

SHAHMURAD SUGAR MILLS LTD

ANNUAL REPORT
2023



Contents

COMPANY 02	CODE OF 04	CHAIRMAN'S 10
information	Conduct	Review
MISSION 03	ANNUAL 05	DIRECTOR'S 11
& Vision	General Meeting	Report

Statement of Compliance with Code of Corporate Governance	16
Key Operation and Financial Data for Ten Years	18
Review Report on the Statement of Compliance (Code of Corporate Governance) Regulations, 2019	19
Independent Auditor's Report to the members	20
Statement of Financial Position	24
Statement of Profit or Loss	25
Statement of Comprehensive Income	26
Statement of Changes in Equity	27
Statement of Cash Flows	28
Notes to the Financial Statements	29
Pattern of Shareholding	71
Directors' Report (Urdu)	79
Form of Proxy (English and Urdu)	

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 strength 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 45th Annual General Meeting of SHAHMURAD SUGAR MILLS LIMITED will be held at the Registered Office of the Company at 96-A, Sindhi Muslim Society, Karachi on Thursday, January 25, 2024 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 44th Annual General Meeting held on January 26, 2023.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended September 30, 2023 together with the Directors' and Auditors' Reports thereon.
3. To approve payment of Final Cash Dividend @ 200 % i.e. Rs.20.00 per ordinary share of Rs.10/= each for the year ended September 30, 2023 as recommended by the Board of Directors. This is in addition to 300% i.e. Rs.30.00 per share interim cash dividend already paid making a total cash dividend of Rs.50.00 per share i.e. 500%.
4. To appoint Auditors and to fix their remuneration for the year 2023-24. 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, 2023 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 Circulate the Annual Audited Financial Statements / Annual Report to the Members Through QR Enabled Code and Weblink:**

To consider dissemination of annual audited financial statements through QR enabled code and weblink instead of transmitting the same in the form of CD/DVD/USB and approve the following resolution as a Special Resolution with or without modification: -

"Resolved that dissemination of information regarding annual audited financial statements to the shareholders through QR enabled code and weblink as notified by the Securities and Exchange Commission of Pakistan vide its SRO 389 (1)/2023 dated 21st March, 2023, be and is hereby approved while considering technological advancements and old technology becoming obsolete, the circulation of annual financial statements through CD/DVD/USB be discontinued."

"FURTHER RESOLVED that the Managing Director / Chief Executive or any of the Directors or the Company Secretary be and are hereby singly authorized to do all acts, deeds and things and take all steps and necessary actions ancillary and incidental including filing of requisite documents and returns as may be required with the Registrar of Companies, Securities and Exchange Commission of Pakistan and complying with all other regulatory requirements to effectuate and implement this 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, 2023

NOTES:

1. Closure of Share Transfer Books:

The Register of the Members of the Company will remain closed from January 19, 2024 to January 26, 2024 (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. Distribution of annual report through email (optional)

Pursuant to the provision of section 223(6) of the Companies Act 2017, the companies are permitted to circulate their annual financial statements along with auditor's report directors' review report etc. ("Annual Report") and the notice of annual general meeting ("Notice"). to its shareholders by email. Shareholders of the Company who wish to receive the Company's annual report and notice of annual general meeting by email are requested to provide the completed electronic communication consent form (available on the Company's website). to the Company's share registrar.

The audited financial statements of the Company for the year ended September 30, 2023 have been made available on the Company's website (www.shahmuradsugar.co) in addition to annual and quarterly financial statements for the prior years.

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 facility at _____.

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 may exercise their right to vote by means of postal ballot i.e. by post or through electronic mode subject to the requirements of section 143 and 144 of the Companies Act, 2017. Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purposes of Special Business members will be allowed to exercise their right to vote through postal ballot /electronic mode in accordance with the requirement and procedures contained in the aforesaid Regulations. The schedule and procedure of postal ballot/electronic voting shall be placed on the Company's website i.e. www.shahmuradsugar.co seven (7) days before the meeting.

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 25, 2024.

RELATED PARTY TRANSACTIONS.

Agenda Item No. 5(a) of the Notice - Transactions carried out with related parties during the year ended September 30, 2023 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, 2023 with related parties shown in note No. 37 of the financial statements are being placed before the shareholders for their consideration and approval / ratification.

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 in respect of item # 5 (a) and (b) are interested in the resolutions to the extent of their common directorships and their shareholding.

Agenda Item No. 6 of the Notice - To circulate annual audited financial statements through QR enabled code:

In order to implement SECP notification with respect to transmission / circulation of information such as annual audited financial statements through QR enabled code and weblink instead of CD/DVD/USB, and will also be provided through e-mail if they desire to receive the same at their e-mail addresses. Special resolution is a part of the notice for concurrence of shareholders to adopt the newly introduced mode of transmission. However, for convenience of shareholders Standard Request Form is available on Company's website for those who opt to receive the hard copy of annual audited financial statements with relevant documents at their registered addresses.

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

The concluded year under consideration ending September 30, 2023 the Company has achieved constructive development for its stakeholders. During the period under review the Company has faced major challenges due to impact long confrontation of Russia and Ukraine, high energy cost, increasing financial cost and inflation and high reduction in the parity of Pak Rupee versed US \$.

The company has managed to achieved highest profit before tax amounting to Rs. 4,410.475 million as against Rs.1,966.674 million earned during the previous year. The Company was also able to achieve highest net sales valuing Rs.22,884.469 million as against Rs.17806.813 million achieved last year. Keeping in view the higher profit the company during the period paid interim cash dividend of 300 percent i.e Rs.30/= per share of Rs.10/= each in addition to the final cash dividend as recommended by the Board at the rate of 200 percent making a total of 500 percent and Rs. 50 per share of Rs.10/= each.

The Board implemented and complied with requirement of companies Act 2017 and the listed companies Code of corporate Governance regulation 2019 with respect to the constitution, procedures, and meetings of the Board of Directors and committees thereof. The Board constituted audit committee and Human Resource and Remuneration Committee. Audit committee thoroughly examined the financial statements of the company before presentation of the same to the Board. The company comprehensively focused on mission and vision of the company to be a leading company in the production of refined sugar and ethanol in the country.

I would also like to thank our shareholders for their continued support on the Board and management of the Company.



NOOR MOHAMMAD ZAKARIA
CHAIRMAN

Karachi
December 26, 2023

DIRECTORS' REPORT

IN THE NAME OF ALLAH THE MOST GRACIOUS AND MOST MERCIFUL

Dear members Aslamu Alaikum

I take the opportunity with great pleasure to present to you on behalf of the Board of Directors with the audited financial statements of your company along with Auditors' report for the year ended September 30, 2023.

FINANCIAL PERFORMANCE:	<u>2022-23</u>	<u>2021-22</u>
	(Rupees in thousands)	
Profit before taxation	4,410,475	1,966,674
Provision for taxation	(582,864)	(315,823)
Profit after taxation	3,827,611	1,650,851
Earnings per share	Rs.181.24	Rs.78.17

Your company has earned a profit after tax amounting to Rs.3,877.611 million as against a profit of Rs.1,650.851 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:	<u>2022-23</u>	<u>2021-22</u>
Sugarcane crushed (metric tons)	567,913	601,695
Sugar produced (metric tons)	60,303	66,683
Sugar recovery rate (percentage)	10.60	11.08
Molasses produced (metric tons)	26,720	25,810
Ethanol produced (metric tons)	69,738	69,752

FINANCIAL DATA:	(Rupees in thousands)	
Sales	22,884,469	17,806,813
Cost of sales	(17,246,001)	(14,355,554)
Gross profit	5,638,468	3,451,259
Distribution cost	(176,762)	(142,085)
Administrative expenses	(373,448)	(304,211)
Other expenses	(330,040)	(591,917)
Financial cost	(1,012,861)	(488,790)
Other income	665,166	42,468
Share of loss in associate	(48)	(50)
Profit before tax	4,410,475	1,966,674

PERFORMANCE REVIEW

SUGAR DIVISION:

By the blessing of Almighty ALLAH, the performance of your company was excellent although the cane crop was not good in the province. During the period under review the recovery rate reduced from 11.08 percent to 10.60 percent which was due to lower quality of sugar cane. The sugar produced was 60,303 metric tons which was 9.57 percent lower than the previous year's production of 66,683 metric tons. This was due to lower crushing volume due to non-availability of raw material and decline in the recovery rate. It is anticipated that during the next year the crop of sugarcane crop would improve marginally in the country. In Shah Allah.

ETHANOL DIVISION

During the period under consideration ethanol plant operated satisfactorily and produced 69,738 metric tons of ethanol as against 69,752 metric tons produced last year. The production is slightly lower when compared with the production of last year. Your company exported 68,980 metric tons of ethanol as against 72,397 metric tons exported last year and the company earned much needed 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 in order to improve the bottom line.

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, 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, 2023 is also included in the Annual Report.
10. The Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses or minor children carried out no trade in the shares of the Company except as otherwise indicated in the relevant notes to the financial statements.
11. The investment out of the 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.

COMPOSITION OF BOARD OF DIRECTORS:

During the period under review there has been no change in the composition of Board of Directors.

During the period under consideration five meetings of the Board were held and presence of each director was as under.

	NAMES OF DIRECTORS	ATTENDANCE	STATUS
01.	Mr. Noor Muhammad Zakaria	3	Non-Executive
02.	Mr. Zia Zakaria	5	Executive
03.	Mr. A. Aziz Ayoob	5	Executive
04.	Mrs. Sanobar Hamid Zakaria	5	Non-Executive
05.	Mr. Asad Ahmad Mohiuddin	5	Non Executive
06.	Mr. Rumi Moiz	5	Independent Director
07.	Mr. Sheikh Asim Rafiq	4	Independent Director

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 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. Rumi Moiz (Chairman)	4	Independent Director
2.	Mr. Noor Muhammad Zakaria	3	Non-executive
3.	Mrs. Sanobar Hamid Zakaria	4	Non-executive

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 guide lines 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 of Directors is authorized to fix remuneration of executive and non-executive and independent Directors. Approval of members in general meeting is required 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 director. 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.

CREDIT RATING OF THE COMPANY:

VIS Credit Rating Company 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 SOCIAL RESPONSIBILITY:

The benefits of corporate social responsibility are evident from higher productivity among employees, enhance company reputation in market place and contributing the strength of the company. 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 locality. 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.

FUTURE OUTLOOK:

The government of Sind vide Notification No. B(142)/SO(Est)/2023-24 has notified the price of sugarcane for the crushing season at Rs.425/= per forty kgs as against Rs.302/= notified last year. The cost of raw material has been raised by Rs.123/= per forty kgs which would enhance the production cost of sugar for the crushing season in progress. In spite of good return paid to the growers during the crushing season 2022-23 the sugarcane crop was not better in the province as would be observed from the volume of crushing and production of sugar. Shortage of water in Sindh is a major constraint. Crushing season 2023-24 has commenced and it is expected that the production of sugar would be similar to that of last year but factual position would be established after sizeable volume of cane crushing is achieved.

ETHANOL DIVISION:

The availability of molasses is expected to be better due to good cane crop in the country. The price of ethanol is range bound and there is uncertainty due to continuous war between Russia and Ukrain and recessionary trend in Europe which may affect the export of ethanol negatively. The management is aggressively pursuing various avenues to develop product mixes which would help improve the profit margin of ethanol division.

HEALTH, SAFTY AND ENVIRONMENT:

The company strongly believes in high standards of health and safety, 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 standards of 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 and surrounding areas of the mills. The production facility of the company is fully compliant with the applicable environment and safety standards in the country.

RELATED PARTIES TRANSACTIONS:

All related parties' transactions carried out during the period are placed before the Board's Audit Committee and thereafter before 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.

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 and 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 2,500 metric tons of sugar and 68,980 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 in order to improve the health of the company.

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 appropriate.

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 200 percent. During the year the company paid interim cash dividend at the rate of 300 percent i.e. Rs.30/= per share of Rs. 10/= each. (2022: 100 percent final cash dividend i.e. Rs.10.00 per share of Rs. 10/= each in addition to 100 percent interim cash dividend) during the year making a total of 500 percent i.e. Rs.50/= per share of Rs. 10/= each.

