



SHAHTAJ
SUGAR MILLS LIMITED
ANNUAL REPORT 2023



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Company Information

Board of Directors

Mr. Toqueer Nawaz
 Mr. Muneer Nawaz
 Mrs. Samia Shahnawaz Idris
 Mr. Rashed Amjad Khalid
 Mr. Abid Nawaz
 Mrs. Sadia Muhammad
 Ms. Ava Ardeshir Cowasjee
 Mr. Mushtaq Ahmad
 Mr. Sheikh Asim Rafiq
 Mr. Zahid Ullah Khan

Chairman
 Chief Executive

S.L.I.C.
 N.I.T.
 J.S.I.L.

Company Secretary

Mr. Jamil Ahmad Butt, FCMA

Chief Financial Officer

Mr. Waqar Ahmad, FCA

Audit Committee

Mr. Mushtaq Ahmad
 Mr. Toqueer Nawaz
 Mr. Zahid Ullah Khan
 Mr. Rashed Amjad Khalid

Chairman

Human Resource & Remuneration Committee

Mr. Sheikh Asim Rafiq
 Mr. Muneer Nawaz
 Mr. Toqueer Nawaz
 Mr. Abid Nawaz
 Mrs. Sadia Muhammad

Chairman

Head Office

72/C-1, M. M. Alam Road,
 Gulberg III, Lahore - 54660.
 Phone : (042) 3571 0482 - 84
 Fax : (042) 3571 1904
 Website: www.shahtajsugar.com
 E-mail : mail@shahtajsugar.com

Registered Office

19, Dockyard Road,
 West Wharf, Karachi - 74000
 Phone : (021) 3231 3934 - 38
 Fax : (021) 3231 0623
 E-mail : jamilbutt@shahtaj.com

Production Facility

Mandi Bahauddin - 50400.
 Phone : (0546) 501 147 - 49
 (0546) 508 047 - 48
 Fax : (0546) 501 768
 E-mail : mills@shahtajsugar.com

Auditors

Riaz Ahmad & Company,
 Chartered Accountants,
 10-B, Saint Mary Park,
 Main Boulevard, Gulberg-III,
 Lahore - 54660.

Legal Advisor

Mr. Ras Tariq Chowdhary,
 52 - Ravi Block, Fort Green,
 Canal Bank, Lahore.

Share Registrar

JWAFFS Registrar Services (Private) Limited
 Suite No. 407 - 408,
 4th Floor, Al-Ameera Centre,
 Shahrah-e-Iraq, Saddar, Karachi.

Bankers

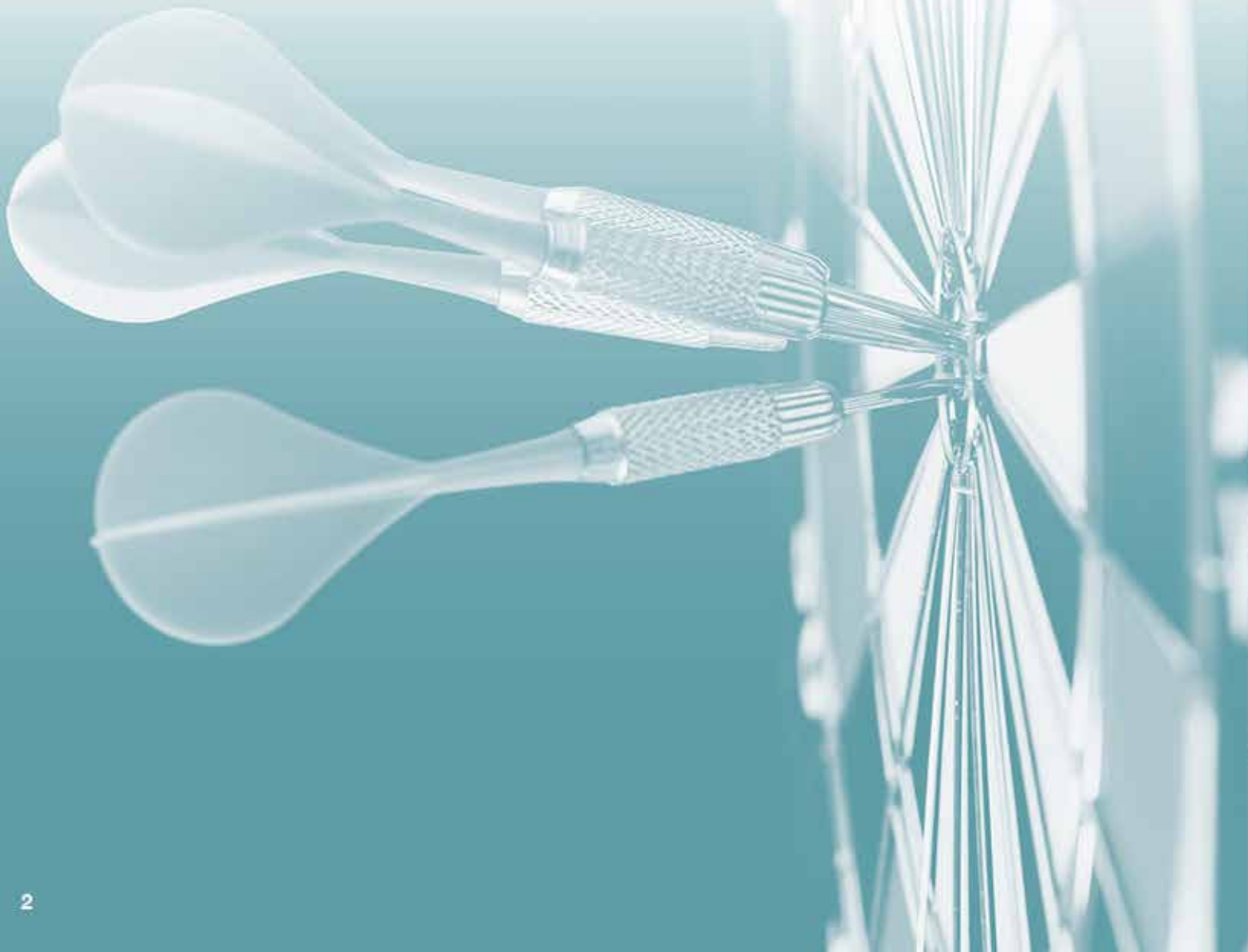
United Bank Limited
 Habib Bank Limited
 MCB Bank Limited
 Bank Alfalah Limited
 Bank Al-Habib Limited
 JS Bank Limited
 Allied Bank Limited
 National Bank of Pakistan
 Soneri Bank Limited

VISION

To succeed and grow to the utmost satisfaction of the customers, employees and shareholders.

MISSION

To strive for still higher levels of efficiency, productivity, cost effectiveness, profitability, customer satisfaction, congenial employees relations, profit sharing with shareholders and hence gaining further strength to continue to succeed and grow.



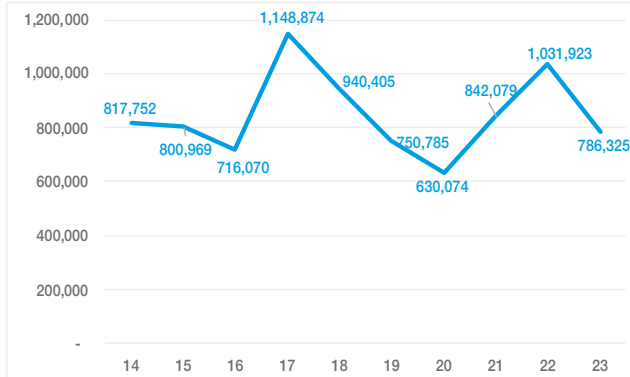
CORPORATE STRATEGY

To maximize effective utilization of men, material and machines, by encouraging, supporting and rewarding the employees, eliminating any waste, reducing costs aiming and establishing **Shahtaj Sugar Mills Limited** as the most trusted, efficient and successful name among all stakeholders and customers.

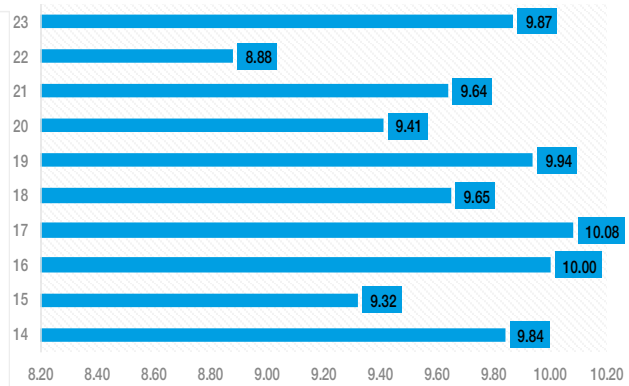


Ten Years Production Review

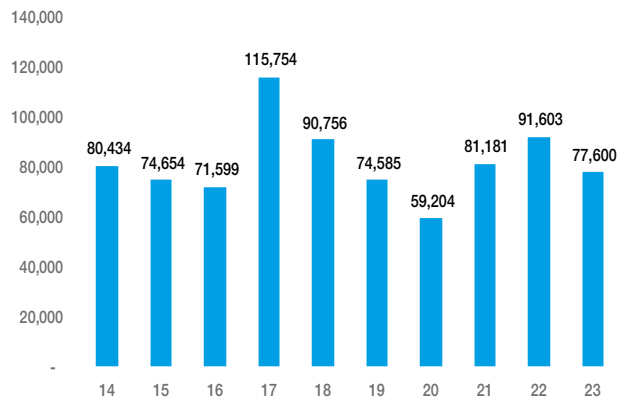
Sugarcane Crushed (M. Ton)



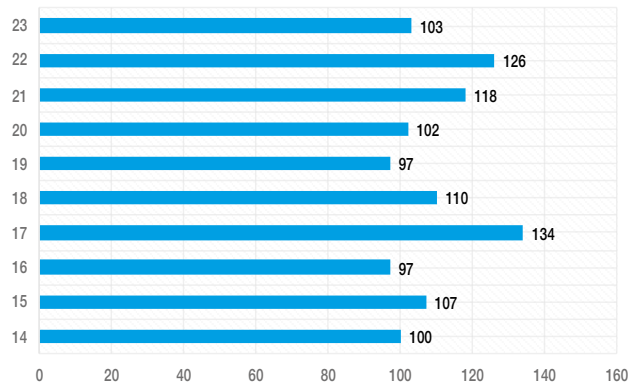
Sugarcane Recovery (Percentage)



Sugar Produced (M. Ton)



Duration (Days)



| 2014 | | 2015 | | 2016 | |
|-----------|----------------------------|---------|--------------------------|-----------|--------------------------|
| 817,752 | Sugarcane Crushed (M. Ton) | 800,969 | M. Ton Sugarcane Crushed | 716,070 | M. Ton Sugarcane Crushed |
| 9.84 | Sugar Recovery (%) | 9.32% | Recovery | 10.00% | Recovery |
| 80,434 | Sugar Production (M. Ton) | 74,654 | M. Ton Production | 71,599 | M. Ton Production |
| 100 | Duration (Days) | 107 | Duration (Days) | 97 | Duration (Days) |
| 2017 | | 2018 | | 2019 | |
| 1,148,874 | M. Ton Sugarcane Crushed | 940,405 | M. Ton Sugarcane Crushed | 750,785 | M. Ton Sugarcane Crushed |
| 10.08% | Recovery | 9.65% | Recovery | 9.94% | Recovery |
| 115,754 | M. Ton Production | 90,756 | M. Ton Production | 74,585 | M. Ton Production |
| 134 | Duration (Days) | 110 | Duration (Days) | 97 | Duration (Days) |
| 2020 | | 2021 | | 2022 | |
| 630,074 | M. Ton Sugarcane Crushed | 842,079 | M. Ton Sugarcane Crushed | 1,031,923 | M. Ton Sugarcane Crushed |
| 9.41% | Recovery | 9.64% | Recovery | 8.88% | Recovery |
| 59,204 | M. Ton Production | 81,181 | M. Ton Production | 91,603 | M. Ton Production |
| 102 | Duration (Days) | 118 | Duration (Days) | 126 | Duration (Days) |
| 2023 | | | | | |
| 786,325 | M. Ton Sugarcane Crushed | | | | |
| 9.87% | Recovery | | | | |
| 77,600 | M. Ton Production | | | | |
| 103 | Duration (Days) | | | | |

Notice of Meeting

All the Shareholders,

Notice is hereby given to all the shareholders of SHAHTAJ SUGAR MILLS LIMITED that the 58th Annual General Meeting of the Company will be held on Friday, the 26th January, 2024 at 11:00 AM at Beach Luxury Hotel, M.T. Khan Road, Karachi to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of last Extra Ordinary General Meeting held on 29th May, 2023.
2. To consider and adopt audited Financial Statements of the Company for the year ended 30th September, 2023 together with Auditors' and Directors' Reports thereon.
3. To approve a cash Dividend @ 140% i.e. Rs.14 per share for the year ended 30th September, 2023 as recommended by the Directors.
4. To appoint Auditors of the Company for the year 2023-2024 and to fix their remuneration. The present Auditors M/s. Riaz Ahmad & Company, Chartered Accountants, being eligible, have offered themselves for reappointment.

B. SPECIAL BUSINESS

5. Related Parties Transactions:

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolution:

- a) **'RESOLVED** that the transactions carried out by the Company in the normal course of business with related parties for the period October 1, 2022 to date be and are hereby ratified, approved and confirmed.'
- b) **'FURTHER RESOLVED** that the Chief Executive Officer of the Company or his nominee be and is hereby authorized to approve all the transactions carried out and to be carried out in the normal course with related parties till the next Annual General Meeting of the Company and in this connection the Chief Executive Officer of the Company or his nominee be and is 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. Transmission of Annual Accounts through QR enabled Code and weblink.

To consider and if found fit, to pass the following resolutions as Ordinary resolutions

RESOLVED that the transmission of Company's Annual Audited Financial Statements and related documents (included in the Annual Report) along with the Notice of General Meeting through a QR enabled Code and weblink instead of transmitting

the same in hard copies or CD/DVD/USB be and is hereby approved'.

'FURTHER RESOLVED that the Company Secretary be and is hereby authorized to do all necessary acts, deeds and things to give effect to this resolution'.

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

By Order of the Board



Karachi:
2nd January, 2024

(JAMIL AHMAD BUTT)
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from 20th January 2024 to 27th January, 2024 (both days inclusive).
2. Members holding shares physically and holders of Accounts and Sub-accounts for Company's shares in Central Depository Company of Pakistan Limited, who wish to attend this Annual General Meeting may do so by identifying themselves through their original CNIC/Passport and providing a copy thereof.
3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature and attested copy of CNIC of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

5. DEDUCTION OF INCOME TAX

As per the provisions of Section 150 of the Income Tax Ordinance, 2001 ("Ordinance") different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. The Current withholding tax rates are as under:

- (a) For the persons whose names are appearing on ATL: 15%
- (b) For the persons whose names are not appearing on ATL: 30%

All the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of the Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL

before the date of payment of dividend, otherwise tax on their Dividend will be deducted @ 30% instead of @ 15%.

The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective Participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Share Registrar and Share Transfer Agent, M/s. JWAFFS REGISTRAR SERVICES (PVT) LIMITED.

The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective Folio Numbers.

As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificates to our Shares Registrar; otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

For shareholders holding their shares jointly, as per the clarification issued by the 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. All shareholders who hold shares jointly are therefore requested to provide shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to the Registrar and Shares Transfer Agent in writing as follows:

| Folio/CDC Account # | Total Shares | Principal Shareholder | | Joint Shareholders | |
|---------------------|--------------|-----------------------|---|--------------------|---|
| | | Name & CNIC # | Shareholding Proportion (No. of Shares) | Name & CNIC # | Shareholding Proportion (No. of Shares) |
| | | | | | |

6. ELECTRONIC DIVIDEND MANDATE

Under the provisions of Section 242 of the Companies Act, 2017 it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly in to bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to provide details of the bank mandate specifying:

Title of Account, Account Number, Bank Name, Branch Name and Code, IBAN Number.

In case shares are held in physical form, please send this information duly signed along with a copy of CNIC

to the registrar of the Company M/s. JWAFFS Registrar Services (PVT) Limited.

In case shares are held in CDC then Electronic Mandate Form must be submitted directly to shareholder's broker participant/CDC account.

In case of non-receipt of the information the company will be constrained to withhold payment of dividend to such shareholders.

7. ATTENDING THE MEETING THROUGH VIDEO LINK

Shareholders interested in attending the Annual General Meeting (AGM) through video link facility ('Zoom' which can be downloaded from Google Play or Apple App Store) are requested to get themselves registered with the Company Secretary office at least two (02) working days before the holding date of AGM at jamilbutt@shahtaj.com by providing the following details:

| Name of Shareholder | CNIC No. | Folio No. | Cell No. | Email Address |
|---------------------|----------|-----------|----------|---------------|
| | | | | |

- Upon receipt of the above information from shareholders. The Company will send the login details at their email address.
- On the AGM day, the shareholders will be able to login and participate in the AGM proceedings through their smart phone or computer devices from their any convenient location.
- The login facility will be opened ten (10) minutes before the meeting time to enable the participants to join the meeting after identification and verification process.

8. CONVERSION OF PHYSICAL SECURITIES INTO BOOK ENTRY FORM

Members interested in availing video conference facility for this AGM may fill the following and submit to registered address of the Company 7 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video

conference at least 7 days prior to the date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I/We, _____ of _____, being a member of Shahtaj Sugar Mills Limited, holder(s) of _____ ordinary share(s) as per Registered Folio/CDC account No. _____ hereby opt for video conference facility at _____.

9. CONVERSION OF PHYSICAL SECURITIES INTO BOOK ENTRY FORM

As per Section 72 of the Companies Act, 2017 every listed company is 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 the commencement of the Act i.e. May 30, 2017. Further, vide its letter dated March 26, 2021, SECP has directed all the listed companies to pursue their shareholders for conversion of their physical securities into book entry form.

In the light of the aforementioned directives, the Shareholders of the Company having physical shareholding are encouraged to open CDC account with CDS participant/CDC Investor Account Services and convert their existing physical securities into book entry form.

10. POSTAL BALLOT

Pursuant to Companies (Postal Ballot) Regulations 2018, members are allowed to exercise their right to vote by post for the businesses classified as Special Business.

Intending shareholders shall ensure that duly filled in and signed Ballot Papers along with copy of valid CNIC reach the Chairman of the meeting through post on the Company's registered address, Shahnawaz Building, 19, Dockyard Road, West Wharf, Karachi or email at Chairman@Shahtaj.com, on or before 25th January, 2024 during working hours. The signature on Ballot Papers should match with signature on CNIC. For the convenience of shareholders, a specimen of Ballot Paper is attached. Ballot Paper is also available on the Company's website www.shahtajsugar.com for down load.

11. E-VOTING

Pursuant to Companies (Postal Ballot) Regulations 2018, members are allowed to exercise their right to vote through Electronic voting facility for all businesses classified as Special Business.

Details of E-Voting facility will be shared through email with those members of the Company who have their valid CNIC numbers. Cell numbers and email address available with the Company by the close of business on 19th January, 2024.

The web address, log in details and password will be communicated to the members via email. The security

code will be communicated through SMS from the web portal of JWAFFS REGISTRAR SERVICES (PVT) LIMITED (being the e-voting service provider).

Identity for the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for log in.

E-voting lines will open from January 23, 2024 at 9.00 A.M. and shall close on January 25, 2024 at 5.00 P.M. Members can cast their votes any time during his period. A vote once cast by a member will not be allowed to be changed.

STATEMENT OF MATERIAL FACTS Under Section 134(3) of the Companies Act, 2017

Agenda Item No. 5.

A Statement required under this Section relating to Special Business of agenda item No. 5 is printed separately and is being sent to the shareholders of the Company by post along with the Annual Report 2023 containing the notice of this meeting.

Agenda Item No.6.

The Board of Directors in their meeting held on 02 January 2024 has recommended to transmit Annual Audited Financial Statements of the Company and related documents (included in the Annual Report) along with the Notice of Annual General Meeting through a QR enabled Code and web link instead of hard copies or CD/DVD/USB as allowed by Securities and Exchange Commission of Pakistan (SECP) vide its Notification No. 389(1)/2023 dated 21st March, 2023.

Company will also circulate the audited financial statements through email in case mail address has been provided by the member to the Company. Company shall send the complete Financial Statements with relevant documents in hard copy to the shareholders at their registered addresses free of cost, within one week, if a request has been made by the member on the standard request form available on the website of the Company.

No member of the Board has any interest in the above special business.

Review Report by the Chairman

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Shahtaj Sugar Mills Limited was carried out. The purpose of this evaluation was to ensure that the Board's overall performance and effectiveness is measured and bench marked against expectations in the context of the objectives set forth by the Company.

For the financial year ended 30 September 2023, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, monitoring the organization's business activities; monitoring financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of your Company received agenda and supporting written material including follow-up material in adequate time prior to the Board meetings and its committee meetings. The Board meets frequently enough to discharge its responsibilities. All Directors including Non-Executive Directors and Independent Directors actively participate in all important decisions.

Karachi:
02 January 2024

Toqueer Nawaz
Chairman

توقیر نواز
چیئر مین

کراچی
۲ جنوری ۲۰۲۴

چیئر مین جائزہ رپورٹ

کارپوریٹ گورننس کے کوڈ کے تحت بورڈ آف ڈائریکٹرز شاہ تاج شوگر ملز لمیٹڈ کی سالانہ کارکردگی کا جائزہ لیا گیا۔ اس جائزہ کا مقصد بورڈ کی مجموعی کارکردگی اور افادیت کو یقینی بنانا اور کمپنی کے وضع کردہ مقاصد کے حصول کے مطابق ڈھالنا ہے۔

برائے سال اختتام ۳۰ ستمبر ۲۰۲۳ میں بورڈ کی مجموعی کارکردگی اطمینان بخش رہی۔ بہتری ایک جاری رہنے والا عمل ہے جو کہ عملی منصوبوں کے لیے نہایت ضروری ہے۔ بورڈ کی مجموعی اطمینان بخش کارکردگی کی بنیاد میں کچھ لازمی اجزاء کا جائزہ شامل ہے جن میں کاروبار کی تنظیمی کاروائیوں کی نگرانی اور تمام ملازمین سے مساوی سلوک شامل ہے۔

کمپنی کے بورڈ ممبران کو کمپنی کے ہونے والے اجلاس سے قبل از مقررہ وقت تمام تحریری مواد موصول ہوا۔ اپنی ذمہ داریوں کے حصول کے لیے بورڈ نے متعدد اجلاس منعقد کیے۔ غیر انتظامی اور غیر جانبدار ڈائریکٹرز بھی تمام اہم فیصلوں میں برابر کے شریک رہے۔

Directors' Report to the Members

On behalf of the Board of Directors, we are pleased to present the Audited Financial Statements of the Company for the year ended 30 September 2023.

OPERATIONAL PERFORMANCE

Summarized operating performance of your mills for the year is as under:

| Production Data | | Season | |
|--------------------|--------|-------------------|------------|
| | | 2023 | 2022 |
| Start of Season | | 25.11.2022 | 20.11.2021 |
| End of Season | | 08.03.2023 | 25.03.2022 |
| Duration | Days | 103 | 126 |
| Sugarcane crushed | M.Tons | 786,325 | 1,031,923 |
| Production: | | | |
| Sugar | M.Tons | 77,600 | 91,603 |
| Molasses | M.Tons | 32,644 | 45,786 |
| Recovery: | | | |
| Sugar | % | 9.87 | 8.88 |
| Molasses | % | 4.15 | 4.44 |

We have already informed our shareholders through half yearly as well as quarterly financial statements that despite of early start of season and putting our best efforts the company could not succeed in achieving last year's total crushing volume, due to drastic reduction in sugarcane crop. However, sucrose recovery was better than last season. The government increased minimum support price for the season from Rs. 225/- to Rs. 300/- per 40 kg. Procurement of sugarcane from outside areas was 9.16%, the overall cost of sugarcane procurement was more by about Rs. 1,682/- per M. Ton at Rs. 7,703/- per M. Ton as compared with Rs. 6,021/- per M. Ton in the last year.

FINANCIAL RESULTS

For the year 2022-23, your Company recorded a turnover of Rs. 9,476.053 million as against Rs. 6,615.125 million in the corresponding year of 2021-22. The cost of sales was Rs. 7,885.007 million as against Rs. 5,841.353 million for the corresponding year. Thus, the Company recorded gross profit of Rs. 1,591.046 million as against gross profit of Rs. 773.772 million for the corresponding year. The net profit has been recorded at Rs. 405.472 million against the net profit of Rs. 1.077 million for the corresponding year. The significant increase in profit is due to export of sugar and better local sale prices of sugar and molasses. The finance cost for the period was Rs. 503.118 million as against Rs. 431.282 million for the corresponding year due to high utilization of banking facilities and increase in Policy Rate.

The earnings per share for the period is Rs. 33.76 as against Rs. 0.09 per share for the corresponding year of 2022.

The detailed financial report depicts positive trends in terms of turnover, gross profit, and net profit. It's important to communicate these achievements to shareholders and stakeholders, highlighting the factors that contributed to the improvement in financial performance. Additionally, addressing the increase in finance cost provides transparency about the financial challenges faced by the company.

| Appropriations | (Rupees in thousand) |
|---|----------------------|
| Balance as at 30 September 2022 | (364,127) |
| Dividend @ Rs. NIL per share for the year 2022 | - |
| Net Profit after tax | 405,472 |
| Other Comprehensive income | 925 |
| Share of Associate's changes in equity-Adjustment | (5,952) |
| Un-appropriated profit carried forward | 36,318 |
| Profit per share – basic (Rupees per share) | 33.76 |

Keeping in view the profit for the year, the Board of Directors have recommended dividend @ 140% i.e. Rs. 14/- per share.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are normal and of routine nature.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company were observed between the end of the financial year of the Company to which the financial statements relate and the date of the report.

FUTURE OUTLOOK

Refined sugar is the key product of sugarcane industry in Pakistan. There is major government intervention in the sugar industry. As stated earlier, sugarcane prices are set by the government based on production cost of sugarcane. The cane support prices are then diffused into retail sugar prices.

Sugarcane crop area for the next crushing season, as based on survey conducted by our sugarcane department is reported to be less than last season. However, the weather conditions are favourable that will improve the yield per acre of sugarcane crop for the ongoing crushing season. Hopefully, favourable climatic conditions will lead to better sucrose content in the sugarcane planted in our area.

The Punjab Government has notified the price of sugarcane at Rs.400/- per 40 kg. Last year it was Rs. 300/- per 40 kg. The government's decision to increase the minimum support price for sugarcane from Rs. 300/- to Rs. 400/- per 40 kg is noteworthy and could have implications for the financial aspects of the Company's

Directors' Report to the Members

operations. We are putting our best efforts to procure maximum sugarcane from out zone as well as in zone.

