltd.	1	1,023,199	4.84%
NBP, NIT & ICP			
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT	1	100	0.00%
NATIONAL BANK OF PAKISTAN	1	1,358	0.01%
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST.	1	7,757	0.04%
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	221,055	1.05%
MUTUAL FUND			
CDC TRUSTEE NATIONAL INVESTMENT (UNIT) FUND TRUST	1	1,372,210	6.50%
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	90,500	0.43%
CDC -TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	1,500	0.01%
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	15,000	0.07%
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	15,000	0.07%
CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	51,500	0.24%
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND-EQUITY SUB FUND	1	52,000	0.25%
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	6,500	0.03%
DIRECTORS, CEO & THEIR SPOUSES AND MINOR CHILDREN			
MR. ABDUL AZIZ AYOOB	1	415,523	1.97%
MR. NOOR MOHAMMAD ZAKARIA	1	587,769	2.78%
MR. ZIA ZAKARIA	1	422,428	2.00%
MRS. SANOBER HAMID ZAKARIA	1	10,641	0.05%
MR. ASAD AHMED MOHIUDDIN	1	571,845	2.71%
MR. RUMI MOIZ	1	1,000	0.00%
MRS. MEHRUNNISA A. AZIZ (W/O A. AZIZ AYOOB)	1	43,613	0.21%
MRS. SHAHNAZ SATTAR ZAKARIA (W/O NOOR MOHAMMAD ZAKARIA)	1	587,769	2.78%
PUBLIC SECTOR COMPANIES AND CORP.			
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	608,600	2.88%
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES, MODARABAS, LEASING, TAKAFUL AND PENSION FUND.	2	115	0.00%
JOINT STOCK COMPANIES	15	148,133	0.70%
OTHERS	7	120,344	0.57%
GENERAL PUBLIC			
FOREIGN	—	—	—
LOCAL	2258	10,659,303	50.47%
TOTAL:-	2308	21,118,663	100.00%

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

CDC TRUSTEE NATIONAL INVESTMENT (UNIT) FUND TRUST	1,372,210
AL-NOOR SUGAR MILLS LIMITED	3,299,784
ZAID ZAKARIA	1,164,346

Details of trading in the shares by the Directors, Executives and their spouses and minor children:

None of the Directors, Executive and their spouses and minor Children has traded in the shares of the Company during the year except the following.

	Gift Received No. of Shares
Mr. Abdul Aziz Ayoob	210,970

بورڈ کی تفصیلات کا طریقہ کار:

بورڈ اور بورڈ کی کمیٹی کے اراکین انتہائی تجربہ کار رہنما ہیں اور اپنی تائید کو بہتر بنانے کے لیے مسلسل کوشش کرتے ہیں اور بورڈ کی کارکردگی کا جائزہ لینے کے لیے سالانہ جائزہ لیجے ہیں۔ بورڈ کا رپورٹ سیکرٹری اور گورننس میں ہونے والی پیش رفت کا بھی جائزہ لیتا ہے تاکہ یہ یقینی بنایا جاسکے کہ کمیٹی بہترین طریقوں کے ساتھ منسلک رہے۔

منافع Dividend:

ڈائریکٹرز نے فائل کیش ڈیویڈنڈ 100% کی شرح سے یعنی 10.00 روپے فی شیئر کی سٹارٹش کی ہے اس کے علاوہ 100 فیصد عبوری نقد منافع 10.00 روپے فی شیئر پہلے ادا کیا جاسکا ہے۔ (2021: 30 فیصد یعنی 3.00 روپے فی شیئر)

آڈیٹرز کی تقرری:

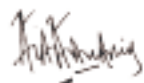
موجودہ آڈیٹرز، میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سال 2021-22 کے سالانہ اجلاس کے اختتام کے ساتھ ریٹائر ہو جائیں گے اور اہل ہونے کی وجہ سے انہوں نے خود کو سال 2022-23 کے لیے دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے سال 2022-23 کے لیے ان کی دوبارہ تقرری کی بھی سٹارٹش کی اور آپ کی کمیٹی کے بورڈ نے بھی میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سٹارٹش کی توثیق کی ہے آئندہ سالانہ جنرل میٹنگ میں ممبران کی طرف سے آڈٹ فیس مقرر کرنی ہے۔