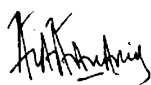
APPOINTMENT OF AUDITORS:

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 2023 and being eligible have offered themselves for re-appointment for the year 2023-24. Audit Committee also recommended their re-appointment for the year 2023-24 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 dedicated hard work of the executives, staff members and employees 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 AYOOB
Director

Karachi

Dated: December 26, 2023

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2019 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Name of company: Shahmurad Sugar Mills Limited

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

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

- a. Male: 6
- b. Female: 1

2. The composition of the Board is as follows:

- a. Independent directors
 - i) Mr. Rumi Moiz
 - ii) Mr. Sheikh Asim Rafiq
- b. Non-executive directors
 - i) Mr. Noor Muhammad Zakaria
 - ii) Mrs. Sanober Hamid Zakaria
 - iii) Mr. Asad Ahmad Mohiuddin
- 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 seven directors including two 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 a director for more than seven listed companies, including this company;
- 4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- 5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
- 8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. The Chairman and two directors have prescribed education and experience required for exemption under clause 19(2) of the CCG Regulations accordingly they are exempt from attending directors training program pursuant to clause 19(2) of the CCG Regulations. Furthermore, two of the directors have acquired the required certification and other directors would be provided the facilities to acquired the certification.
- 10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and condition of employment and complied with the relevant requirements of the Regulations.
- 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below-
- a) Audit Committee:
- | | |
|----------------------------|----------|
| Mr. Rumi Moiz | Chairman |
| Mr. Noor Muhammad Zakaria | Member |
| Mrs. Sanobar Hamid Zakaria | Member |
- b) HR and Remuneration Committee:
- | | |
|---------------------------|----------|
| Mr. Rumi Moiz | 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 committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following-
- a) Audit Committee: Four quarterly meetings including annual meeting
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 industry's best practices. They are involved in the internal audit function on full time basis. The head of internal audit department functionally reports to the Board's Audit Committee
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parents, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all 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 are below.
- 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 Nomination committee is optional in regulation no 30. The risk management is carried at the overall company's level by the executive management of the Company including CEO. The Company's management monitors potential risk and risk management procedures are carried out to identify, access 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 this 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 are 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 the policies if considered necessary.


NOOR MOHAMMAD ZAKARIA
Chairman


ZIA ZAKARIA
Chief Executive Officer

Karachi: December 26, 2023

KEY OPERATION & FINANCIAL DATA FOR LAST TEN YEARS

(Rupees in thousand)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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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	7,640,876	4,591,245	3,141,065	3,178,204	2,690,419	1,750,761	920,125	937,213	858,025	736,114
Surplus on revaluation of fixed assets	5,966,455	1,212,117	1,309,151	1,389,650	1,476,197	1,582,959	546,707	568,724	587,964	611,888
Long-term financing	388,654	656,877	895,100	1,163,612	1,340,813	1,659,686	1,542,234	756,942	774,675	761,669
Deferred taxation	956,059	162,110	70,279	17,212	(25,726)	(68,700)	(81,034)	53,862	56,458	28,842
Current liabilities	7,434,794	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
Operating assets	10,859,038	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
Long-term deposits	3,149	2,599	2,429	2,429	2,429	2,429	2,429	2,428	2,395	2,390
Long-term investment	973	1,094	958	1,006	1,351	1,815	2,673	3,097	3,759	5,101
Current assets	11,732,998	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

FINANCIAL PERFORMANCE

Turnover	22,884,469	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
Gross profit	5,638,468	3,451,259	762,110	1,591,640	2,010,195	810,408	583,894	670,379	805,191	884,146
Operating profit	5,423,384	2,455,514	665,226	1,275,897	1,705,403	783,430	128,636	343,522	541,563	616,908
Profit/(Loss) before tax	4,410,475	1,966,674	298,439	931,588	1,354,532	548,249	(74,397)	170,136	262,783	243,411
Profit after tax	3,827,611	1,650,851	135,666	760,556	1,205,546	601,258	7,268	125,148	184,723	226,741
Earning per share	181.24	78.17	6.42	36.00	57.08	28.47	0.34	5.93	8.75	10.74
Cash dividend	500%	200%	30%	120%	170%	70%	5%	24%	35%	43%
Bonus shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

SUGAR PRODUCTION

Cane Crushed (M.Tons)	567,913	601,695	441,293	444,430	500,270	744,578	672,747	496,109	596,006	666,887
Sugar Produced (M.Tons)	60,303	66,683	47,220	48,786	55,425	82,366	72,755	52,578	65,791	71,473
Recovery (%)	10.60%	11.08%	10.70%	11.00%	11.08%	11.06%	10.82%	10.60%	11.02%	10.72%



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, 2023 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, 2023.


Chartered Accountants
Karachi.

Date: 3 January 2024

UDIN: CR202310225CWXCPRawn

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050 - 52

Website: www.krestonhb.com E-mail: hyderbhimji@krestonhbco.com info@krestonhbco.com

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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, 2023, 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, 2023 and of the profit and other 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 matters. Following are the Key audit matters:

S.No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Recognition of Revenue</p> <p>Revenue from sale of the Company's products has increased by approximately 29% 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</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 testing

Kifayat

S.No.	Key audit matter	How the matter was addressed in our audit
	<p>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>effectiveness of controls relevant to such process;</p> <ul style="list-style-type: none"> ▪ 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,

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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: 26 December 2023
UDIN: AR202310225uoYaB5hTs

STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2023

	Note	2023 (Rupees in thousand)	2022
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	10,859,038	5,551,147
Intangible asset	5	-	-
Long term investment	6	973	1,094
Long term loans	7	1,867	1,140
Long term deposits	8	3,149	2,599
		10,865,027	5,555,980
CURRENT ASSETS			
Stores and spares	9	356,283	241,733
Stock-in-trade	10	4,562,106	3,537,695
Trade debts	11	870,395	1,059,148
Loans and advances	12	710,205	568,220
Trade deposits and short term prepayments	13	1,168	5,921
Other receivables	14	109,064	15,363
Short term investments	15	24,242	1,050,410
Cash and bank balances	16	5,099,535	1,016,206
		11,732,998	7,494,696
		22,598,025	13,050,676
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized 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		7,563,144	4,513,440
Share of associate's unrealized loss on remeasurement of its investment at fair value through other comprehensive income		(2,268)	(2,195)
Revaluation surplus on property, plant and equipment	19	5,966,455	1,212,117
		13,818,518	6,014,549
NON CURRENT LIABILITIES			
Long term financing	20	388,654	656,877
Deferred taxation	21	956,059	162,110
		1,344,713	818,987
CURRENT LIABILITIES			
Trade and other payables	22	2,437,950	1,319,916
Accrued finance cost	23	127,089	61,211
Short term borrowings	24	4,562,307	4,532,139
Loan from related parties	25	8,032	41,135
Unclaimed dividend		22,330	14,431
Current portion of long term financing	20	178,223	238,223
Income tax payable - net of payments		98,863	10,085
		7,434,794	6,217,140
CONTINGENCIES AND COMMITMENTS			
	26	-	-
		22,598,025	13,050,676

The annexed notes 1 to 49 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOOB
Director


ZAID ZAKARIA
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Note	2023 (Rupees in thousand)	2022
Sales	27	22,884,469	17,806,813
Cost of sales	28	(17,246,001)	(14,355,554)
Gross profit		5,638,468	3,451,259
Profit from trading activities	29	1,398	1,241
		5,639,866	3,452,500
Distribution cost	30	(176,762)	(142,085)
Administrative expenses	31	(373,448)	(304,211)
Other expenses	32	(330,040)	(591,917)
		(880,250)	(1,038,213)
Other income	33	663,768	41,227
Operating profit		5,423,384	2,455,514
Finance cost	34	(1,012,861)	(488,790)
		4,410,523	1,966,724
Share of loss in associate	6	(48)	(50)
Profit before taxation		4,410,475	1,966,674
Provision for taxation	35	(582,864)	(315,823)
Profit for the year		3,827,611	1,650,851
Earning per share - Basic and diluted - Rs.	36	181.24	78.17

The annexed notes 01 to 49 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, 2023

	Note	2023 (Rupees in thousand)	2022
Profit for the year		3,827,611	1,650,851
Other comprehensive income			
Items that may be reclassified subsequently to statement of profit or loss			
Surplus on revaluation of property, plant and equipment during the year	19	5,395,357	-
Related deferred tax		(540,963)	-
		4,854,394	-
Items that shall not be reclassified subsequently to profit or loss			
Share of associate's unrealized (loss)/gain on remeasurement of its investment at fair value through other comprehensive income	6.2	(73)	186
Total comprehensive income for the year		8,681,932	1,651,037

The annexed notes 1 to 49 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOOB
Director


ZAIID ZAKARIA
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2023

	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, 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 per Share	-	-	(63,356)	-	-	(63,356)
Interim dividend 2022 @ Rs. 10 per Share	-	-	(211,187)	-	-	(211,187)
	-	-	(274,543)	-	-	(274,543)
Total comprehensive income for the year						
Profit after taxation	-	-	1,650,851	-	-	1,650,851
Other comprehensive income	-	-	-	186	-	186
	-	-	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 (Note-21)	-	-	-	-	(23,348)	(23,348)
Balance as at close of September 30, 2022	211,187	80,000	4,513,440	(2,195)	1,212,117	6,014,549
Balance as at start of October 1, 2022	211,187	80,000	4,513,440	(2,195)	1,212,117	6,014,549
During the year ended September 30, 2023						
Transaction with owners						
Final dividend for 30-September-2022 @ Rs. 10 per Share	-	-	(211,187)	-	-	(211,187)
Interim dividend 2023 @ Rs. 30 per Share	-	-	(633,560)	-	-	(633,560)
	-	-	(844,747)	-	-	(844,747)
Total comprehensive income for the year						
Profit after taxation	-	-	3,827,611	-	-	3,827,611
Other comprehensive income	-	-	-	(73)	4,854,394	4,854,321
	-	-	3,827,611	(73)	4,854,394	8,681,932
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of deferred tax (Note-19)	-	-	66,840	-	(66,840)	-
Deferred tax adjustment due to change in tax rate directly debited to revaluation surplus (Note-21)	-	-	-	-	(33,216)	(33,216)
Balance as at close of September 30, 2023	211,187	80,000	7,563,144	(2,268)	5,966,455	13,818,518

The annexed notes 1 to 49 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOOB
Director


ZAID ZAKARIA
Chief Financial Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Note	2023 (Rupees in thousand)	(Restated) 2022
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		4,410,475	1,966,674
Adjustment for:			
Depreciation	4.1.1	359,414	353,243
(Gain) on disposal of property, plant and equipment	4.1.2 & 33	(1,485)	(5,094)
Share of loss in associate	6	48	50
Impairment allowance for obsolescence and slow moving items	32	5,150	7,362
Impairment allowance for export subsidy	32	-	117,390
Impairment of export price differential	32	47,377	-
Balances written off	32	4,800	2,644
Finance cost	34	1,012,861	488,790
		1,428,165	964,385
Cash generated before working capital changes		5,838,640	2,931,059
(Increase) / decrease in current assets			
Stores and spares		(119,700)	48,255
Stock in trade		(1,024,411)	36,996
Trade debts		188,753	(643,648)
Loans and advances		(146,295)	(416,065)
Trade deposits and short term prepayments		4,753	(4,470)
Other receivables		(141,078)	(15,204)
		(1,237,978)	(994,136)
Increase in current liabilities			
Trade and other payables		1,118,034	521,041
		5,718,696	2,457,964
(Payments)/receipts for			
Income tax		(274,316)	(187,958)
Finance cost		(946,983)	(457,852)
Long term loans - net		(1,217)	1,052
Long term deposits		(550)	(170)
		(1,223,066)	(644,928)
Net cash inflow from operating activities		4,495,630	1,813,036
B. CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(272,883)	(650,849)
Sale proceeds from disposal of property, plant and equipment	4.1.2	2,420	12,459
Net cash (outflow) from investing activities		(270,463)	(638,390)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing	20.1	(328,223)	(238,223)
Paid to related parties		(33,103)	(7,000)
Short term borrowings		25,800	1,606,200
Dividend paid		(836,848)	(272,104)
Net cash (outflow)/inflow from financing activities		(1,172,374)	1,088,873
Net increase in cash and cash equivalents (A+B+C)		3,052,793	2,263,519
Cash and cash equivalents at the beginning of the year		2,016,677	(246,842)
Cash and cash equivalents at the end of year		5,069,470	2,016,677
Cash and cash equivalent			
- Cash and bank balances	16	5,099,535	1,016,206
- Short term investment	15	24,242	1,050,410
- Short term borrowings - running finance	24.1	(54,307)	(49,939)
		5,069,470	2,016,677

The annexed notes 1 to 49 form an integral part of these financial statements.