As detailed in following para, Commercial Operation Date (COD) of Power Project could not be achieved mainly due to non-completion of transmission line being constructed by GEPCO. Due to this delay the financial benefits of Power Project will not be available to the Company in the year 2023-24 but hopefully in the following year.

UPDATE ON POWER PROJECT

The Company is in the process to setup a bagasse-based co-generation power project with an installed capacity of 32 MW (the Project). The project is being financed through a combination of debt and equity. The Company has received power generation license and upfront tariff (revised dated 24 January 2022) for thirty years from the National Electric Power Regulatory Authority (NEPRA). The Company has achieved all other milestones (NOCs/ Licenses/Approvals) as per Letter of Intent (LOI) issued by Alternative Energy Development Board (AEDB) in respect of project including revised Energy Purchase Agreement (EPA), which has been signed and vetted by NEPRA. Further, implementation agreement between the Company and Government of Pakistan has also been signed on 04 April 2023. The Company has finalized syndicated term finance agreement for the project with MCB Bank Limited. The Company has also achieved the "Financial Close" of the project with AEDB.

The Commercial Operation Date (COD) for the project was originally set for December 31, 2023, as per the EPA. However, due to issues related to the completion of the interconnection facility between the project's switch yard and Gujranwala Electric Power Company Limited (GEPCO)'s system, the COD could not be achieved as planned.

The company has signed an Interconnection works-loan agreement with GEPCO, and an amount of Rupees 80 million has been paid to GEPCO for the installation of the interconnection facility. GEPCO faced challenges in completing the Transmission Line due to right-of-way issues, resulting in a delay in the project.

As a result of these issues, the new estimated completion date for the interconnection facility by GEPCO is June 2024. Moreover, due to non-availability of fuel (Bagasse) during off-season, COD may not be achieved after completion of interconnection facility by GEPCO in June 2024, hence the company is currently in the process of seeking an extension in the COD from Central Power Purchasing Agency-Guarantee (CPPA-G) up to the next crushing season.

RISK AND UNCERTAINTIES

The company is exposed to the following risks and uncertainties:-

- Increased competition in local market due to price war among neighboring mills.
- Hike in the oil and electricity prices
- Increase in prices of raw and packing material
- Increased rate of taxes
- Market disruption due to changes in tax laws and regulations
- Financial impact of delay in achieving COD of December 31, 2023 of Power Project due to delay of Transmission line by GEPCO

We take these risks as a challenge with the confidence that Company has the ability to mitigate the impact of these risks.

INTERNAL FINANCIAL CONTROLS

A system of sound internal control is established and prevailing in the Company. The system of internal control is designed in a manner to ensure achievement of Company's business objectives and operational efficiency, reliable financial reporting and compliance with various statutory laws.

FINANCIAL AND CORPORATE REPORTING FRAMEWORK

CODE OF CORPORATE GOVERNANCE

In compliance with the Provisions of the Code of Corporate Governance as required by Securities and Exchange Commission of Pakistan (SECP), the Board of Directors hereby declare that:

- The financial statements for the year ended 30 September 2023 present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of accounts have been maintained;
- International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements. Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended 30 September 2023 and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of the Corporate Governance as detailed in the listing regulations;
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- Related party transactions are properly disclosed in the notes to and forming part of financial statements.

Directors' Report to the Members

- The value of Provident Fund Investment as at 30 September 2023 were Rs. (thousand) 305,200/-

CORPORATE INFORMATION

Composition of the Board

The total number of Directors are ten (10) as per the following:

- a. Male : Seven (07)
b. Female : Three (03)

The composition of Board is as follows:

Independent Directors Mr. Mushtaq Ahmad
Mr. Sheikh Asim Rafiq
Ms. Ava Ardeshir Cowasjee
(Female Director)
Mr. Zahid Ullah Khan

Non-Executive Directors Mr. Toqueer Nawaz
Mr. Rashed Amjad Khalid
Mr. Abid Nawaz
Mrs. Samia Shahnawaz Idris
(Female Director)
Mrs. Sadia Muhammad
(Female Director)

Executive Director Mr. Muneer Nawaz

Composition of the Committees

The Board has formed committees comprising of members given below:

Audit committee

| | |
|-------------------------|----------|
| Mr. Mushtaq Ahmad | Chairman |
| Mr. Toqueer Nawaz | Member |
| Mr. Rashed Amjad Khalid | Member |
| Mr. Zahid Ullah Khan | Member |

Human resource and remuneration committee

| | |
|-----------------------|----------|
| Mr. Sheikh Asim Rafiq | Chairman |
| Mr. Muneer Nawaz | Member |
| Mr. Toqueer Nawaz | Member |
| Mr. Abid Nawaz | Member |
| Mrs. Sadia Muhammad | Member |

Terms of reference of Audit Committee and Human Resource and Remuneration Committee has been approved by the Board in line with the requirement of Code of Corporate Governance and advised to the committees for compliance.

- Consequent to Election of Directors held on 29 May 2023, the Board of Directors in their meeting held on 12 June 2023 has reconstituted Audit Committee, wherein Mr. Mushtaq Ahmad, an Independent Director, has been re-appointed as the Chairman of Audit Committee.

- Consequent to Election of Directors held on 29 May 2023, the Board of Directors in their meeting held on 12 June 2023 has reconstituted Human Resource and Remuneration Committee, wherein Mr. Sheikh Asim Rafiq, an Independent Director, has been appointed as the Chairman of Human Resource and Remuneration Committee.

Changes in the Board

The following changes have taken place in the Board:

- Mr. Muneer Nawaz, Mr. Toqueer Nawaz, Mr. Rashed Amjad Khalid, Mr. Abid Nawaz, Mr. Mushtaq Ahmad, Ms. Ava Ardeshir Cowasjee, Mrs. Samia Shahnawaz Idris and Mr. Sheikh Asim Rafiq have been re-elected by the shareholders as Directors in election held on 29 May 2023 for a term of three (03) years commencing from 29 May 2023.
- Mr. Zahid Ullah Khan and Mrs. Sadia Muhammad have been elected by the shareholders as Directors in election held on 29 May 2023 for a term of three (03) years commencing from 29 May 2023.
- Mr. M. Naeem and Mr. Suleman Lalani have retired on 29 May 2023 after completion of their term. We would like to place on record their valuable contributions during their tenure as member of the Board.
- The Board of Directors in their meeting held on 12 June 2023 have re-elected Mr. Toqueer Nawaz as Chairman of the Board and re-appointed Mr. Muneer Nawaz as the Chief Executive for a term of three (03) years commencing from 12 June 2023.

FREQUENCY OF THE MEETINGS

During the year five (05) Board of Directors meeting were held. Attendance of these meeting was as follows:

| Name of Directors | No. of Meetings Attended |
|-------------------------------------|--------------------------|
| Mr. Muneer Nawaz | Five |
| Mr. M. Naeem | Two |
| Mr. Toqueer Nawaz | Four |
| Mr. Mushtaq Ahmad | Five |
| Mr. Suleman Lalani | Three |
| Mrs. Samia Shahnawaz Idris | One |
| Mrs. Sadia Muhammad | Two |
| Mr. Rashed Amjad Khalid | Three |
| Mr. Abid Nawaz | Five |
| Ms. Ava Ardeshir Cowasjee | Two |
| Mr. Sheikh Asim Rafiq | Two |
| Mr. Zahid Ullah Khan | Two |
| Mr. Muhammad Salman Hussain Chawala | One |

Directors' Report to the Members

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

During the year, the Audit Committee met four (04) times. These meetings were held prior to the approval of interim results of the Company by the Board of Directors before and after completion of external audit. Attendance of each Director was as follows:

| Name of Directors | No. of Meetings Attended |
|-------------------------|--------------------------|
| Mr. Mushtaq Ahmad | Four |
| Mr. Toqueer Nawaz | Three |
| Mr. M. Naeem | One |
| Mr. Rashed Amjad Khalid | Three |
| Mr. Suleman Lalani | One |
| Mr. Zahid Ullah Khan | One |

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

During the year, One (01) meeting of the Human Resource & Remuneration Committee was held. Attendance of each Director was as follows:

| Name of Directors | No. of Meetings Attended |
|-----------------------|--------------------------|
| Mr. Sheikh Asim Rafiq | One |
| Mr. Toqueer Nawaz | One |
| Mr. Muneer Nawaz | One |
| Mr. Abid Nawaz | One |
| Mrs. Sadia Muhammad | One |

SIX YEARS REVIEW AT A GLANCE

The six years review at a glance is annexed.

PATTERN OF SHAREHOLDINGS

The pattern of shareholdings as on 30 September 2023 is annexed.

TRADING OF SHARES

During the year under review, no shares were traded by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children other than mentioned below:

| Name of Director | No. of Shares |
|------------------|-----------------|
| Mr. Abid Nawaz | 5,000 Purchased |

ELECTION OF DIRECTORS

During the year, fresh election of Directors of the Company was held on 29 May 2023 in pursuance of the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the new Board has been elected for the next term of three years starting from 29 May 2023.

Mr. Toqueer Nawaz has been re-elected as the Chairman of the Board of Directors and Mr. Muneer Nawaz has been re-appointed as Chief Executive Officer of the Company for the next term of three years in the Board of Directors' meeting held on 12 June 2023. Mr. Zahid Ullah Khan and Mrs. Sadia Muhammad has been appointed as Directors.

The new Board wishes and give assurance to their respectable stakeholders for their dedicated efforts to achieve success and better planning to overcome the challenges and difficulties being faced presently by the Company. Please raise your hands for prayers to Allah Subhanaha Wa ta'ala to help/guide us to achieve the desired goals (Aameen).

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The Board from time to time reviews and determines the fee of non-executive and independent directors for attending the Board and different committees' meetings, which are subsequently presented before the shareholders in the annual general meeting for approval.

REMUNERATION OF EXECUTIVE DIRECTORS

The remuneration of Chief Executive of the Company for the year ended 30 September 2023 is disclosed in Note 40 of the financial statements. Chief executive of the Company be paid the present monthly emoluments of Rs. 1,750,000/- plus benefits commensurate to his office from the date of appointment till its review. His new term will start on 12 June 2023.

EVALUATION OF THE BOARD'S PERFORMANCE

The Board has developed a mechanism of annual performance evaluation. Every member of the Board ensures his active participation in the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the management, which are regularly monitored by the Board and its committees. The Board ensures that the Company adopts the best practices of the Code of Corporate Governance. The Board also reviews performance of business segments at each quarter with an aim to improve the low performing segments and at the same time further opportunities of growth are emphasized in all profitable segments, Details of Directors' training programme have been disclosed in the Statement of Compliance with the Code of Corporate Governance.

FINANCIAL STATEMENTS

An independent Auditor's report to the members, issued by External Auditors Messrs. Riaz Ahmad & Company, Chartered Accountants after due audit of financial statements of the Company, is annexed.

EXTERNAL AUDITORS

M/s. Riaz Ahmad & Company, Chartered Accountants, External Auditors of the Company, being eligible have

conveyed their willingness to be appointed for the ensuing year. The Board of Directors, on recommendations of the Audit Committee, proposes the appointment of M/s. Riaz Ahmad & Company, Chartered Accountants, for the year ending 30 September 2024.

CORPORATE SOCIAL RESPONSIBILITIES

Disclosure as required by the Corporate Social Responsibility General Order, 2009 is annexed and form an integral part of this report.

HEALTH, SAFETY AND ENVIRONMENT

We try our utmost effort not to make any compromise on the health and safety of our employees. We have taken various measures to improve and enhance the working conditions of our workers to maintain the highest safety and health standards. We are committed to provide a hygienic environment to our employees, stakeholders and visitors. Another responsibility is to protect the environment. As a responsible corporate organization, we are concerned about the reduction of waste and efficient use of natural resources (electricity, water, gas, fuels etc.) and following global practices to protect the environment. We are also exploring new technologies and improve our processes. Further, we have launched a campaign within the mills premises to plant maximum trees in the Mills area and other factory premises as we intend to maintain cleanliness and green environment in and around the mills area to control pollution.

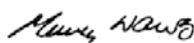
ACKNOWLEDGEMENT

Your Directors place on record their appreciations of the diligence and devotion of duty of the Officers, Members of Staff and Workers of all categories.

FOR AND ON BEHALF OF THE BOARD



TOQUEER NAWAZ
Director



MUNEER NAWAZ
Chief Executive

Karachi: 02 January 2024

ڈائریکٹرز رپورٹ برائے ممبران

شده ۳۰ ستمبر ۲۰۲۳ کے لیے بھی تقرر کیا جائے۔

کارپوریٹ سماجی ذمہ داریاں

کارپوریٹ سماجی ذمہ داریوں کے متعلق بیان، جنرل آرڈر ۲۰۰۹ کے تحت اس رپورٹ کا لازمی حصہ بنایا گیا ہے۔

صحت، تحفظ اور ماحول

ہماری بھرپور کوشش ہے کہ ہم اپنے ملازمین کی صحت اور حفاظت کے معاملات پر کسی قسم کا سمجھوتہ نہ کریں۔ ہم اپنے کارکنان کی صحت اور حفاظت کے بہترین معیار کے لیے سازگار حالات کو برقرار رکھنے کے لیے ہر وقت کوشاں ہیں۔ ہم پر عزم ہیں کہ ہم اپنے ملازمین کو صاف ستھرا ماحول فراہم کریں۔ ایک اور ذمہ داری عمومی ماحول کا تحفظ ہے۔ ایک ذمہ دار کاروباری ادارے کے طور پر ہم صنعتی فضلے کو کم کرنے، قدرتی وسائل (بجلی، پانی، گیس، ایندھن وغیرہ) اور ماحول کے تحفظ کے لیے عالمی طرز عمل اپنانے کا عزم رکھتے ہیں۔ ہم جدید طرز عمل کو اپنانے اور اپنے آپریٹنگ عمل کو بہتر کرنے کے لیے کوشش جاری رکھے ہوئے ہیں۔ مزید یہ کہ ہم نے اپنی ملزایا یا کے باغات اور دیگر جگہوں پر زیادہ سے زیادہ درخت لگانے کے لیے ایک مہم کا آغاز کیا ہے تاکہ آلودگی پر قابو پایا جاسکے اور ماحول کو سرسبز و شاداب اور صاف رکھا جاسکے۔

اعتراف

آپ کے ڈائریکٹرز اس موقع پر کمپنی کے آفیسرز، سٹاف ممبران اور تمام کارکنان کی جان فشانی اور کام سے لگاؤ کے معترف ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز

Muhammad

منیر نواز

چیف ایگزیکٹو آفیسر

Taj

توقیر نواز

ڈائریکٹر

کراچی

۰۲ جنوری ۲۰۲۳

ایگزیکٹو کے معاوضے کی ادائیگی کے بارے میں ایک بیان پہلے ہی کمپنی کے تمام شیئر ہولڈرز کو بھیج دیا گیا ہے۔ چیف ایگزیکٹو، کمپنی کا ڈائریکٹر ہونے کے ناطے اس معاملے میں اسے ادا کیے جانے والے معاوضے کی حد تک اس حد تک دلچسپی رکھتا ہے۔

ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی

بورڈ نان ایگزیکٹو ڈائریکٹرز کی بورڈ اور کمیٹیوں میں شمولیت کرنے پر ادا کی جانے والی فیس کا وقتاً فوقتاً جائزہ لیتا ہے اور تعین کرتا ہے۔ جو کہ بعد میں منظوری کے لئے سالانہ اجلاس عام میں حصص داران کے سامنے پیش کیا جاتا ہے۔

ایگزیکٹو ڈائریکٹرز کے معاوضے

کمپنی کے چیف ایگزیکٹو اور ڈائریکٹرز کے معاوضے کی تفصیل ۳۰ ستمبر ۲۰۲۳ء کے مالیاتی گوشواروں کے نوٹ نمبر ۳۰ میں بیان کی گئی ہے۔

بورڈ کی کارکردگی کا جائزہ

بورڈ نے اپنی سالانہ کارکردگی کا جائزہ لینے کے لیے ایک جامع نظام وضع کیا ہے۔ ہر بورڈ ممبر اس بات کو یقینی بنانے کی کوشش کرتا ہے کہ وہ ادارے کی میٹنگز میں عملی طور پر موثر کردار ادا کرے۔ کاروباری حکمت عملی کے معاملات پر تفصیلی بحث کی جاتی ہے اور منتظمین کی صحیح سمت میں واضح طور پر رہنمائی کی جاتی ہے، جس کا وقتاً فوقتاً بورڈ اور اس کی ذیلی کمیٹیاں بغور جائزہ لیتی ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ ادارہ کاروباری معاملات کے لیے وضع کیے گئے اصول و ضوابط پر کاربند ہے۔ بورڈ ہر سہ ماہی کے اختتام پر کاروبار کے تمام معاملات کا اس تناظر میں جائزہ لیتا ہے کہ جہاں کمی ہو اس کو پورا کیا جائے اور اس کے ساتھ ساتھ بہتری کے نئے مواقع جو کہ آنے والے وقت کے لیے نفع بخش ہوں ان پر نظر رکھی جاسکے اور ان سے فائدہ اٹھایا جائے۔ ڈائریکٹرز کے لیے منعقدہ کاروباری ترقیتی پروگرام کے متعلق ادارے کے کاروباری قواعد و ضوابط پر عملداری کے بیانیے میں تفصیلی ذکر موجود ہے۔

مالیاتی گوشوارہ

کمپنی کے بیرونی آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سے آڈٹ شدہ مالیاتی گوشوارہ آڈیٹرز کی غیر جانبدار آڈٹ رپورٹ کے ساتھ منسلک ہے اور آپ کی خدمت میں پیش ہے۔

بیرونی آڈیٹرز

میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس جو کہ کمپنی کے بیرونی آڈیٹرز کے امیدوار ہیں، جو کہ اس کی اہلیت بھی رکھتے ہیں۔ انہوں نے خود کو کمپنی کے بیرونی آڈیٹرز کے طور پر تقرر کے لیے آمادگی ظاہر کی ہے۔ بورڈ آف ڈائریکٹرز، اس سلسلہ میں آڈٹ کمیٹی کی سفارش کو مد نظر رکھتے ہوئے، تجویز پیش کرتے ہیں کہ میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کا برائے سال مختتم

ڈائریکٹرز رپورٹ برائے ممبران

چیئرمین اور جناب منیر نواز کو چیف ایگزیکٹو دوبارہ مقرر کیا ہے۔

ملاقاتوں کی تعداد

دوران سال بورڈ آف ڈائریکٹرز کی پانچ میٹنگز منعقد ہوئیں۔ ان میٹنگز کی حاضری درج ذیل رہی۔

نام ڈائریکٹر میٹنگز میں حاضری کی تعداد

| نام ڈائریکٹر | میٹنگز میں حاضری کی تعداد |
|----------------------------|---------------------------|
| جناب منیر نواز | پانچ |
| جناب ایم نعیم | دو |
| جناب توقیر نواز | چار |
| جناب مشتاق احمد | پانچ |
| جناب سلیمان لالانی | تین |
| محترمہ سامیہ شاہنواز اوریس | ایک |
| محترمہ سعدیہ محمد | دو |
| جناب راشد امجد خالد | تین |
| جناب عابد نواز | پانچ |
| محترمہ ایوا آریڈشر کاؤس جی | دو |
| جناب شیخ عامر رفیق | دو |
| جناب زاہد اللہ خان | دو |
| جناب محمد سلمان حسین چاولہ | ایک |

جو ڈائریکٹرز ان میٹنگز میں شامل نہیں ہو سکے ان کی رخصت کی درخواست کو منظور کیا گیا۔

دوران سال آڈٹ کمیٹی کی چار میٹنگز منعقد ہوئیں۔ یہ میٹنگز عبوری نتائج کے بیرونی آڈٹ سے پہلے اور بعد میں کمیٹی کے بورڈ آف ڈائریکٹرز کو پیش کرنے سے قبل منعقد کی گئیں۔ ہر ایک ڈائریکٹر کی ان میٹنگز میں حاضری درج ذیل ہے۔

نام ڈائریکٹر میٹنگز میں حاضری کی تعداد

| نام ڈائریکٹر | میٹنگز میں حاضری کی تعداد |
|---------------------|---------------------------|
| جناب مشتاق احمد | چار |
| جناب توقیر نواز | تین |
| جناب ایم نعیم | ایک |
| جناب راشد امجد خالد | تین |
| جناب سلیمان لالانی | ایک |
| جناب زاہد اللہ خان | ایک |

جو ڈائریکٹرز ان میٹنگز میں شامل نہیں ہو سکے ان کی رخصت کی درخواست کو منظور کیا گیا۔

دوران سال ہیومن ریسورس اور معاوضہ کمیٹی کی ایک میٹنگ منعقد ہوئی۔ اس میٹنگ میں

ڈائریکٹرز کی حاضری درج ذیل ہے۔

نام ڈائریکٹر میٹنگز میں حاضری کی تعداد

| | |
|--------------------|-----|
| جناب شیخ عامر رفیق | ایک |
| جناب توقیر نواز | ایک |
| جناب منیر نواز | ایک |
| جناب عابد نواز | ایک |
| محترمہ سعدیہ محمد | ایک |

چھ سالہ کارکردگی کا مختصر جائزہ

ادارے کی چھ سالہ کارکردگی کا جائزہ اس رپورٹ کے ساتھ منسلک ہے۔

حصص داران کی تفصیل (بیٹرن آف شیئر ہولڈنگ)

حصص داران کی تفصیل ۳۰ ستمبر ۲۰۲۳ء رپورٹ کے ساتھ منسلک ہے۔

حصص کی خرید و فروخت

پیش کردہ مالی سال کے دوران کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، کمپنی سیکرٹری یا ان کے بیوی بچوں (بشمول نابالغ بچوں) نے حصص کی کوئی خرید و فروخت نہیں کی ما سوائے درج ذیل کے:

| نام ڈائریکٹر | شیئر کی تعداد |
|----------------|---------------|
| جناب عابد نواز | ۵,۰۰۰ خریدے |

ڈائریکٹرز کا انتخاب

سال کے دوران، کمپنی کے ڈائریکٹرز کا انتخاب ۲۹ مئی ۲۰۲۳ کو سٹیڈ کمپنیز (کوڈ آف کارپوریت گورنس) ریگولیشنز ۲۰۱۹ کے تقاضوں کے مطابق ہوا اور نئے بورڈ کا انتخاب ۲۹ مئی ۲۰۲۳ سے شروع ہونے والی تین سال کی اگلی مدت کے لیے کیا گیا۔

جناب توقیر نواز کو دوبارہ بورڈ آف ڈائریکٹرز کا چیئرمین منتخب کیا گیا ہے اور جناب منیر نواز کو دوبارہ کمپنی کا چیف ایگزیکٹو آفیسر ۱۲ جون ۲۰۲۳ سے شروع ہونے والی اگلی تین سال کی مدت کے لیے مقرر کیا گیا۔ جناب زاہد اللہ خان اور مسز سعدیہ محمد کو ڈائریکٹرز مقرر کیا گیا ہے۔

نیا بورڈ اپنے معزز اسٹیک ہولڈرز کو کامیابی حاصل کرنے کے لیے ان کی سرشار کوششوں اور کمپنی کو اس وقت درپیش چیلنجوں اور مشکلات پر قابو پانے کے لیے بہتر منصوبہ بندی کے لیے نیک خواہشات اور یقین دہانی کرائی ہے۔ براہ کرم اللہ سبحانہ و تعالیٰ سے دعا کے لیے ہاتھ اٹھائیں تاکہ مطلوبہ اہداف کے حصول میں ہماری مدد/ رہنمائی ہو (آمین)۔

کمپنیز ایکٹ ۲۰۱۷ کے سیکشن ۱۳۴ (۳) کے تحت بورڈ اور ڈائریکٹرز کے ذریعہ منظور شدہ چیف

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- اندرونی آڈٹ کا نظام مضبوط بنیادوں پر قائم ہے اور اس کو موثر انداز میں مرتب کیا گیا ہے۔
- ادارے کے اپنے کاروباری امور کے مستقبل قریب میں جاری رکھنے کے سلسلہ میں کسی قسم کے شکوک و شبہات نہیں ہیں۔
- متعین کردہ اصول و ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنما اصولوں سے انحراف نہیں کیا گیا۔
- ٹیکس اور محصولات کا ذکر نوٹس میں درج ہے اور یہ مالیاتی گوشوارہ کا حصہ ہیں۔
- متعلقہ پارٹیز کے بارے میں معلومات نوٹس میں درج ہیں اور یہ مالیاتی گوشوارہ کا حصہ ہیں۔
- پراویڈینٹ فنڈ کی انویسٹمنٹ کی مالیت کی مد میں ذمہ داری ۳۰ ستمبر ۲۰۲۳ کو ۳۰۵،۲۰۰ (روپے ہزاروں میں) ہے۔

کارپوریٹ معلومات

بورڈ کی تشکیل

ڈائریکٹرز کی کل تعداد دس ہے جو مندرجہ ذیل ہے۔

- (۱)۔ مرد سات (۷) (ب)۔ خاتون تین (۳)

بورڈ کی تفصیل درج ذیل ہے۔

- غیر جانبدار ڈائریکٹرز جناب مشتاق احمد
جناب شیخ عامر رفیق
محترمہ سایا آرویش کادوس جی (خاتون ڈائریکٹر)
جناب زاہد اللہ خان

ٹان ایگزیکٹو ڈائریکٹرز

- جناب توقیر نواز
جناب راشد امجد خالد
جناب عابد نواز
محترمہ سامیہ شاہنواز اورس (خاتون ڈائریکٹر)
محترمہ سعدیہ محمد (خاتون ڈائریکٹر)

ایگزیکٹو ڈائریکٹرز

- جناب منیر نواز

کمیٹیوں کی تشکیل

بورڈ نے درج ذیل ممبران پر مشتمل کمیٹیاں تشکیل دی ہیں۔

آڈٹ کمیٹی

- جناب مشتاق احمد
جناب توقیر نواز
جناب راشد امجد خالد
جناب زاہد اللہ خان

- چیئرمین
ممبر
ممبر
ممبر

ہیومن ریسورس اور معاوضہ کمیٹی

- جناب شیخ عامر رفیق
جناب منیر نواز
جناب توقیر نواز
جناب عابد نواز
محترمہ سعدیہ محمد

- چیئرمین
ممبر
ممبر
ممبر
ممبر

آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی کی تشکیل کی شرائط کو بورڈ نے کارپوریٹ گورننس کے ضابطہ کی ضرورت کے مطابق منظور کیا ہے اور کمیٹیوں کو تعمیل کے لیے مشورہ دیا ہے۔