عملے کے تعلقات:

آخر میں ڈائریکٹرز، ایگزیکٹو، اسٹاف ممبرز اور ورکرز کی تقریب کو ریکارڈ پر لانا چاہتے ہیں کہ انہوں نے پورے سال سخت محنت اور دل جمعی سے کام کیا اور کمیٹی کے معاملات کو احسن طریقے پر چلایا اور موجودہ مسابقتی رحمان کے دور میں کمیٹی کے مقاصد اور ہدف کو حاصل کیے۔ انہوں نے اعتماد کا اظہار کرتے ہوئے توقع ظاہر کی کہ وہ اللہ تعالیٰ کے فضل و کرم سے آئندہ بھی اسی جذبے اور لگن سے کام کریں گے۔

شکریہ


ایس احمد
ڈائریکٹر


ایس احمد
چیف ایگزیکٹو آفیسر (CEO)

کراچی: تاریخ: 26 ستمبر 2022

پارٹیوں سے متعلقہ لین دین:

پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشن کے تحت مطلوبہ تمام متعلقہ فریقین کے لین دین کو اس مدت کے دوران بورڈ کی آڈٹ کمیٹی اور بورڈ کے سامنے حتمی منظوری کے لیے پیش کیا جاتا ہے۔ کمپنیز ایکٹ 2017 میں فراہم کردہ مارکیٹ کی قیمت پر متعلقہ فریقوں کے لین دین کو بھی آئندہ آنے والی سالانہ جنرل میٹنگ میں ممبران کے سامنے رکھا جائے گا۔

قومی خزانے میں شراکت:

کمپنی ٹیکسوں، ڈیویڈنڈوں کی صورت میں ملک کے وسائل میں اضافہ کر رہی ہے اور چینی کی برآمد کے ذریعے زرمبادلہ کمزوری ہے جیسا کہ حکومت اور انحصول کی اجازت ہے تاکہ ملک کو درپیش تجارتی خسارے کو کم کیا جاسکے۔ زیر جائزہ مدت کے دوران آپ کی کمپنی نے 72,397 میٹرک ٹن انحصول برآمد کیا ہے اور ملک کے لیے قیمتی زرمبادلہ کمایا ہے۔

رسک مینجمنٹ اور مواقع:

کمپنی ایک چیلنجنگ ماحول میں کام کرتی ہے اور انتظامیہ نے خطرے کی شناخت، تشخیص اور تخفیف کے لیے ایک موثر طریقہ کار ترتیب دیا ہے جو ہمارا آپریشن کو قابل بناتا ہے اور اس بات کو یقینی بناتا ہے کہ کاروبار کی ترقی پر توجہ مرکوز رہے۔

کریڈیٹ رسک:

کمپنی عام طور پر پیشگی ادائیگیوں کے عوض مصنوعات فروخت کرتی ہے لیکن کریڈٹ کی فروخت کی صورت میں ان صارفین کی مناسب احتیاط برتی جاتی ہے جن کو کریڈٹ دیا جاتا ہے۔

مارکیٹ کا رسک:

کمپنی اپنے خام مال اور تیار مصنوعات کی قیمتوں میں تبدیلی کے خطرے سے دوچار ہے۔ اس کا انتظام اسٹاک کی سطح کی منصوبہ بندی اور مختلف ذرائع سے خرید و فروخت کے لیے منڈیوں کی مسلسل نگرانی کے ذریعے کیا جاتا ہے۔

لیکویڈیٹی رسک:

کمپنی نے اپنی کاروباری ذمہ داریوں کو پورا کرنے کے لیے فروخت کی رسیدوں اور خریداریوں کی ادائیگی کے درمیان مماثلت کو پورا کرنے کے لیے مختلف ٹیکنیکوں سے ورکنگ کپیکلٹی کی ضروریات کا انتظام کیا۔ بورڈ وقتاً فوقتاً کاروبار کو درپیش بڑے خطرے کا جائزہ لیتا ہے اور خطرے کو کم کرنے کے لیے ضروری اقدامات کرتا ہے۔ آڈٹ کمیٹی مالیاتی اور قہیل کے خطرات کا بھی جائزہ لیتی ہے۔ انسانی وسائل اور معاوضے کی کمیٹی اس بات کو یقینی بنانے کے لیے معاوضے اور انعام کی پالیسیوں کا جائزہ لیتی ہے کہ یہ باصلاحیت اور تجربہ کار عملے کو برقرار رکھنے اور اپنی طرف متوجہ کرنے کے لیے مسابقتی اور موثر ہیں۔