ZIA ZAKARIA
Managing Director & CEO


AZIZ AYOOB
Director


ZAID ZAKARIA
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, Sindhi 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
Amendment or Improvement		Effective date (annual periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments regarding classification of liabilities)	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
IAS-7	Statements of cashflow (Amendments) (Amendment regarding supplier finance arrangements)	1-Jan-2023
IFRS-4	Insurance contracts (Amendments)	1-Jan-2023
IFRS-7	Financial instruments	1-Jan-2023
IFRS 16	Leases (Amendments) (Amendment regarding lease liability in a sale and lease back)	1-Jan-2024

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.

IFRS 1	First time adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRIC-12	Service concession agreement

3 SIGNIFICANT ACCOUNTING POLICIES

The Principle 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, revaluation surplus related to items derecognized / disposed off as well as incremental depreciation i.e. 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 through statement of changes in equity.

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 (d).

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 recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognized at fair value and subsequently at amortized 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 off 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 recognized 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 amortized 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 amortized 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 amortized 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 amortized 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 of 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 of 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. Realized and unrealized 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 of profit or loss.

Where management has opted to recognize 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 derecognizes 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 of 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 recognized 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 recognize 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 amortized 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 recognized 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 less short term running finance disclosed as part of short term borrowings.

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	2023 (Rupees in thousand)	2022
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	10,715,513	5,179,482
Capital work in progress (CWIP)	4.2	143,525	371,665
		10,859,038	5,551,147

4.1 Operating Fixed Assets

PARTICULARS	Year ended September 30, 2023											
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	AS ON OCTOBER 1, 2022	DIRECT ADDITIONS	TRANSFER FROM CWIP	DISPOSAL	REVALUATION SURPLUS	DEPRECIATION	AS ON SEPTEMBER 30, 2023	COST	ACCUMULATED DEPRECIATION	NET CARRYING VALUE AT SEP 30, 2023	DEPRECIATION RATE PER ANNUM	
	Rupees in thousand											
FREEHOLD LAND												
Cost	31,575	-	-	-	-	-	31,575	31,575	-	31,575	-	-
Revaluation	181,756	-	-	-	186,669	-	368,425	368,425	-	368,425	-	-
FACTORY BUILDING												
Cost	46,373	-	14,696	-	-	5,740	55,331	175,009	119,678	55,331	10%	
Revaluation	46,815	-	-	-	144,631	4,862	186,764	186,764	-	186,764	10%	
NON FACTORY BUILDING												
Cost	64,805	-	-	-	-	3,240	61,565	136,968	75,423	61,565	5%	
Revaluation	129,796	-	-	-	274,315	6,489	367,612	367,612	-	367,612	5%	
RES QTR FOR LABOUR												
Cost	2,628	-	-	-	-	262	2,366	30,308	27,942	2,366	10%	
Revaluation	6,780	-	-	-	12,563	678	18,665	18,665	-	18,665	10%	
PLANT AND MACHINERY												
Cost	3,554,219	-	436,561	-	-	251,521	3,739,259	6,324,701	2,585,442	3,739,259	5% & 7.5%	
Revaluation	1,029,667	-	-	-	4,777,173	66,108	5,740,738	5,740,738	-	5,740,738	5% & 7.5%	
FURNITURE, FIXTURE AND FITTINGS												
Cost	2,642	243	-	-	-	282	2,603	11,111	8,508	2,603	10%	
OFFICE EQUIPMENT												
Cost	23,694	4,146	-	-	-	2,644	25,196	66,250	41,034	25,196	10%	
VEHICLES												
Cost	58,742	45,375	-	935	-	17,768	85,414	164,206	78,792	85,414	20%	
TOTAL												
Cost	3,784,678	49,764	451,259	935	-	261,467	4,003,309	6,940,128	2,936,819	4,003,309		
Revaluation	1,394,804	-	-	-	5,395,957	77,957	6,712,204	6,712,204	-	6,712,204		
	5,179,482	49,764	451,259	935	5,395,957	359,414	10,715,513	13,652,332	2,936,819	10,715,513		

PARTICULARS	Year ended September 30, 2022										DEPRECIATION RATE PER ANNUM	
	NET CARRYING VALUE					GROSS CARRYING VALUE						
	AS ON OCTOBER 1, 2021	DIRECT ADDITIONS	TRANSFER FROM CWP	DISPOSAL	REVALUATION	DEPRECIATION SEPTEMBER 30, 2022	AS ON SEPTEMBER 30, 2022	COST	ACCUMULATED DEPRECIATION	NET CARRYING VALUE AT SEP 30, 2022		
-----Rupees in thousand-----												
FREEHOLD LAND												
Cost	31,575	-	-	-	-	-	-	31,575	-	31,575	-	-
Revaluation	181,756	-	-	-	-	-	-	181,756	-	181,756	-	-
FACTORY BUILDING												
Cost	40,256	-	10,965	-	-	4,848	-	46,373	113,938	46,373	10%	10%
Revaluation	52,017	-	-	-	-	5,202	-	46,815	24,539	46,815	10%	10%
NON FACTORY BUILDING												
Cost	68,215	-	-	-	-	3,410	-	64,805	72,183	64,805	5%	5%
Revaluation	136,617	-	-	-	-	6,831	-	129,786	29,557	129,786	5%	5%
RES QTR FOR LABOUR												
Cost	2,920	-	-	-	-	292	-	2,628	27,680	2,628	10%	10%
Revaluation	7,533	-	-	-	-	753	-	6,780	5,915	6,780	10%	10%
PLANT AND MACHINERY												
Cost	3,444,002	-	355,602	-	-	245,385	-	3,554,219	2,333,921	3,554,219	5% & 7.5%	5% & 7.5%
Revaluation	1,100,502	-	-	-	-	70,835	-	1,029,667	315,342	1,029,667	5% & 7.5%	5% & 7.5%
FURNITURE, FIXTURE AND FITTINGS												
Cost	2,613	304	-	-	-	275	-	2,642	8,226	2,642	10%	10%
OFFICE EQUIPMENT												
Cost	22,238	3,953	-	-	-	2,497	-	23,694	38,390	23,694	10%	10%
VEHICLES												
Cost	50,014	29,008	-	7,365	-	12,915	-	56,742	63,642	56,742	20%	20%
TOTAL												
Cost	3,661,833	33,265	366,567	7,365	-	269,622	-	3,784,678	2,657,980	3,784,678		
Revaluation	1,478,425	-	-	-	-	83,621	-	1,394,804	375,353	1,394,804		
	5,140,258	33,265	366,567	7,365	-	353,243	-	5,179,482	3,033,333	5,179,482		

4.1.1 Allocation of Depreciation

Depreciation has been allocated as follows:

		2023			2022		
		SUGAR	ETHANOL	TOTAL	SUGAR	ETHANOL	TOTAL
		----- (Rupees in thousand) -----			----- (Rupees in thousand) -----		
Manufacturing	28	102,680	225,369	328,049	90,617	235,653	326,270
Administration	31	16,777	14,588	31,365	17,146	9,827	26,973
		119,457	239,957	359,414	107,763	245,480	353,243

4.1.2 Disposal of Property, Plant and Equipment - Vehicles

Description	Sold to	Original Cost	Accumulated Depreciation	Net Carrying Value	Sale proceeds	Gain on Disposal	Mode of Disposal
----- (Rupees in thousand) -----							
Toyota Corolla BNT-468	Tahir Farooq - Ex-employee	2,154	1,310	844	1,420	576	Negotiation
Two vehicles each having carrying value less than Rs. 500,000	-	1,399	1,308	91	1,000	909	Negotiation
2023		3,553	2,618	935	2,420	1,485	
2022		11,991	4,626	7,365	12,459	5,094	

4.1.3 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 value and last revaluation was carried out during the year ended September 30, 2023 through report dated October 21, 2023.

Forced sale values based on that valuation as of September 30, 2023 were as follows:

	Market Value	Forced Sale Value
	(Rupees in thousand)	
Freehold Land	400,000	320,000
Building including factory/ non-factory and other building	722,300	577,840
Plant & Machinery	9,480,000	6,636,000

4.2 Capital Work-in-Progress

2023

Civil Works
Plant & Machinery-under installation

2022

Civil Works
Plant & Machinery-under installation

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)			
-	14,698	(14,698)	-
371,665	208,421	(436,561)	143,525
371,665	223,119	(451,259)	143,525
10,965	-	(10,965)	-
109,683	617,584	(355,602)	371,665
120,648	617,584	(366,567)	371,665

5 INTANGIBLE ASSET

Software - SAP Application

Cost
Accumulated Amortization

Note	2023 (Rupees in thousand)	2022
5.1	5,917	5,917
	(5,917)	(5,917)
	-	-
	3 years	

Amortization period

5.1 The cost of software has been fully amortized in the year 2016. 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

Share of (loss) for the year
Share of associate's unrealized (loss)/gain on remeasurement of associate's investment at fair value through other comprehensive income.

	1,094	958
6.1.2	(48)	(50)
6.2	(73)	186
	(121)	136
	973	1,094

- 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 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 accounted for 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, 2023 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, 2023 is as under:

	Note	2023 (Rupees in thousand)	2022
6.1.1 Assets and Liabilities of ANMM			
Assets			
Fixed assets		207	277
Long term investments		14,560	14,742
Current assets		39	674
		14,806	15,693
Liabilities			
Non - current liabilities		(1,126)	(1,126)
Current liabilities		(1,157)	(1,195)
		(2,283)	(2,321)
Net Assets			
		12,523	13,372
Less: Loan from directors of associates included in equity		5,719	5,719
		6,804	7,653
Share of Shahmurad Sugar Mills Limited			
- Breakup value of investment		973	1,094
		973	1,094
6.1.2 Profit and loss of ANMM			
Expenses			
Unrealized gain/(loss) on remeasurement and impairment loss on investment at fair value through profit or loss.		(386)	(319)
Other income		36	(36)
		13	8
Loss for the year before taxation		(337)	(347)
Taxation		-	-
Loss for the year after taxation		(337)	(347)
Share of Shahmurad Sugar Mills Limited		(48)	(50)
		(48)	(50)
6.1.3 ANMM has not earned any management fee income since the modaraba managed by ANMM is incurring losses.			
6.2 Share of Associate's unrealized loss on re-measurement of associate's investment at fair value through OCI			
Opening balance			
		2,195	2,381
Unrealized loss/(gain) on re-measurement of investment at fair value through other comprehensive income		73	(186)
		2,268	2,195
Closing balance		2,268	2,195

	Note	2023 (Rupees in thousand)	2022
7 LONG TERM LOANS			
- Unsecured & Interest free			
Considered Good			
- Due from executives	7.2 & 7.3	-	450
- Due from other employees		5,176	3,509
		<u>5,176</u>	<u>3,959</u>
Less: Current Portion of:			
- Due from executives		-	(450)
- Due from other employees	12	(3,309)	(2,369)
		<u>(3,309)</u>	<u>(2,819)</u>
		<u>1,867</u>	<u>1,140</u>
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		450	1,307
Recovered during the year		(450)	(857)
Balance at the end of the year		<u>-</u>	<u>450</u>
7.3			
The maximum aggregate amount due from executives at any month end during the year was Rs. 0.45 million (2022: Rs. 1.307 million).			
8 LONG TERM DEPOSITS			
Unsecured & Interest free			
Utilities		1,209	1,209
Others		1,940	1,390
		<u>3,149</u>	<u>2,599</u>
9 STORES AND SPARES			
Stores		201,214	140,294
Spare parts		239,926	182,451
Stores in transit		1,855	550
		<u>442,995</u>	<u>323,295</u>
Less: Impairment allowance for obsolescence and slow moving items	9.1	(86,712)	(81,562)
		<u>356,283</u>	<u>241,733</u>
9.1 Slow moving items			
Opening Balance		81,562	74,200
Provision for the year	32	5,150	7,362
Closing balance		<u>86,712</u>	<u>81,562</u>