- ۲۹ مئی ۲۰۲۳ کو ہونے والے ڈائریکٹرز کے انتخاب کے نتیجے میں، بورڈ آف ڈائریکٹرز نے ۱۲ جون ۲۰۲۳ کو ہونے والے اپنے اجلاس میں آڈٹ کمیٹی کی تشکیل نو کی ہے، جس میں ایک خود مختار ڈائریکٹر جناب مشتاق احمد کو دوبارہ آڈٹ کمیٹی کا چیئرمین مقرر کیا گیا ہے۔
- ۲۹ مئی ۲۰۲۳ کو ہونے والے ڈائریکٹرز کے انتخاب کے نتیجے میں، بورڈ آف ڈائریکٹرز نے ۱۲ جون ۲۰۲۳ کو ہونے والے اپنے اجلاس میں ہیومن ریسورس اور معاوضہ کمیٹی کی تشکیل نو کی ہے، جس میں ایک خود مختار ڈائریکٹر جناب شیخ عامر رفیق کو ہیومن ریسورس اور معاوضہ کمیٹی کا چیئرمین مقرر کیا گیا ہے۔

بورڈ کی تشکیل میں ہونے والی تبدیلیاں

بورڈ میں درج ذیل تبدیلیاں ہوئی ہیں۔

- ۱۔ جناب منیر نواز، جناب توقیر نواز، جناب راشد امجد خالد، جناب عابد نواز، جناب مشتاق احمد، محترمہ آرویش کادوس جی، محترمہ سامیہ شاہنواز اورس اور جناب شیخ عامر رفیق کو شیئر ہولڈرز نے ۲۹ مئی ۲۰۲۳ کو ہونے والے انتخابات میں ۲۹ مئی ۲۰۲۳ سے شروع ہونے والی تین (۰۳) سال کی مدت کے لیے بطور ڈائریکٹر منتخب کیا ہے۔
- ۲۔ جناب زاہد اللہ خان اور محترمہ سعدیہ محمد کو شیئر ہولڈرز نے ۲۹ مئی ۲۰۲۳ کو ہونے والے انتخابات میں ۲۹ مئی ۲۰۲۳ سے شروع ہونے والی تین (۰۳) سال کی مدت کے لیے بطور ڈائریکٹر منتخب کیا ہے۔
- ۳۔ جناب ایم نعیم اور جناب سلیمان لالانی اپنی مدت ملازمت پوری ہونے کے بعد ۲۹ مئی ۲۰۲۳ کو ریٹائر ہو گئے ہیں۔ ہم بورڈ کے ممبر کی حیثیت سے ان کی مدت کے دوران ان کی قیمتی شراکت کو ریکارڈ پر رکھنا چاہتے ہیں۔
- ۴۔ بورڈ آف ڈائریکٹرز نے ۱۲ جون ۲۰۲۳ کو ہونے والی اپنی میٹنگ میں ۱۲ جون ۲۰۲۳ سے شروع ہونے والی تین (۰۳) سال کی مدت کے لیے جناب توقیر نواز کو بورڈ کا

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ان مسائل کے نتیجے میں، GEPCO کی جانب سے انٹر کنکشن کی سہولت کے لیے نئی تجویزیں تکمیل کی تاریخ جون 2024 ہے۔ مزید برآں آف سیزن کے دوران ایندھن (Bagasse) کی عدم دستیابی کی وجہ سے اور جون 2024 میں GEPCO کی طرف سے انٹر کنکشن کی سہولت کے مکمل ہونے کے بعد بھی COD نہیں ہو سکتی۔ اس لیے کمپنی فی الحال CPPA-G (سینٹرل پاور پراجیکٹ ایجنسی-گارنٹی) سے اگلے کرشنگ سیزن تک COD میں توسیع کی کوشش کر رہی ہے۔

خطرات اور غیر یقینی حالات

- ادارے کو مندرجہ ذیل خطرات اور غیر یقینی صورتحال کا سامنا ہے:-
- فصل کے حصول کے لیے پڑوسی شوگر ملوں میں قیمتوں میں مقابلہ بازی
 - تیل اور بجلی کی قیمتوں میں اضافہ
 - خام اور پیکیجنگ مواد کی قیمتوں میں اضافہ
 - ٹیکس کی شرح میں اضافہ
 - ٹیکس قوانین اور ضوابط میں تبدیلی کی وجہ سے منڈی میں ظلل
 - GEPCO کی طرف سے ٹرانسمیشن لائن میں تاخیر کی وجہ سے پاور پروجیکٹ کے 31 دسمبر 2023 کے COD کے حصول میں تاخیر کے مالی اثرات

کمپنی ان خطرات کو اعتماد کے ساتھ چیلنج کے طور پر لیتی ہے کہ اس میں ان خطرات کے اثرات کو کم کرنے اور ان سے ہزاوہا زما ہونے کی صلاحیت ہے۔

اندرونی مالیاتی کنٹرول

ادارے میں ایک منظم اندرونی محاسبہ کا نظام قائم کیا گیا ہے جو کہ ادارے میں ہر شعبے میں رائج ہے۔ اندرونی کنٹرول کا یہ نظام ادارے کے مقاصد کے حصول، کام میں بہتری، قابل اعتماد مالیاتی رپورٹنگ اور مختلف قوانین کے ساتھ مطابقت کو یقینی بنانے کے لیے بنایا گیا ہے۔

مالیاتی اور کاروباری رپورٹنگ فریم ورک

کاروباری معاملات کے قواعد و ضوابط

بورڈ آف ڈائریکٹرز پاکستان سیکورٹیز اینڈ ایکسچینج کے مروجہ اصول و ضوابط کی تعمیل کرتے ہوئے یہاں اعلان کرتے ہیں کہ:

- انتظامیہ کی طرف سے تیار شدہ مالیاتی گوشوارہ برائے سال ۳۰ ستمبر ۲۰۲۳، میزانیہ نفع اور نقصان کے نتائج، ذرا مد و ترسیل کا گوشوارہ اور حصص شراکت داری میں تبدیلی منصفانہ طور پر پیش کی گئی ہیں۔
- کمپنی کے تمام حسابات باضابطہ طور پر تیار کیے گئے ہیں۔
- بین الاقوامی حساباتی قواعد جو کہ پاکستان میں رائج ہیں، ۳۰ ستمبر ۲۰۲۳ کے مالیاتی حسابات کی تیاری ان قوانین کے مطابق کی گئی ہے۔ اس سلسلہ میں متعلقہ حساب داری کی رائج روایت کے تسلسل کو برقرار رکھا گیا ہے۔ اور حساباتی تجزیے معقول اور مناسب فیصلوں کی بنیاد پر کیے گئے ہیں۔

کی فصل کاروبار سیزن کے مقابلے میں نمایاں طور پر کم ہے۔ تاہم، موسمی حالات سازگار ہیں جو اگلے کرشنگ سیزن کے لیے گنے کی فصل کی فی ایکڑ پیداوار کو بہتر بنائیں گے۔ امید ہے کہ موافق موسمی حالات ہمارے علاقے میں لگائے گئے گنے میں بہتر سوز کوڑی مقدار کا باعث بنیں گے۔ پنجاب حکومت نے گنے کی قیمت ۳۰ روپے فی ۳۰ کلوگرام مقرر کی ہے جبکہ پچھلے سال یہ ۳۰ روپے فی ۳۰ کلوگرام تھی۔ حکومت کا گنے کی کم از کم امدادی قیمت ۳۰ روپے فی ۳۰ کلوگرام سے بڑھا کر ۳۰ روپے فی ۳۰ کلوگرام کرنا قابل ذکر ہے اور کمپنی کے کاموں کے مالیاتی پہلوؤں پر اثرات مرتب کر سکتا ہے۔ ہم لمحہ علاقوں کے ساتھ ساتھ مقامی علاقوں سے گنے کی زیادہ سے زیادہ خریداری کی بھرپور کوشش کر رہے ہیں۔ جیسا کہ مندرجہ ذیل حیرا میں تفصیل سے بتایا گیا ہے، پاور پراجیکٹ کی کمرشل آپریشن کی تاریخ (COD) حاصل نہیں ہو سکی جسکی بنیادی وجہ GEPCO کی جانب سے تعمیر کی جاری ٹرانسمیشن لائن کی تکمیل نہ ہونا ہے۔ اس تاخیر کی وجہ سے پاور پروجیکٹ کے مالی فوائد سال 2023-24 میں کمپنی کو دستیاب نہیں ہوں گے لیکن امید ہے کہ اگلے سال میں ملیں گے۔

پاور پراجیکٹ کی تازہ ترین صورت حال

کمپنی 32 میگا واٹ (کمپلیکس) کی نصب صلاحیت کے ساتھ بیگس پرجنٹی کو-جزیشن پاور پروجیکٹ قائم کرنے کے عمل میں ہے۔ اس منصوبے کی مالی اعانت قرض اور ایکویٹی کے احزاب سے کی جا رہی ہے۔ کمپنی نے نیشنل ایکٹریک پاور اینڈ گولڈ میٹری اتھارٹی (نچرا) سے تیس سال کے لیے پاور جزیشن لائسنس اور اپ فرنٹ ٹیرف (نظر ثانی شدہ مورخہ 24 جنوری 2022) حاصل کیا ہے۔ کمپنی نے پاور پراجیکٹ کے خالے سے متبادل توانائی کے ترقیاتی بورڈ (AEDB) کے جاری کردہ لیٹر آف انٹینٹ (LOI) کے مطابق دیگر تمام سٹگ میل (NOCs/لائسنس/منظوریات) حاصل کر لیے ہیں، بشمول نظر ثانی شدہ انرجی پریچر ایگریمنٹ (EPA)، جس پر دستخط کیے گئے ہیں اور پھر ا کی طرف سے جانچ پڑتال۔ مزید برآں، کمپنی اور حکومت پاکستان کے درمیان 04 اپریل 2023 کو عملدرآمد کے معاہدے پر دستخط کیے گئے ہیں۔ کمپنی نے ایم سی بی بینک لمیٹڈ کے ساتھ پاور پروجیکٹ کے لیے سٹڈ بلیکڈ فرم فنانس ایگریمنٹ کو حتمی شکل دے دی ہے۔ کمپنی نے AEDB کے ساتھ پاور پراجیکٹ کا "مالی اختتام" بھی حاصل کر لیا ہے۔

EPA کے مطابق اس منصوبے کے لیے کمرشل آپریشن کی تاریخ (COD) اصل میں 31 دسمبر 2023 کو مقرر کی گئی تھی۔ تاہم، پروجیکٹ کے سوئچ یارڈ اور گوجرانوالہ ایکٹریک پاور کمپنی لمیٹڈ (GEPCO) کے سٹم کے درمیان انٹر کنکشن کی سہولت کی تکمیل سے متعلق مسائل کی وجہ سے، سی او ڈی کو منصوبہ بندی کے مطابق حاصل نہیں کیا جا سکا۔

کمپنی نے GEPCO کے ساتھ انٹر کنکشن ورکس لون کے معاہدے پر دستخط کیے ہیں، اور انٹر کنکشن سہولت کی تنصیب کے لیے GEPCO کو 80 ملین روپے کی رقم ادا کی گئی ہے۔ بد قسمتی سے، GEPCO کو راستے کے مسائل کی وجہ سے ٹرانسمیشن لائن کو مکمل کرنے میں چیلنجوں کا سامنا کرنا پڑا، جس کے نتیجے میں پروجیکٹ میں تاخیر ہوئی۔

ڈائریکٹرز رپورٹ برائے ممبران

بورڈ آف ڈائریکٹرز کی نمائندگی میں ہم انتہائی مسرت کے ساتھ اختتام شدہ سال ۲۰۲۳ ستمبر ۲۰۲۳ کے لیے ادارہ کا محاسب شدہ مالیاتی گوشوارہ آپ کی خدمت میں پیش کرتے ہیں۔

کارکردگی کا جائزہ

آپ کی ملکی پیداواری کارکردگی کی مختصر رپورٹ گذشتہ سال کے مقابلہ درج ذیل ہے۔

| پیداواری اعداد و شمار | ۲۰۲۳ | ۲۰۲۲ |
|-----------------------|-----------------|--------------------|
| آغاز سیزن | ۲۵ نومبر ۲۰۲۲ | ۲۰ نومبر ۲۰۲۱ |
| اختتام سیزن | ۰۸ مارچ ۲۰۲۳ | ۲۵ مارچ ۲۰۲۲ |
| دورانیہ سیزن | ۱۰۳ دن | ۱۲۶ دن |
| گنے کی پیمانگی | ۸۶،۳۲۵ میٹرک ٹن | ۱،۰۳۱،۹۲۳ میٹرک ٹن |
| پیداوار | | |
| چینی | ۷۷،۶۰۰ میٹرک ٹن | ۹۱،۶۰۳ میٹرک ٹن |
| راب | ۳۲،۶۳۳ میٹرک ٹن | ۳۵،۷۸۶ میٹرک ٹن |
| پیداواری تناسب | | |
| چینی | ۸۷-۹ فیصد | ۸۸-۸ فیصد |
| راب | ۱۵-۳ فیصد | ۳۳-۳ فیصد |

ہم اپنے شیئر ہولڈرز کو شگفتہ اور سہ ماہی مالیاتی گوشواروں کے ذریعے پہلے ہی مطلع کر چکے ہیں کہ سیزن کے جلد آغاز اور ہماری تمام تر کوششوں کے باوجود، گنے کی فصل میں زبردستی کی وجہ سے کئی گزشتہ سال کے مجموعی کرشنگ حجم کو حاصل کرنے میں کامیاب نہیں ہو سکی۔ تاہم، سوکروز کی بازیابی گزشتہ سیزن سے بہتر رہی۔ حکومت پنجاب نے سیزن کے لیے گنے کی کم از کم قیمت خرید ۲۲۵ روپے فی من سے بڑھا کر ۳۰۰ روپے فی من کر دی۔

بیرونی علاقوں سے گنے کی خریداری کا حجم ۱۶-۹ فیصد تھا، گنے کی خریداری کی مجموعی لاگت ۷،۷۰۳ روپے فی میٹرک ٹن ہے جو کہ گزشتہ سال کے مقابلہ ۶،۰۲۱ فی میٹرک ٹن تھی جو کہ تقریباً ۱،۶۸۲ روپے فی میٹرک ٹن زیادہ ہے۔

مالی نتائج

برائے سال ۲۳-۲۰۲۲، آپ کے ادارے کی فروخت ۰۵۳-۹،۳۷۶-۶ ملین روپے رہی جبکہ اس کے مقابلہ برائے سال ۲۲-۲۰۲۱ کے اسی عرصہ میں فروخت ۱۲۵-۶،۶۱۵-۶ ملین روپے تھی۔ پیداواری لاگت ۰۰۷-۸۸۵-۷ ملین روپے تھی جبکہ گذشتہ سال پیداواری لاگت ۳۵۳-۸۳۱-۵ ملین روپے ریکارڈ کی گئی۔ اس طرح دوران سال ادارے کا مجموعی منافع ۰۳۶-۱،۵۹۱-۱ ملین روپے رہا جبکہ گذشتہ سال مجموعی منافع ۷۷۲-۷۷۳-۷ ملین روپے تھا۔ اس

سال خالص نفع ۷۲-۳۰۵-۳ ملین روپے ہوا جبکہ اس کے مقابلہ گزشتہ سال ۷۷-۱۰۷ ملین روپے کا خالص منافع ہوا تھا۔ منافع میں نمایاں اضافہ چینی کی برآمد اور چینی اور راب کی بہتر مقامی قیمتوں کی وجہ سے ہوا۔ مالیاتی لاگت ۱۱۸-۵۰۳ ملین روپے تھی جبکہ گذشتہ سال مالیاتی لاگت ۲۸۲-۳۳۱ ملین روپے تھی۔ مالیاتی لاگت میں اضافہ مالیاتی سہولت کے استعمال اور بلند شرح سود کی وجہ سے ہوا۔ اس مدت کی فی حصص آمدنی ۷۶-۳۳ روپے تھی جو کہ گزشتہ سال اسی مدت کے مقابلے میں ۰۹-۰ روپے فی شیئر تھی۔

تفصیلی مالیاتی رپورٹ کاروبار، مجموعی منافع، اور خالص منافع کے لحاظ سے مثبت رجحانات کو ظاہر کرتی ہے۔ ان کامیابیوں کو شیئر ہولڈرز اور اسٹیک ہولڈرز تک پہنچانا ضروری ہے، ان عوامل کو اجاگر کرتے ہوئے جنہوں نے مالیاتی کارکردگی میں بہتری میں کردار ادا کیا۔ مزید برآں، مالیاتی لاگت میں اضافے سے ٹسٹے سے کئی کورڈر پیش مالی آزمائشوں کے بارے میں شفافیت حاصل ہوتی ہے۔

| منافع کی تفصیلات | ۳۰ ستمبر ۲۰۲۲ کو بھاپا | (روپے ہزاروں میں) |
|--|------------------------|-------------------|
| تقسیم منافع صفر روپے فی حصص برائے سال ۲۰۲۲ | | ----- |
| خالص منافع بعد از محصولات | | ۳۰۵،۳۷۲ |
| دیگر جامع آمدن | | ۹۲۵ |
| شریک کار ادارے کے سرمایہ میں تبدیلی کا حصہ | | (۵،۹۵۲) |
| غیر مختص شدہ منافع (G/F) | | ۳۶،۳۱۸ |
| فی حصص نفع۔ بنیادی روپوں میں | | ۷۶-۳۳ |

منافع کو مد نظر رکھتے ہوئے آپ کے ادارے کے ڈائریکٹرز ۱۳۰ فیصد فی حصص منافع (یعنی ۱۳ روپے فی حصص) کی تقسیم کی تجویز دی ہے۔

بھاپا قابل ادا منگنی رقم

تمام قابل ادا بھاپا جات معمول کے مطابق ہیں۔

نمایاں تبدیلیاں اور کاروباری ذمہ داریاں

مالیاتی سال کے اختتام اور رپورٹ کی تاریخ کے دوران کوئی بڑی تبدیلی اور معاہدے نہیں ہوئے جو ادارے کی مالیاتی حیثیت پر اثر انداز ہوں۔

مستقبل کے امکانات

شگفتہ چینی پاکستان میں گنے کی صنعت کی کلیدی پیداوار ہے۔ چینی کی صنعت میں حکومت کی بڑی مداخلت ہے۔ جیسا کہ پہلے کہا گیا ہے، حکومت گنے کی پیداواری لاگت کی بنیاد پر گنے کی قیمتیں مقرر کرتی ہے۔ اس کے بعد گنے کی امدادی قیمتوں کو خوردہ چینی کی قیمتوں میں تقسیم کیا جاتا ہے۔ ہمارے گنے کے حکم کی جانب سے کیے گئے سروے کی بنیاد پر اگلے کرشنگ سیزن کے لیے گنے

Six Years Review at a Glance

| YEAR | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-------------------|------------|------------|------------|------------|------------|
| Production Data | | | | | | |
| Season started | 25.11.2022 | 20.11.2021 | 15.11.2020 | 30.11.2019 | 12.12.2018 | 30.11.2017 |
| Season closed | 08.03.2023 | 25.03.2022 | 12.03.2021 | 10.03.2020 | 18.03.2019 | 19.03.2018 |
| Days worked | 103 | 126 | 118 | 102 | 97 | 110 |
| Cane crushed (M. Tons) | 786,325 | 1,031,923 | 842,079 | 630,074 | 750,786 | 940,405 |
| Sugar produced: | | | | | | |
| Sugar (M. Tons) | 77,600 | 91,603 | 81,181 | 59,204 | 74,585 | 90,756 |
| Molasses (M. Tons) | 32,644 | 45,786 | 36,593 | 27,354 | 31,486 | 42,987 |
| Recovery: | | | | | | |
| Sugar % | 9.87 | 8.88 | 9.64 | 9.41 | 9.94 | 9.65 |
| Molasses % | 4.15 | 4.44 | 4.35 | 4.34 | 4.19 | 4.57 |
| (Rupees in thousand) | | | | | | |
| Income | | | | | | |
| Sales | 9,476,053 | 6,615,125 | 6,314,278 | 4,539,679 | 4,609,540 | 4,878,366 |
| Others | 44,478 | 35,391 | 27,019 | 6,172 | 15,121 | 17,348 |
| | 9,520,531 | 6,650,516 | 6,341,297 | 4,545,851 | 4,624,661 | 4,895,714 |
| Expenditure | | | | | | |
| Cost of sales | 7,885,007 | 5,841,353 | 5,503,573 | 4,151,015 | 4,189,472 | 5,009,896 |
| Distribution cost and administrative expenses | 389,671 | 317,281 | 265,803 | 247,454 | 234,770 | 244,975 |
| Finance cost | 503,118 | 431,282 | 264,412 | 138,785 | 129,610 | 55,803 |
| Other operating expenses | 97,799 | 10,449 | 24,210 | 7,056 | 8,055 | 4,315 |
| | 8,875,595 | 6,600,365 | 6,057,997 | 4,544,310 | 4,561,907 | 5,314,989 |
| Share of profit of associate - net | 16,861 | 35,265 | 30,957 | 10,958 | 25,235 | 8,068 |
| Profit / (loss) before taxation | 661,797 | 85,416 | 314,257 | 12,499 | 87,989 | (411,207) |
| Taxation | (256,325) | (84,339) | (109,429) | (70,950) | (54,746) | 2,362 |
| Profit / (loss) after taxation | 405,472 | 1,077 | 204,828 | (58,451) | 33,243 | (408,845) |
| Equity | | | | | | |
| Paid up capital | 120,111 | 120,111 | 120,111 | 120,111 | 120,111 | 120,111 |
| Capital reserve - Share premium | 27,534 | 27,534 | 27,534 | 27,534 | 27,534 | 27,534 |
| Revaluation Surplus on property, plant and equipment | 1,928,484 | 1,928,484 | 1,506,111 | 1,506,111 | 1,506,111 | - |
| General reserve and unappropriated profits | 1,187,437 | 781,040 | 841,097 | 631,989 | 686,072 | 650,262 |
| Loans from directors | 126,000 | 146,000 | 150,000 | 150,000 | 120,000 | - |
| Shareholders equity | 3,389,566 | 3,003,169 | 2,644,853 | 2,435,745 | 2,459,828 | 797,907 |
| Per Share Data | | | | | | |
| Break up value per share in rupees | 282.20 | 250.03 | 220.20 | 202.79 | 204.80 | 66.43 |
| Earnings / (loss) per share - Basic (Rupees) | 33.76 | 0.09 | 17.05 | (4.87) | 2.77 | (34.04) |
| Dividend - Cash (%) | 140 | - | 50 | - | - | - |

Pattern of Share Holding

As at 30 September 2023

| NUMBER OF SHARE HOLDERS | Share Holdings | | Total Shares Held |
|-------------------------|----------------|-----------|-------------------|
| | From | To | |
| 416 | 1 | 100 | 7,381 |
| 137 | 101 | 500 | 42,508 |
| 48 | 501 | 1,000 | 38,470 |
| 63 | 1,001 | 5,000 | 157,575 |
| 11 | 5,001 | 10,000 | 81,253 |
| 10 | 10,001 | 15,000 | 122,853 |
| 3 | 15,001 | 20,000 | 55,144 |
| 5 | 20,001 | 25,000 | 116,156 |
| 1 | 25,001 | 30,000 | 26,500 |
| 4 | 30,001 | 35,000 | 131,700 |
| 1 | 35,001 | 40,000 | 37,500 |
| 1 | 45,001 | 50,000 | 48,000 |
| 1 | 50,001 | 55,000 | 52,500 |
| 2 | 55,001 | 60,000 | 111,461 |
| 1 | 70,001 | 75,000 | 73,294 |
| 1 | 80,001 | 85,000 | 80,300 |
| 1 | 100,001 | 105,000 | 103,204 |
| 1 | 110,001 | 115,000 | 111,000 |
| 1 | 130,001 | 135,000 | 133,505 |
| 2 | 135,001 | 140,000 | 271,507 |
| 2 | 175,001 | 180,000 | 352,385 |
| 1 | 185,001 | 190,000 | 185,337 |
| 1 | 190,001 | 195,000 | 190,033 |
| 1 | 210,001 | 215,000 | 213,589 |
| 2 | 220,001 | 225,000 | 448,399 |
| 1 | 225,001 | 230,000 | 229,147 |
| 1 | 250,001 | 255,000 | 250,749 |
| 1 | 265,001 | 270,000 | 266,185 |
| 1 | 275,001 | 280,000 | 276,652 |
| 1 | 315,001 | 320,000 | 319,453 |
| 1 | 320,001 | 325,000 | 322,246 |
| 1 | 325,001 | 330,000 | 328,039 |
| 1 | 335,001 | 340,000 | 337,015 |
| 1 | 395,001 | 400,000 | 400,000 |
| 1 | 525,001 | 530,000 | 529,456 |
| 1 | 600,001 | 605,000 | 601,351 |
| 1 | 605,001 | 610,000 | 606,589 |
| 1 | 755,001 | 760,000 | 756,984 |
| 1 | 800,001 | 805,000 | 801,695 |
| 1 | 805,001 | 810,000 | 808,033 |
| 1 | 855,001 | 860,000 | 858,306 |
| 1 | 1,125,001 | 1,130,000 | 1,127,642 |
| 734 | | | 12,011,096 |

Pattern of Share Holding

As at 30 September 2023

| SHARE HOLDER'S CATEGORY | | Share Held | Percentage |
|---|--|------------|------------|
| (i) Associated Companies, undertaking & related parties (name wise details); | | | |
| | Shezan Services (Pvt) Ltd. (CDC) | 425,450 | 3.54% |
| (ii) Modaraba and Mutual Funds (name wise details); | | | |
| | MC FSL - Trustee JS Growth Fund (CDC) | 1,127,642 | 9.39% |
| (iii) Directors and Their spouse(s) and minor children (name wise details); | | | |
| | Mr. Muneer Nawaz | 1,459,657 | |
| | Mrs. Abida Muneer Nawaz (Wife) | 529,456 | |
| | Mrs. Samia Shahnawaz Idris (CDC) | 337,015 | |
| | Mr. Abid Nawaz | 176,109 | |
| | Mr. Abid Nawaz (CDC) | 35,000 | |
| | Mr. Rashed Amjad Khalid | 223,399 | |
| | Mr. Rashed Amjad Khalid (CDC) | 8,000 | |
| | Mr. Toqueer Nawaz | 319,453 | |
| | Mr. Toqueer Nawaz (CDC) | 80,300 | |
| | Ms. Ava Ardeshir Cowasjee (CDC) | 135,754 | |
| | Mr. Zahid Ullah Khan (CDC) | 500 | |
| | Mrs. Sadia Muhammad | 762 | |
| | | 3,305,405 | 27.52% |
| (iv) Executives | | | |
| | Mr. Jamil Ahmad Butt | 1,261 | 0.01% |
| (v) Public sector companies and corporations; | | | |
| | State Life Insurance Corporation Of Pakistan (CDC) | 756,984 | 6.30% |

Pattern of Share Holding

As at 30 September 2023

| SHARE HOLDER'S CATEGORY | Share Held | Percentage |
|---|------------|------------|
| (vi) Investment, Insurance Companies & NIT | | |
| National Bank Of Pakistan (CDC) | 451 | |
| National Bank Of Pakistan (CDC) | 328,039 | |
| Al Hayy Trading (Private) Limited | 32,200 | |
| Amin Tai Securities (Private) Ltd. (CDC) | 400,000 | |
| MSMANIAR Financial (Private) Limited (CDC) | 158 | |
| Industrial Development Bank | 100 | |
| Pakistan Stock Exchange Limited (CDC) | 50 | |
| RYK Mills Limited (CDC) | 2,000 | |
| Yousuf Yaqoob Kolia and Company (Pvt) Ltd. (CDC) | 18,500 | |
| Deputy Administrator Abandoned Properties Organization (CDC) | 288 | |
| Trustee- National Bank of Pakistan Empl. Benevolent Fund (CDC) | 2,572 | |
| Trustee- National Bank of Pakistan Empl. Pension Fund (CDC) | 73,294 | |
| First Street Capital (Pvt.) Ltd. (CDC) | 1,000 | |
| Jahangir Siddiqui & Company Limited | 225,000 | |
| JS Infocom Limited (CDC) | 3,000 | |
| NCC - Pre Settlement Delivery Account | 1 | |
| CDC - Trustee Unit Trust of Pakistan (CDC) | 1,600 | |
| CDC - Trustee National Investment (Unit) Trust (CDC) | 801,695 | |
| CDC - Trustee Golden Arrow Stock Fund | 24,537 | |
| | 1,914,485 | 15.94% |
| (vii) General Public | | |
| Local (Physical) | 2,058,470 | |
| Local (CDC) | 2,421,399 | |
| | 4,479,869 | 37.30% |
| GRAND TOTAL | 12,011,096 | 100.00% |
| Shareholder holding 10% or more voting rights in the listed company (name wise details); | | |
| Mr. Muneer Nawaz | 1,459,657 | 12.15% |
| | 1,459,657 | 12.15% |

Corporate Social Responsibilities

CORPORATE PHILANTHROPY

In recognition of its social responsibility towards mankind Company is regularly contributing reasonably to the various organizations and associations who have complete servicing infrastructure to serve the humanity and other living species.