مستقبل کا نقطہ نظر:

شوگر ڈویژن:

حکومت سندھ نے گنے کی فی من قیمت کا نوٹیفکیشن جاری کر دیا۔ = 250 روپے فی چالیس کلو کے مقابلے میں = 302 روپے مقرر کیا گیا ہے۔ گزشتہ دو سالوں کے دوران کاشتکاروں کو پرکشش منافع اور اچھی بارشوں کی وجہ سے ملک میں گنے کی فصل بہتر ہے۔ 2022-23 کا کرشنگ سیزن ابھی شروع ہوا ہے تو قح کی جارہی ہے کہ چینی کی پیداوار ملک کی ضرورت سے زیادہ ہوگی، اس کے علاوہ پچھلے سال کے ابتدائی اضافی کیری اور سناک کی قیمت میں اضافے کے پیش نظر۔ خام مال سے چینی کی پیداواری لاگت کافی بڑھ جائے گی۔ مارکیٹ میں چینی کی قیمت میں بھی اسی حساب سے اضافہ متوقع ہے۔ حکومت کو چاہیے کہ وہ اضافی چینی برآمد کرنے کے آپشن پر غور کرے تاکہ ملکی مارکیٹ میں چینی کی قیمت کو مستحکم کیا جاسکے اور ملک کے لیے ضروری زر مبادلہ کمایا جاسکے۔

اجتہاد ڈویژن:

ملک میں گنے کی اچھی فصل ہونے کی وجہ سے راب کی دستیابی بہتر ہونے کی امید ہے۔ مانگ زیادہ ہونے کی وجہ سے راب کی قیمت بھی کافی بڑھ گئی ہے۔ اجتہاد کی قیمتیں اوپر نیچے ہوتی ہیں اور دنیا میں سیاسی اور معاشی حالات کی وجہ سے غیر یقینی صورتحال ہے۔ انتظامیہ پروڈکٹ کس تیار کرنے کے لیے جارحانہ طریقے سے مختلف طریقوں پر عمل پیرا ہے جس سے اجتہاد ڈویژن کے منافع کے مارجن کو بہتر بنانے میں مدد ملے گی۔

کمپنی کی کریڈٹ ریٹنگ:

وی آئی ایس (VIS) کریڈٹ ریٹنگ کمپنی کی ابتدائی میڈیم سے لوگ ٹرم ریٹنگ کے مطابق ہماری کمپنی کو "A-/A-2" (Single A Minus/A-Two) کا درجہ دیا ہے یعنی میڈیم سے لانگ ٹرم ریٹنگ میں ہماری کمپنی کو Stable یعنی مستحکم قرار دیا ہے۔

کارپوریٹ اور سماجی ذمہ داری:

کمپنی اپنے کارپوریٹ اور سماجی ذمہ داری (CSR) کے اہداف کو پورا کرنے کے لیے پرعزم ہے اور ملز کے علاقے کے ارد گرد تعلیم، صحت کی دیکھ بھال، ماحولیات اور دیگر سماجی وجوہات کی حمایت کرتے ہوئے کھل کر جاری رکھے ہوئے ہے تاکہ علاقے کی کم مراعات یافتہ کمیونٹی کی زندگیوں میں بہتری لائی جاسکے۔ کمپنی نے اپنے فریٹھیو ایریا میں مسلسل کئی کئی سرگرمیاں کیں یعنی سینکڑوں لیول تک ایک سکول قائم کیا، وقفہ وقفہ سے میڈیکل کیسپ کا انعقاد، مستحق دیہاتوں کو مالی امداد، کاشتکاروں کو کھاد اور بیج فراہم کرنا، مفت راشن کی فراہمی اور طبی امداد۔ ضرورت مند افراد کو فراہم کر رہے ہیں۔

ماحولیات اور کمپنی کا کاروبار:

انتظامیہ اچھے ماحول کو برقرار رکھنے کے حوالے سے اپنی ذمہ داریوں سے بخوبی واقف ہے تاکہ اس کے منفی اثرات کو ختم کیا جاسکے اور وہ معاشرے کی پائیدار ترقی کے لیے پرعزم ہے۔ آپ کی کمپنی فضلہ اور اخراج کو کم کر کے ماحولیاتی اثرات کو کم کرنے اور اپنے ملازمین، صارفین، سپلائرز، پڑوسیوں اور عام لوگوں کی صحت اور حفاظت کے لیے سب سے زیادہ فکر کے ساتھ اپنا کاروبار چلانے کے لیے پرعزم ہے۔ انتظامیہ کمیونٹی کے اندر ماحول کو سہارا دینے کے لیے درخت لگانے کی مہم شروع کر دی ہے۔

آؤٹ کمیٹی:

بورڈ نے ایک آؤٹ کمیٹی بھی تشکیل کی ہے جس میں درج ذیل ڈائریکٹرز شامل ہیں۔ زیرِ نوردت کے دوران آؤٹ کمیٹی کے چار اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری حسب ذیل تھی۔

ڈائریکٹرز کے نام	عہدہ	درجہ
1. جناب نعیم احمد شفیع (چیئر مین)	1	آزاد ڈائریکٹر
2. جناب نور محمد زکریا	2	نان ایگزیکٹو
3. مسز صوبیر حامد زکریا	3	نان ایگزیکٹو
4. جناب مسرور میسر (چیئر مین)	2	آزاد ڈائریکٹر

جناب نعیم احمد شفیع ڈائریکٹرز کے انتخاب سے قبل آؤٹ کمیٹی کے چیئر مین تھے۔ انتخاب کے بعد جناب روی میسر کو بورڈ نے آؤٹ کمیٹی کا چیئر مین مقرر کیا ہے۔

آؤٹ کمیٹی کے ممبران آف ریفرنس کا تعین بھی بورڈ نے پاکستان اسٹاک ایکسچینج لیٹڈ کے سٹاک ریگولیٹیشن میں فراہم کردہ رہنما اصول کے مطابق کیا ہے۔

انسانی وسائل اور معاوضہ کمیٹی:

بورڈ نے پاکستان اسٹاک ایکسچینج لیٹڈ کے سٹاک ریگولیٹیشن میں فراہم کردہ رہنما اصول کے مطابق انسانی وسائل اور معاوضہ کمیٹی بھی تشکیل دی ہے جو درج ذیل ڈائریکٹرز پر مشتمل ہے۔

ڈائریکٹرز کے نام	عہدہ	درجہ
1. جناب روی میسر	چیئر مین	آزاد ڈائریکٹر
2. جناب نور محمد زکریا	ممبر	نان ایگزیکٹو ڈائریکٹر
3. جناب ضیاء زکریا	ممبر	ایگزیکٹو ڈائریکٹر

اس عرصے کے دوران کمیٹی کا ایک اجلاس ہوا اور تمام ڈائریکٹرز نے اجلاس میں شرکت کی۔

ڈائریکٹرز کے معاوضے کی پالیسی:

کمیٹی نے آرٹیکلز کے مطابق، بورڈ کمیٹی کیپٹنیز ایکٹ 2017 کے آرٹیکلز کے مطابق حاصل کردہ جنرل پیٹنگ میں ممبران کی تنخواہ کے ساتھ وقتاً فوقتاً ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹرز کے معاوضے کا تعین کرنے کا حجاز ہے۔ بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضے کی پالیسی تیار کی ہے جس میں بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے انفرادی نان ایگزیکٹو ڈائریکٹرز کے معاوضے کے چیک کے تعین کے لیے تفصیل، مقاصد اور ایک شفاف طریقہ کار طے کیا گیا ہے۔

ڈائریکٹرز کے معاوضے کی پالیسی کی دیگر اہم خصوصیات میں یہ شامل ہے کہ معاوضے کی سطح مسابقتی اور قابل اور ضرر مند افراد کو راغب کرنے اور برقرار رکھنے کے لیے کافی ہوگی۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی مجموعی رقم کی تفصیلات مالیاتی گواہی کے شمارے 39 نوٹ نمبر میں ظاہر کی گئی ہیں۔

بورڈ آف ڈائریکٹرز کا انتخاب:

بورڈ کے موجودہ ممبران کی میعاد 29 مارچ 2022 کو مکمل ہوئی اور مذکورہ تاریخ کو منعقدہ ممبران کی ایکسٹرا آرڈینری میٹنگ میں تین سال کی مدت کے لیے آپ کی کھینچی کے ڈائریکٹرز کے طور پر درج ذیل افراد کو منتخب کیا گیا۔

01. جناب نور محمد زکریا
02. جناب ضیاء زکریا
03. جناب عبدالعزیز ایوب
04. مسز صنوبر حامد زکریا
05. جناب اسد احمد جی الدین
06. جناب رویٰ مصیور
07. جناب شیخ عامر رفیق

بورڈ آف ڈائریکٹرز کی میٹنگ:

زیر جا کردت کے دوران بورڈ کے پانچ اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری حسب ذیل تھی۔

درجہ	شرکت	ڈائریکٹرز کے نام	
نان ایگزیکٹو	3	جناب نور محمد زکریا	1.
ایگزیکٹو	5	جناب ضیاء زکریا	2.
ایگزیکٹو	5	جناب عبدالعزیز ایوب	3.
نان ایگزیکٹو	4	مسز صنوبر حامد زکریا	4.
نان ایگزیکٹو	5	جناب اسد احمد جی الدین	5.
آزاد ڈائریکٹر	1	جناب نعیم احمد شفیع*	6.
آزاد ڈائریکٹر	2	جناب فرم آفتاب*	7.
آزاد ڈائریکٹر	3	جناب رویٰ مصیور	8.
آزاد ڈائریکٹر	2	جناب شیخ عامر رفیق	9.

* جناب نعیم احمد شفیع اور جناب فرم آفتاب ڈائریکٹرز کے انتخاب سے پہلے ڈائریکٹر تھے۔

پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے تحت درکار مالیاتی گواہیوں میں ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی تفصیلات بھی فراہم کی گئی ہیں۔ میٹنگ نمس کے علاوہ نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کیا جاتا۔

کارکردگی کا جائزہ:

شوگر ڈویژن:

الحمد للہ، زرخوردت کے دوران کھیتی کی مجموعی بنیادوں پر کارکردگی اچھی رہی۔ زرخوردت کے دوران، ریکوری کی شرح بڑھ کر 11.08 فیصد ہو گئی جو گزشتہ سال کی اسی مدت میں حاصل کی گئی 10.70 فیصد تھی جو کہ گنے کے اچھے معیار کی وجہ سے تھی۔ کھیتی کی پیداوار 66,683 میٹرک ٹن تھی جو پچھلے سال کی 47,220 میٹرک ٹن کی پیداوار سے 41.22 فیصد زیادہ ہے۔ اس کی وجہ گنے کی زیادہ کرشنگ کی مقدار ہے کیونکہ موجودہ کرشنگ سیزن کے دوران اس کی دستیابی میں بہتری آئی تھی۔ جیسا کہ سہ ماہی رپورٹس میں بتایا گیا ہے، ارواں سال کے دوران ملک میں کھیتی کی پیداوار تقریباً 8 ملین ٹن رہی جو کہ ملک کی ضرورت سے زیادہ ہے۔ اور اس کے نتیجے میں مقامی مارکیٹ میں کھیتی کی قیمت میں کمی کا رجحان ہے۔

احتمول ڈویژن:

زرخوردت کے دوران، احتمال پولیٹ نے اہمیتان بخش طریقے سے کام کیا اور 69,752 میٹرک ٹن احتمال پیدا کیا جو گزشتہ سال 42,643 میٹرک ٹن تھی۔ گزشتہ سال کی پیداوار کے مقابلے میں پیداوار 63.57 فیصد زیادہ ہے۔ خام مال کی دستیابی اور غیر ملکی خریداروں کی طرف سے بہتر مانگ کی وجہ سے زیادہ پیداوار حاصل کی گئی۔ آپ کی کھیتی نے 72,397 میٹرک ٹن احتمال برآمد کیا جب کہ گزشتہ سال 39,690 میٹرک ٹن برآمد کیا گیا تھا اور کھیتی نے ملک کے لیے قیمتی زرمبادلہ کمایا تھا۔ انتظامیہ نے پلانٹ کی صلاحیت کے زیادہ سے زیادہ استعمال کو یقینی بنانے کے لیے مختلف پراڈکٹس ملکر کا ایک پورٹ فولیو تیار کرنے کے لیے بڑے پیمانے پر کام کیا ہے۔