	Note	2023 (Rupees in thousand)	2022
10 STOCK-IN-TRADE			
Raw Material - Molasses	10.1	1,533,205	1,699,242
Sugar in process		8,608	14,463
Trading stock of fertilizers		4,444	72
Finished goods			
Sugar	10.1	2,004,434	1,162,492
Ethanol		1,011,415	661,426
		3,015,849	1,823,918
		4,562,106	3,537,695
10.1	Stock of finished goods pledged against short term finances under mark-up arrangement as referred in note No. 24.1 amounted to Rs. 727.516 million (2022: Rs. 1000 million).		
11 TRADE DEBTS			
Against export sales		869,876	1,011,340
Against local sales		519	47,808
		870,395	1,059,148
12 LOANS AND ADVANCES			
Unsecured - Considered Good			
Current portion of long term loans	7	3,309	2,819
Advances against purchases and services	12.1	699,359	556,535
Advances against expenses		7,537	8,866
		710,205	568,220
Considered doubtful			
Loans to growers	12.2	-	25,018
Less impairment allowance		-	(25,018)
		-	-
		710,205	568,220
12.1	This includes Rs. Nil (2022: Rs. 237.501) 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. Impairment allowance was already provided there against as a matter of prudence, however these loans have been written off being irrecoverable.		
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Short term deposits		353	312
Short term prepayments			
Prepaid insurance		809	607
Prepaid markup		6	5,002
		815	5,609
		1,168	5,921

	Note	2023 (Rupees in thousand)	2022
14 OTHER RECEIVABLES			
- Unsecured Considered Good			
Accrued profit		55,921	15,363
Fair value of foreign currency forward contracts		53,143	-
		109,064	15,363
- Considered Doubtful			
Export subsidies	14.1	281,785	281,785
Export price differentials	14.2	47,377	-
		329,162	281,785
Less: Impairment allowance		(329,162)	(281,785)
		-	-
		109,064	15,363
14.1	These represent freight subsidy of Rs. 47.005 million (2022: Rs. 47.005 million) on sugar exports receivable from Trade Development Authority of Pakistan and 2023: Rs. 234.780 million (2022: Rs. 234.780 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.		
14.2	During the year, sugar mills were allowed export of sugar subject to certain conditions and specified quota share. Government of Sindh allowed quota of 2,500 metric tons for export to each sugar mill operating in Sindh, however, the same was disputed by certain sugar mills and the matter was taken before the Honorable High Court of Sindh. The Court through interim arrangement, as agreed by all concerned sugar mills, directed all sugar mills to export the quantity as allowed by Government of Sindh, i.e., 2,500 metric tons, provided the sugar mills deposit differential amount of Rs. 96,100 per metric ton (Being the difference of net export price, i.e., Rs. 196,100 per metric ton and local price i.e., Rs. 100,000 per metric ton) for disputed quantity of export i.e., 493 tons (as specified in the interim order) per sugar mill. The Court ordered to deposit the said amount shall be invested by the Court and upon final decision the amount deposited along with profit earned thereon would be returned to respective sugar mills if the matter is decided in their favor otherwise the amount would be disbursed to the aggrieved sugar mills. The Company opted to export the said disputed quantity of sugar and has deposited amount of Rs. 47.377 million with the Honorable Court. Moreover, as a matter of prudence and abundant precaution, the Company has recorded provision against the said amount.		
15 SHORT TERM INVESTMENTS			
Special Sharikah Certificates			
- at amortized cost	15.1	23,763	1,050,000
Meezan Rozana Amdani Fund			
- at fair value through profit or loss	15.2	479	410
		24,242	1,050,410
15.1	These special sharikah certificates carry profit ranging between 9.35% to 20.90% (2022: 15% to 15.60%). The investment has maturity of upto one month.		
15.2	These represent investment 0.479 million (2022: Rs. 0.410 million) units of Meezan Rozana Amdani Fund and its net asset value per unit as at year end was Rs. 50.		
16 CASH AND BANK BALANCES			
Cash in hand		976	1,771
Cash at banks			
In current accounts			
Local currency		279,702	59,006
Foreign currency		26,653	41,562
In saving accounts	16.1	4,792,204	913,867
	16.2	5,098,559	1,014,435
		5,099,535	1,016,206

16.1 This carry profit at the rate ranging between 14.51% to 20.01% (2022: 6.50% to 14.51%) p.a.

16.2 Bank balances include Rs. 5,034.342 million (2022: Rs. 928.560 million) with shariah compliant financial institutions.

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023		2022	
No. of Shares		(Rupees in thousand)	
11,730,368	11,730,368	117,304	117,304
9,388,295	9,388,295	93,883	93,883
21,118,663	21,118,663	211,187	211,187

17.1 Associated companies hold 5,021,000 (23.76%) shares of the Company (2022: 5,107,100 i.e. 24.17%).

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.

		2023	2022
		(Rupees in thousand)	
	Note		
19 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Opening balance - Gross		1,394,805	1,478,425
Transfer to equity on account of incremental depreciation			
Incremental depreciation - net of deferred tax		(66,840)	(73,686)
Deferred tax on incremental depreciation		(11,117)	(9,934)
		(77,957)	(83,620)
Revaluation surplus during the year arising on fresh revaluation	4.1	5,395,357	-
Closing balance - Gross		6,712,205	1,394,805
Related deferred tax liability	21	(745,750)	(182,688)
Revaluation surplus net of deferred tax		5,966,455	1,212,117

19.1 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		462,477	771,964
Financial institutions		104,400	123,136
		566,877	895,100
Less: Current maturity		(178,223)	(238,223)
	20.1	388,654	656,877

	Note	2023 (Rupees in thousand)	2022
21 DEFERRED TAXATION			
Opening balance		162,110	70,279
Charged to statement of profit or loss	35	219,770	68,483
Deferred tax related to surplus on revaluation during the year		540,963	-
Change in Super tax		33,216	23,348
Closing balance		956,059	162,110
Deferred tax arises due to:			
Taxable temporary differences in respect of			
Accelerated tax depreciation		365,439	267,282
Revaluation surplus on property, plant and equipment	19	745,750	182,688
		1,111,189	449,970
Deductible temporary differences in respect of			
Impairment allowances & other provisions		(45,576)	(36,865)
Unabsorbed business loss/ tax depreciation		(55,579)	(250,995)
Minimum tax carried forward		(53,975)	-
		(155,130)	(287,860)
		956,059	162,110
22 TRADE AND OTHER PAYABLES			
Creditors	26.10 & 26.11	812,353	646,681
Accrued expenses		45,018	33,266
Advance from customers	22.1	1,457,698	201,656
Retention money payables	22.2	8,838	8,843
Sales tax payable - net		23,029	131,287
Gratuity payable		1,930	1,930
Worker's profit participation fund	22.3	43,275	104,821
Worker's Welfare Fund		44,437	22,706
Fair value of foreign currency forward contracts		-	166,633
Payable to staff provident fund		1,372	2,093
		2,437,950	1,319,916

22.1 During the year, performance obligation underlying the opening contract liability of Rs. 201.656 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. 1,457.698 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.

	Note	2023 (Rupees in thousand)	2022
22.3 Worker's profit participation fund			
Opening balance		104,821	16,037
Interest on funds utilized	34	775	481
Allocation for the year	32	233,276	104,340
		<u>338,872</u>	<u>120,858</u>
Payments made during the year		(295,597)	(16,037)
Closing balance		<u>43,275</u>	<u>104,821</u>
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 2023: 22.50% (2022: 22.50%).			
23 ACCRUED FINANCE COST			
On long term financing		4,679	8,699
On short term borrowings		122,410	52,512
		<u>127,089</u>	<u>61,211</u>
23.1 Accrued finance cost includes Rs. 85.263 million (2022: Rs. 30.299 million) in respect of borrowings under shariah compliant arrangements.			
24 SHORT TERM BORROWINGS			
From banking companies - Secured			
Cash / Running finance	24.1	54,307	49,939
Export refinance and EFS	24.2	2,158,000	2,711,483
Musawama / IERF / Murabaha	24.3	2,350,000	1,770,717
		<u>4,562,307</u>	<u>4,532,139</u>
24.1 The facilities are available up to Rs. 3,550 million (2022: Rs. 3,050 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% (2022: 3M / 6M Kibor + 0.10% to 0.50%). Unutilized facilities as on year end amounted to Rs. 3,496 million (2022: Rs. 3,000 million).			
24.2 The facilities are available under SBP export finance scheme up to limit of Rs. 2,390 million (2022: Rs. 2,890 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 5.50% to 19% (2022: 2.25% to 3.0%). Unutilized facilities as on year end amounted to Rs. 232 million (2022: Rs. 232 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. 5,650 million (2022: Rs 4,350 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 + 0.40% to 0.50% and SBP rate + 1.00% (2022: Respective 3M/ 6M Kibor + 0.30 % to 0.50% and SBP rate + 1.00%). The unavailed facility at the year end amounted to Rs. 3,300 million (2022: Rs. 2,600 million).			
24.4 Short-term borrowings include Rs. 2,350 million (2022: Rs. 1,750 million) under shariah compliant arrangements.			

	Note	2023 (Rupees in thousand)	2022
25 LOANS FROM RELATED PARTIES			
Loans from related parties	25.1	8,032	41,135

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 Honorable 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 Honorable 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 Honorable Supreme Court against the Order of the Honorable High Court of Sindh. The Honorable Supreme Court has allowed the Appeal with direction to the department to act in accordance with law; however Ratio Decided 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 favor of the company. Against the order of the tribunal the sales tax department filed appeal before the Honorable 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 favor of the Company.

26.2 The Company has filed a petition before the Honorable 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 favor of the company declaring Special Excise Duty as void ab-initio and of no legal effect. Thereafter the Department has filed an appeal before Honorable Supreme Court of Pakistan against the decision of Honorable 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 Honorable High Court of Sindh. The Company filed appeal in the Honorable High court of Sindh on 30 December 2013 against that show cause notice issued by the Department and the Honorable 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 favor of the company as per legal counsel.

26.3 The Company's appeal in the Honorable Supreme Court dated 19 February 2004 against the Order of the Sindh High Court for levy of Quality Premium was accepted by the Honorable 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 Honorable Supreme Court or consensus on uniform formula to be developed by MINFAL.

During the year 2017-2018, the Honorable 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 Honorable 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 Honorable 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 Honorable Sindh High Court, Hyderabad pertaining to ex-employees. The sixth Sindh labor court awarded decision in favor of the company and the ex-employees filed an appeal in Labor Appellate Tribunal at Hyderabad the outcome of which has also been decided in favor of the Company. The ex-employees have now filed suit before the Honorable 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 Honorable 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 Honorable 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 Honorable Supreme Court of Pakistan has disposed the petition on the ground that this matter is already under proceedings with Honorable High Courts and refrained CCP from passing any final / penal order till a final decision is achieved at Honorable 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 Honorable High Court of Sindh dated 01 September 2010 challenging the levy of marking fee under PSQCA Act-VI of 1996 and the Honorable 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 Honorable Supreme Court of Pakistan. The Pakistan Standards and Quality Control Authority have filed an appeal before the Honorable Supreme Court of Pakistan against the decision of Honorable 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 Honorable High Court of Sindh Karachi dated 30 December 2013 against the show cause notice and the matter is pending before the Honorable 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 favor 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 Honorable High Court of Sindh against the notification dated 08 July 2014. The Honorable 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 favor 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 Honorable High Court of Sindh for linkage with prevailing market sugar price which was dismissed and the matter was taken up with the Honorable 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 Honorable 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 Honorable 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 Honorable 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 Honorable 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 Honorable 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 favor 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 favorable outcome is expected so no provision is made.
- 26.13** The Competition Commission of Pakistan (CCP) in August 2021 passed an orders dated 13 August 2021 and imposed penalty on PSMA and member sugar mills alleging them to be guilty of collusive activities and cartelization. The penalty imposed on the Company is Rs. 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 expect favorable 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 was based on arbitrary and illogical observations against which the company preferred appeals to the Commissioner Inland Revenue [Appeals-I], Karachi (CIRA) which has been decided in favour of the company in the said tax demand as well as penalty has been deleted by CIRA. The department has filed an appeal before the appellate tribunal inland revenue (ATIR) which is still pending before it. Since the demanded tax is not based on fact and records and in the view of tax advisor, 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 2021-2022, the Assistant / Deputy Commissioner Inland Revenue issued show cause notice under section 161 (1A) of the Income Tax Ordinance 2002 for tax year 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 filed Appeal before the Commissioner Inland Revenue Appeals (CIRA) which has been decided in favour of the company. However, the department has filed an appeal before ATIR which is still pending before it. The Company is confident that the matter will be decided in favor of the Company hence no provision is made in this respect.