ENERGY CONSERVATION

Operation of sugar Mills is based on self power generation. Main criteria of energy conservation is steam consumption percent cane crushed which in case of our Mills is 51-53% at peak load days, this is termed as a very efficient energy conservation system.

In our continued quest to achieve optimum efficiency levels, all possible measures like intensive vapor bleeding, recycling of utilities, installation of various speed drives at centrifuges and cane carrier etc. are adopted, in order to conserve energy. Concerned technical personnel are regularly encouraged to participate in the seminars on energy conservation.

ENVIRONMENTAL PROTECTION MEASURES

Being conscious to this social responsibility your Mills have undertaken following measures:

- Used water is recycled for irrigation purposes within and outside the Mills lands.
- Tree plantation at Mills lands to better the surrounding environment.
- Imported state of art oil skimmer has been installed to skim oil from effluent water.
- In-house environment conservation committee to keep constant watch on the Mills operations has been formed.

COMMUNITY INVESTMENT & WELFARE SPENDING FOR UNDER PRIVILEGED CLASS

The Company is running a High School of excellent standards in the Mills residential colony for employees' children. Talented students of the adjoining areas of the Mills are also allowed admission in the said school. For growers of the area your Mills has provided a spacious place for "Kisan Hall" built by local market Committee. In addition to this entire up keep and maintenance cost of adjoining Mosque and Kisan Hall is borne by the Mills.

CONSUMER PROTECTION MEASURES

We produce good quality refined white sugar which qualifies multinational companies as well as "PSQCA" standards. Management is always very keen on implementation and execution of rules and regulation for quality maintenance. Alhamd-O-Lillah the sugar produced by our Mills is considered best quality product in the market.

EMPLOYMENT OF SPECIAL PERSONS

To ensure regular welfare and rehabilitation of special persons to support their families as per the requirement of "Employment & Rehabilitation Ordinance 1981" the Company has established policy of hiring the "Specially abled" individuals in Mills hierarchy.

INDUSTRIAL RELATIONS

We are maintaining very cordial and harmonious industrial relations at our Mills with the all categories of employees. CBA elections are held in time without any hurdle.

Some of the non-cash benefits available to the employees are described below:

- Five workers are sent to perform Hajj every year on Company's expense.
- Attractive retirement benefits are allowed at the age of superannuation.
- Talented children of employees are paid scholarships.
- Hygienic and clean drinking water plants has been installed at the residential colony as well as in the mills premises.
- Fair price shop is being maintained where various items are provided at subsidized rates.
- For healthy activities well maintained tennis, basket ball, badminton courts and football and cricket grounds have been arranged for the employees of the Mills.

OCCUPATIONAL SAFETY & HEALTH

To ensure hygienic and healthy environment at the Mills there is a permanent safety committee. God forbid, in case of an accident the circumstances leading to such situation are thoroughly investigated, responsibilities are fixed and necessary improvements in the system are incorporated. Safety material is provided to the employees who may be exposed to health and safety hazards in the course of performing their duties.

BUSINESS ETHICS & ANTI CORRUPTION MEASURES

Statement of Ethics and Business Practices is periodically circulated among all employees of the Company for compliance. There is zero tolerance towards corruption in the Mills. The Company has developed comprehensive system of check and balance. Sugarcane growers of the areas of our Mills are totally satisfied with the honesty of our employees, weighment of the sugarcane and payments thereof.

Corporate Social Responsibilities

NATIONAL CAUSE DONATIONS

The Company as a policy to assist the distressed communities regularly donating to the welfare institutions like, Shaukat Khanum Cancer Hospital, Aziz Jehan Begum Trust for the Blinds, Sahara for Life Trust, Jinnah Hospital, Lahore, Sindh Institute of Urology & Transplantation (SIUT), Lahore General Hospital, Marie Adelaide Leprosy Centre, Fatimid Foundation, Edhi Foundation, SOS Children Village, The Layton Rahmatullah Benevolent Trust etc. etc.

CONTRIBUTION TO NATIONAL EXCHEQUER

The management has always showed its responsibility by paying all government taxes in time without any delay. For the year ended 30 September 2023 we made our humble contribution to the National Exchequer as follows:

| Description | (Rupees in thousand) |
|-------------|----------------------|
| Income Tax | 35,432/- |
| Sales Tax | 1,462,361/- |

RURAL DEVELOPMENT PROGRAMME

Sugar Mills are located in the rural areas, therefore our all activities such as procurement of entire raw material i.e. sugarcane, spending of road cess contributions on communication networks, payments to transporters, wages to the employees etc. are directly related to the rural development.

The Company is playing pivotal role for this cause since its inception. We provide free of cost RCC pipes for culverts, anti-rodent chemicals and furrow making with riggers costing millions of rupees annually. Modern and scientific agricultural practices and machinery viz. Ridgers, Deep Ploughs & Chisels are introduced free of cost to the sugarcane growers. Often reasonable expenses are incurred on roads to facilitate the growers to bring their product to the mills and purchasing centers.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the member of Shahtaj Sugar Mills Limited

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

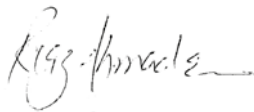
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shahtaj Sugar Mills Limited (the Company) for the year ended 30 September 2023 in accordance with the requirements of 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 30 September 2023.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 04 January 2024

UDIN: CR202310168CHV1MwWAj

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations 2019

For the Year ended 30 September 2023

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

- The total number of Directors are ten (10) as per the following:

- Male : Seven (07)
- Female : Three (03)

- The composition of Board is as follows:

Independent Directors Mr. Zahid Ullah Khan
Mr. Mushtaq Ahmad
Mr. Sheikh Asim Rafiq
Ms. Ava Ardeshir Cowasjee
(Female Director)

Non-Executive Directors Mr. Toqueer Nawaz
(Chairman)
Mr. Rashed Amjad Khalid
Mr. Abid Nawaz
Mrs. Samia Shahnawaz Idris
(Female Director)
Mrs. Sadia Muhammad
(Female Director)

Executive Director Mr. Muneer Nawaz
(Chief Executive Officer)

- The directors have confirmed that none of them is serving as a director on more than seven (07) listed companies, including this Company;
- 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;
- 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;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;
- 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 meeting of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;
- The Board has obtained Directors' Training program for the following:

Name of Directors

Ms. Ava Ardeshir Cowasjee
Mr. Toqueer Nawaz
Mr. Sheikh Asim Rafiq
Mr. Zahid Ullah Khan
Mr. Rashed Amjad Khalid
Mrs. Sadia Muhammad

Following directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' Training program:

Name of Directors

Mr. Muneer Nawaz
Mrs. Samia Shahnawaz Idris

Following directors will be pursuing for the Directors' Training program in the financial year 2023-24:

Name of Directors

Mr. Abid Nawaz
Mr. Mushtaq Ahmad

- There were no new appointments of the Chief Financial Officer, Company Secretary and Head of Internal Audit, however, all such appointments including their remuneration and terms and conditions of employment are complied with relevant requirements of the Regulations.
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
- The Board has formed committees comprising of members given below:

Audit committee

| | |
|-------------------------|----------|
| Mr. Mushtaq Ahmad | Chairman |
| Mr. Toqueer Nawaz | Member |
| Mr. Zahid Ullah Khan | Member |
| Mr. Rashed Amjad Khalid | Member |

Human resource and remuneration committee

| | |
|-----------------------|----------|
| Mr. Sheikh Asim Rafiq | Chairman |
| Mr. Muneer Nawaz | Member |
| Mr. Toqueer Nawaz | Member |
| Mr. Abid Nawaz | Member |
| Mrs. Sadia Muhammad | Member |

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
- The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:

- a) Audit Committee
Four meetings were held during the financial year ended September 30, 2023.
 - b) HR and Remuneration Committee
One meeting of HR and Remuneration Committee was held during the financial year ended September 30, 2023.
15. The Board has set up an effective internal audit function with suitably qualified and experienced staff conversant with the policies and procedures of the Company.
 16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
 17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
 18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with.
 19. Explanations for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33, and 36 are given below:

| Sr. No | Requirement | Explanation of Non-Compliance | Regulation Number |
|--------|---|--|-------------------|
| 1 | Representation of Minority shareholders The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation. | No one intended to contest election as director representing minority shareholders. | 5 |
| 2 | Responsibilities of the Board and its Members The Board is responsible for adoption of corporate governance practices by the Company. | Non-mandatory provisions of the Regulations are partially complied. The Company is deliberating on full compliance with all the provisions of the Regulations. | 10 (1) |
| 3 | Directors' Training It is encouraged that by June 30, 2022, all directors on the Board have acquired the prescribed certification under any director training program (DTP) offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it. | Currently, 8 out of 10 directors have attained the Directors' Training program certification or are exempt from Directors' Training program. The Company has planned to arrange Directors' Training program for remaining two directors during the year ending on 30 September 2024. | 19 (1) |
| 4 | Requirement to attain certification Companies are encouraged to arrange training for: i) at least one female executive every year under the Directors' Training Program from year July 2020; and ii) at least one head of department every year under the Directors' Training Program from July 2022. | Currently, there is no female executive employed by the Company. Further, the Company has planned to arrange DTP certification for head of department in the year ending on 30 September 2024. | 19 (3) |
| 5 | Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances. | Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. | 29 |
| 6 | Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board. | Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly. | 30 |



TOQUEER NAWAZ
Chairman

Karachi:
02 January 2024

INDEPENDENT AUDITOR’S REPORT

To the members of Shahtaj Sugar Mills Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Shahtaj Sugar Mills Limited (the Company), which comprise the statement of financial position as at 30 September 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 30 September 2023 and of the profit, 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|--|---|
| 1 | <p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 9,476.053 million for the year ended 30 September 2023.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue recognition Note 2.22 to the financial statements. - Revenue from contracts with customers Note 30 to the financial statements. | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 ‘Revenue from Contracts with Customers’. • We also considered the appropriateness of disclosures in the financial statements. |

Independent Auditor's Report

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|---|--|
| 2 | <p>Contingencies</p> <p>As disclosed in Note 16.1 to the accompanying financial statements, the Company has contingent liabilities in respect of various matters, which are pending adjudication before respective authorities and courts of law.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules and regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies in accordance with applicable financial reporting standards.</p> <p>Due to significance of amounts involved, uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered this as a key audit matter.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, contingent liabilities note 2.30 to the financial statements. - Contingencies note 16.1 to the financial statements. | <p>Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit. Further, we have:</p> <ul style="list-style-type: none"> • Obtained and reviewed detail of the pending matters and discussed the same with the Company's management. • Reviewed the correspondence of the Company with the relevant authorities, tax and legal advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved. • Obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the probable outcome of the open tax assessments and other contingencies. • Involved internal tax professionals to assess reasonability of management's conclusions on such pending matters. • Reviewed and evaluated the adequacy of disclosures made in respect of such contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan. |

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

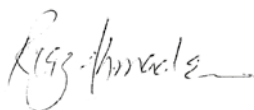
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.



RIAZ AHMAD & COMPANY
Chartered Accountants

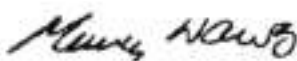
Lahore
Date: 04 January 2024
UDIN: AR202310168v7Dhib49W

Statement of Financial Position

As at 30 September 2023

| | Note | 2023 | 2022 |
|---|------|------------------|------------------|
| (Rupees in thousand) | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital 15,000,000 (2022: 15,000,000) ordinary shares of Rupees 10 each | | 150,000 | 150,000 |
| Issued, subscribed and paid-up share capital | 3 | 120,111 | 120,111 |
| Reserves | 4 | 3,143,455 | 2,737,058 |
| Loans from directors | 5 | 126,000 | 146,000 |
| Total equity | | 3,389,566 | 3,003,169 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 6 | 1,217,177 | 518,471 |
| Loan from associate | 7 | 106,004 | 102,731 |
| Lease liability | 8 | 17,676 | 19,668 |
| Retirement benefits obligations | 9 | 33,458 | 31,805 |
| Deferred taxation | 10 | 86,218 | 27,447 |
| | | 1,460,533 | 700,122 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 307,088 | 165,704 |
| Contract liabilities | 12 | 112,409 | 25,560 |
| Short term borrowings | 13 | 979,541 | 2,872,574 |
| Accrued mark-up | 14 | 162,832 | 207,871 |
| Current portion of non-current liabilities | 15 | 1,992 | 259,119 |
| Unclaimed dividend | | 7,346 | 7,353 |
| | | 1,571,208 | 3,538,181 |
| TOTAL LIABILITIES | | 3,031,741 | 4,238,303 |
| CONTINGENCIES AND COMMITMENTS | 16 | | |
| TOTAL EQUITY AND LIABILITIES | | 6,421,307 | 7,241,472 |

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



Chief Executive

| | Note | 2023 | 2022 |
|--------------------------------|------|------------------|-----------|
| (Rupees in thousand) | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 17 | 4,563,508 | 4,226,040 |
| Right-of-use asset | 18 | 13,184 | 15,821 |
| Long term investment | 19 | 191,713 | 190,443 |
| Long term loans | 20 | 39,904 | 3,873 |
| Long term deposits | 21 | 40,256 | 28,365 |
| | | 4,848,565 | 4,464,542 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 22 | 209,519 | 172,503 |
| Stock-in-trade | 23 | 1,081,609 | 2,074,179 |
| Trade debts | 24 | 65,924 | 188,123 |
| Loans and advances | 25 | 61,029 | 61,074 |
| Short term prepayments | 26 | 4,211 | 4,227 |
| Other receivable | 27 | - | 16,000 |
| Advance income tax - net | 28 | 61,163 | 224,286 |
| Cash and bank balances | 29 | 89,287 | 36,538 |
| | | 1,572,742 | 2,776,930 |
| TOTAL ASSETS | | 6,421,307 | 7,241,472 |



Director



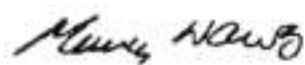
Chief Financial Officer

Statement of Profit or Loss

For the year ended 30 September 2023

| | Note | 2023 (Rupees in thousand) | 2022 |
|---|------|------------------------------|-------------|
| Revenue from contracts with customers | 30 | 9,476,053 | 6,615,125 |
| Cost of sales | 31 | (7,885,007) | (5,841,353) |
| Gross profit | | 1,591,046 | 773,772 |
| Distribution cost | 32 | (20,310) | (16,723) |
| Administrative expenses | 33 | (369,361) | (300,558) |
| Other operating expenses | 34 | (97,799) | (10,449) |
| | | (487,470) | (327,730) |
| | | 1,103,576 | 446,042 |
| Other income | 35 | 44,478 | 35,391 |
| Profit from operations | | 1,148,054 | 481,433 |
| Finance cost | 36 | (503,118) | (431,282) |
| | | 644,936 | 50,151 |
| Share of profit from associate - net of tax | 19 | 16,861 | 35,265 |
| Profit before taxation | | 661,797 | 85,416 |
| Taxation | 37 | (256,325) | (84,339) |
| Profit after taxation | | 405,472 | 1,077 |
| Earnings per share - basic and diluted | 38 | 33.76 | 0.09 |

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



Chief Executive



Director



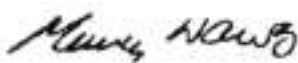
Chief Financial Officer

Statement of Comprehensive Income

For the year ended 30 September 2023

| | 2023 (Rupees in thousand) | 2022 |
|--|------------------------------|---------|
| PROFIT AFTER TAXATION | 405,472 | 1,077 |
| Other comprehensive income: | | |
| Items that will not be reclassified to profit or loss: | | |
| Gain on revaluation of property, plant and equipment | - | 422,373 |
| Remeasurement of defined benefit obligation | 2,567 | (904) |
| Deferred income tax relating to this item | (1,001) | 262 |
| | 1,566 | (642) |
| Share of associate's other comprehensive loss | (641) | (437) |
| | 925 | 421,294 |
| Items that may be reclassified subsequently to profit or loss | - | - |
| Other comprehensive income for the year - net of tax | 925 | 421,294 |
| Total comprehensive income for the year | 406,397 | 422,371 |

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



Chief Executive



Director



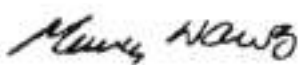
Chief Financial Officer

Statement of Changes in Equity

For the year ended 30 September 2023

| | RESERVES | | | | | | | | Loan from Directors | Total Equity | |
|--|----------------|-----------------|---|------------------|------------------|--|------------------|------------------|---------------------|------------------|----------|
| | Share capital | Capital reserve | | | General reserve | Revenue reserve | | Total | | | |
| | | Share premium | Surplus on revaluation of property, plant and equipment | Subtotal | | Accumulated losses/un-appropriated profits | Subtotal | | | | |
| | 120,111 | 27,534 | 1,506,111 | 1,533,645 | 1,016,000 | (174,903) | 841,097 | 2,374,742 | 150,000 | 2,644,853 | |
| Balance as at 30 September 2021 | | | | | | | | | | | |
| Transactions with owners: | | | | | | | | | | | |
| Final dividend for the year ended 30 September 2021 @ Rupees 5 per share | - | - | - | - | - | (60,055) | (60,055) | (60,055) | - | - | (60,055) |
| Loan from director reclassified (Note 5.3) | - | - | - | - | - | - | - | - | (4,000) | (4,000) | |
| Associate's changes in equity - adjustment | - | - | - | - | 129,167 | (129,167) | - | - | - | - | |
| Profit for the year | - | - | - | - | - | 1,077 | 1,077 | 1,077 | - | 1,077 | |
| Other comprehensive income for the year | - | - | 422,373 | 422,373 | - | (1,079) | (1,079) | 421,294 | - | 421,294 | |
| Total comprehensive income for the year | - | - | 422,373 | 422,373 | - | (2) | (2) | 422,371 | - | 422,371 | |
| Balance as at 30 September 2022 | 120,111 | 27,534 | 1,928,484 | 1,956,018 | 1,145,167 | (364,127) | 781,040 | 2,737,058 | 146,000 | 3,003,169 | |
| Transactions with owners: | | | | | | | | | | | |
| Loan from director reclassified (Note 5.2) | - | - | - | - | - | - | - | - | (20,000) | (20,000) | |
| Loan from director received | - | - | - | - | - | - | - | - | 80,000 | 80,000 | |
| Repayment of loan to director | - | - | - | - | - | - | - | - | (80,000) | (80,000) | |
| Associate's changes in equity - adjustment | - | - | - | - | 5,952 | (5,952) | - | - | - | - | |
| Profit for the year | - | - | - | - | - | 405,472 | 405,472 | 405,472 | - | 405,472 | |
| Other comprehensive income for the year | - | - | - | - | - | 925 | 925 | 925 | - | 925 | |
| Total comprehensive income for the year | - | - | - | - | - | 406,397 | 406,397 | 406,397 | - | 406,397 | |
| Balance as at 30 September 2023 | 120,111 | 27,534 | 1,928,484 | 1,956,018 | 1,151,119 | 36,318 | 1,187,437 | 3,143,455 | 126,000 | 3,389,566 | |

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



Chief Executive



Director



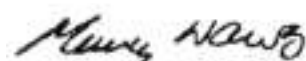
Chief Financial Officer

Statement of Cash Flows

For the year ended 30 September 2023

| | Note | 2023 | 2022 |
|---|--------|--------------------|--------------------|
| (Rupees in thousand) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from / (used in) operations | 39 | 2,529,991 | (745,996) |
| Finance cost paid | | (548,157) | (315,012) |
| Profit on bank deposits received | | 10,312 | 12,803 |
| Income tax paid | | (35,432) | (113,520) |
| Leave encashment paid | 11.2 | (478) | (6,712) |
| Gratuity and retirement benefit paid | | (1,856) | (6,653) |
| NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES | | 1,954,380 | (1,175,090) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Property, plant and equipment - acquired | | (372,156) | (100,084) |
| Proceeds from disposal of property, plant and equipment | 17.1.1 | 4,150 | 7,899 |
| Increase in long term loans | | (3,231) | (3,823) |
| Long term loan to GEPCO | | (80,000) | - |
| Increase in long term deposits | | (11,891) | (24,262) |
| Dividend received from associate | 19 | 14,950 | 13,225 |
| NET CASH USED IN INVESTING ACTIVITIES | | (448,178) | (107,045) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Short term borrowings - net | | (1,893,033) | 1,702,921 |
| Long term financing obtained | | 1,217,177 | - |
| Long term financing repaid | | (775,859) | (349,644) |
| Loan from director received | | 80,000 | - |
| Repayment of loan to director | | (80,000) | - |
| Loan from associate received | | - | 200,000 |
| Repayment of loan to associate | | - | (200,000) |
| Dividend paid | | (7) | (54,655) |
| Repayment of lease liability | | (1,731) | (1,503) |
| NET CASH (USED IN) / FROM FINANCING ACTIVITIES | | (1,453,453) | 1,297,119 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 52,749 | 14,984 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 36,538 | 21,554 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | 89,287 | 36,538 |

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



Chief Executive



Director



Chief Financial Officer

Notes to the Financial Statements

For the year ended 30 September 2023

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Shahtaj Sugar Mills Limited (the Company) was incorporated in Pakistan on 27 March 1965 as a public limited Company under the Companies Act, 1913 (Now Companies Act, 2017). Its registered office is situated at 19, Dockyard Road, West Wharf, Karachi. The Company is listed on Pakistan Stock Exchange Limited and is engaged in the manufacture and sale of sugar whereas molasses and bagasse are its significant by-products. The business units of the Company along with their locations are as follows:

| Business Unit | Address |
|----------------------|---|
| Registered Office | 19, Dockyard Road, West Wharf, Karachi. |
| Head Office | 72-C/1, M. M. Alam Road, Gulberg-III, Lahore. |
| Production Plant | Kuthiala Saidan, Mandi Bahauddin. |

- 1.2 The Company is in the process to setup a bagasse-based co-generation power project with an installed capacity of 32 MW (the Project). The project is being financed through a combination of debt and equity. The Company has received power generation license and upfront tariff (revised dated 24 January 2022) for thirty years from the National Electric Power Regulatory Authority (NEPRA). The Company has achieved all other milestones (NOCs/ Licenses/Approvals) as per Letter of Intent (LOI) issued by Alternative Energy Development Board (AEDB) in respect of project including revised Energy Purchase Agreement (EPA), which has been signed and vetted by NEPRA. Further, implementation agreement between the Company and Government of Pakistan has also been signed on 04 April 2023. The Company has finalized syndicated term finance agreement for the project with MCB Bank Limited. The Company has also achieved the "Financial Close" of the project with AEDB.

The Commercial Operation Date (COD) for the project was originally set for December 31, 2023, as per the EPA. However, due to issues related to the completion of the interconnection facility between the project's switch yard and Gujranwala Electric Power Company Limited (GEPCO)'s system, the COD could not be achieved as planned. The company has signed an Interconnection works-loan agreement with GEPCO, and an amount of Rupees 80 million has been paid to GEPCO for the installation of the interconnection facility. GEPCO faced challenges in completing the Transmission Line due to right-of-way issues, resulting in a delay in the project.

As a result of these issues, the new estimated completion date for the interconnection facility by GEPCO is June 2024. Moreover, due to non-availability of fuel (Bagasse) during off-season, COD may not be achieved after completion of interconnection facility by GEPCO in June 2024, hence the company is currently in the process of seeking an extension in the COD from Central Power Purchasing Agency-Guarantee (CPPA-G) up to the next crushing season.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

Notes to the Financial Statements

For the year ended 30 September 2023

c) Critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Staff retirement benefits

Certain actuarial assumptions are adopted for valuation of present value of defined benefit obligation. Changes in these assumptions in future years may affect the liability under this scheme in those years.

Provisions

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

Impairment of investment in equity method accounted for associated company

In making an estimate of recoverable amount of the Company's investment in equity method accounted for associated company, the management considers future cash flows.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 October 2022:

Notes to the Financial Statements

For the year ended 30 September 2023

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'.
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.
- 'Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 October 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 October 2023 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 1 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

Notes to the Financial Statements

For the year ended 30 September 2023

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 01 January 2024.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

International Tax Reform - Pillar Two Model Rules (amendments to IAS 12) introduce following new disclosure requirements:

- Once tax law is enacted but before top-up is effective:

Disclose information that is known or can be reasonably estimated and that helps user of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.
- After top-up tax is effective: disclose current tax expense related to top-up tax.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 October 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Staff retirement benefits

Provident fund

The Company operates a defined contributory approved provident fund scheme constituted in 1969 for those employees who have opted for the same. The Company and the employees both make equal monthly contributions to the fund at the rate of 10% of the basic salary plus cost of living allowance.

Gratuity scheme

The Company maintains an unfunded and unapproved gratuity scheme since 1969, for those eligible employees who have not joined the provident fund scheme. This represents the incremental portion of the basic salaries plus cost of living allowance of those eligible employees for the relevant periods. No actuarial valuation has been carried out as management considers that adequate provision has been made in the accounts to cover the liability and in management's opinion the recorded liability will not be significantly different from the liability to be determined by actuary in view of number of the employees and their respective period of employment left with the Company and their entitlement to the benefit.