کارپوریٹ گورننس کے بہترین طریقوں کے ساتھ تعمیل کا بیان:

- 1۔ کھیتی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کے معاملات کی صورتحال، آپریشن کے نتائج، کیش فلو اور ایجوٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔
- 2۔ قانون کے تحت ضرورت کے مطابق کھیتی نے کھاتوں کی مناسب کتابیں رکھی ہیں۔
- 3۔ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور آئیندہ فیصلے پر مبنی ہیں۔
- 4۔ بین الاقوامی مالیاتی رپورٹنگ کے معیارات، (IFRS) جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں بیرونی کی گئی ہے۔
- 5۔ اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- 6۔ کھیتی کو جاری رکھنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- 7۔ پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز میں تفصیل کے مطابق کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی اخراج نہیں ہوا ہے۔
- 8۔ کوئی باہمی قانونی ادائیگی نہیں ہوئی ہے، سوائے ان کے جو معمول کے کاروبار کے تحت ہیں اور کچھ تنازعہ معاملات جو مالیاتی گوشواروں کے متعلقہ نوٹوں میں ظاہر ہو رہے ہیں۔
- 9۔ 30 ستمبر 2022 تک کھیتی میں شیئر ہولڈنگ کا بیٹرن بھی سالانہ رپورٹ میں شامل ہے
- 10۔ ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانس آفیسر، کھیتی سیکرٹری، ان کی شریک حیات یا نابالغ بچوں نے کھیتی کے حصص کی کوئی تجارت نہیں کی سوائے اس کے کہ دوسری صورت میں ظاہر کیا گیا ہو۔
- 11۔ پراویڈنٹ فنڈ سے سرمایہ کاری کنٹریباٹ 2017 کے سیکشن 218 اور اس مقصد کے لیے وضع کردہ قواعد کے مطابق کی گئی ہے۔
- 12۔ گزشتہ دس سالوں کے اہم آپریٹنگ اور مالیاتی اعداد و شمار اور شیئر ہولڈنگ کے بیٹرن کو سالانہ رپورٹ میں شامل کیا گیا ہے۔

ڈائریکٹرز یا ان کی شریک حیات کے انعقاد میں سوائے دوسری صورت میں کوئی خاص تبدیلی نہیں آئی ہے۔

ڈائریکٹرز رپورٹ برائے ممبران

شروع کرتا ہوں اللہ کے نام سے جو بہت مہربان اور رحم کرنے والا ہے

محترم ممبران السلام علیکم

میرے لیے یہ نہایت خوشی کی بات ہے کہ میں آج بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2022 کو ختم ہونے والے سال کیلئے آپ کی کمپنی کی آڈٹ شدہ مالی حسابات (Financial Statements) اور آڈیٹرز کی رپورٹ پیش کرنے کی سعادت حاصل کر رہا ہوں۔

مالیاتی کارکردگی :

2020-21 **2021-22**

(روپے ہزاروں میں)

2020-21	2021-22		
298,439	1,966,674	منافع قبل از ٹیکس	☆
(162,773)	(315,823)	ٹیکس کے لئے فراہمی	☆
135,666	1,650,851	منافع بعد از ٹیکس	☆
Rs.6.42	Rs.78.17	منافع فی شیئر بنیادی	☆

آپ کی کمپنی نے پچھلے سال کے دوران 135.666 ملین روپے کے منافع کے مقابلے میں اس سال 1,650.851 ملین روپے کا بعد از ٹیکس منافع کمایا ہے۔ کمپنی کی بنیادی سرگرمیاں چینی کی اور ایتھنول (Ethanol) ہیں۔ کمپنی کی خاص تقابلی پیداوار اور مالی اعداد و شمار نیچے دیے گئے ہیں۔