	2023 (Rupees in thousand)	2022
b) Commitments		
The Company's commitment as on September 30, are as follows:		
Commitments for capital expenditures	32,031	94,934
Commitments for stores and spares	31,810	8,895
	63,841	103,829
Bank Guarantees		
In favor of Excise and Taxation Department	500	500

	Note	SUGAR		ETHANOL		TOTAL	
		2023	2022	2023	2022	2023	2022
(Rupees in thousand)							
27 SALES							
Local sales inclusive of sales tax		5,048,234	4,878,663	-	-	5,048,234	4,878,663
Export sales		406,570	-	18,210,558	13,676,128	18,617,128	13,676,128
		5,454,804	4,878,663	18,210,558	13,676,128	23,665,362	18,554,791
Less:							
Sales Tax against local sales		(764,169)	(736,921)	-	-	(764,169)	(736,921)
Commission		(3,362)	(2,663)	(13,362)	(8,394)	(16,724)	(11,057)
		(767,531)	(739,584)	(13,362)	(8,394)	(780,893)	(747,978)
Net sales exclusive of sales tax		4,687,273	4,139,079	18,197,196	13,667,734	22,884,469	17,806,813
28 COST OF SALES							
Manufacturing cost:							
Raw material consumed		4,990,324	4,466,838	11,609,565	8,494,275	16,599,889	12,961,113
Salaries, wages and benefits	28.1	139,289	125,717	62,037	54,710	201,326	180,427
Stores and spares consumed		223,919	154,749	87,457	52,170	311,376	206,919
Packing materials		54,708	50,159	729,963	435,825	784,671	485,984
Fuel and oil		22,007	17,451	265,082	245,814	287,089	263,265
Power and water		6,435	6,693	2,977	1,506	9,412	8,199
Chemicals and process materials		75,617	61,660	110,114	73,466	185,731	135,126
Repair and maintenance		53,660	47,887	55,963	38,860	109,623	86,747
Insurance		7,320	6,680	13,211	13,204	20,531	19,884
Other manufacturing expenses		17,209	17,287	10,728	5,817	27,937	23,104
Depreciation	4.1.1	102,680	90,617	225,369	235,653	328,049	326,270
		5,693,168	5,045,738	13,172,466	9,651,300	18,865,634	14,697,038
Opening stock of work in process		14,463	15,220	-	-	14,463	15,220
Closing stock of work in process		(8,608)	(14,463)	-	-	(8,608)	(14,463)
		5,855	757	-	-	5,855	757
		5,699,023	5,046,495	13,172,466	9,651,300	18,871,489	14,697,795
Molasses transfer to Ethanol Division		(888,016)	(516,200)	-	-	(888,016)	(516,200)
Bagasse transfer to Ethanol Division		(141,329)	(106,966)	-	-	(141,329)	(106,966)
Bagasse/Fusel oil sale	28.2	(17,574)	(13,630)	(23,200)	(4,547)	(40,774)	(18,177)
		(1,046,919)	(636,796)	(23,200)	(4,547)	(1,070,119)	(641,343)
		4,652,104	4,409,699	13,149,266	9,646,753	17,801,370	14,056,452
Opening stock of finished goods		1,162,492	620,828	661,426	983,721	1,823,918	1,604,549
Closing stock of finished goods		(2,004,434)	(1,162,492)	(1,011,415)	(661,426)	(3,015,849)	(1,823,918)
		(841,942)	(541,664)	(349,989)	322,295	(1,191,931)	(219,369)
Export freight and related charges		-	-	636,562	518,471	636,562	518,471
		3,810,162	3,868,035	13,435,839	10,487,519	17,246,001	14,355,554

28.1 Includes Rs. 6.258 million (2022 : Rs. 5.509 million) in respect of contribution towards provident fund.

28.2 Sale of bagasse and fusel oil is net of sales tax of Rs 3.057 million (2022: Rs 2.317 million) and Rs nil (2022: Rs 0.315 million) respectively.

Note	SUGAR		ETHANOL		TOTAL		
	2023	2022	2023	2022	2023	2022	
(Rupees in thousand)							
29	PROFIT FROM TRADING ACTIVITIES						
Sales	15,556	9,993	-	-	15,556	9,993	
Sales tax	-	(196)	-	-	-	(196)	
	<u>15,556</u>	<u>9,797</u>	<u>-</u>	<u>-</u>	<u>15,556</u>	<u>9,797</u>	
Less: Cost of sales							
Opening stock	72	65	-	-	72	65	
Purchases	18,530	8,563	-	-	18,530	8,563	
Closing stock	(4,444)	(72)	-	-	(4,444)	(72)	
	<u>14,158</u>	<u>8,556</u>	<u>-</u>	<u>-</u>	<u>14,158</u>	<u>8,556</u>	
	<u>1,398</u>	<u>1,241</u>	<u>-</u>	<u>-</u>	<u>1,398</u>	<u>1,241</u>	
30	DISTRIBUTION COST						
Sugar handling and other charges	27,503	18,072	-	-	27,503	18,072	
Storage charges	-	-	64,928	48,730	64,928	48,730	
Carriage out ward	-	-	84,331	75,283	84,331	75,283	
	<u>27,503</u>	<u>18,072</u>	<u>149,259</u>	<u>124,013</u>	<u>176,762</u>	<u>142,085</u>	
31	ADMINISTRATIVE EXPENSES						
Salaries, allowances and benefits	31.1	77,014	60,742	65,477	58,756	142,491	119,498
Staff welfare		13,902	11,660	22,869	12,441	36,771	24,101
Repair and maintenance		11,228	11,575	18,971	15,854	30,199	27,429
Legal and professional		5,501	9,389	1,526	123	7,027	9,512
Auditors' remuneration	31.2	1,397	1,231	586	586	1,983	1,817
Vehicle running		20,904	17,664	13,942	10,008	34,846	27,672
Insurance		607	686	-	-	607	686
Communication		1,053	1,024	5,660	3,389	6,713	4,413
Entertainment		4,490	4,753	11,429	7,304	15,919	12,057
Printing and stationery		1,532	450	1,486	900	3,018	1,350
Fees and subscription		6,858	5,773	7,566	4,657	14,424	10,430
Advertisement		514	499	-	14	514	513
Depreciation	4.1.1	16,777	17,146	14,588	9,827	31,365	26,973
Others		17,336	17,308	30,235	20,452	47,571	37,760
		<u>179,113</u>	<u>159,900</u>	<u>194,335</u>	<u>144,311</u>	<u>373,448</u>	<u>304,211</u>
31.1	Includes Rs. 5.277 million (2022 : Rs. 4.193 million) in respect of contribution towards provident fund.						
31.2	Auditors' remuneration						
Kreston Hyder Bhimji & Co							
Statutory audit		827	827	528	528	1,355	1,355
Half yearly review		80	80	51	51	131	131
Corporate Governance		11	11	7	7	18	18
CDC certification		125	-	-	-	125	-
Sindh sales tax on services		120	120	-	-	120	120
Haroon Zakaria & Co - Cost audit		234	193	-	-	234	193
		<u>1,397</u>	<u>1,231</u>	<u>586</u>	<u>586</u>	<u>1,983</u>	<u>1,817</u>

	Note	2023 (Rupees in thousand)	2022
32 OTHER EXPENSES			
Charity and donation	32.1 & 32.2	4,796	4,510
Impairment allowance for obsolescence and slow moving store and spares	9.1	5,150	7,362
Impairment allowance for export subsidy		-	117,390
Impairment of export price differential	14.2	47,377	-
Directors meeting fee		650	290
Worker's profit participation fund	22.3	233,276	104,340
Worker's welfare fund		21,731	10,934
Unrealized loss on foreign currency forward contracts		-	166,632
Net exchange loss on import of machinery		12,260	177,815
Balances written-off		4,800	2,644
		330,040	591,917
32.1	None of the directors or their spouses had any interest in the above donees.		
32.2	The Company has not given donation to a single donee exceeding ten percent of Company's total amount of donation or Rs. 1 million.		
33 OTHER INCOME			
Income from financial Assets and others			
Net exchange gain on export sales		438,484	-
Income on saving bank accounts		185,757	23,957
Dividend income from mutual fund		69	37
		624,310	23,994
Income from non financial Assets			
Gain on disposal of property, plant and equipment	4.1.2	1,485	5,094
Export performance rebate		22,765	-
Insurance claim		7,615	4,970
Scrap sales	33.1	7,593	7,169
		39,458	17,233
		663,768	41,227
33.1	This is net of sales tax of Rs 1.291 million (2022: Rs 1.362 million).		
34 FINANCE COST			
Mark-up/Interest/Profit on:			
Long term financing		76,994	74,528
Short-term borrowings			
Cash/running finance		179,338	159,800
Export refinance/IERF		555,342	121,226
Istisna / Murabaha		196,162	127,068
		930,842	408,094
Worker's profit participation fund	22.3	775	481
Bank and other charges		4,250	5,687
		1,012,861	488,790
34.1	Finance cost includes Rs. 525.421 million (2022: Rs. 228.053 million) in respect of shariah compliant arrangements.		

	Note	2023 (Rupees in thousand)	2022
35 PROVISION FOR TAXATION			
Current		363,094	207,735
Prior year adjustment - Super tax u/s 4C		-	39,605
Deferred	21	219,770	68,483
		582,864	315,823
35.1 Reconciliation of tax expense			
Accounting profit before tax		4,410,475	1,966,674
Applicable tax rate		29%	29%
Tax expense based on accounting profit		1,279,038	570,335
Add/(less)			
Effects of FTR		(977,794)	(480,440)
Effects of minimum tax		53,975	52,243
Effect of super tax		83,895	19,407
Prior year adjustment		-	39,605
Change in tax rate for future periods		4,258	(13,654)
Others		139,492	128,327
		(696,174)	(254,512)
		582,864	315,823

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	
2022	207,735*	178,371
2021	109,706	99,806
2020	130,305	138,833

* Inclusive of super tax u/s 4C of Rs. 19.407 million.

	2023	2022
36 EARNING PER SHARE - BASIC AND DILUTED		
Profit for the year (Rupees in thousand)	3,827,611	1,650,851
Weighted average number of ordinary shares	21,118,663	21,118,663
Earning per share - Rupees	181.24	78.17

36.1 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	2023	2022
			(Rupees in thousand)	
Associates				
Al Noor Sugar Mills Limited	- Purchase of Goods		1,065,332	910,729
	- Dividend paid		131,991	42,897
Al Noor Modaraba Management (Pvt.) Ltd.	- Share of loss		(48)	(50)
	- Share of other comprehensive loss and item taken to equity		-	186
Reliance Insurance Company Limited	- Insurance premium		32,360	27,023
	- Insurance claim		7,615	4,970
	- Proceed for disposal of vehicle		-	1,050
Related Parties - Directors and their family members	Loan repayment		33,104	7,000
Others				
Staff Provident Fund	- Contribution of the Company		11,535	9,702

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	14.29%	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.

	2023	2022
	(Rupees in thousand)	
38 CAPACITY AND PRODUCTION IN METRIC TONS		
38.1 Sugar Division		
Installed cane crushing capacity per day (M.Tons)	11,000	11,000
No of days Mill operated	97	113
Total crushing capacity on basis of no. of days mill operated (M.Tons)	1,067,000	1,243,000
Actual crushing (M.Tons)	567,913	601,695
Sugar Production (M.Tons)	60,303	66,683

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.