Other retirement benefit scheme

The Company also maintains an unfunded retirement benefit scheme under which retirement benefits are payable on cessation of employment, subject to minimum qualifying period of service. The allocations are made in accordance with the actuary's recommendations based on the actuarial valuation.

Actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements and net interest income /

Notes to the Financial Statements

For the year ended 30 September 2023

(expense). All other changes in the net defined benefit liability are recognized in other comprehensive income with no subsequent recycling to profit or loss. The scheme covers all eligible permanent and seasonal employees.

The defined benefit liability comprises the present value of the defined benefit obligation as at 30 September 2023.

2.3 Compensated absences

The Company accounts for the compensated absences on the basis of un-availed earned leave balance of each employee at the end of the year.

2.4 Taxation

Current

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

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Sales tax / excise duty

Revenues, expenses and assets are recognized net of the amount of sales tax / FED except:

- Where the sales tax / FED incurred on a purchase of assets or services is not recoverable from the taxation authority.
- Receivables and payables that are stated with the amount of sales tax / FED included.

The net amount of sales tax / FED recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.5 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.6 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

Notes to the Financial Statements

For the year ended 30 September 2023

2.7 Property, plant, equipment and depreciation

Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Increases in the carrying amounts arising on revaluation of operating fixed assets are recognized, net of tax, in other comprehensive income and accumulated in surplus on revaluation of property, plant and equipment in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. 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 the statement of profit or loss. Upon disposal, any revaluation surplus relating to the particular assets being sold is transferred to retained earnings.

Depreciation

Depreciation on operating fixed assets is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in note 17.1. The Company charges the depreciation on additions from the month in which the asset is available for use and no depreciation is charged for the month in which the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is de-recognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.8 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Notes to the Financial Statements

For the year ended 30 September 2023

2.9 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.10 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Notes to the Financial Statements

For the year ended 30 September 2023

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

2.11 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.12 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

Notes to the Financial Statements

For the year ended 30 September 2023

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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).

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.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. 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 including forward-looking information.

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.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Notes to the Financial Statements

For the year ended 30 September 2023

2.13 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.14 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.15 Investment in associates – (with significant influence)

Associate is an entity over which the Company has significant influence but not control or joint control. Investment in associate is accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate is recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investee have been changed where necessary to ensure consistency with the policies adopted by the Company.

Investment in equity method accounted for associate is tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'.

2.16 Inventories

Inventories, except for stock in transit, molasses, bagasse, press mud and stocks at fair price shop are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spares and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost. Provision is made for slow moving or obsolete store items based on analysis of usage patterns and prevailing prices, if required. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of work-in-process and finished goods comprise cost of direct material, labour and appropriate manufacturing overheads.

Molasses, bagasse and press mud are valued at their net realizable value. Stocks at fair price shop is valued at subsidized selling prices.

Notes to the Financial Statements

For the year ended 30 September 2023

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.17 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognized at amortised cost, less any allowance for expected credit losses.

2.18 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.19 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.20 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.21 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortised cost using effective interest method.

2.22 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend on investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

2.23 Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

2.24 Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

Notes to the Financial Statements

For the year ended 30 September 2023

2.25 Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.26 Refund liabilities

Refund liabilities are recognized where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.27 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. The expense relating to provision is presented in profit and loss net of any reimbursements. The management expects that time value of money is not material and no discounting of provision is made by the Company.

2.28 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. 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 year.

2.29 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.30 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.31 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted 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 impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.32 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

Notes to the Financial Statements

For the year ended 30 September 2023

2.33 Ijarah contracts

Under the Ijarah contracts the Company obtains usufruct of an asset for an agreed period for an agreed consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the profit and loss on straight line basis over the Ijarah term.

2.34 Segment reporting

Based on the information provided to the chief operating decision maker (the CEO), the company considers its operations as a single operating segment and disclosures are presented accordingly. The co-generation power project is in progress as disclosed in note 1.2.

2.35 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.36 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2023 (Number of shares) | | 2022 | | 2023 (Rupees in thousand) | | 2022 | |
|----------------------------|-------------------|---|--|------------------------------|----------------|------|--|
| 4,560,156 | 4,560,156 | Ordinary shares of Rupees 10 each fully paid in cash | | 45,602 | 45,602 | | |
| 150,000 | 150,000 | Ordinary shares of Rupees 10 each issued on conversion of loan (Note 3.2) | | 1,500 | 1,500 | | |
| 7,300,940 | 7,300,940 | Ordinary shares of Rupees 10 each issued as fully paid bonus shares | | 73,009 | 73,009 | | |
| 12,011,096 | 12,011,096 | | | 120,111 | 120,111 | | |

3.1 Number of ordinary shares held by Shezan Services (Private) Limited, an associated company, are 425,450 (2022: 383,950).

3.2 During the year ended 30 September 1983, the Company issued 150,000 ordinary shares to Pakistan Industrial Credit and Investment Corporation (Now Samba Bank Limited), with a face value of Rupees 10 each, as conversion of outstanding loan at the rate of Rupees 15.34 per share. The conversion was made in accordance with loan agreement, whereby, option was granted to convert outstanding loan into ordinary shares of the Company. The premium of Rupees 5.34 per share has been shown under share premium - capital reserve account.

Notes to the Financial Statements
For the year ended 30 September 2023

| | 2023 | 2022 |
|---|----------------------|-----------|
| | (Rupees in thousand) | |
| 4 RESERVES | | |
| Composition of reserves is as follows: | | |
| Capital reserves | | |
| Share premium (Note 4.1) | 27,534 | 27,534 |
| Surplus on revaluation property, plant and equipment (Note 4.2) | 1,928,484 | 1,928,484 |
| | 1,956,018 | 1,956,018 |
| Revenue reserves | | |
| General reserves | 1,151,119 | 1,145,167 |
| Accumulated losses / unappropriated profit | 36,318 | (364,127) |
| | 1,187,437 | 781,040 |
| | 3,143,455 | 2,737,058 |

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

4.2 This represents surplus on revaluation of freehold land. Valuation of land has been carried out on 30 September 2022 by Hamid Mukhtar and Company (Private) Limited, approved valuer. Reconciliation of surplus on revaluation of property, plant and equipment is as under:

| | 2023 | 2022 |
|--|----------------------|-----------|
| | (Rupees in thousand) | |
| Balance as on 01 October | 1,928,484 | 1,506,111 |
| Add: Surplus on revaluation incorporated during the year | - | 422,373 |
| Balance as at 30 September | 1,928,484 | 1,928,484 |

| | | |
|---|----------------|---------|
| 5 LOANS FROM DIRECTORS | | |
| Mr. Muneer Nawaz (Chief Executive) | 90,000 | 90,000 |
| Mr. Muhammad Naeem (Note 5.2) | - | 20,000 |
| Mr. Rashed Amjad Khalid (Non-Executive Director) | 20,000 | 20,000 |
| Mr. Toqueer Nawaz (Non-Executive Director) (Note 5.3) | 8,000 | 8,000 |
| Mr. Abid Nawaz (Non-Executive Director) (Note 5.3) | 8,000 | 8,000 |
| | 126,000 | 146,000 |

5.1 These represent unsecured, interest free loans given by directors to meet the liquidity requirements of the Company. These loans are repayable at the discretion of the Company. In line with Technical Release - 32 (TR-32 - Accounting Director's loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are classified as part of equity.

5.2 Mr. Muhammad Naeem was Non-Executive Director of the Company uptill 29 May 2023. Therefore, his loan amount has been reclassified to trade and other payables under current liabilities.

5.3 Mr. Mahmood Nawaz passed away on 07 March 2020. There are three legal heirs of Mr. Mahmood Nawaz. Two out of three legal heirs Mr. Toqueer Nawaz and Mr. Abid Nawaz are also directors of the Company who have extended their loans to the Company on same terms (i.e. unsecured, interest free and repayable at the discretion of the Company). Loan amount relating to one legal heir who is not director of the Company has been reclassified to trade and other payables under current liabilities.

| | 2023 | 2022 |
|---|----------------------|-----------|
| | (Rupees in thousand) | |
| 6 LONG TERM FINANCING | | |
| From banking companies - secured (Note 6.1) | 1,217,177 | 775,859 |
| Less: Current portion shown under current liabilities (Note 15) | - | (257,388) |
| | 1,217,177 | 518,471 |

Notes to the Financial Statements

For the year ended 30 September 2023

| 6.1 | Lender | 2023 | 2022 | Rate of interest | Number of installments | Interest repricing | Interest payable | Security |
|---|---|------------------|----------------|-------------------------------------|--|--------------------|------------------|--|
| (Rupees in thousand) | | | | | | | | |
| Syndicated term finance (Note 6.2) | | | | | | | | |
| | MCB Bank Limited - financial lead advisor | - | 272,197 | 6 months KIBOR plus 1.25% per annum | Five installments commenced from 02 August 2019 and ended on 10 August 2023. | Semi - annually | Semi - annually | First pari passu charge of Rupees 2,608 million over all present and future fixed assets of the Company and personal guarantee of Rupees 1,984,607 million of Chief Executive Officer of the Company. |
| | United Bank Limited | - | 272,197 | | | | | |
| | Bank Al-Habib Limited | - | 181,465 | | | | | |
| | | - | 725,859 | | | | | |
| | Syndicated term finance (Note 6.3) | 1,217,177 | | | | | | |
| | MCB Bank Limited | | | 3 months KIBOR plus 1.5% per annum | Fifty six equal quarterly installments commencing after grace period of one year from November 2024 and ending on August 2038. | Quarterly | Quarterly | First pari passu charge of Rupees 3,733,333 million over all present and future current and fixed assets of the Company with 25% margin, exclusive charge over present and future receivables from power purchaser due under the Energy Purchase Agreement (EPA) and personal guarantee of Chief Executive Officer of the Company. |
| | Demand finance | 1,217,177 | | | | | | |
| | MCB Bank Limited | - | 50,000 | 3 months KIBOR plus 1.25% per annum | Sixteen installments commenced from 16 November 2019 and ended on 17 March 2023. | Quarterly | Quarterly | First pari passu charge of Rupees 267,000 million over all present and future plant and machinery with 25% margin and personal guarantee of Chief Executive Officer of the Company. |
| | | 1,217,177 | 775,859 | | | | | |

6.2 This syndicated term finance facility was obtained to finance the installation of 32MW high pressure bagasse based co-generation power unit. During the year ended 30 September 2021, the Company has entered into supplemental agreement, as a result of which, further two years grace period has been granted for principal repayment. During the year, this syndicated term finance facility has been fully repaid.

6.3 This syndicated term finance facility is obtained to finance the installation of 32MW high pressure bagasse based co-generation power unit.

6.4 Effective rate of interest charged during the year on these long term financing ranged from 16.57% to 24.30% (2022: 8.49% to 17.13%) per annum.

Notes to the Financial Statements
For the year ended 30 September 2023

| | 2023 | 2022 |
|--|---|---------|
| | (Rupees in thousand) | |
| 7 LOAN FROM ASSOCIATE | | |
| Shezan Services (Private) Limited | 110,000 | 110,000 |
| Less: Fair value adjustment on initial recognition | (9,053) | (9,053) |
| Add: Adjustment due to impact of IFRS-9 (Note 7.1) | 5,057 | 1,784 |
| | (3,996) | (7,269) |
| | 106,004 | 102,731 |
| 7.1 Adjustment due to impact of IFRS-9 on loan from associate | | |
| Opening balance | 1,784 | - |
| Add: Recognized during the year (Note 36) | 3,273 | 1,784 |
| Closing balance | 5,057 | 1,784 |
| 7.2 | This represents unsecured loan obtained from Shezan Services (Private) Limited - associated company. On 11 February 2022, the loan agreement was revised, and extended till 31 October 2024 at below market rate of interest (i.e. 8.25% per annum) . Fair value adjustment in accordance with IFRS 9 'Financial Instruments' is recognized at discount rate of 12.02% per annum. | |
| | 2023 | 2022 |
| | (Rupees in thousand) | |
| 8 LEASE LIABILITY | | |
| Total lease liability | 19,668 | 21,399 |
| Less: Current portion shown under current liabilities (Note 15) | (1,992) | (1,731) |
| | 17,676 | 19,668 |
| 8.1 Reconciliation of lease liability | | |
| Opening balance | 21,399 | 22,902 |
| Add: Interest accrued on lease liabilities (Note 36) | 2,581 | 2,809 |
| Less: Payments made during the year | (4,312) | (4,312) |
| Closing balance | 19,668 | 21,399 |
| 8.2 Maturity analysis of lease liability is as follows: | | |
| Up to 1 year | 4,312 | 4,312 |
| 1-2 years | 5,391 | 4,312 |
| More than 2 years | 16,172 | 21,563 |
| | 25,875 | 30,187 |
| Less: Future finance cost | (6,207) | (8,788) |
| Present value of lease liability | 19,668 | 21,399 |
| 8.3 Amount recognized in the statement of profit or loss: | | |
| Interest expense on lease liability | 2,581 | 2,809 |
| Expenses relating to short term leases (included in cost of sales) | 656 | 765 |
| | 3,237 | 3,574 |
| 8.4 | Implicit rate against lease liability is 15.11% (2022: 15.11%) per annum. | |

Notes to the Financial Statements

For the year ended 30 September 2023

| | 2023 | 2022 |
|--|----------------------|---------------|
| | (Rupees in thousand) | |
| 9 RETIREMENT BENEFITS OBLIGATIONS | | |
| Staff retirement benefit (Note 9.1) | 33,127 | 31,478 |
| Gratuity (Note 9.2) | 331 | 327 |
| | 33,458 | 31,805 |

9.1 Staff retirement benefit

The latest actuarial valuation of the defined benefit obligation as at 30 September 2023 was carried out using the projected unit credit method. Details of the obligation as per the actuarial valuation are as follows:

| | 2023 | 2022 |
|--|----------------------|--------------|
| | (Rupees in thousand) | |
| 9.1.1 The amount recognized in the statement of financial position is as follows: | | |
| Present value of defined benefit obligation (Note 9.1.2) | 33,127 | 31,478 |
| 9.1.2 Movement in present value of the defined benefit obligation: | | |
| Obligation as at 01 October | 31,478 | 32,442 |
| Current service cost | 2,004 | 1,707 |
| Interest cost | 4,049 | 3,058 |
| Benefits paid | (1,837) | (6,633) |
| Remeasurement (Note 9.1.6) | (2,567) | 904 |
| Obligation as at 30 September | 33,127 | 31,478 |
| 9.1.3 Net movement in liability: | | |
| Liability as at 01 October | 31,478 | 32,442 |
| Charge for the year recognized in statement of profit or loss (Note 9.1.4) | 6,053 | 4,765 |
| Remeasurement recognized in other comprehensive income (Note 9.1.6) | (2,567) | 904 |
| Benefits paid | (1,837) | (6,633) |
| Liability as at 30 September | 33,127 | 31,478 |
| 9.1.4 Charge for the year recognized in statement of profit or loss: | | |
| Current service cost | 2,004 | 1,707 |
| Interest cost | 4,049 | 3,058 |
| | 6,053 | 4,765 |
| 9.1.5 Charge for the year has been allocated as follows: | | |
| Cost of sales | 3,266 | 2,686 |
| Administrative expenses | 2,744 | 1,998 |
| Distribution cost | 43 | 81 |
| | 6,053 | 4,765 |
| 9.1.6 Remeasurement recognized in other comprehensive income: | | |
| Experience adjustments | (2,567) | 904 |

Notes to the Financial Statements
For the year ended 30 September 2023

| | | 2023 | 2022 | |
|--------------|--|-------------|--------------|-------|
| 9.1.7 | Principal actuarial assumptions used: | | | |
| | Discount rate used for interest cost | % per annum | 13.25 | 10.50 |
| | Discount rate used for year end obligation | % per annum | 16.75 | 13.25 |
| | Future salary increase | % per annum | 15.75 | 12.25 |

9.1.8 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption at the reporting date:

| | Defined benefit obligation | | |
|------------------------|----------------------------|------------------------|------------------------|
| | Changes in assumption | Increase in assumption | Decrease in assumption |
| | Bps | (Rupees in thousand) | |
| Discount rate | 100 | 32,141 | 34,229 |
| Future salary increase | 100 | 34,229 | 32,125 |

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

9.1.9 Mortality was assumed to be based on SLIC 2001-2005 ultimate mortality rates, set back one year.

9.1.10 The expected charge to statement of profit or loss for the year ending on 30 September 2024 will be Rupees 6.092 million.

9.1.11 The average duration of the defined benefit obligation is 3 years.

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|----------------------|--------|---------|---------|---------|
| | (Rupees in thousand) | | | | |
| 9.1.12 Historical information | | | | | |
| Present value of defined benefit obligation | 33,127 | 31,478 | 32,442 | 32,120 | 31,062 |
| Remeasurement loss / (gain) on obligation | (2,567) | 904 | (3,058) | (3,487) | (2,763) |

Notes to the Financial Statements

For the year ended 30 September 2023

9.1.13 Expected maturity profile of undiscounted defined benefit obligation:

| Less than a year | Between 1- 2 years | Between 3 - 5 years | Between 6 - 10 years | Over 10 years | Total |
|------------------|--------------------|---------------------|----------------------|---------------|-------|
|------------------|--------------------|---------------------|----------------------|---------------|-------|

(Rupees in thousand)

| | | | | | |
|--------|-------|-------|--------|---------|---------|
| 17,814 | 1,200 | 8,905 | 22,245 | 267,112 | 317,276 |
|--------|-------|-------|--------|---------|---------|

2023
2022
(Rupees in thousand)

9.2 Gratuity

The amount recognized in statement of financial position is as follows:

| | | |
|---|------|------|
| Balance as at 01 October | 327 | 305 |
| Add: Charged to statement of profit or loss | 23 | 42 |
| Less: Gratuity paid | (19) | (20) |
| Balance as at 30 September | 331 | 327 |

10 DEFERRED TAXATION

The net deferred income tax liability comprised of temporary differences relating to:

Taxable temporary difference

| | | |
|------------------------------|---------|---------|
| Accelerated tax depreciation | 154,338 | 112,947 |
| Right-of-use asset | 5,142 | 4,588 |
| Equity accounted investment | 45,053 | 26,841 |
| | 204,533 | 144,376 |

Deductible temporary differences

| | | |
|-------------------------------------|-----------|-----------|
| Retirement benefits obligations | (13,049) | (9,223) |
| Leave encashment | (4,394) | (2,895) |
| Unabsorbed depreciation | - | (5,552) |
| Minimum tax carry forward | (91,997) | (91,997) |
| Lease liability | (7,671) | (6,206) |
| Provisions for doubtful receivables | (532) | (486) |
| Allowances for expected credit loss | (672) | (570) |
| | (118,315) | (116,929) |
| Deferred income tax liability - net | 86,218 | 27,447 |

Notes to the Financial Statements
For the year ended 30 September 2023

10.1 Movement in deferred tax balances during the year is as follows:

| | 2023 | | | |
|---------------------------------------|----------------------|---|--|-----------------|
| | Opening Balance | Recognised in statement of profit or loss | Recognised in other comprehensive income | Closing balance |
| | (Rupees in thousand) | | | |
| Accelerated tax depreciation | 112,947 | 41,391 | - | 154,338 |
| Right-of-use asset | 4,588 | 554 | - | 5,142 |
| Equity accounted investment | 26,841 | 18,212 | - | 45,053 |
| Retirement benefits obligations | (9,223) | (4,827) | 1,001 | (13,049) |
| Leave encashment | (2,895) | (1,499) | - | (4,394) |
| Unabsorbed depreciation | (5,552) | 5,552 | - | - |
| Minimum tax carry forward | (91,997) | - | - | (91,997) |
| Lease liability | (6,206) | (1,465) | - | (7,671) |
| Provisions for doubtful receivables | (486) | (46) | - | (532) |
| Allowances for expected credit losses | (570) | (102) | - | (672) |
| | 27,447 | 57,770 | 1,001 | 86,218 |

| | 2022 | | | |
|-------------------------------------|----------------------|---|--|-----------------|
| | Opening Balance | Recognised in statement of profit or loss | Recognised in other comprehensive income | Closing balance |
| | (Rupees in thousand) | | | |
| Accelerated tax depreciation | 99,899 | 13,048 | - | 112,947 |
| Right-of-use asset | 5,352 | (764) | - | 4,588 |
| Equity accounted investment | - | 26,841 | - | 26,841 |
| Retirement benefits obligations | (9,496) | 535 | (262) | (9,223) |
| Leave encashment | (4,074) | 1,179 | - | (2,895) |
| Unabsorbed depreciation | (3,688) | (1,864) | - | (5,552) |
| Minimum tax carry forward | (53,101) | (38,896) | - | (91,997) |
| Lease liability | (6,642) | 436 | - | (6,206) |
| Provisions for doubtful receivables | - | (486) | - | (486) |
| Allowances for expected credit loss | - | (570) | - | (570) |
| | 28,250 | (541) | (262) | 27,447 |

10.2 Deferred tax asset has been recognised to the extent that the realization of related tax benefits is probable from future taxable profits. Minimum tax carry forward under Section 113 of the Income Tax Ordinance, 2001 is Rupees 274.053 million against which deferred tax asset of Rupees 91.997 million has been recognised. Detail is as follows:

| Accounting year to which these relate | Minimum tax carry forward | |
|---------------------------------------|---------------------------|--|
| | Amount | Accounting year in which these will expire |
| | (Rupees in thousand) | |
| 2019 | 52,541 | 2024 |
| 2020 | 68,239 | 2025 |
| 2021 | 70,362 | 2026 |
| 2022 | 82,911 | 2025 |
| | 274,053 | |

Notes to the Financial Statements

For the year ended 30 September 2023

| | 2023 | 2022 |
|--|----------------------|----------------|
| | (Rupees in thousand) | |
| 11 TRADE AND OTHER PAYABLES | | |
| Trade creditors (Note 11.1) | 23,854 | 29,730 |
| Accrued expenses | 88,128 | 15,563 |
| Payable to employee's provident fund trust | 346 | - |
| Provision for leave encashment (Note 11.2) | 11,267 | 9,982 |
| Workers' profit participation fund (Note 11.3) | 34,679 | 2,739 |
| Workers' welfare fund (Note 11.4) | 14,857 | 6,779 |
| Withholding tax payable | 21 | - |
| Sales tax payable | 74,075 | 70,523 |
| Other payables (Note 11.5) | 35,861 | 26,388 |
| Loan payables (Note 11.6) | 24,000 | 4,000 |
| | 307,088 | 165,704 |

11.1 These include amount of Rupees 0.008 million (2022: Rupees Nil) due to Shahnawaz Private Limited - related party against services received.

| | 2023 | 2022 |
|---|----------------------|--------------|
| | (Rupees in thousand) | |
| 11.2 Provision for leave encashment | | |
| Balance as at 01 October | 9,982 | 14,048 |
| Add: Provision made for the year | 1,763 | 2,646 |
| Less: Leave encashment paid during the year | (478) | (6,712) |
| Balance as at 30 September | 11,267 | 9,982 |
| 11.3 Workers' profit participation fund | | |
| Balance as at 01 October | 2,739 | 15,142 |
| Add: Allocation for the year (Note 34) | 34,679 | 2,739 |
| Add: Interest accrued during the year (Note 36) | 123 | 862 |
| Less: Payments made during the year | (2,862) | (16,004) |
| Balance as at 30 September | 34,679 | 2,739 |

11.3.1 Interest is accrued at prescribed rate under the Companies Profits (Workers Participation) Act, 1968 on funds retained by the Company.

| | 2023 | 2022 |
|--|----------------------|--------------|
| | (Rupees in thousand) | |
| 11.4 Workers' welfare fund | | |
| Balance as at 01 October | 6,779 | 5,755 |
| Add: Allocation for the year (Note 34) | 13,836 | 1,024 |
| Less: Payments made during the year | (5,758) | - |
| Balance as at 30 September | 14,857 | 6,779 |

11.5 Other payables

These include amount of Rupees 35.559 million (2022: Rupees 25.881 million) deducted from salaries of employees for the purchase of vehicles' which is adjustable as per Company's policy.

Notes to the Financial Statements

For the year ended 30 September 2023

| | | 2023 | 2022 |
|-------------|--|----------------------|-------|
| | | (Rupees in thousand) | |
| 11.6 | Loan payables | | |
| | Loan payable to legal heir of deceased director (Note 5.3) | 4,000 | 4,000 |
| | Loan from Mr. Muhammad Naeem (Note 5.2) | 20,000 | - |
| | | 24,000 | 4,000 |

12 CONTRACT LIABILITIES

- 12.1** This represents advance consideration received from customers in ordinary course of business.
- 12.2** Revenue of Rupees 12.908 million (2022: Rupees 24.721 million) has been recognized in the reporting period that was included in the contract liabilities balance at the beginning of the year.
- 12.3** These include advance consideration received from Shezan International Limited - related party amounting to Rupees 105.086 million (2022: Rupees Nil).

| | | 2023 | 2022 |
|-----------|---|----------------------|-----------|
| | | (Rupees in thousand) | |
| 13 | SHORT TERM BORROWINGS | | |
| | From banking companies - secured | | |
| | Cash finances | 142,349 | 1,057,448 |
| | Running finances | 330,228 | 1,394,480 |
| | Islamic mode of finance | 506,964 | 420,646 |
| | | 979,541 | 2,872,574 |

- 13.1** These facilities are secured against pledge of refined sugar with 10% to 25% (2022: 5% to 25%) margin, first pari passu hypothecation charge on all present and future current assets of the Company and second ranking charge over land, buildings and plant and machinery of the Company. Markup is payable quarterly and at the end of tenure at the rates ranging from 1 month KIBOR plus 0.75% to 1 month KIBOR plus 1.5% (2022: 1 month KIBOR plus 0.75% to 1 month KIBOR plus 1.5%) and 9 months KIBOR + 0.75% to 9 months KIBOR + 1.00% (2022: 9 months KIBOR + 0.75% to 9 months KIBOR + 1.00%).

| | | 2023 | 2022 |
|-----------|---|----------------------|---------|
| | | (Rupees in thousand) | |
| 14 | ACCRUED MARK-UP | | |
| | Long term financing | 810 | 22,782 |
| | Short term borrowings | 105,726 | 137,869 |
| | Loan from associate - Shezan Services (Private) Limited (Note 14.1) | 40,079 | 31,003 |
| | Loan from associate - Shahnawaz (Private) Limited (Note 14.1 and Note 14.2) | 16,217 | 16,217 |
| | | 162,832 | 207,871 |

- 14.1** As at the reporting date, accrued mark-up of Rupees 40.079 million and Rupees 16.217 million payables to Shezan Services (Private) Limited - associated company and Shahnawaz (Private) Limited - associated company respectively are overdue.
- 14.2** This represents interest on loan obtained from Shahnawaz (Private) Limited - associated company. This loan was fully repaid during the year ended 30 September 2022. Interest was charged at the rate of 8.25% per annum.