معلومات بہت ہی اہم ہیں اور

2020-21 **2021-22**

441,293	601,695	گنے کی پھالی (میٹرک ٹن)	☆
47,220	66,683	گٹھائی کی پیداوار (میٹرک ٹن)	☆
10.70	11.08	رکھری برائے گٹھائی (ٹن/ہیکٹر)	☆
19,740	25,810	پیداوار برائے رب (میٹرک ٹن)	☆
42,643	69,752	ایتھنول کی پیداوار (میٹرک ٹن)	☆

(روپے ہزاروں میں)

مالی اعداد و شمار:

9,934,493	17,806,813	فروخت	☆
(9,172,383)	(14,355,554)	لاگت برائے فروختی	☆
762,110	3,451,259	عام منافع	☆
(43,368)	(142,085)	تعمیری لاگت	☆
(255,575)	(304,211)	انتظامی اخراجات	☆
(87,000)	(591,917)	دیگر عملیاتی اخراجات	☆
(366,619)	(488,790)	مالیاتی اخراجات	☆
289,059	42,468	دیکھا مدنی	☆
(168)	(50)	ایسوی ایٹ میں نقصان کا حصہ	☆
298,439	1,966,674	قبل از ٹیکس منافع	☆



PROXY FORM

I/We
In the district of being a Member of **SHAHMURAD SUGAR MILLS LIMITED**
and holder of Ordinary Shares as per Share
(Number of Shares)
Register Folio No. and/or CDC Participant I.D. No. and Sub Account No.
hereby appoint of
or failing him
of also a member, as my/our Proxy in my/our absence to
attend and vote for me/us at the 44th Annual General Meeting of the Company to be held on the 26th day of January two
thousand Twenty Three at 11:30 a.m. and at any adjournment thereof :

Signed this day of 2023

WITNESSES:

1. Signature
Name:
Address
CNIC or
Passport No.

Rupees five
Revenue
Stamp

2. Signature
Name:
Address
CNIC or
Passport No.

Signature of Member(s)

NOTE:

1. This Proxy Form, duly completed and signed, must be received at the office of our Shares Registered office not later than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities
In addition to the above the following requirements have to be met.
(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
(ii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

پراکسی فارم

میں / ہم _____
 ساکن _____
 کے رکن و حامل _____
 اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____
 پتہ _____
 ساکن _____
 44 واں سالانہ اجلاس عام نمبر 26 جنوری 2023 بوقت 11:30 بجے منعقد یا ملتوی ہونے والے میں رائے دہندگی کیلئے اپنا نام تحریر کرنا کرتی ہوں۔

دفعہ شدہ تاریخ _____ بروز _____ 2023

میرے کرم پانچواں ہے
 ایسے کے لئے
 چاہا کریں۔

کہاں:

1-

دفعہ _____
 نام _____
 پتہ _____

کیجیٹرز و شراکتی کارڈ یا پاسورٹ نمبر _____

2-

دفعہ _____
 نام _____
 پتہ _____

دفعہ میرے نمبر / نمبران _____
 (دفعہ کئی میں سے کسی نمبر کے دفعہ کے مطابق ہونے چاہیے)

کیجیٹرز و شراکتی کارڈ یا پاسورٹ نمبر _____

نوٹ:

- 1۔ ہر بلا سے قبل اور دفعہ شدہ پراکسی فارم بیلنگ سے کم از کم 48 گھنٹے قبل کئی کے شیئرز رجسٹر کے دفتر میں وصول ہونا چاہیے۔
- 2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرنا چاہتا ہے تو ایک سے زیادہ شراکتی آئی ڈی پراکسی نامزد کرنا ہے تو اس صورت میں تمام شراکتی آئی ڈی پراکسی کا نام قرار دینے جائیں گے۔
- 3۔ سی ڈی سی اکاؤنٹ دیکھنے والے کارپوریٹ ادارے صرف برائے صبح شراکتی کارڈ کو پورا کریں گے۔
- (1) پراکسی فارم کے ممبران کا نام کے شراکتی کارڈ یا پاسورٹ کی تصدیق شدہ متعلق ہی دیکھی جائیں۔
- (2) کارپوریٹ ادارے کی صورت میں ہر آئی ڈی ایکٹرز کی قرارداد یا آئی ڈی آئی مع دفعہ کے نمونے (اگر پہلے مع ذکر لیا ہے) کئی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔



Shahmurad Sugar Mills Ltd.
96-A, Sindhi Muslim Society
Karachi 74400
www.shahmuradsugar.co