38.2 Ethanol Division

Plant - I

Installed ethanol production capacity per day (M.Tons)	100	100
No of days Mill operated	340	346
Total ethanol production capacity on basis of no. of days mill operated (M.Tons)	34,000	34,600
Production in M.Tons	33,055	34,001

Plant - II

Installed ethanol production capacity per day (M.Tons)	100	100
No of days Mill operated	352	347
Total ethanol production capacity on basis of no. of days mill operated (M.Tons)	35,200	34,700
Production in M.Tons	36,683	35,751

The ethanol plant production capacity under-utilization is due to technical factors.

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:

	2023				2022			
	Chief Executive	Executive Directors	Executives	Total	Chief Executive	Executive Directors	Executives	Total
	Rupees in thousand							
Managerial Remuneration	8,140	10,090	35,065	53,295	7,066	8,759	26,679	42,504
Provident fund	814	1,009	3,453	5,276	707	876	5,823	7,406
Perquisite (including house rent and bonus)	4,579	5,676	35,509	45,764	3,533	4,379	35,902	43,814
Reimbursable expenses including travelling expenses	2,196	1,907	-	4,103	1,657	1,076	-	2,733
	15,729	18,682	74,027	108,438	12,963	15,090	68,404	96,457
Number of persons	1	1	13	15	1	1	11	13

- The Chief Executive, Executive Directors and all the Executives are also provided with free use of company's maintained cars.
- Meeting fee paid to non-executive directors aggregates to Rs. 650,000 (2022: Rs.290,000).
- 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		
	2023	2022	2023	2022	2023	2022	
----- Rupees in thousand -----							
REVENUE							
External sales	27	4,687,273	4,139,079	18,197,196	13,667,734	22,884,469	17,806,813
Inter-segment transfers		1,029,345	623,166	-	-	1,029,345	623,166
		<u>5,716,618</u>	<u>4,762,245</u>	<u>18,197,196</u>	<u>13,667,734</u>	<u>23,913,814</u>	<u>18,429,979</u>
RESULTS							
Profit from operations		670,495	93,072	4,417,763	2,911,891	5,088,258	3,004,963
Profit from trading activity		1,398	1,241	-	-	1,398	1,241
Other Income		13,254	10,873	650,514	30,354	663,768	41,227
		<u>685,147</u>	<u>105,186</u>	<u>5,068,277</u>	<u>2,942,245</u>	<u>5,753,424</u>	<u>3,047,431</u>
Other expenses						(330,040)	(591,917)
Finance cost						(1,012,861)	(488,790)
Share of loss from associate						(48)	(50)
Profit before tax						4,410,475	1,966,674
Taxation						(582,864)	(315,823)
Net profit for the year						<u>3,827,611</u>	<u>1,650,851</u>
STATEMENT OF FINANCIAL POSITION							
Assets							
Segment assets		6,372,639	3,791,507	15,824,413	9,044,744	22,197,052	12,836,251
Unallocated Assets						400,000	213,331
Long term investment						973	1,094
Total assets						<u>22,598,025</u>	<u>13,050,676</u>
Liabilities							
Segment liabilities		2,860,571	1,086,270	5,831,223	5,822,330	8,691,794	6,908,600
Unallocated liabilities						87,713	127,527
Total liabilities						<u>8,779,507</u>	<u>7,036,127</u>
OTHER INFORMATION							
Additions to property, plant and equipment		102,160	580,815	170,723	70,034	272,883	650,849
Depreciation		119,457	107,763	239,957	245,480	359,414	353,243

Revenue from major customers

During the year external sales to major customers amounted to Rs. 5,901 million (2022: Rs. 4,256 million).

	2023	2022
Note	(Rupees in thousand)	
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	4,280,703	4,130,685
Netherlands	4,481,540	6,476,042
Ghana	1,948,596	1,998,756
UAE	1,635,760	813,068
Taiwan	1,269,690	303,357
Italy	1,246,937	751,702
Korea	1,092,057	104,351
Thailand	824,581	306,553
Japan	721,394	63,349
Spain	551,195	-
Angola	469,987	262,023
Indonesia	447,768	732,310
Cameroon	425,042	132,371
Singapore	417,964	124,351
Tanzania	368,923	116,874
Jordan	349,750	176,576
Ivory Coast	346,257	142,374
Iraq	275,753	97,660
Turkey	223,104	22,688
Tajikistan	195,836	-
Philippines	187,085	265,069
Congo	180,668	-
Togo	146,381	-
Lebanon	146,289	161,871
New Zealand	86,556	-
Liberia	85,105	-
Others	479,548	624,783
	22,884,469	17,806,813

41 FINANCIAL ASSETS AND LIABILITIES

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

2023						
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 / amortized cost

Long term loans	-	-	-	3,309	1,867	5,176	5,176
Long term and short term deposits	-	-	-	353	3,149	3,502	3,502
Trade debts	-	-	-	870,395	-	870,395	870,395
Other receivables	-	-	-	55,921	-	55,921	55,921
Short term investments	24,242	-	24,242	-	-	-	24,242
Cash and bank balances	4,792,204	-	4,792,204	307,331	-	307,331	5,099,535

At fair value

Short term investment	-	-	-	479	-	479	479
	4,816,446	-	4,816,446	1,237,788	5,016	1,242,804	6,059,250

FINANCIAL LIABILITIES

At cost / amortized cost

Long term financing	178,223	388,654	566,877	-	-	-	566,877
Trade and other payables	43,275	-	43,275	869,515	-	869,515	912,790
Accrued finance cost	-	-	-	127,089	-	127,089	127,089
Short term borrowings	4,562,307	-	4,562,307	-	-	-	4,562,307
Loan from related parties	-	-	-	8,032	-	8,032	8,032
Unclaimed dividend	-	-	-	22,330	-	22,330	22,330
	4,783,805	388,654	5,172,459	1,026,966	-	1,026,966	6,199,425

2022						
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 / amortized cost

Long term loans	-	-	-	2,819	1,140	3,959	3,959
Long term and short term deposits	-	-	-	312	2,599	2,911	2,911
Trade debts	-	-	-	1,059,148	-	1,059,148	1,059,148
Other receivables	-	-	-	15,363	-	15,363	15,363
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	3,147,997

FINANCIAL LIABILITIES

At cost / amortized 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

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:

	2023	2022
	(Rupees in thousand)	
Loans to executive and other employees	5,176	3,959
Long term and short term deposits	3,502	2,911
Trade debts	870,395	1,059,148
Other receivables	56,400	15,773
Short term investment	24,242	1,050,410
Bank balances	5,098,559	1,014,435
	<u>6,058,274</u>	<u>3,146,636</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 to 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>870,395</u>	<u>1,059,148</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	2023 Rupees in thousand	2022
In Local Currency				
United Bank Limited	AAA	A-1+	24,746	10,416
Al-Baraka Bank (Pakistan) Limited	A+	A-1	12,978	12,996
Habib Metropolitan Bank Limited	AA+	A1+	111	4,995
National Bank of Pakistan Limited	AAA	A1+	2,136	3,942
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	1,088	1,548
MCB Bank Limited	AAA	A1+	1,135	1,590
MCB Islamic Bank	A	A1	989	-
Allied Bank Limited	AAA	A1+	182	2,466
Faysal Bank Limited	AA	A1+	12,614	7,971
Askari Bank Limited	AA+	A-1+	955	1,308
BankIslami Pakistan Limited	A+	A-1	4,993,495	914,815
Habib Bank Limited	AAA	A-1+	412	494
Samba Bank Limited	AA	A1	478	478
Meezan Bank Limited	AAA	A-1+	13,154	34
Dubai Islamic Bank Pakistan Limited	AA	A-1+	926	714
Bank Al-Habib Limited	AAA	A1+	6,420	9,019
JS Bank Limited	AA-	A1+	47	47
Soneri Bank Limited	AA-	A1+	40	40
			5,071,906	972,873
In Foreign Currency				
Habib Bank Limited	AAA	A-1+	74	59
Bank Al-Falah	AA+	A1+	10,390	-
MCB Bank Limited	AAA	A1+	15,195	-
Meezan Bank Limited	AAA	A-1+	994	41,503
			26,653	41,562
			5,098,559	1,014,435

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 (2022: Rs. 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 2023	Carrying Amount	Contractual Cashflows	With in One Year	1 to 5 years	> 5 years
..... (Rupees in thousand)					
Long term financing	566,877	641,254	218,144	423,110	-
Trade and other payables	912,790	912,790	912,790	-	-
Accrued finance cost	127,089	127,089	127,089	-	-
Short-term borrowings	4,562,307	4,939,617	4,939,617	-	-
Loan from related parties	8,032	8,032	8,032	-	-
Unclaimed dividend	22,330	22,330	22,330	-	-
	6,199,425	6,651,112	6,228,002	423,110	-

Year ended 30 September 2022	Carrying Amount	Contractual Cashflows	With in One Year	1 to 5 years	> 5 years
..... (Rupees in thousand)					
Long term financing	895,100	1,050,877	313,529	711,203	26,145
Trade and other payables	797,634	797,634	797,634	-	-
Accrued finance cost	61,211	61,211	61,211	-	-
Short-term borrowings	4,532,139	4,728,694	4,728,694	-	-
Loan from related parties	41,135	41,135	41,135	-	-
Unclaimed dividend	14,431	14,431	14,431	-	-
	6,341,650	6,693,982	5,956,634	711,203	26,145

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At September 30, 2023 the Company has Rs. 7,028 million (2022: Rs. 5,832 million) available unutilized short term financing limit from financial institutions and also has Rs. 5,099.535 million (2022: Rs. 1,016.206 million) being cash and bank balances. The Company has also made investment of Rs. 24.242 million (2022: Rs. 1,050.410 million) in short term securities which can be realized 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	
		2023 (Rupees in thousand)	2022
Financial Liabilities			
<u>Variable Rate Instruments</u>			
Long term financing	20	566,877	895,100
Trade and other payables	22.3	43,275	104,821
Short term borrowings	24	4,562,307	4,532,139
		5,172,459	5,532,060
Financial Assets			
<u>Variable Rate Instruments</u>			
Short term investment	15	24,242	1,050,410
Bank balances (PLS savings)	16.1	4,792,204	913,867
		4,816,446	1,964,277
Net exposure		356,013	3,567,783

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. 35.601 million (2022: Rs. 356.78 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:

	2023	2022	2023	2022
			(Rupees in thousand)	
Statement of Financial Position Exposure				
Foreign debtors	\$ 3,014,124	\$ 4,407,669	869,876	1,011,340
Bank balances	\$ 92,353	\$ 181,136	26,653	41,562
			<u>896,529</u>	<u>1,052,902</u>
Off Statement of Financial Position Exposure				
Commitments				
US Dollars	\$ 86,000	\$ -	24,863	-
Chinese Yuan	¥ -	¥ 273,704	-	8,886
Japanese Yen	¥ 158,000	¥ -	306	-
Euros	€ 21,831	€ 185,850	6,641	41,927
			<u>31,810</u>	<u>50,813</u>
			2023	2022
The following significant exchange rates have been applied:				
Rupee per USD				
Average rate			288.85	229.70
Reporting date rate - Selling			289.10	229.95
Reporting date rate - Buying			288.60	229.45
Rupee per Euro				
Average rate			303.95	225.60
Reporting date rate - Selling			304.21	225.84
Reporting date rate - Buying			303.69	225.35
Rupee per Chinese Yuan				
Average rate			39.71	32.47
Reporting date rate - Selling			39.74	32.50
Reporting date rate - Buying			39.67	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. 89.65 million (2022: Rs. 105.29 million). The effect of commitments in foreign currency would have been Rs. 3.181 million (2022: Rs. 5.081 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 2023 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at September 30, 2023 and 2022 were as follows:

	2023	2022
	(Rupees in thousand)	
Total borrowings	5,137,216	5,468,374
Less: Cash and cash equivalent	<u>(5,069,470)</u>	<u>(2,066,616)</u>
Net debt	67,746	3,401,758
Total equity	<u>13,818,518</u>	<u>6,014,549</u>
Total equity and debt	<u>13,886,264</u>	<u>9,416,307</u>
Gearing ratio (%)	<u>0.49%</u>	<u>36.13%</u>

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 approximates 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 370 (2022: 368) and average number of employee during the year were 404 (2022: 399).