Notes to the Financial Statements

For the year ended 30 September 2023

| | 2023 | 2022 |
|--|----------------------|---------|
| | (Rupees in thousand) | |
| 15 CURRENT PORTION OF NON-CURRENT LIABILITIES | | |
| Long term financing (Note 6) | - | 257,388 |
| Lease liability (Note 8) | 1,992 | 1,731 |
| | 1,992 | 259,119 |

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

Non-tax contingencies

- 16.1.1** A penalty amounting to Rupees 19.471 million was imposed by the Cane Commissioner vide order dated 06 August 2007 for late payments of road cess for the crushing season 1997-98 and 1998-99. The Company filed an appeal before the Secretary Food against this demand, who has remanded the case back to the Cane Commissioner on 17 July 2008 for re-examination.
- 16.1.2** A provision for cane quality premium payable to growers, aggregating to Rupees 19.818 million, related to various yearly notifications issued by the Government of Punjab (GoP) for fixation of cane support prices and quality premiums above the benchmark average recovery, made during the financial years 1981-82 to 1994-95, was written-back vide Honorable Lahore High Court, Lahore Order dated 22 December 1994. The Company has not received any demand in this respect since many years.
- 16.1.3** Market committee fee payable by the Company has been recorded at Rupees 5 per metric ton. However, a notification was issued by the Agriculture Department, Government of the Punjab dated 02 August 2017 for increase in rate to Rupees 10 per metric ton. Being aggrieved, the Company filed writ petition in Honorable Lahore High Court, Lahore which by order dated 18 December 2020 transmitted the petitions to the Agriculture Department, Government of the Punjab by directing to look into petitioners' grievance and redress it strictly in accordance with law after hearing the petitioners and all concerned through a speaking order. The Agriculture Department, Government of the Punjab vide order dated 07 July 2021 decided the petitions against the Company and ordered to pay the market committee fee to concerned market committee as per notification dated 02 August 2017 from the date of issuance of the notification. Accordingly, a demand was raised by Chairman Market Committee, Mandi Bahauddin vide letter dated 30 August 2021 to pay market committee fee as per revised rates. Petitions have been filed by other sugar mills in Honorable Lahore High Court, Lahore in which above said notification has been challenged and the Honorable Lahore High Court, Lahore has granted stay order. Management is confident that the matter will be decided in favour of the sugar industry, hence, the additional market committee fee of Rupees 24.908 million (2022: Rupees 20.976 million) would not be payable.
- 16.1.4** During the year ended 30 September 2020, Punjab Anti-Corruption Establishment (ACE) issued notice to the Company in relation to an inquiry and required to furnish financial records for the years 2017, 2018 and 2019. The Company has filed an appeal before Honorable Lahore High Court, Lahore and a stay order has been granted in favour of the Company stopping the ACE from further action vide order dated 04 November 2020. The management expects no material impact on these financial statements.
- 16.1.5** During the year ended 30 September 2021, various notifications regarding the fixation of minimum price of sugar were issued by the Government. The Company filed petition in the Honorable Lahore High Court, Lahore and challenged the lifting of sugar from the mill at notified ex-mill price. However, Lahore High Court, Lahore disposed of such petition vide its order dated 29 September 2021 and concluded that benefit shall be extended to consumers for any excess amount charged subject to the decision of Appellate Committee. The Appellate Committee vide its order dated 07 October 2021 endorsed the notified price. The Company has filed intra court appeal in Honorable Lahore High Court, Lahore and challenged the decision of Appellate Committee order which has granted a stay order by directing that till the next date of hearing both Government of Punjab as well as Federal Government are restrained from forcible shifting of sugar stock from mills premises of the Company. Further, the Company has also filed writ petition in Honorable Lahore High Court, Lahore and challenged the decision of Appellate Committee and the price notifications.

Notes to the Financial Statements

For the year ended 30 September 2023

On 20 April 2023 a notification was issued by Directorate General Industries, Prices, Weights and Measures, Punjab in which retail price of locally produced white crystalline sugar was fixed at Rupees 98.82 per kg. Against the notification, the Company filed a writ petition in Honorable Lahore High Court, Lahore which vide its order dated 02 May 2023 issued a direction that till the next date of hearing, no coercive measures shall be taken against the Company. Thereafter, the Honorable Lahore High Court, Lahore vide its order dated 04 May 2023 suspended the impugned order and the decision of Appellate Committee till the next date of hearing. The Federal Government filed CPLAs against the order dated 04 May 2023 before Honorable Supreme Court of Pakistan which were disposed of by order dated 12 September 2023 with no modification / withdrawal of order dated 04 May 2023.

On 28 July 2023, Food Department, Government of Punjab issued order naming “the Punjab Foodstuffs (Sugar) Order, 2023” through which the Cane Commissioner or the Deputy Commissioner in his respective jurisdictions is empowered to fix the ex-mill price of sugar after giving the representative body of sugar factories an opportunity of being heard. Thereafter, on 30 July 2023, Assistant Cane Commissioner, Punjab sent notice to the Chairman, Pakistan Sugar Mills Association, Punjab Zone and fixed the date of hearing on 02 August 2023 for giving representative body of the sugar factories an opportunity of hearing before the Cane Commissioner, Punjab. Against the order dated 28 July 2023 and the notice dated 30 July 2023, the Company filed a writ petition in Honorable Lahore High Court, Lahore. The Honorable Lahore High Court, Lahore vide order dated 01 August 2023 ordered that consultative process between sugar mills and respondent concerned continue after issuing proper notices and providing adequate hearing to the petitioners, however, no final decision shall be made in this matter, till the next date of hearing.

Further, a judgement dated 02 October 2023 was announced by Honorable Lahore High Court, Lahore taking into account all the legal cases regarding fixation of sugar price. In this judgement Honorable Lahore High Court, Lahore declared that actions taken pursuant of the Price Control and Prevention of Profiteering and Hoarding Act, 1977 by Federal Government and its officer and the Government of the Punjab and its officer are ultra vires and non est. Further, food and price control of essential food commodities as a field of legislation are within the power of Provincial Assembly to enact and therefore should be done by Government of Punjab by appropriate legislation. Moreover, judgement relating to the matter of notice by cane commissioner to sugar mills association regarding fixation of sugar price, judgement has been reserved on 13 November 2023 by Honorable Lahore High Court, Lahore.

- 16.1.6** During the year ended 30 September 2021, the Company filed writ petition in Honorable Lahore High Court, Lahore against the price notification dated 15 October 2020 issued by Food Department, Government of Punjab in which minimum purchase price of sugarcane at the factory gate as well as at the cane purchase centers for the crushing season 2020-2021 was fixed at Rupees 200 per 40 KG. The petition is still pending adjudication. The Company is hopeful that provision of Rupees 1.573 million is not required to be made in these financial statements.

Enquiry by Competition Commission of Pakistan

- 16.1.7** The Competition Commission of Pakistan (CCP) has passed a consolidated order on 06 August 2021 whereby penalties have been levied on 84 sugar mills (First Opinion) under the Competition Act, 2010 on account of alleged ‘anti-competitive activities in the sugar industry’. The proceedings were heard by a four-member bench of CCP and the two members differed with the First Opinion and gave a second / opposite opinion on 12 August 2021 however, the Chairperson vide order dated 13 August 2021 confirmed the first opinion (whereby the penalties were levied) as a view of the CCP by giving a casting vote.

Under the above-referred order dated 06 August 2021, penalty of Rupees 230.477 million and Rupees 322.668 million has been levied on the Company equivalent to 5% and 7% respectively of the total turnover of Rupees 4,609.540 million as per the audited financial statements for the year ended 30 September 2019. The penalty has been levied on account of alleged ‘commercially sensitive information sharing and collective decision of export quantities’ by fixing / controlling the supply of sugar and maintaining the desired price levels in the market during the period from the year 2012 to 2020.

The Company has filed appeals against the above-referred order through its legal council before the Competition Appellate Tribunal and also in Honorable Lahore High Court, Lahore, which are pending adjudications. Similar appeals have been filed by other sugar mills before the Sindh High Court who vide its order dated 7 October 2021 has suspended the operation of above impugned order dated 06 August 2021 and 13 August 2021.

Notes to the Financial Statements

For the year ended 30 September 2023

However, the CCP in contravention of the above restraining order of the Sindh High Court issued a hearing notice under Section 30 of the Competition Act, 2010 on 5 November 2021 against show-cause notice dated 31 December 2009, wherein identical issues were involved. The Company applied for adjournment of hearing and was granted till further notice. Similar appeals have been filed by other sugar mills before the Sindh High Court who vide its order dated 14 October 2021 has suspended the operation of the above show-cause notice.

The legal counsel of the Company is of the view that penalty imposed on the Company along with other sugar mills is irrational and unlawful and the proceedings have been concluded by the Chairperson by giving a casting vote in an arbitrary and discriminatory manner without considering the merits of the case.

Tax contingencies

- 16.1.8** While finalizing the assessment for assessment year 2000-01 vide order dated 28 February 2001, various additions were made by the assessing officer creating a tax exposure of Rupees 56.542 million which were contested before Commissioner Income Tax (Appeals) and Income Tax Appellate Tribunal. The Company and the department have filed reference applications before the Honorable Lahore High Court, Lahore against the respective decisions where the cases are pending adjudication.
- 16.1.9** The company has filed a reference application in respect of tax year 2010 before the Honorable Lahore High Court, Lahore on 4 March 2011 against the confirmation of order dated 07 February 2011 levying WWF amounting to Rupees 1.101 million for tax year 2010 which is pending adjudication.
- 16.1.10** During the year ended 30 September 2013, the assessing officer created a demand of Rupees 12.625 million in respect of Special Excise Duty at market rate for the period from 01 July 2008 to 31 May 2010 against which the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on 02 August 2013 which was decided in Company's favor vide order dated 09 January 2020. Being aggrieved by the said order, the department has filed an appeal before the Honorable Lahore High Court which is pending adjudication.
- 16.1.11** The assessing officer issued order dated 29 June 2015 under Section 122(4)/122(5A) of the Income Tax Ordinance, 2001 for the tax year 2009. The assessing officer disallowed certain expenses and assessed taxable income and tax demand amounting to Rupees 216.871 million and Rupees 13.570 million respectively. The Company being aggrieved from the order passed by the assessing officer, filed an appeal before Commissioner Inland Revenue (Appeals) (CIR (A)) who vide order dated 16 April 2018 provided partial relief to the Company. Being aggrieved, the tax department has filed an appeal before ATIR which is pending adjudication.
- 16.1.12** The assessing officer issued order under Section 122(9)/122(5A) of the Income Tax Ordinance, 2001 on 28 February 2018 for the tax year 2012 and disallowed certain expenses claimed against income amounting to Rupees 5.970 million and created income tax demand of Rupees 2.270 million. The Company being aggrieved from the order passed by the assessing officer, filed an appeal before CIR(A) who decided the case in favor of the Company vide order dated 26 February 2021. In response, the Company is not aware if the tax department has filed an appeal before ATIR against the order passed by the CIR(A).
- 16.1.13** The Deputy Commissioner Inland Revenue (DCIR) issued order under Section 122(1) of the Income Tax Ordinance, 2001 on 30 October 2017 for the tax year 2014. DCIR disallowed certain expenses of Rupees 10.759 million and refundable tax of the Company was reduced from Rupees 51.899 million to Rupees 36.937 million. The Company being aggrieved by the aforesaid passed order, filed an appeal before CIR(A) who passed an order by allowing partial relief of Rupees 0.621 million to the Company, remanded back the certain issues of Rupees 4.076 million to the DCIR and confirmed the disallowance of Rupees 6.063 million vide order dated 26 October 2020.

Subsequently the DCIR initiated the remanded back proceeding and decided the matter against the Company vide order dated 30 January 2023 under Section 124/129 of the Income Tax Ordinance, 2001. In response to the order of DCIR, the Company preferred an appeal before CIR(A) who vide appellate order dated 16 August 2023 decided the appeal on the issue of disallowance of Rupees 3.308 million in favour of the Company while rejected the Company's stance on disallowance of Rupees 0.767 million. Thereafter, the department has filed an appeal against the order of CIR(A) before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

Notes to the Financial Statements

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- 16.1.14** The assessing officer has passed an order on 11 September 2019 under Section 11 of the Sales Tax Act, 1990, due to non-chargeability of further tax in respect of sales to unregistered person for certain months from January 2017 to June 2018; whereby, the Company is required to pay outstanding sales tax demand of Rupees 1.096 million and penalty of Rupees 0.055 million. The Company has preferred an appeal before the learned CIR (A) who vide order dated 23 January 2020 confirmed the levy of further tax. Against the said order, the Company filed appeal before the ATIR which is pending for adjudication.
- 16.1.15** The assessing officer issued a recovery notice on 18 June 2021 to the Company under Section 4(9) of Workers Welfare Fund Ordinance, 1971 for tax year 2018 claiming the Company has failed to pay WWF amounting to Rupees 3.886 million and instead resorted to unlawful act of adjusting the payable WWF against excess payment of income tax in the return which resulted into the non-payment of WWF under the Worker Welfare Fund Ordinance, 1971. The Company filed an appeal before Honorable Lahore High Court, Lahore who remanded back the case to Commissioner Inland Revenue. The case is pending for adjudication.
- 16.1.16** The assessing officer issued order under Section 122(5A) of the Income Tax Ordinance, 2001 on 30 June 2021 for the tax year 2015. The assessing officer disallowed expenses on account of cash withdrawal as per the provisions of Section 21(l) of the Income Tax Ordinance, 2001 resulting in income tax demand of Rupees 153.790 million. The Company being aggrieved by the order passed by the aforesaid order, filed an appeal before CIR(A) who decided the matter in favour of the Company. Further, the Company is not aware if the tax department has filed an appeal before ATIR against the order passed by the CIR(A).
- 16.1.17** The assessing officer has passed an order on 09 February 2021 under Section 33 of the Sales Tax Act, 1990 creating sales tax demand of Rupees 1 million on the basis that the Company has not implemented Video Analytics' System (VAS Implementation) in its factory. Being aggrieved, the Company preferred an appeal before the learned CIR (A) who vide order dated 26 November 2021 has set aside the case with the direction that the assessing officer will decide the case after giving opportunity of being heard. However, till date, no proceedings have been initiated by the assessing officer.
- 16.1.18** The Deputy Commissioner Inland Revenue (DCIR) issued order dated 04 February 2020 under Section 161/205 of the Income Tax Ordinance, 2001 for tax year 2013 and raised income tax demand of Rupees 1.327 million. Being aggrieved, the Company filed an appeal before CIR(A) who vide order dated 30 July 2020 remanded back the case to the concerned officer. The remanded back proceedings have not been initiated so far by the tax department. Further, the Company is not aware if the tax department has filed an appeal before ATIR against the order passed by the CIR(A).
- 16.1.19** The Deputy Commissioner Inland Revenue (DCIR) issued order dated 22 November 2019 under Section 161/205 of the Income Tax Ordinance, 2001 for tax year 2015 and raised income tax demand of Rupees 1.423 million. Being aggrieved, the Company filed an appeal before CIR(A) who vide order dated 17 May 2021 remanded back the case to the concerned officer. In compliance to the remanded back proceedings notice, the Company filed the reply, however, order from the tax department is still awaited.
- 16.1.20** During the years ended 30 September 2020 and 2021, the case of the Company was selected by the Commissioner Inland Revenue for audit of income tax affairs for tax years 2016, 2017, 2018 and 2019 under Section 177 of the Income Tax Ordinance, 2001. Against the selection of audit, the Company filed writ petition before Honorable Lahore High Court, Lahore which was decided vide order dated 30 November 2020 with directions that the proceedings of audit may continue; however, no final order shall be passed before the disposal of writ petition. In light of judgement of the Honorable Lahore High Court, Lahore audit proceedings were concluded and subsequently show cause notices were issued under Sections 111 and 122(9) of the Income Tax Ordinance, 2001 by the DCIR for the tax years 2016, 2017, 2018 and 2019. However, the Honorable Lahore High Court, Lahore vide its order dated 27 April 2022 vacated the aforesaid order notices by stating that the income tax audit proceedings were without lawful authority and had no legal effect. Further, the Honorable Lahore High Court, Lahore in its judgement has mentioned that the aforesaid judgement will not preclude the commissioners concerned from exercising their independent authority under Section 177 of the Income Tax Ordinance, 2001 to proceed afresh in individual cases strictly in accordance with the law. The Company is not aware of any further proceedings initiated by the tax department for the above said tax years.
- 16.1.21** During the year ended 30 September 2020, the case of the Company was selected by the Commissioner Inland Revenue for audit of sales tax affairs for tax periods from October 2015 to September 2018 under

Notes to the Financial Statements

For the year ended 30 September 2023

Section 25 of the Sales Tax Act, 1990. Against the selection of audit, the Company filed writ petition before Honorable Lahore High Court, Lahore which was decided vide order dated 30 November 2020 with directions that the proceedings of audit may continue; however, no final order shall be passed. In light of judgement of the Honorable Lahore High Court, Lahore audit proceedings were concluded and subsequently show cause notices were issued under Section 11 of the Sales Tax Act, 1990. However, the Honorable Lahore High Court, Lahore vide its order dated 27 April 2022 vacated the aforesaid notices by stating that the sales tax audit proceedings were without lawful authority and had no legal effect. Further, the Honorable Lahore High Court, Lahore in its judgement has mentioned that the aforesaid judgement will not preclude the commissioners concerned from exercising their independent authority under Section 25 of the Sales Tax Act, 1990 to proceed afresh in individual cases strictly in accordance with the law. The Company is not aware of any further proceedings initiated by the tax department for the above said tax years.

16.1.22 During the year ended 30 September 2023, the Company has applied for refund claims for the tax years 2014, 2015, 2016, 2018, 2019, 2020 and 2022 aggregating to Rupees 501.475 million. However, the Deputy Commissioner Inland Revenue (DCIR) vide order under Section 170(4) of the Income Tax Ordinance, 2001 dated 23 August 2023 has rejected the refunds on the ground of non availability of documentary evidences to support such refunds. Being aggrieved, the Company has filed appeals before Commissioner Inland Revenue (Appeals) for the said years which is pending adjudication.

16.1.23 During the year ended 30 September 2023, the Company has filed its revised income tax return for the tax year 2020 by declaring income tax refund amounting to Rupees 88.570 million. However, the Deputy Commissioner Inland Revenue (DCIR) has rejected tax refund and tax credit amounting to Rupees 36.605 million vide order dated 30 December 2022 under Section 170(3) of the Income Tax Ordinance, 2001. Being aggrieved, the Company has filed appeal before Commissioner Inland Revenue (Appeals) who decided the matter in favour of the Company. Further, the Company is not aware if the tax department has filed appeal before the Appellate Tribunal Inland Revenue.

16.1.24 The Company's share in contingencies of associate accounted under equity method is Rupees 4.386 million (2022: Rupees 39.329 million).

16.2 The Company is actively pursuing the above matters at respective forums. Based on the advice of the legal counsel, the Company is hopeful for the favorable outcome of the matters. Hence, no provision has been made in these financial statements.

| | 2023 | 2022 |
|--|----------------------|------|
| | (Rupees in thousand) | |
| 16.3 Commitments | | |
| 16.3.1 - Contract for capital expenditure | 389,703 | - |

16.3.2 The Company has obtained vehicles under ijarah arrangements from Soneri Bank Limited (Islamic Banking) for a period of five years. Ijarah rentals are payable on monthly basis. Future Ujrah payments under Ijarah are as follows:

| | 2023 | 2022 |
|---|----------------------|-----------|
| | (Rupees in thousand) | |
| Not later than one year | 7,787 | 5,410 |
| Later than one year and not later than five years | 23,726 | 21,887 |
| | 31,513 | 27,297 |
| 17 PROPERTY, PLANT AND EQUIPMENT | | |
| Operating fixed assets (Note 17.1) | 2,510,771 | 2,511,032 |
| Capital work-in-progress (Note 17.2) | 2,052,737 | 1,715,008 |
| | 4,563,508 | 4,226,040 |

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For the year ended 30 September 2023

17.1 Operating fixed assets

| Description | Freehold land | Buildings and roads on freehold land | Plant and machinery | Tube wells | Electrical installation | Motor vehicles | Furniture and fittings | Office equipment | Arms and ammunition | Telephone exchange | Total |
|-------------------------------------|---------------|--------------------------------------|---------------------|------------|-------------------------|----------------|------------------------|------------------|---------------------|--------------------|-------------|
| (Rupees in thousand) | | | | | | | | | | | |
| As at 30 September 2021 | | | | | | | | | | | |
| Cost / revalued amount | 1,508,475 | 67,957 | 1,447,805 | 2,987 | 26,823 | 71,933 | 11,680 | 14,461 | 219 | 1,942 | 3,154,282 |
| Accumulated depreciation | - | (60,630) | (1,052,310) | (1,965) | (23,539) | (59,810) | (9,391) | (10,364) | (204) | (1,134) | (1,219,347) |
| Net book value | 1,508,475 | 7,327 | 395,495 | 1,022 | 3,284 | 12,123 | 2,289 | 4,097 | 15 | 808 | 1,934,935 |
| Year ended 30 September 2022 | | | | | | | | | | | |
| Opening net book value | 1,508,475 | 7,327 | 395,495 | 1,022 | 3,284 | 12,123 | 2,289 | 4,097 | 15 | 808 | 1,934,935 |
| Additions | - | - | 184,741 | - | - | 6,616 | 147 | 1,367 | - | - | 192,871 |
| surplus on revaluation | 422,373 | - | - | - | - | - | - | - | - | - | 422,373 |
| Disposals: | - | - | - | - | - | - | - | - | - | - | - |
| Cost | - | - | (5,792) | - | - | (8,579) | (253) | - | - | - | (14,624) |
| Accumulated depreciation | - | - | 2,603 | - | - | 6,782 | 228 | - | - | - | 9,613 |
| Depreciation charged | - | (501) | (29,031) | (102) | (328) | (1,797) | (294) | (1,092) | (3) | (81) | (34,136) |
| Closing net book value | 1,930,848 | 6,826 | 548,016 | 920 | 2,956 | 14,238 | 2,117 | 4,372 | 12 | 727 | 2,511,032 |
| As at 30 September 2022 | | | | | | | | | | | |
| Cost / revalued amount | 1,930,848 | 67,957 | 1,626,754 | 2,987 | 26,823 | 69,970 | 11,574 | 15,828 | 219 | 1,942 | 3,754,902 |
| Accumulated depreciation | - | (61,131) | (1,078,738) | (2,067) | (23,867) | (55,732) | (9,457) | (11,456) | (207) | (1,215) | (1,243,870) |
| Net book value | 1,930,848 | 6,826 | 548,016 | 920 | 2,956 | 14,238 | 2,117 | 4,372 | 12 | 727 | 2,511,032 |
| Year ended 30 September 2023 | | | | | | | | | | | |
| Opening net book value | 1,930,848 | 6,826 | 548,016 | 920 | 2,956 | 14,238 | 2,117 | 4,372 | 12 | 727 | 2,511,032 |
| Additions | - | - | 23,741 | 2,305 | - | 7,393 | 23 | 965 | - | - | 34,427 |
| Disposals: | - | - | - | - | - | - | - | - | - | - | - |
| Cost | - | - | - | - | - | (8,384) | - | - | - | - | (8,384) |
| Accumulated depreciation | - | - | - | - | - | 7,052 | - | - | - | - | 7,052 |
| Depreciation charged | - | (463) | (27,697) | (284) | (295) | (3,145) | (264) | (1,133) | (2) | (73) | (33,356) |
| Closing net book value | 1,930,848 | 6,363 | 544,060 | 2,941 | 2,661 | 17,154 | 1,876 | 4,204 | 10 | 654 | 2,510,771 |
| As at 30 September 2023 | | | | | | | | | | | |
| Cost / revalued amount | 1,930,848 | 67,957 | 1,650,495 | 5,292 | 26,823 | 68,979 | 11,597 | 16,793 | 219 | 1,942 | 3,780,945 |
| Accumulated depreciation | - | (61,594) | (1,106,435) | (2,351) | (24,162) | (51,825) | (9,721) | (12,589) | (209) | (1,288) | (1,270,174) |
| Net book value | 1,930,848 | 6,363 | 544,060 | 2,941 | 2,661 | 17,154 | 1,876 | 4,204 | 10 | 654 | 2,510,771 |
| Depreciation rate % per annum | | 5 - 10 | 5 - 50 | 10 | 10 | 20 | 10 - 25 | 10 - 30 | 20 | 10 | |

Notes to the Financial Statements

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17.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

| Description | Quantity Nos. | Cost | Accumulated depreciation | Net book value | Sale proceeds | Gain / (loss) on disposal | Mode of disposal | Particulars of purchasers |
|---|---------------|--------------|--------------------------|----------------|---------------|---------------------------|------------------|--|
| (Rupees in thousand) | | | | | | | | |
| Motor vehicles | | | | | | | | |
| Honda Civic LEH-17-901 | 1 | 2,657 | 1,872 | 785 | 1,050 | 265 | Company's policy | Mr. Abdul Waheed Qureshi, Company's employee, Mandi Bahauddin. |
| Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000 | | 5,727 | 5,180 | 547 | 3,100 | 2,553 | - | - |
| | | 8,384 | 7,052 | 1,332 | 4,150 | 2,818 | | |

| | 2023 | 2022 |
|--|---------------|--------|
| (Rupees in thousand) | | |
| 17.1.2 Depreciation charge for the year has been allocated as follows: | | |
| Cost of sales (Note 31) | 29,282 | 30,823 |
| Administrative expenses (Note 33) | 4,074 | 3,313 |
| | 33,356 | 34,136 |

17.1.3 As on the reporting date, the carrying value of the land would have been Rupees 2.364 million (2022: Rupees 2.364 million), had the freehold land been carried at cost. Forced sale value of land at the time of revaluation was Rupees 1,641.221 million (2022: Rupees 1,641.221 million).