46 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on December 26, 2023.

47 SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2023, the Board of Directors has proposed a final cash dividend of Rs. 422.37 million at 200% i.e. Rs. 20 per share of Rs. 10 each (2022: Rs. 211.187 million at 100% i.e. Rs. 10 per share of Rs. 10 each) in their meeting held on December 26, 2023 subject to the approval of the members at the Annual General Meeting scheduled to be held on January 25, 2024. This dividend is in addition to interim dividend of Rs. 30 per share ,i.e., 300%.

48 CORRESPONDING FIGURES

48.1 Previously, the Company classified all its short term borrowings as a part of operating cash flows in the statement of cash flows. However, during the year, the Company has classified its running finance as part of cash and cash equivalents to meet the criteria of cash and cash equivalents as per the requirements of IAS -7 " Statement of Cash Flows" and other short term borrowings are presented as part of financing activities in the statement of cash flows. Accordingly adjustment in comparative figures in the statement of cash flows are as follows:

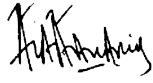
Statement of cash flows

	As previously reported	Effect of restatement	As Restated
(Rupees in thousand)			
Cash flows from operating activities	3,168,196	(1,355,160)	1,813,036
Cash flows from financing activities	(517,327)	1,606,200	1,088,873
Cash and cash equivalents at the beginning of the year	54,137	(300,979)	(246,842)
Cash and cash equivalents at the end of the year	2,066,616	(49,939)	2,016,677

48.1.1 The above adjustments do not have any impact on the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity.

49 **GENERAL**

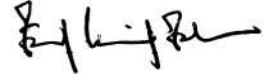
Amounts have been rounded off to the nearest thousand rupee unless otherwise stated.



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, 2023**

NO. OF SHAREHOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
1420	1	-	100	33,337
554	101	-	500	136,462
114	501	-	1000	92,212
134	1001	-	5000	313,802
31	5001	-	10000	237,802
13	10001	-	15000	158,345
8	15001	-	20000	146,990
9	20001	-	25000	207,751
1	25001	-	30000	26,000
2	30001	-	35000	64,470
1	35001	-	40000	40,000
2	40001	-	45000	83,813
2	45001	-	50000	94,817
1	55001	-	60000	57,900
1	60001	-	65000	64,816
2	65001	-	70000	134,462
1	75001	-	80000	77,000
2	80001	-	85000	162,852
1	90001	-	95000	91,700
2	95001	-	100000	200,000
1	110001	-	115000	114,813
1	115001	-	120000	115,909
1	120001	-	125000	124,901
1	135001	-	140000	138,334
1	155001	-	160000	155,232
1	180001	-	185000	182,000
1	190001	-	195000	193,777
1	195001	-	200000	200,000
1	205001	-	210000	206,024
1	215001	-	220000	218,086
1	220001	-	225000	221,055
1	225001	-	230000	226,624
1	255001	-	260000	256,696
1	285001	-	290000	288,924
1	310001	-	315000	313,040
2	315001	-	320000	637,170
1	360001	-	365000	360,263
1	375001	-	380000	377,851
1	390001	-	395000	391,900
1	420001	-	425000	422,428
1	490001	-	495000	490,404
1	515001	-	520000	520,000
1	570001	-	575000	571,845
3	585001	-	590000	1,763,305
1	615001	-	620000	616,566
1	640001	-	645000	644,346
1	705001	-	710000	708,500
2	785001	-	790000	1,574,159
1	960001	-	965000	964,787
1	1020001	-	1025000	1,023,199
1	1370001	-	1375000	1,372,210
1	3295001	-	3300000	3,299,784
2337	Total			21,118,663

CATEGORIES OF SHAREHOLDING AS ON SEPTEMBER 30, 2023

SR. NO.	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1	INDIVIDUALS	2304	13,790,891	65.30%
2	INSURANCE COMPANIES	1	23,551	0.11%
3	JOINT STOCK COMPANIES	19	5,215,882	24.70%
4	FINANCIAL INSTITUTIONS	4	393,458	1.86%
5	MUTUAL FUND	1	1,372,210	6.50%
6	MODARABAS	1	15	0.00%
7	OTHERS	7	322,656	1.53%
	TOTAL:-	2337	21,118,663	100.00%

CATEGORIES OF SHAREHOLDING AS AT SEPTEMBER 30, 2023

Categories of Shareholders	No. of Share holders	Sheres 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	674,466	3.19%
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%
DIRECTORS , CEO & THEIR SPOUSES AND MINOR CHILDREN			
MR. ABDUL AZIZ AYOOB	1	45,817	0.22%
MR. NOOR MOHAMMAD ZAKARIA	2	599,269	2.84%
MR. ZIA ZAKARIA	1	422,428	2.00%
MRS. SANOBER HAMID ZAKARIA	1	10,641	0.05%
MR. ASAD AHMED MOHIUDDIN	2	595,345	2.82%
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)	2	599,769	2.84%
PUBLIC SECTOR COMPANIES AND CORP.			
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	391,900	1.86%
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES, MODARABAS, LEASING, TAKAFUL AND PENSION FUND.	2	115	0.00%
JOINT STOCK COMPANIES	15	218,433	1.03%
OTHERS	5	93,844	0.44%
GENERAL PUBLIC			
FOREIGN	---	---	---
LOCAL	2293	11,473,009	54.33%
TOTAL:-	2337	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, Excutives 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.

	Purchase No. of Shares	Sale (Gift out) No. of Shares
MR. ABDUL AZIZ AYOOB	---	(369,706)
MR. NOOR MOHAMMAD ZAKARIA	11,500	---
MR. ASAD AHMED MOHIUDDIN	23,500	---
MRS. SHAHNAZ SATTAR ZAKARIA (W/O NOOR MOHAMMAD ZAKARIA)	12,000	---

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 ہموار آپریشن کو قابل بناتا ہے اور اس بات کو یقینی بناتا ہے کہ کمپنی کی کارکردگی کو بہتر بنانے کے لیے کاروبار کی ترقی پر توجہ مرکوز رکھی جائے۔

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 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 مناسب پائے جانے والے وقفوں پر مختلف ذرائع سے خریداری اور فروخت کے لیے مارکیٹوں کی مسلسل نگرانی کے ذریعے کیا جاتا ہے۔

لیکویڈیٹی رسک:

کمپنی نے اپنی کاروباری ذمہ داریوں کو پورا کرنے کے لیے فروخت کی آمدن اور خریداریوں کی ادائیگی کے درمیان مماثلت کو پورا کرنے کے لیے مختلف بینکوں سے ورکنگ کیپیٹل 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 تعمیل 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۔

بورڈ کی تشخیص کا طریقہ کار:

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

ڈیویڈنڈ:

ڈائریکٹرز نے 200% کی شرح سے حتمی نقد منافع کی سفارش کی ہے۔ سال کے دوران کمپنی نے 300% کی شرح سے عبوری نقد منافع ادا کیا یعنی =/30 روپے فی حصص۔ (2022: 100 فیصد فائنل کیش ڈیویڈنڈ یعنی 10.00 روپے فی حصص =/10 روپے فی حصص کے علاوہ سال کے دوران 100 فیصد عبوری نقد ڈیویڈنڈ کے ساتھ کل 200 فیصد یعنی =/20 روپے فی حصص =/10 روپے)

شوگر ڈویژن:

حکومت سندھ نے نوٹیفکیشن نمبر B(142)/SO(Est)/2023-24 کے ذریعے کرشنگ سیزن کے لیے گنے کی قیمت =/425 فی چالیس کلوگرام کے حساب سے مطلع کی ہے جو کہ گزشتہ سال مطلع کردہ =/302 روپے تھی۔ خام مال کی قیمت میں =/123 روپے فی چالیس کلوگرام اضافہ کیا گیا ہے جس سے کرشنگ سیزن کے لیے چینی کی پیداواری لاگت میں اضافہ ہوگا۔ کرشنگ سیزن 2022-23 کے دوران کاشتکاروں کو اچھی واپسی کی ادائیگی کے باوجود صوبے میں گنے کی فصل بہتر نہیں تھی جیسا کہ چینی کی کرشنگ اور پیداوار کے حجم سے معلوم ہوتا ہے۔ سندھ میں پانی کی کمی ایک بڑی رکاوٹ ہے۔ کرشنگ سیزن 2023-24 کا آغاز ہو چکا ہے اور توقع ہے کہ چینی کی پیداوار گزشتہ سال کی طرح ہوگی لیکن گنے کی کرشنگ کا بڑا حجم حاصل ہونے کے بعد حقیقی پوزیشن قائم ہوگی۔

اتھنول ڈویژن:

ملک میں گنے کی اچھی فصل ہونے کی وجہ سے راب کی دستیابی بہتر ہونے کی امید ہے۔ اتھنول کی قیمت حد سے زیادہ ہے اور روس اور یوکرین کے درمیان مسلسل جنگ اور یورپ میں کساد بازاری کے رجحان کی وجہ سے غیر یقینی صورتحال ہے جو اتھنول کی برآمد پر منفی اثر ڈال سکتی ہے۔ انتظامیہ پروڈکٹ کس تیار کرنے کے لیے جارحانہ طریقے سے مختلف طریقوں پر عمل پیرا ہے جس سے اتھنول ڈویژن کے منافع کے مارجن کو بہتر بنانے میں مدد ملے گی۔

صحت، حفاظت اور ماحول:

کمپنی صحت اور حفاظت کے اعلیٰ معیارات پر پختہ یقین رکھتی ہے، انتظامیہ اچھے ماحول کو برقرار رکھنے کے حوالے سے اپنی ذمہ داریوں سے بخوبی آگاہ ہے تاکہ اس کے منفی اثرات کو ختم کیا جاسکے اور وہ معاشرے کی پائیدار ترقی کے لیے پر عزم 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 اعلیٰ ترین معیارات کے ساتھ اپنے کاروبار کو چلانے کے لیے پر عزم ہے۔ انتظامیہ ملوں کے کمیونٹی اور آس پاس کے علاقوں میں ماحول کو سہارا دینے کے لیے درخت لگانے کی مہم شروع کرتی ہے۔ کمپنی کی پیداواری سہولت ملک میں قابل اطلاق ماحول اور حفاظتی معیارات کے مطابق ہے۔

متعلقہ فریقین کے لین دین:

اس مدت کے دوران کئے گئے تمام متعلقہ فریقین کے لین دین کو بورڈ کی آڈٹ کمیٹی کے سامنے اور اس کے بعد پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشن کے تحت مطلوبہ حتمی منظوری کے لیے بورڈ کے سامنے رکھا جاتا ہے۔ متعلقہ فریقوں کے لین دین مارکیٹ کی قیمت پر کئے گئے جیسا کہ کمپنیز ایکٹ 2017 میں فراہم کیا گیا ہے۔

قومی خزانے میں شراکت:

کمپنی ٹیکسوں، ڈیوٹیوں کی شکل میں ملک کے وسائل میں اضافہ کر رہی ہے اور چینی کی برآمدات حکومت کی اجازت کے ذریعے زرمبادلہ کاربھی ہے اور اتھنول کی برآمد کی اجازت ہے تاکہ ملک کو درپیش تجارتی خسارے کو کم کیا جاسکے۔ زیر جائزہ مدت کے دوران آپ کی کمپنی نے 2,500 میٹرک ٹن چینی اور 68,980 میٹرک ٹن اتھنول برآمد کیا ہے اور ملک کے لیے قیمتی زرمبادلہ کمایا ہے۔

انسانی وسائل اور معاوضے کی کمیٹی:

بورڈ نے پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ ریگولیشنز میں فراہم کردہ گائیڈ لائنز کے مطابق ہیومن ریسورس اینڈ ریمونریشن کمیٹی بھی تشکیل دی ہے جس میں درج ذیل ڈائریکٹرز شامل ہیں۔

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

اس دوران کمیٹی کا ایک اجلاس ہوا جس میں تمام ڈائریکٹرز نے شرکت کی۔

ڈائریکٹرز کے معاوضے کی پالیسی:

کمپنی کے آرٹیکلز کے مطابق، بورڈ کمپنیز ایکٹ 2017 کے مطابق حاصل کردہ جزل مینٹنگ میں ممبران کی منظوری کے ساتھ وقتاً فوقتاً ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹرز کے معاوضے کا تعین کرنے کا مجاز 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 ہنرمند افراد کو راغب کرنے اور برقرار رکھنے کے لیے کافی ہوگی۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی مجموعی رقم کی تفصیلات مالیاتی گواشاوارے 39 نوٹس میں ظاہر کی گئی ہیں۔

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 لاگ ٹرم ریٹنگ میں ہماری کمپنی کو Stable یعنی مستحکم قرار دیا ہے۔

کارپوریٹ سماجی ذمہ داری:

کارپوریٹ سماجی ذمہ داری کے فوائد ملازمین کے درمیان اعلیٰ پیداواری صلاحیت، مارکیٹ میں کمپنی کی ساکھ کو بڑھانے اور کمپنی کی مضبوطی میں حصہ ڈالنے سے واضح ہیں۔ کمپنی اپنے کارپوریٹ سماجی ذمہ داری (CSR) کے اہداف کو پورا کرنے کے لیے پرعزم ہے اور ملزایا کے ارد گرد تعلیم، صحت کی دیکھ بھال، ماحولیات اور دیگر سماجی وجوہات کی حمایت کرتے ہوئے پہل کرنا جاری رکھے ہوئے ہے تاکہ علاقے کی کم مراعات یافتہ کمیونٹی کی زندگیوں میں بہتری لائی جاسکے۔ کمپنی نے اپنے فری نچاز ایریا میں مسلسل کئی فلاحی سرگرمیاں کیں یعنی سینڈری لیول تک ایک سکول قائم کیا، وقفہ وقفہ سے میڈیکل کمپ کا انعقاد، مستحق دیہاتیوں 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۔

بورڈ آف ڈائریکٹرز کی تشکیل:

زیر جائزہ مدت کے دوران بورڈ آف ڈائریکٹرز کی تشکیل میں کوئی تبدیلی نہیں کی گئی۔
زیر غور مدت کے دوران بورڈ کے پانچ اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی موجودگی حسب ذیل تھی۔

ڈائریکٹر کے نام	شرکت	درجہ
جناب نور محمد زکریا	3	نان ایگزیکٹو
جناب ضیاء زکریا	5	ایگزیکٹو
جناب اے عزیز ایوب	5	ایگزیکٹو
مسز صنوبر حامد زکریا	5	نان ایگزیکٹو
جناب اسد احمد علی الدین	5	نان ایگزیکٹو
جناب رومی معیز	5	آزاد ڈائریکٹر
جناب شیخ عاصم رفیق	4	آزاد ڈائریکٹر

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی تفصیلات بھی متعلقہ نوٹ میں پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے تحت درکار مالیاتی گوشواروں میں فراہم کی گئی ہیں۔ مینٹگ فیس کے علاوہ نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کیا جاتا۔

آڈٹ کمیٹی:

بورڈ نے ایک آڈٹ کمیٹی بھی تشکیل دی ہے جس میں درج ذیل ڈائریکٹرز شامل ہیں۔ زیر غور مدت کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری حسب ذیل تھی۔
ڈائریکٹرز کے ناموں نے شرکت کی حیثیت

ڈائریکٹر کے نام	عہدہ	درجہ
جناب رومی معیز (چیرمین)	4	آزاد ڈائریکٹر
جناب نور محمد زکریا	3	نان ایگزیکٹو
مسز صنوبر حامد زکریا	4	نان ایگزیکٹو

آڈٹ کمیٹی کے ٹرمز آف ریفرنس کا تعین بھی بورڈ نے پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ ریگولیشنز میں فراہم کردہ رہنما خطوط کے مطابق کیا ہے۔

کارکردگی کا جائزہ:

شوگر ڈویژن:

اللہ تعالیٰ کے فضل و کرم سے آپ کی کمپنی کی کارکردگی شاندار رہی حالانکہ صوبے میں گنے کی فصل اچھی نہیں تھی۔ زیر جائزہ مدت کے دوران ریکوری کی شرح 11.08 فیصد سے کم ہو کر 10.60 فیصد رہ گئی جس کی وجہ سے گنے کا معیار کم ہونا تھا۔ چینی کی پیداوار 60,303 میٹرک ٹن تھی جو گزشتہ سال کی 66,683 میٹرک ٹن پیداوار کے مقابلے میں 9.57 فیصد کم تھی۔ یہ خام مال کی عدم دستیابی اور ریکوری کی شرح میں کمی کی وجہ سے کرشنگ کا کم حجم تھا۔ توقع ہے کہ اگلے سال کے دوران ملک میں گنے کی فصل میں معمولی بہتری آئے گی۔ شاہ اللہ میں۔

اتھنول ڈویژن:

زیر غور مدت کے دوران اتھنول پلانٹ نے اطمینان بخش طریقے سے کام کیا اور 69,738 میٹرک ٹن اتھنول کی پیداوار کی جو کہ گزشتہ سال 69,752 میٹرک ٹن تھی۔ پچھلے سال کی پیداوار کے مقابلے میں پیداوار قدرے کم ہے۔ آپ کی کمپنی نے گزشتہ سال 72,397 میٹرک ٹن کے مقابلے میں 68,980 میٹرک ٹن اتھنول برآمد کیا اور کمپنی نے ملک کے لیے بہت ضروری زرمبادلہ کمایا۔ انتظامیہ نے مختلف پراڈکٹس مکسز کا ایک پورٹ فولیو تیار کرنے کے لیے بڑے پیمانے پر کام کیا ہے تاکہ پلانٹ کی صلاحیت کے زیادہ سے زیادہ استعمال کو یقینی بنایا جاسکے۔

کارپوریٹ گورننس کے بہترین طریقوں کے ساتھ تعمیل کا بیان:

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کے معاملات کی صورت حال، آپریشن کے نتائج، کیش فلوا اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔
- 2- قانون کے تحت ضرورت کے مطابق کمپنی نے کھانوں 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 دانشمندانہ فیصلے پر مبنی ہیں۔
- 4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی حسابات کی تیاری میں پیروی 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- کمپنی کو جاری رکھنے کی کمپنی 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 بقایا قانونی ادائیگی نہیں ہوئی ہے، سوائے ان کے جو معمول کے کاروبار کے تحت ہیں اور کچھ متنازعہ معاملات جو مالیاتی گوشواروں کے متعلقہ نوٹوں میں ظاہر ہو رہے ہیں۔

9- 30 ستمبر 2023 تک کمپنی میں شیئر ہولڈنگ کا پٹرن بھی سالانہ رپورٹ میں شامل ہے۔

10- ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ان کی شریک حیات یا نابالغ بچوں نے کمپنی کے حصص میں کوئی تجارت نہیں کی سوائے اس کے کہ مالی بیانات کے متعلقہ نوٹس میں دوسری صورت میں ظاہر کیا گیا ہو۔

11- پراویڈنٹ فنڈ میں سے سرمایہ کاری کمپنیز ایکٹ 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 ڈیٹا اور شیئر ہولڈنگ کے پٹرن کو سالانہ رپورٹ میں شامل کیا گیا ہے۔ ڈائریکٹرز یا ان کی شریک حیات کے انعقاد میں کوئی خاص تبدیلی نہیں آئی سوائے دوسری صورت میں ظاہر کیا گیا ہے۔

ڈائریکٹرز رپورٹ برائے ممبران

شروع اللہ تعالیٰ کے بابرکت نام سے جو نہایت مہربان اور رحم کرنے والا ہے۔

پیارے ممبران السلام علیکم!

مجھے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2023 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشواروں اور اس پراڈیٹرز کی رپورٹ کے ساتھ آپ کی کمپنی کی کامیابیوں کو آپ کے سامنے پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے۔ آپ کی کمپنی کی بنیادی سرگرمی چینی اور اتھنول کی پیداوار شامل ہے۔ اہم پیداوار اور مالیاتی اعداد و شمار ذیل میں فراہم کیے گئے ہیں۔

<u>2021-22</u>	<u>2022-23</u>	مالیاتی کارکردگی :
(روپے ہزاروں میں)		
1,966,674	4,410,475	☆ منافع قبل از ٹیکس
(315,823)	(582,864)	☆ ٹیکس کے لئے فراہمی
1,650,851	3,827,611	☆ منافع بعد از ٹیکس
Rs.78.17	Rs.181.24	☆ منافع فی شیئر بنیادی

آپ کی کمپنی نے گزشتہ سال کے دوران 1,650.851 ملین روپے کے منافع کے مقابلے میں 3,827.611 ملین روپے کا ٹیکس کے بعد منافع کمایا ہے۔ آپ کی کمپنی کی بنیادی سرگرمی چینی اور اتھنول تیار کرنا ہے۔

کمپنی کی خاص تقابلی پیداوار اور مالی اعداد و شمار نیچے دیئے گئے ہیں۔

<u>2021-22</u>	<u>2022-23</u>	معلومات بابت پیداوار
601,695	567,913	☆ گنے کی پسائی (میٹرک ٹن)
66,683	60,303	☆ چینی کی پیداوار (میٹرک ٹن)
11.08	10.60	☆ ریکوری برائے چینی (فیصد)
25,810	26,720	☆ پیداوار برائے راب (میٹرک ٹن)
69,752	69,738	☆ اتھنول کی پیداوار (میٹرک ٹن)
(روپے ہزاروں میں)		مالی اعداد و شمار :

17,806,813	22,884,469	☆ فروخت
(14,355,554)	(17,246,001)	☆ لاگت برائے فروختگی
3,451,259	5,638,468	☆ ختام منافع
(142,085)	(176,762)	☆ تقسیمی لاگت
(304,211)	(373,448)	☆ انتظامی اخراجات
(591,917)	(330,040)	☆ دیگر عملیاتی اخراجات
(488,790)	(1,012,861)	☆ مالیاتی اخراجات
42,468	665,166	☆ دیگر آمدنی
(50)	(48)	☆ ایسوسی ایٹ میں نقصان کا حصہ
1,966,674	4,410,475	☆ قبل از ٹیکس منافع

PROXY FORM

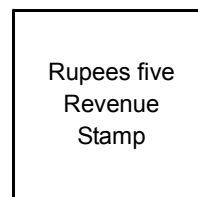
I/We
 in the district of being a Member of **SHAHMURAD SUGAR MILLS LIMITED**
 and holder of Ordinary Shares as per Share
 (Number of Shares)

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 45th Annual General Meeting of the Company to be held on the 25th day of January two
 thousand Twenty four at 11:30 a.m. and at any adjournment thereof :

Signed this day of 2024

WITNESSES:

1. Signature
 Name:
 Address
 CNIC or
 Passport No.



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 _____
 شاہ مراد شوگر ملز لمیٹڈ _____
 کے رکن و حامل _____ عام حصص بمطابق شیئرز رجسٹرڈ فولیو نمبر _____
 اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____
 بذریعہ ہذا _____ ساکن _____ یا بصورت دیگر _____
 ساکن _____ جو کہ خود بھی ایک ممبر ہے کو اپنی / ہماری غیر موجودگی میں کمپنی کے
 45 واں سالانہ اجلاس عام مورخہ 25 جنوری 2024 بوقت 11:30 بجے منعقد یا ملتوی ہونے والے میں رائے دہندگی کیلئے اپنا نام سیدہ مقرر کرتا / کرتی ہوں۔

دستخط شدہ بتاریخ _____ بروز _____ 2024

برائے کرم پانچ روپے
 مالیت کے ریونیو ٹکٹ
 چسپاں کریں۔

گواہان:

1- دستخط _____
 نام _____
 پتہ _____

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر _____

2- دستخط _____
 نام _____
 پتہ _____

دستخط برائے ممبر / ممبران
 (دستخط کمپنی میں درج نمونہ کے دستخط کے مطابق ہونے چاہیے)

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر _____

نوٹ:

- 1- ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹر کے دفتر میں موصول ہونا چاہیے۔
- 2- اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹس آف پراکسی کا عدم قرار دیئے جائیں گے۔
- 3- سی ڈی سی اکاؤنٹ رکھنے والے / کارپوریٹ ادارے مزید برآں درج شرائط کو پورا کریں گے۔
 (i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔
 (ii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کیا گیا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔



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