17.1.4 Particulars of immovable properties (i.e. land and buildings) are as follows:

| Manufacturing unit | Address | Area of land | Covered area of buildings |
|--------------------|-----------------------------------|--------------|---------------------------|
| | | Acres | Square feet |
| Manufacturing unit | Kuthiala Saidan, Mandi Bahauddin. | 120.678 | 1,031,370 |

Notes to the Financial Statements

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17.2 Capital-work-in-progress

| | Civil works and buildings | Plant and machinery (Note 17.2.1) | Tube wells | Other directly attributable overheads | Advances to suppliers | Total |
|--|------------------------------|---|----------------|---|--------------------------|------------------|
| (Rupees in thousand) | | | | | | |
| As at 30 September 2021 | 63,171 | 1,216,249 | - | 479,564 | 48,811 | 1,807,795 |
| Add: Additions during the year | - | 13,544 | - | 76,908 | 1,502 | 91,954 |
| Add / (less): Reclassification | (12,700) | 12,700 | - | - | - | - |
| Less: Transferred to operating fixed assets during the year | - | (184,741) | - | - | - | (184,741) |
| As at 30 September 2022 | 50,471 | 1,057,752 | - | 556,472 | 50,313 | 1,715,008 |
| Add: Additions during the year | 3,169 | 41,146 | 2,305 | 197,129 | 121,447 | 365,196 |
| Add / (less): Reclassification | - | 11,715 | - | - | (11,715) | - |
| Less: Transferred to operating fixed assets during the year | - | (23,467) | (2,305) | - | - | (25,772) |
| Less: Charged to profit and loss during the year | - | (143) | - | - | (1,552) | (1,695) |
| As at 30 September 2023 | 53,640 | 1,087,003 | - | 753,601 | 158,493 | 2,052,737 |

17.2.1 This includes stores and spares held for capitalization amounting Rupees 262.056 million (2022: Rupees 262.198 million).

17.2.2 Borrowing cost amounting to Rupees 177.598 million (2022: Rupees 71.797 million) has been capitalized during the year. The effective rate of borrowing cost capitalized during the year ranges from 17.13% to 24.30% (2022: 8.84% to 17.13%) per annum.

BUILDING

(Rupees in thousand)

18 RIGHT-OF-USE ASSET

| | |
|---|---------|
| Balance as at 30 September 2021 | 18,458 |
| Less: Depreciation expense for the year (Note 33) | (2,637) |
| Balance as at 30 September 2022 | 15,821 |
| Less: Depreciation expense for the year (Note 33) | (2,637) |
| Balance as at 30 September 2023 | 13,184 |
| Annual rate of depreciation | 11.11% |

18.1 Lease of building

The Company obtained building on lease for head office use. The total contract duration is ten years.

18.2 There is no impairment against right-of-use asset.

Notes to the Financial Statements

For the year ended 30 September 2023

| | 2023 | 2022 |
|---|----------------------|----------|
| | (Rupees in thousand) | |
| 19 LONG TERM INVESTMENT | | |
| Investment in associate (with significant influence) - under equity method | | |
| Shahtaj Textile Limited | | |
| 1,150,000 (2022: 1,150,000) ordinary shares of Rupees 10 each | 11,500 | 11,500 |
| Share of post acquisition changes in investee's net assets: | | |
| As at 01 October | 178,943 | 157,340 |
| Add: Share of profit for the year | 16,861 | 35,265 |
| Less: Share of other comprehensive loss for the year | (641) | (437) |
| Less: Dividend received | (14,950) | (13,225) |
| | 180,213 | 178,943 |
| | 191,713 | 190,443 |

19.1 Shahtaj Textile Limited (STL), a public limited company, is engaged in the business of manufacturing and sales of textile goods. The registered office of Shahtaj Textile Limited is situated at 27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore. Shahtaj Textile Limited is listed on Pakistan Stock Exchange Limited.

19.2 Although the Company holds only 11.9048% of the voting powers in STL, the Company holds significant influence by virtue of the common directors on the board of directors of the Shahtaj Textile Limited.

19.3 The reporting date of STL is 30 June 2023 in line with industry practice. The share in net assets of STL has been determined on the basis of un-audited financial statements for the quarters ended 30 September 2023 and 30 September 2022 and the audited published financial statements for the year ended 30 June 2023. Following is the summary of financial information of associate for the year:

19.4 Investment made in associated company is in accordance with the requirements of the Companies Act, 2017.

| | 2023 | 2022 |
|--|----------------------|-----------|
| | (Rupees in thousand) | |
| Current assets | 3,356,216 | 3,155,649 |
| Non-current assets | 1,418,780 | 1,523,350 |
| Total assets | 4,774,996 | 4,678,999 |
| Current liabilities | 2,177,666 | 1,980,939 |
| Non-current liabilities | 986,952 | 1,098,345 |
| Total liabilities | 3,164,618 | 3,079,284 |
| Net assets | 1,610,378 | 1,599,715 |
| 19.5 Breakup value per share (Rupees) | 166.71 | 165.60 |
| 19.6 Quoted fair value of shares (Rupees in thousand) | 97,750 | 114,977 |

Notes to the Financial Statements
For the year ended 30 September 2023

| | 2023 | 2022 |
|---|----------------------|-----------|
| | (Rupees in thousand) | |
| 19.7 Reconciliation to carrying amounts: | | |
| Balance as at 01 October | 1,599,715 | 1,418,249 |
| Add: Profit for the year | 141,631 | 296,224 |
| Less: Other comprehensive loss for the year | (5,388) | (3,668) |
| Less: Dividend paid | (125,580) | (111,090) |
| Balance as at 30 September | 1,610,378 | 1,599,715 |
| Percentage of holding | 11.9048% | 11.9048% |
| Carrying value of investment in associate | 191,713 | 190,443 |

| Summarized statement of comprehensive income: | | |
|--|-----------|-----------|
| Revenue | 7,710,171 | 7,878,503 |
| Profit for the year | 141,631 | 296,224 |
| Other comprehensive loss for the year | (5,388) | (3,668) |
| Total comprehensive income for the year | 136,243 | 292,556 |

20 LONG TERM LOANS

| | | |
|---|--------|-------|
| Loan to employees (Note 20.1) | 5,529 | 3,873 |
| Loan to Gujranwala Electric Power Company Limited (GEPCO) (Note 20.2) | 34,375 | - |
| | 39,904 | 3,873 |

| | | |
|---|---------|---------|
| 20.1 Loan to employees | | |
| Car and motorcycle loans to staff - unsecured, considered good | | |
| -Up to 3 years | 7,741 | 4,607 |
| -More than 3 years | 1,209 | 1,112 |
| | 8,950 | 5,719 |
| Less: Current portion shown under current assets (Note 25) | (3,421) | (1,846) |
| | 5,529 | 3,873 |

20.1.1 These represent interest free loans provided to employees for purchase of vehicles. These loans are repayable in 50 to 60 equal monthly instalments. Fair value of long term loans represents the net present value of all future cash flows discounted at the rates ranging from 9% to 19.20% per annum (2022: 9% to 11% per annum). No loan (2022: No loan) has been granted to Chief Executive, Directors and Executives of the Company.

| | 2023 | 2022 |
|---|----------------------|------|
| | (Rupees in thousand) | |
| 20.2 Loan to Gujranwala Electric Power Company Limited (GEPCO) | | |
| Unsecured - considered good (Note 20.2.1) | 80,000 | - |
| Fair value adjustment on initial recognition (Note 34) | 46,654 | - |
| Less: Reversal of fair value adjustment (Note 35) | (1,029) | - |
| | 45,625 | - |
| | 34,375 | - |

Notes to the Financial Statements

For the year ended 30 September 2023

20.2.1 This represents interest free loan given to Gujranwala Electric Power Company Limited (“GEPCO”) to meet cost of 132KV transmission line for connectivity of the Project to GEPCO’s system. The loan is recoverable in 36 equal monthly instalments starting from 01 April 2026 and ending on 01 March 2029. Fair value adjustment is recognized at discount rate of 24.30% per annum.

| | 2023 | 2022 |
|--|----------------------|------------------|
| | (Rupees in thousand) | |
| 21 LONG TERM DEPOSITS | | |
| Security deposits against Ijarah | 36,153 | 24,262 |
| Security deposits - others | 4,103 | 4,103 |
| | 40,256 | 28,365 |
| 22 STORES, SPARES AND LOOSE TOOLS | | |
| Stores and Spares | 469,071 | 432,338 |
| Loose tools | 2,504 | 2,363 |
| | 471,575 | 434,701 |
| Less: Stores and spares held for capital expenditure (Note 17.2.1) | (262,056) | (262,198) |
| | 209,519 | 172,503 |
| 23 STOCK-IN-TRADE | | |
| Finished goods | 1,076,273 | 2,069,345 |
| Work-in-process | 4,790 | 4,232 |
| Stock at fair price shop | 546 | 602 |
| | 1,081,609 | 2,074,179 |

23.1 Stock-in-trade of Rupees 34.286 million (2022: Rupees 48.682 million) is carried at net realizable value.

| | 2023 | 2022 |
|--|----------------------|----------------|
| | (Rupees in thousand) | |
| 24 TRADE DEBTS | | |
| Unsecured - considered good | | |
| Related party (Note 24.1) | - | 43,775 |
| Others (Note 24.2) | 65,924 | 144,348 |
| | 65,924 | 188,123 |
| Considered doubtful: | | |
| Others - unsecured | 1,320 | 1,320 |
| Less: Allowance for expected credit losses (Note 24.3) | (1,320) | (1,320) |
| | - | - |
| | 65,924 | 188,123 |

24.1 This amount was due from Shezan International Limited - associated company. As at the reporting date this amount has been fully received. The maximum aggregate amount receivable from associated company at the end of any month was Rupees 106.755 million (2022: Rupees 108.397 million).

Notes to the Financial Statements
For the year ended 30 September 2023

24.2 These are neither past due nor impaired.

| | 2023 | 2022 |
|--|----------------------|---------|
| | (Rupees in thousand) | |
| 24.3 Allowance for expected credit loss | | |
| Opening balance | 1,320 | - |
| Add: Recognized during the year (Note 34) | - | 1,320 |
| Closing balance | 1,320 | 1,320 |
| 24.4 Types of counterparties | | |
| Corporate | 16,515 | 45,463 |
| Others | 49,409 | 142,660 |
| | 65,924 | 188,123 |
| 25 LOANS AND ADVANCES | | |
| Considered good: | | |
| Loans to employees - interest free | | |
| - Executives | - | 2,000 |
| - Other employees (Note 25.1) | 2,395 | 3,812 |
| | 2,395 | 5,812 |
| Advances to contractors (Note 25.2) | 1,425 | 860 |
| Advances to cane growers | 12,818 | - |
| Advances to suppliers (Note 25.3) | 40,970 | 52,556 |
| Current portion of long term loans (Note 20.1) | 3,421 | 1,846 |
| | 61,029 | 61,074 |
| 25.1 Loans to employees | | |
| Considered good | 2,395 | 3,812 |
| Considered doubtful | 402 | 644 |
| Less: Allowance for expected credit losses (Note 25.1.1) | (402) | (644) |
| | - | - |
| | 2,395 | 3,812 |
| 25.1.1 Allowance for expected credit losses | | |
| Opening balance | 644 | - |
| Add: Recognized during the year (Note 34) | - | 644 |
| Less: Reversed during the year (Note 35) | (236) | - |
| Less: Written off against allowance for expected credit losses | (6) | - |
| Closing balance | 402 | 644 |

Notes to the Financial Statements
For the year ended 30 September 2023

| | 2023 | 2022 |
|--|----------------------|---------------|
| | (Rupees in thousand) | |
| 25.2 Advances to contractors | | |
| Considered good | 1,425 | 860 |
| Considered doubtful | 360 | 360 |
| Provision for doubtful advances (Note 25.2.1) | (360) | (360) |
| | - | - |
| | 1,425 | 860 |
| 25.2.1 Provision for doubtful advances to contractors | | |
| Opening balance | 360 | - |
| Add: Recognized during the year (Note 34) | - | 360 |
| Closing balance | 360 | 360 |
| 25.3 Advances to suppliers | | |
| Considered good (Note 25.3.1) | 40,970 | 52,556 |
| Considered doubtful | 959 | 1,275 |
| Less: Provision for doubtful advances (Note 25.3.2) | (959) | (1,275) |
| | - | - |
| | 40,970 | 52,556 |

25.3.1 These include amount of Rupees 9.615 million (2022: Rupees 3.224 million) advanced to KSB Pumps Company Limited - associated company. This is neither past due nor impaired. Maximum aggregate balance due from related party at the end of any month during the year was Rupees 12.574 million (2022: Rupees 3.224 million).

| | 2023 | 2022 |
|--|----------------------|--------------|
| | (Rupees in thousand) | |
| 25.3.2 Provision for doubtful advances to suppliers | | |
| Opening balance | 1,275 | - |
| Add: Recognized during the year (Note 34) | - | 1,275 |
| Less: Reversed during the year (Note 35) | (316) | - |
| Closing balance | 959 | 1,275 |

Notes to the Financial Statements
For the year ended 30 September 2023

| | 2023 | 2022 |
|--|----------------------|--------------|
| | (Rupees in thousand) | |
| 26 SHORT TERM PREPAYMENTS | | |
| Considered good | | |
| Short term prepayments (Note 26.1) | 4,211 | 4,227 |
| Other short term prepayments (Note 26.2) | - | - |
| | 4,211 | 4,227 |

26.1 These include prepaid insurance premium to State Life Insurance Corporation of Pakistan - related party amounting to Rupees 1.559 million (2022: Rupees Nil).

| | 2023 | 2022 |
|--|----------------------|------|
| | (Rupees in thousand) | |
| 26.2 Other short term prepayments | | |
| Considered doubtful | 44 | 40 |
| Less: Provision for doubtful prepayments (Note 26.2.1) | (44) | (40) |
| | - | - |
| 26.2.1 Provision for doubtful prepayments | | |
| Opening balance | 40 | - |
| Add: Recognized during the year (Note 34) | 4 | 40 |
| Closing balance | 44 | 40 |

| | | |
|-------------------------------|---|--------|
| 27 OTHER RECEIVABLE | | |
| Margin against bank guarantee | - | 16,000 |

| | | |
|------------------------------------|---------------|----------------|
| 28 ADVANCE INCOME TAX - NET | | |
| Advance income tax | 255,299 | 389,116 |
| Less: Provision for taxation | (194,136) | (164,830) |
| | 61,163 | 224,286 |

| | | |
|----------------------------------|---------------|---------------|
| 29 CASH AND BANK BALANCES | | |
| Cash in hand | - | - |
| Cash with banks on: | | |
| Current accounts | 66,906 | 34,141 |
| Saving accounts (Note 29.1) | 22,381 | 2,397 |
| | 89,287 | 36,538 |
| | 89,287 | 36,538 |

29.1 Rates of profit on saving accounts ranged from 13.51% to 20.51% (2022: 5.76% to 13.51%) per annum.

| | 2023 | 2022 |
|---|----------------------|------------------|
| | (Rupees in thousand) | |
| 30 REVENUE FROM CONTRACTS WITH CUSTOMERS | | |
| Export sales | 383,733 | - |
| Local sales (Note 30.1) | 9,092,320 | 6,615,125 |
| | 9,476,053 | 6,615,125 |

Notes to the Financial Statements

For the year ended 30 September 2023

| | 2023 | 2022 |
|---|----------------------|-----------|
| | (Rupees in thousand) | |
| 30.1 Local sales | | |
| Sugar | 9,260,655 | 6,310,545 |
| By products: | | |
| - Molasses (Note 30.2) | 1,122,087 | 1,095,991 |
| - Bagasse | 173,804 | 240,846 |
| - Press mud | 13,058 | 26,135 |
| | 10,569,604 | 7,673,517 |
| Less: | | |
| Broker's commission on sugar | 14,923 | 10,588 |
| Sales tax | 1,450,541 | 1,041,008 |
| Withholding tax on sales | 11,820 | 6,796 |
| | 1,477,284 | 1,058,392 |
| | 9,092,320 | 6,615,125 |
| Geographical region: | | |
| Pakistan | 9,092,320 | 6,615,125 |
| Canada | 13,696 | - |
| Saudi Arabia | 370,037 | - |
| | 9,476,053 | 6,615,125 |
| Type of customer: | | |
| Government institutions | - | - |
| Other customers | 9,476,053 | 6,615,125 |
| Timing of transfer of goods: | | |
| Goods transferred to customers at a point over time | - | - |
| Goods transferred to customers at a point in time | 9,476,053 | 6,615,125 |

30.2 This includes sales under DTRE (Duty and Tax Remission For Exporters) of Rupees 866.566 million (2022: Rupees 650.669 million).

30.3 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

Notes to the Financial Statements
For the year ended 30 September 2023

| | 2023 | 2022 |
|--|----------------------|-------------|
| | (Rupees in thousand) | |
| 31 COST OF SALES | | |
| Raw materials consumed: | | |
| Sugarcane purchased | 6,004,711 | 6,169,585 |
| Sugarcane development cess | 49,147 | 38,697 |
| Market committee fee | 3,932 | 5,160 |
| | 6,057,790 | 6,213,442 |
| Process materials | 129,129 | 124,698 |
| Fuel and power | 59,554 | 49,537 |
| Stores and spares consumed | 114,454 | 107,559 |
| Repairs and maintenance | 30,114 | 17,851 |
| Salaries, wages and other benefits (Note 31.1) | 350,619 | 299,868 |
| Company's contribution to provident fund | 2,758 | 2,643 |
| Rent, rates and taxes (Note 31.2) | 1,026 | 1,209 |
| Insurance | 5,321 | 6,201 |
| Depreciation on operating fixed assets (Note 17.1.2) | 29,282 | 30,823 |
| Conveyance and travelling | 16,985 | 13,085 |
| Ijarah rentals | 4,962 | 151 |
| Other expenses | 12,722 | 12,173 |
| | 6,814,716 | 6,879,240 |
| Work-in-process | | |
| Add: Opening stock of sugar and molasses in process | 4,232 | 9,349 |
| Less: Closing stock of sugar and molasses in process | (4,790) | (4,232) |
| | (558) | 5,117 |
| Cost of sugar manufactured | 6,814,158 | 6,884,357 |
| Packing material consumed | 77,777 | 78,121 |
| Cost of sugar bagged | 6,891,935 | 6,962,478 |
| Finished goods | | |
| Opening stock | 2,069,345 | 948,220 |
| Closing stock | (1,076,273) | (2,069,345) |
| | 993,072 | (1,121,125) |
| | 7,885,007 | 5,841,353 |

31.1 Salaries, wages and other benefits include Rupees 0.393 million (2022: Rupees 1.131 million) in respect of leave encashment, Rupees 0.022 million (2022: Rupees 0.036 million) in respect of gratuity and Rupees 3.266 million (2022: Rupees 2.686 million) in respect of staff retirement benefit.

31.2 Rent, rates and taxes include Rupees 0.656 million (2022: Rupees 0.765 million) in respect of short term leases.

Notes to the Financial Statements

For the year ended 30 September 2023

| | 2023 | 2022 |
|--|----------------------|--------|
| | (Rupees in thousand) | |
| 32 DISTRIBUTION COST | | |
| Salaries and other benefits (Note 32.1) | 7,282 | 5,442 |
| Company's contribution to provident fund | 38 | 35 |
| Insurance | 4,268 | 5,058 |
| Sugar bag handling cost | 8,221 | 6,188 |
| Sugar export expenses | 501 | - |
| | 20,310 | 16,723 |

32.1 Salaries and other benefits include Rupees 0.018 million (2022: Rupees 0.019 million) in respect of leave encashment and Rupees 0.043 million (2022: Rupees 0.081 million) in respect of staff retirement benefit.

| | 2023 | 2022 |
|--|----------------------|---------|
| | (Rupees in thousand) | |
| 33 ADMINISTRATIVE EXPENSES | | |
| Salaries and other benefits (Note 33.1) | 272,842 | 237,401 |
| Company's contribution to provident fund | 3,023 | 2,926 |
| Directors fee | 1,960 | 1,640 |
| Fuel and power | 4,955 | 4,298 |
| Repair and maintenance | 7,549 | 6,284 |
| Printing and stationery | 6,076 | 4,787 |
| Postage and telephone | 2,584 | 2,082 |
| Insurance | 1,399 | 1,275 |
| Utilities | 558 | 313 |
| Rates and taxes | 24,064 | 420 |
| Legal and professional charges | 5,558 | 7,739 |
| Auditor's remuneration (Note 33.2) | 2,730 | 2,168 |
| Depreciation on operating fixed assets (Note 17.1.2) | 4,074 | 3,313 |
| Depreciation on right-of-use asset (Note 18) | 2,637 | 2,637 |
| Conveyance and travelling | 18,104 | 15,997 |
| Other expenses | 9,549 | 7,207 |
| Ijarah rentals | 1,699 | 71 |
| | 369,361 | 300,558 |

33.1 Salaries and other benefits include Rupees 1.352 million (2022: Rupees 1.496 million) in respect of leave encashment, Rupees 0.001 million (2022: Rupees 0.006 million) in respect of gratuity and Rupees 2.744 million (2022: Rupees 1.998 million) in respect of staff retirement benefit.

Notes to the Financial Statements
For the year ended 30 September 2023

| | 2023 | 2022 |
|---|----------------------|--------|
| | (Rupees in thousand) | |
| 33.2 Auditor's remuneration | | |
| Audit fee | 1,500 | 1,155 |
| Certifications and review | 1,035 | 844 |
| Expenses reimbursed | 195 | 169 |
| | 2,730 | 2,168 |
| 34 OTHER OPERATING EXPENSES | | |
| Workers' profit participation fund (Note 11.3) | 34,679 | 2,739 |
| Workers' welfare fund (Note 11.4) | 13,836 | 1,024 |
| Loss on initial recognition on long term loans to employees | 1,626 | 1,072 |
| Allowance for expected credit loss against trade debts (Note 24.3) | - | 1,320 |
| Allowance for expected credit losses against loans to employees (Note 25.1.1) | - | 644 |
| Provision for doubtful advances to contractors (Note 25.2.1) | - | 360 |
| Provision for doubtful advances to suppliers (Note 25.3.2) | - | 1,275 |
| Provision for doubtful prepayments (Note 26.2.1) | 4 | 40 |
| Fair value adjustment on initial recognition of loan to GEPCO (Note 20.2) | 46,654 | - |
| Donations (Note 34.1) | 1,000 | 715 |
| Miscellaneous | - | 1,260 |
| | 97,799 | 10,449 |
| 34.1 There is no interest of any director or his spouse in donees' fund. | | |
| 35 OTHER INCOME | | |
| Income from financial assets | | |
| Profit on bank deposits | 10,312 | 12,803 |
| Reversal of fair value adjustment on loan to GEPCO (Note 20.2) | 1,029 | - |
| Fair value adjustment on initial recognition of loan from associate | - | 9,053 |
| Amortization of deferred income - Government grant | - | 4,691 |
| | 11,341 | 26,547 |
| Income from non-financial assets | | |
| Sale of scrap | 27,659 | 5,926 |
| Gain on sale of operating fixed assets (Note 17.1.1) | 2,818 | 2,888 |
| Reversal of provision for doubtful loans to employees (Note 25.1.1) | 236 | - |
| Reversal of provision for doubtful advances to suppliers (Note 25.3.2) | 316 | - |
| Miscellaneous income | 2,108 | 30 |
| | 33,137 | 8,844 |
| | 44,478 | 35,391 |

Notes to the Financial Statements
For the year ended 30 September 2023

| | 2023 | 2022 |
|--|----------------------|----------------|
| | (Rupees in thousand) | |
| 36 FINANCE COST | | |
| Interest on long term financing | 3,130 | 42,401 |
| Interest on short term borrowings | 480,213 | 368,494 |
| Interest on loan from associates | 9,075 | 10,736 |
| Adjustment due to impact of IFRS-9 on loan from associate (Note 7.1) | 3,273 | 1,784 |
| Interest accrued on lease liability (Note 8.1) | 2,581 | 2,809 |
| Interest on workers' profit participation fund (Note 11.3) | 123 | 862 |
| Bank charges and commission | 4,723 | 4,196 |
| | 503,118 | 431,282 |
| 37 TAXATION | | |
| Current tax: | | |
| -For the year | 189,733 | 84,880 |
| -Prior year | 8,822 | - |
| | 198,555 | 84,880 |
| Deferred tax | 57,770 | (541) |
| | 256,325 | 84,339 |

37.1 Provision for current income tax represents normal tax on local sales and other source of income and final tax on export sales. Provision for super tax on income is calculated as per Section 4C of the Income Tax Ordinance, 2001. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is as follows:

| | 2023 | 2022 |
|--|----------------------|---------------|
| | (Rupees in thousand) | |
| 37.2 Reconciliation between tax expense and accounting profit | | |
| Accounting profit before taxation | 661,797 | 85,416 |
| Applicable tax rate | 29% | 29% |
| Tax on accounting profit | 191,921 | 24,771 |
| Tax effect of super tax | 69,653 | - |
| Tax effect of income taxed at a lower rate | (3,241) | - |
| Tax effect arising as consequence of recognition of deferred tax | 57,770 | (541) |
| Tax effect of change in prior year's tax | 8,822 | - |
| Tax effect due to adjustment / recognition of losses and minimum tax | (79,820) | 84,760 |
| Tax effect of inadmissible / admissible adjustments - net | 13,867 | (16,408) |
| Tax effect on dividend from associate | 2,243 | 1,984 |
| Tax effect of share of profit from associate | (4,890) | (10,227) |
| | 256,325 | 84,339 |

Notes to the Financial Statements

For the year ended 30 September 2023

| | | 2023 | 2022 |
|-----------|---|----------------------|-------------|
| | | (Rupees in thousand) | |
| 38 | EARNINGS PER SHARE - BASIC AND DILUTED | | |
| | There is no dilutive effect on the basic earnings per share. | | |
| | Profit after taxation attributable to ordinary shareholders Rupees | 405,472 | 1,077 |
| | Weighted average number of ordinary shares Numbers | 12,011,096 | 12,011,096 |
| | Earnings per share - Basic Rupees | 33.76 | 0.09 |
| 39 | CASH GENERATED FROM / (USED IN) OPERATIONS | | |
| | Profit before taxation | 661,797 | 85,416 |
| | Adjustments for non-cash charges and other items: | | |
| | Depreciation on property, plant and equipment (Note 17.1.2) | 33,356 | 34,136 |
| | Depreciation on right-of-use asset (Note 33) | 2,637 | 2,637 |
| | Finance cost (Note 36) | 503,118 | 431,282 |
| | Provision for gratuity (Note 9.2) | 23 | 42 |
| | Provision for retirement benefit (Note 9.1.4) | 6,053 | 4,765 |
| | Profit on bank deposits (Note 35) | (10,312) | (12,803) |
| | Share of profit of associate (Note 19) | (16,861) | (35,265) |
| | Adjustment due to impact of IFRS-9 on loan from associate (Note 36) | 3,273 | 1,784 |
| | Fair value adjustment on initial recognition of loan from associate (Note 35) | - | (9,053) |
| | Provision for leave encashment (Note 11.2) | 1,763 | 2,646 |
| | Allowance for expected credit losses against trade debts (Note 34) | - | 1,320 |
| | Allowance for expected credit losses against loans to employees (Note 34) | - | 644 |
| | Provision for doubtful advances to contractors (Note 34) | - | 360 |
| | Provision for doubtful advances to suppliers (Note 34) | - | 1,275 |
| | Provision for doubtful prepayments (Note 34) | 4 | 40 |
| | Gain on disposal of operating fixed assets (Note 35) | (2,818) | (2,888) |
| | Amortization of deferred income - Government grant (Note 35) | - | (4,691) |
| | Reversal of fair value adjustment on loan to GEPCO (Note 35) | (1,029) | - |
| | Fair value adjustment on initial recognition of loan to GEPCO (Note 34) | 46,654 | - |
| | Reversal of provision for doubtful loans to employees (Note 35) | (236) | - |
| | Reversal of provision for doubtful advances to suppliers (Note 35) | (316) | - |
| | Working capital changes (Note 39.1) | 1,302,885 | (1,247,643) |
| | | 2,529,991 | (745,996) |

Notes to the Financial Statements
For the year ended 30 September 2023

| | 2023 | 2022 |
|--|----------------------|--------------------|
| | (Rupees in thousand) | |
| 39.1 Working capital changes | | |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (37,016) | (18,731) |
| Stock-in-trade | 992,570 | (1,116,040) |
| Trade debts | 122,199 | (84,068) |
| Loans and advances | 2,172 | (30,579) |
| Short term prepayments | 12 | (2,022) |
| Other receivable | 16,000 | (2,400) |
| | 1,095,937 | (1,253,840) |
| Increase / (decrease) in current liabilities: | | |
| Trade and other payables | 120,099 | 9,959 |
| Contract liabilities | 86,849 | (3,762) |
| | 1,302,885 | (1,247,643) |

39.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

| | 2023 | | | | |
|---------------------------------|---------------------------------------|---------------------|----------------------|--------------------|-----------------|
| | Liabilities from financing activities | | | | |
| | Short term borrowings | Long term financing | Loans from associate | Unclaimed dividend | Lease liability |
| | (Rupees in thousand) | | | | |
| Balance as at 01 October 2022 | 2,872,574 | 775,859 | 102,731 | 7,353 | 21,399 |
| Short term borrowings - net | (1,893,033) | - | - | - | - |
| Long term financing obtained | - | 1,217,177 | - | - | - |
| Long term financing repaid | - | (775,859) | - | - | - |
| Repayment of lease liability | - | - | - | - | (1,731) |
| Dividend paid | - | - | - | (7) | - |
| Non-cash movement: | | | | | |
| Fair value adjustment on loan | - | - | 3,273 | - | - |
| Balance as at 30 September 2023 | 979,541 | 1,217,177 | 106,004 | 7,346 | 19,668 |

| | 2022 | | | | |
|---------------------------------|---------------------------------------|---------------------|----------------------|--------------------|-----------------|
| | Liabilities from financing activities | | | | |
| | Short term borrowings | Long term financing | Loans from associate | Unclaimed dividend | Lease liability |
| | (Rupees in thousand) | | | | |
| Balance as at 01 October 2021 | 1,169,653 | 1,125,503 | 110,000 | 1,953 | 22,902 |
| Short term borrowings - net | 1,702,921 | - | - | - | - |
| Loan from associate obtained | - | - | 200,000 | - | - |
| Repayment of loan to associate | - | - | (200,000) | - | - |
| Long term financing repaid | - | (349,644) | - | - | - |
| Repayment of lease liability | - | - | - | - | (1,503) |
| Dividend declared | - | - | - | 60,055 | - |
| Dividend paid | - | - | - | (54,655) | - |
| Non-cash movement: | | | | | |
| Fair value adjustment on loan | - | - | (7,269) | - | - |
| Balance as at 30 September 2022 | 2,872,574 | 775,859 | 102,731 | 7,353 | 21,399 |

Notes to the Financial Statements

For the year ended 30 September 2023

40 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to the chief executive officer, directors and executives of the Company is as follows:

| | 2023 | | 2022 | |
|-------------------------------------|-------------------------|---------------|-------------------------|------------|
| | Chief executive officer | Executives | Chief executive officer | Executives |
| | (Rupees in thousand) | | | |
| Managerial remuneration | 8,400 | 15,181 | 8,400 | 13,526 |
| Allowances: | | | | |
| House rent | 4,200 | 2,975 | 4,200 | 2,696 |
| Utilities | 8,400 | 9,841 | 8,400 | 7,229 |
| Medical and insurance | 681 | 3,011 | 876 | 2,714 |
| Production | 13,776 | 24,596 | 15,685 | 25,014 |
| Contribution to retirement benefits | 840 | 1,523 | 840 | 1,354 |
| | 36,297 | 57,127 | 38,401 | 52,533 |
| Number of persons | 1 | 7 | 1 | 6 |

- 40.1** In addition to above, the chief executive officer, directors and certain executives are provided with the free use of the Company's maintained vehicles and telephone facility.
- 40.2** No remuneration was paid to directors of the Company.
- 40.3** Fee paid to eight (2022: eight) non-executive directors for attending board meetings was Rupees 1.280 million (2022: Rupees 1.080 million).
- 40.4** Fee paid to four (2022: four) non-executive directors for attending audit committee meetings was Rupees 0.520 million (2022: Rupees 0.480 million).
- 40.5** Fee paid to four (2022: two) non-executive directors for attending human resource and remuneration committee meetings was Rupees 0.160 million (2022: Rupees 0.080 million).

Notes to the Financial Statements

For the year ended 30 September 2023

41 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related parties, staff provident fund trust and key management personnel. The Company in the normal course of business carries out transactions with related parties. All transactions with the related parties are entered into at arm's length, determined in accordance with comparable uncontrolled price method except for transactions with Shahnawaz (Private) Limited, where an additional discount of 40% is received on service charges and 15% on spare parts, in accordance with the repairs of motor vehicles, as per group policy. The effect of this policy on the statement of financial position and statement of profit or loss is considered to be immaterial. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

| Name of Related Party | Nature of transaction | 2023 | 2022 |
|--|----------------------------------|----------------------|---------|
| | | (Rupees in thousand) | |
| Shahtaj Textile Limited | Dividend received | 14,950 | 13,225 |
| Shahnawaz (Private) Limited | Purchases and services received | 706 | 2,077 |
| | Utilities paid | 509 | 256 |
| | Loan obtained | - | 200,000 |
| | Loan repaid | - | 200,000 |
| | Interest accrued on loan | - | 1,661 |
| Shezan International Limited | Sale of sugar | 884,105 | 714,140 |
| Information System Associates Limited | Services received | 232 | 211 |
| Shezan Services Limited | Interest charged | 9,075 | 9,075 |
| Shezan Services (Private) Limited | Dividend paid | - | 1,920 |
| State Life Insurance Corporation of Pakistan | Premium paid | 1,745 | 1,974 |
| | Dividend paid | - | 3,785 |
| KSB Pumps Company Limited | Services received | 12,574 | - |
| Staff Provident Fund Trust | Company's contribution | 5,819 | 5,604 |
| Mr. Mahmood Nawaz (Late) (Note 5.3) | Loan reclassified to legal heirs | - | 20,000 |
| Mr. Muneer Nawaz | Loan obtained | 80,000 | - |
| | Loan repaid | 80,000 | - |
| Directors and their spouses and minor children | Dividend paid | - | 20,619 |
| Key management personnel | Dividend paid | - | 6 |
| | Advances | - | 2,000 |

41.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in note 40.

Notes to the Financial Statements

For the year ended 30 September 2023

41.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

| Name of the related party | Basis of relationship | Transactions entered or agreements and / or arrangements in place during the financial year | | Percentage of share-holding |
|--|---|---|------|-----------------------------|
| | | 2023 | 2022 | |
| | | Percentage | | |
| Shahtaj Textile Limited | Common Directorship and share-holding | Yes | Yes | 11.90% |
| Shahnawaz (Private) Limited | Common Directorship | Yes | Yes | - |
| Shezan International Limited | Common Directorship | Yes | Yes | - |
| Information Systems Associates Limited | Common Directorship | Yes | Yes | - |
| Shezan Services (Private) Limited | Common Directorship | Yes | Yes | - |
| State Life Insurance Corporation of Pakistan (S.L.I.C) | Director of the Company is key management personnel in S.L.I.C. | Yes | Yes | - |
| Shahnawaz Engineering (Private) Limited | Common Directorship | No | No | - |
| Trigen Pharma International (Private) Limited | Common Directorship | No | No | - |
| Jahangir Siddiqui & Company Limited (Note 41.2.7) | Common Directorship | No | No | - |
| Al Abbas Sugar Mills Limited (Note 41.2.6) | Common Directorship | No | No | - |
| United Distributors Pakistan Limited (Note 41.2.6) | Common Directorship | No | No | - |
| Zil Limited (Note 41.2.6) | Common Directorship | No | No | - |
| HBL Asset Management Limited | Common Directorship | No | No | - |
| JS Petroleum Limited | Common Directorship | No | No | - |
| Shahmurad Sugar Mills Limited | Common Directorship | No | No | - |
| Buxly Paints Limited | Common Directorship | No | No | - |
| KSB Pumps Company Limited | Common Directorship | Yes | No | - |
| Jubilee General Insurance Company Limited | Common Directorship | No | No | - |
| General Shipping Agencies (Private) Limited | Common Directorship | No | No | - |
| Shahtaj Sugar Mills Limited Employees' Provident Fund | Employees benefit plan | Yes | Yes | - |
| Mr. Mahmood Nawaz (Late) | Ex-Director | - | Yes | - |
| Mr. Toqueer Nawaz | Chairman | Yes | Yes | - |
| Mr. Muneer Nawaz | Chief Executive Officer | Yes | Yes | - |
| Mr. Cyrus R. Cowasjee (Note 41.2.1) | Ex-Director | No | Yes | - |
| Mr. M. Naeem (Note 41.2.2) | Ex-Director | Yes | Yes | - |
| Mrs. Samia Shahnawaz Idris | Director | Yes | Yes | - |
| Mr. Abid Nawaz | Director | Yes | Yes | - |
| Ms. Ava Ardeshir Cowasjee | Director | Yes | Yes | - |
| Mr. Rashed Amjad Khalid | Director | Yes | Yes | - |
| Mr. Suleman Lalani (JSIL) (Note 41.2.2) | Ex-Director | Yes | Yes | - |
| Mr. Salman Hussain Chawla (N.I.T) (Note 41.2.3) | Ex-Director | Yes | Yes | - |
| Mr. Zahid Ullah Khan (J.S.I.L) (Note 41.2.4) | Director | Yes | No | - |
| Mr. Sheikh Asim Rafiq (N.I.T) (Note 41.2.4) | Director | Yes | No | - |
| Mrs. Sadia Muhammad (Note 41.2.5) | Director | Yes | No | - |
| Mr. Mushtaq Ahmed (S.L.I.C.) | Director | Yes | Yes | - |
| Mr. Abdul Waheed Qureshi | Key Management Personnel | Yes | Yes | - |
| Mr. Mahmood Ahmad Khalid | Key Management Personnel | Yes | Yes | - |
| Mr. Muhammad Iqbal Javaid | Key Management Personnel | Yes | Yes | - |
| Mr. Waqar Ahmad | Key Management Personnel | Yes | Yes | - |
| Mr. Karim Ud Din | Key Management Personnel | Yes | Yes | - |
| Mr. Muhammad Inam | Key Management Personnel | Yes | Yes | - |
| Mr. Jameel Ahmed Butt | Key Management Personnel | Yes | Yes | - |
| Mr. Qazi Muhammad Waseem | Key Management Personnel | Yes | Yes | - |

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- 41.2.1** Mr. Cyrus R. Cowasjee resigned on 14 October 2021.
- 41.2.2** Mr. M. Naeem and Mr. Suleman Lalani has retired on 29 May 2023.
- 41.2.3** Mr. Salman Hussain Chawla has resigned on 16 January 2023.
- 41.2.4** Mr. Zahid Ullah Khan and Mr. Sheikh Asim Rafiq both have been appointed as Independent Directors on 29 May 2023.
- 41.2.5** Mrs. Sadia Muhammad has been appointed as Non-Executive Director on 29 May 2023.
- 41.2.6** Al Abbas Sugar Mills Limited, United Distributors Pakistan Limited and Zil Limited were related parties of the Company uptill 16 January 2023.
- 41.2.7** Jahangir Siddiqui & Company Limited was related party of the Company uptill 29 May 2023.

| | | 2023 | 2022 |
|--|-------------|------------------|-----------|
| 42 PLANT CAPACITY AND ACTUAL PRODUCTION | | | |
| Sugar | | | |
| Installed crushing capacity for 103 (2022: 126) working days | Metric tons | 1,236,000 | 1,512,000 |
| Actual crushing | Metric tons | 786,325 | 1,031,923 |
| Actual production | Metric tons | 77,600 | 91,603 |
| Sugar recovery | Percentage | 9.87 | 8.88 |

| | | Non-funded | | Funded | |
|--|--|----------------|--------|------------------|-----------|
| | | 2023 | 2022 | 2023 | 2022 |
| (Rupees in thousand) | | | | | |
| 43 UNUTILIZED CREDIT FACILITIES | | | | | |
| Total facilities | | 479,000 | 31,000 | 5,720,000 | 6,418,340 |
| Utilized at the end of the year | | 12,237 | 16,000 | 2,196,718 | 5,220,915 |
| Unutilized at the end of the year | | 466,763 | 15,000 | 3,523,282 | 1,197,425 |

| | | 2023 | 2022 |
|---|--|------------|------|
| 44 NUMBER OF EMPLOYEES | | | |
| Number of employees as at 30 September | | 638 | 680 |
| Average number of employees during the year | | 526 | 532 |

45 PROVIDENT FUND

Investments out of provident fund have been made in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

46 FINANCIAL RISK MANAGEMENT

46.1 Financial risk factors

The Company's activities may expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Notes to the Financial Statements

For the year ended 30 September 2023

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk**(i) Currency risk**

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

The Company is not exposed to currency risk as almost all of its transactions are in local currency except for import of plant and machinery parts. There are no foreign currency receivables and payables as at the reporting date.

(ii) Other price risk

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

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing, short term borrowings, loan from associate and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

| | 2023 | 2022 |
|----------------------------------|----------------------|-----------|
| | (Rupees in thousand) | |
| Fixed rate instruments | | |
| Financial liability | | |
| Loan from associate | 106,004 | 102,731 |
| Floating rate instruments | | |
| Financial asset | | |
| Bank balances - saving accounts | 22,381 | 2,397 |
| Financial liabilities | | |
| Long term financing | 1,217,177 | 775,859 |
| Short term borrowings | 979,541 | 2,872,574 |

Fair value sensitivity analysis for fixed rate instruments

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 rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been 12.348 million (2022: Rupees 33.945 million) lower / higher, mainly as a result

Notes to the Financial Statements

For the year ended 30 September 2023

of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

Credit risk represents 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 carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | 2023 | 2022 |
|--------------------|----------------------|---------|
| | (Rupees in thousand) | |
| Long term deposits | 40,256 | 28,365 |
| Trade debts | 65,924 | 188,123 |
| Loans and advances | 45,720 | 11,531 |
| Other receivable | - | 16,000 |
| Bank balances | 89,287 | 36,538 |
| | 241,187 | 280,557 |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

| | Rating | | | 2023 | 2022 |
|---------------------------------|----------------------|-----------|--------|---------------|--------|
| | Short Term | Long term | Agency | | |
| | (Rupees in thousand) | | | | |
| Banks | | | | | |
| United Bank Limited | A-1+ | AAA | VIS | 9,786 | 17,756 |
| MCB Bank Limited | A1+ | AAA | PACRA | 4,365 | 5,719 |
| Habib Bank Limited | A-1+ | AAA | VIS | 26,163 | 5,304 |
| National Bank of Pakistan | A1+ | AAA | PACRA | 82 | 11 |
| JS Bank Limited | A1+ | AA- | PACRA | 901 | 139 |
| Bank Al Habib Limited | A1+ | AAA | PACRA | 9,921 | 2,070 |
| Bank Alfalah Limited | A1+ | AA+ | PACRA | 2,538 | 4,232 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 450 | 457 |
| Allied Bank Limited | A1+ | AAA | PACRA | 34,788 | 448 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 293 | 402 |
| | | | | 89,287 | 36,538 |

The Company's exposure to credit risk and expected credit loss related to trade debts is disclosed in Note 24.

Due to the Company's business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 September 2023, the Company had Rupees 3,523.282 million (2022: Rupees 1,197.425 million) available credit limits from financial institutions and Rupees 89.287 million (2022: Rupees 36.538 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Notes to the Financial Statements
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Contractual maturities of financial liabilities as at 30 September 2023:

| | Carrying amount | Contractual cash flows | 6 month or less | 6-12 month | 1-2 year | More than 2 years |
|--|------------------|------------------------|------------------|----------------|----------------|-------------------|
| (Rupees in thousand) | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Long term financing | 1,217,177 | 3,450,653 | 146,671 | 146,440 | 340,881 | 2,816,661 |
| Lease liability | 19,668 | 25,875 | 4,312 | - | 5,391 | 16,172 |
| Trade and other payables | 136,284 | 136,284 | 136,284 | - | - | - |
| Accrued mark-up | 162,832 | 162,832 | 162,832 | - | - | - |
| Short term borrowings | 979,541 | 1,184,867 | 1,016,321 | 168,546 | - | - |
| Unclaimed dividend | 7,346 | 7,346 | 7,346 | - | - | - |
| Loan from associate | 106,004 | 119,846 | - | 9,100 | 110,746 | - |
| | 2,628,852 | 5,087,703 | 1,473,766 | 324,086 | 457,018 | 2,832,833 |

Contractual maturities of financial liabilities as at 30 September 2022:

| | Carrying amount | Contractual cash flows | 6 month or less | 6-12 month | 1-2 year | More than 2 years |
|--|------------------|------------------------|------------------|----------------|----------------|-------------------|
| (Rupees in thousand) | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Long term financing | 775,859 | 954,666 | 198,866 | 148,466 | 269,680 | 337,654 |
| Lease liability | 21,399 | 30,187 | 4,312 | - | 4,312 | 21,563 |
| Trade and other payables | 49,800 | 49,800 | 49,800 | - | - | - |
| Accrued mark-up | 207,871 | 207,871 | 207,871 | - | - | - |
| Short term borrowings | 2,872,574 | 3,331,670 | 3,100,236 | 231,434 | - | - |
| Unclaimed dividend | 7,353 | 7,353 | 7,353 | - | - | - |
| Loan from associate | 102,731 | 128,921 | - | 9,075 | 9,100 | 110,746 |
| | 4,037,587 | 4,710,468 | 3,568,438 | 388,975 | 283,092 | 469,963 |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 September. The rates of interest / mark-up have been disclosed in Note 6, 7, 8 and 13 to these financial statements.

46.2 Financial instruments by categories

| | At amortized cost | |
|--|-------------------|----------------|
| | 2023 | 2022 |
| (Rupees in thousand) | | |
| Assets as per statement of financial position | | |
| Long term deposits | 40,256 | 28,365 |
| Trade debts | 65,924 | 188,123 |
| Loans and advances | 45,720 | 11,531 |
| Other receivable | - | 16,000 |
| Cash and bank balances | 89,287 | 36,538 |
| | 241,187 | 280,557 |

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| | At amortized cost | |
|---|----------------------|------------------|
| | 2023 | 2022 |
| | (Rupees in thousand) | |
| Liabilities as per statement of financial position | | |
| Long term financing | 1,217,177 | 775,859 |
| Lease liability | 19,668 | 21,399 |
| Trade and other payables | 136,284 | 49,800 |
| Accrued mark-up | 162,832 | 207,871 |
| Short term borrowings | 979,541 | 2,872,574 |
| Unclaimed dividend | 7,346 | 7,353 |
| Loan from associate | 106,004 | 102,731 |
| | 2,628,852 | 4,037,587 |

46.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

| | 2023 | | | 2022 | | |
|--------------------------|----------------------|----------------------|--|------------------|----------------------|--|
| | Financial assets | Non-financial assets | Total as per statement of financial position | Financial assets | Non-financial assets | Total as per statement of financial position |
| | (Rupees in thousand) | | | | | |
| Assets | | | | | | |
| Long term deposits | 40,256 | - | 40,256 | 28,365 | - | 28,365 |
| Trade debts | 65,924 | - | 65,924 | 188,123 | - | 188,123 |
| Loans and advances | 45,720 | 55,213 | 100,933 | 11,531 | 53,416 | 64,947 |
| Other receivable | - | - | - | 16,000 | - | 16,000 |
| Cash and bank balances | 89,287 | - | 89,287 | 36,538 | - | 36,538 |
| | 241,187 | 55,213 | 296,400 | 280,557 | 53,416 | 333,973 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Liabilities | | | | | | |
| Long term financing | 1,217,177 | - | 1,217,177 | 775,859 | - | 775,859 |
| Lease liability | 19,668 | - | 19,668 | 21,399 | - | 21,399 |
| Trade and other payables | 136,284 | 170,804 | 307,088 | 49,800 | 115,904 | 165,704 |
| Accrued mark-up | 162,832 | - | 162,832 | 207,871 | - | 207,871 |
| Short term borrowings | 979,541 | - | 979,541 | 2,872,574 | - | 2,872,574 |
| Unclaimed dividend | 7,346 | - | 7,346 | 7,353 | - | 7,353 |
| Loan from associate | 106,004 | - | 106,004 | 102,731 | - | 102,731 |
| | 2,628,852 | 170,804 | 2,799,656 | 4,037,587 | 115,904 | 4,153,491 |

Notes to the Financial Statements

For the year ended 30 September 2023

46.4 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

46.5 Capital risk management

The Company's objectives 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 to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, loan from associate and short term borrowings obtained by the Company as referred to in Note 6,7 and 13 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy, remained unchanged from last year.

| | | 2023 | 2022 |
|------------------------|----------------------|----------------------|-----------|
| | | (Rupees in thousand) | |
| Borrowings | (Rupees in thousand) | 2,302,722 | 3,751,164 |
| Total equity | (Rupees in thousand) | 3,389,566 | 3,003,169 |
| Total capital employed | (Rupees in thousand) | 5,692,288 | 6,754,333 |
| Gearing ratio | (Percentage) | 40.45 | 55.54 |

The decrease in gearing ratio resulted primarily due to decrease in borrowings of the Company.

47 RECOGNIZED FAIR VALUE MEASUREMENT- FINANCIAL INSTRUMENTS**Fair value hierarchy**

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Notes to the Financial Statements

For the year ended 30 September 2023

48 FAIR VALUE MEASUREMENT- NON-FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

| At 30 September 2023 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|----------------------|-----------|---------|-----------|
| | (Rupees in thousand) | | | |
| Freehold land | - | 1,930,848 | - | 1,930,848 |
| Total non-financial assets | - | 1,930,848 | - | 1,930,848 |
| At 30 September 2022 | | | | |
| Freehold land | - | 1,930,848 | - | 1,930,848 |
| Total non-financial assets | - | 1,930,848 | - | 1,930,848 |

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for freehold land carried at revalued amount every three years. The management updates the assessment of the fair value of freehold land carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of freehold land carried at revalued amount within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land carried at revalued amount at the end of every three years. As at 30 September 2022, the fair value of freehold land was determined by Hamid Mukhtar and Company (Private) Limited (approved valuer).

Changes in fair values are analyzed between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

49. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **02 January 2024** by the Board of Directors of the Company.

50. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 September 2023 of Rupees 14 per share (2022: Rupees Nil per share) at their meeting held on **02 January 2024**. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these financial statements.

Notes to the Financial Statements
For the year ended 30 September 2023

51. SEGMENT INFORMATION

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

Sales of sugar represents 87.62% (2022: 82.24%) of the total sales of the Company.

95.95% (2022: 100%) of the sales of the Company relates to customers in Pakistan.

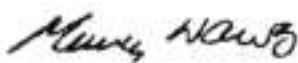
All non-current assets of the Company as at 30 September 2023 were located in Pakistan.

52. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

54. GENERAL

Figures have been rounded off to nearest thousand of Rupees unless otherwise stated.



Chief Executive



Director



Chief Financial Officer



Form of Proxy
58th Annual General Meeting of Shahtaj Sugar Mills Limited

Please Quote Folio Number: _____

Shares held: _____

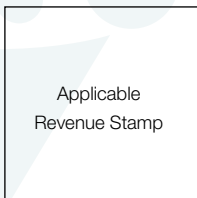
I/ We _____ of _____
in the district of _____ being a member of SHAHTAJ SUGAR MILLS LIMITED
hereby appoint _____ of _____
as my / our proxy to vote for me / us and on my / our behalf at the 58th Annual General Meeting of the Company to be held on 26 January 2024 and at any adjournment thereof.

As witnessed given under my / our hand(s) this _____ day of _____ 2024.

Witness Signature _____

Name _____

CNIC No. _____



Member's Signature

Notes:

1. This form of Proxy must be deposited duly completed, at the Company's Registered Office not less than 48 hours before the meeting.
2. A Proxy of individual member must be a member of the Company.
3. In case of corporates the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted along with proxy form to the Company.
4. Signature should agree with the specimen signature registered with the Company.
5. For CDC account holders / corporate in addition to the above following requirements have to be met.
 - i) Attested copy of CNIC or the passport of the beneficial owner shall be provided with proxy form.
 - ii) Proxy shall produce his / her original CNIC or original passport at the time of meeting.

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پراکسی فارم
شاہ تاج شوگر ملز لمیٹیڈ کا ۵۸ واں سالانہ اجلاس عام

فولیو نمبر: _____

تعداد حصص: _____

میں مستی / مسماة _____ ساکن _____
ضلع _____ بحیثیت ممبر شاہ تاج شوگر ملز لمیٹیڈ، مسماة / مسماة _____ ساکن _____ کو
بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ میری طرف سے کمپنی کے ۵۸ ویں اجلاس عام میں جو بتاریخ ۲۶ جنوری ۲۰۲۴ء کو منعقد ہو
رہا ہے اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

مطلوبہ ریونیو ٹکٹ
چسپاں کریں

دستخط گواہ: _____
نام: _____
قومی شناختی کارڈ نمبر: _____

ممبر کے دستخط

تاریخ: _____

نوٹ:

- ۱- یہ پراکسی فارم مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں مینٹنگ سے ۴۸ گھنٹے قبل جمع کرایا جانا لازمی ہے۔
- ۲- ضروری ہے کہ پراکسی جس کو دی جائے وہ بھی کمپنی کا ممبر ہو۔
- ۳- کارپوریٹس ممبران کے لئے پراکسی فارم کے ساتھ پراکسی کے حق میں بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی بمع نمونہ کے دستخط کا جمع کروایا جانا ضروری ہے۔
- ۴- دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں۔
- ۵- سی ڈی سی میں اکاؤنٹ رکھنے والے کارپوریٹس ممبران کے لئے مندرجہ بالا کے علاوہ درج ذیل شرائط کو پورا کرنا بھی ضروری ہے:
 - ۱- پراکسی جس کے حق میں ہو اس کا شناختی کارڈ یا پاسپورٹ کی ایک تصدیق شدہ نقل پراکسی کے ساتھ لگائی جائے۔
 - ۲- پراکسی اجلاس میں شریک ہوتے وقت اصل شناختی کارڈ یا پاسپورٹ پیش کرے۔

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