**Nature's Riches, Perfected: Bringing the Best from Field to Market**


2023

# ANNUAL REPORT

Tariq Corporation Limited

# CONTENTS




Tariq Corporation Limited (The Company) was incorporated on February 14, 1966 in Karachi and received its Certificate for Commencement of Business on April 16, 1966. The Company is listed on the Pakistan Stock Exchange and has received the award for Top 25 Companies of Pakistan twice in its history. The Company commenced trial production on January 22, 1968 and went into commercial production on February 14, 1968, making it one of the pioneers of Pakistan's sugar sector. Given the rich history of the company, which is now in its third generation, it enjoys cordial and familial relations with the sugarcane growers of the area.

The current sponsors took over management in 2015 and transformed the Company to its current identity through a continued process of BMR. The existing sugar manufacturing process is based on Defecation Remelt Sulphitation that was changed in 1986-87 from out-fashioned Double Carbonation Double Sulphitation process.


# VISION STATEMENT

To be a leading producer of sugar and its by-products by delivering the highest quality of products of the highest international standards to our customers at the lowest possible cost.

To maximize the wealth of our shareholders by increasing equity and earnings in real terms.

To strive for excellence through integrity, unrelenting efforts, and by synergizing the integral components of the company.

To achieve sustainable growth and development by anticipating the expectations of our customers, predicting market trends, and through constant and fluid innovation.

To provide a safe, hygienic, challenging, and non-discriminatory workplace environment to our employees.

To contribute to the social and economic development of our community.

# MISSION STATEMENT

Our mission is to be a dynamic, profitable, and growth oriented company by working with all relevant stakeholders to maximize the returns on the investments of our shareholders and investors through the production and sale of the highest quality of products at the lowest possible costs in a secure and harmonious environment. To conduct business with the philosophy of “business for better life, respect for human dignity, and intelligent investment for a prosperous future.”

# CORE VALUES

Our core values are at the heart of our business – they define who we are, how we work, what we believe in, what we stand for, how we act and how we expect to be treated as part of Tariq Corporation.

**INTEGRITY**
Consistently doing the right thing

Being ethically unyielding and honest in the way we conduct business.

**OWNERSHIP**
Acting with stewardship

Building a better, stronger and more dynamic organization.

**CUSTOMER FOCUS**
Leveraging relationships for outperformance

Delivering value through responsiveness to internal and external customers.

**CONTINUOUS IMPROVEMENT**
Continuous improvement gives us competitive advantage

Fostering collaboration, innovation and, creativity as individuals and as teams.

**COMMUNITY CARE**
Social responsibility is at the heart of our business

Facilitating social equity in communities where we operate.


Rising to New Heights

# COMPANY INFORMATION

## DIRECTORS

| | |
|---|---|
| Sadia Ali Tariq | Chairperson |
| Mian Mustafa Ali Tariq | Chief Executive Officer |
| Mian Ahmed Ali Tariq | Executive Director |
| Ghazanfar Ali | Non-Executive Director |
| Maryam Habib | Non-Executive Director |
| Muhammad Imran Khan | Independent Director |
| Saif Hasan | Independent Director |

## DEPUTY CHIEF EXECUTIVE / CHIEF FINANCIAL OFFICER

Wasim Saleem

## COMPANY SECRETARY

Khalid Mahmood

## HEAD OF INTERNAL AUDIT

Zahid Mahmood

## AUDIT COMMITTEE

| | |
|---|---|
| Chairman | Muhammad Imran Khan |
| Member | Ghazanfar Ali |
| Member | Maryam Habib |

## HUMAN RESOURCE & REMUNERATION COMMITTEE

| | |
|---|---|
| Chairman | Saif Hasan |
| Member | Maryam Habib |
| Member | Mian Mustafa Ali Tariq |

## RISK MANAGEMENT COMMITTEE

| | |
|---|---|
| Chairman | Mian Mustafa Ali Tariq |
| Member | Mian Ahmed Ali Tariq |
| Member | Saif Hasan |

## EXTERNAL AUDITORS

Kreston Hyder Bhimji & Co
Chartered Accountants

## BANKERS OF THE COMPANY

### SHARIAH COMPLIANT

Askari Bank Limited
Bankislami Pakistan Limited
Faysal Bank Limited
Meezan Bank Limited
OLP Modaraba

### CONVENTIONAL

Bank Alfalah Limited
First Credit and Investment Bank Limited
National Bank of Pakistan
Samba Bank Limited

## SHARE REGISTRAR

### CDC Share Registrar Services Limited

### KARACHI

CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal Karachi-74400.
Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

### CDC LAHORE OFFICE

Mezzanine Floor,
South Tower, LSE Plaza,
Khayaban-E-Aiwan-E-Iqbal, Lahore
Tel: (92-42)- 36362061-66

### CDC ISLAMABAD OFFICE

Room # 410,
4th Floor, ISE Towers,
55-B, Jinnah Avenue,
Blue Area, Islamabad.
Tel. (92-51) 2895456-9

## LEAGAL ADVISORS

Saad Rasool Law Associates
Siddiqui Bari Kasuri & Company

## COST AUDITORS

Fazal Mahmood & Co
Chartered Accountants

## MILLS

Lahore Road, Jaranwala
Ph:041-4312499

## REGISTERED / HEAD OFFICE

28-C, Block E-1, Gulberg-III, Lahore
Ph: 042-111-111-476
Fax: 042-35712680
Email: info@.tariqcorp.com

## WEBSITE INFORMATION

www.tariqcorp.com

## PSX SYMBOL

TCORP

# CODE OF CONDUCT FOR DIRECTORS

It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest professional, ethical, and legal standards. The Company has adopted a comprehensive Code of Conduct (Code) for members of the Board of Directors. The Code defines acceptable and unacceptable behavior, provides guidance to Directors in specific situations that may arise and foster a culture of honesty, accountability and high standards of personal and professional integrity.

## SALIENT FEATURES OF THE CODE

1. Conflict of Interest

   Each Director must avoid any conflict of interest between the Director and the Company, its associated or subsidiary undertaking(s). Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly.

2. Corporate Opportunities

   Directors are prohibited from taking for themselves personally, opportunities related to the Company's business; using the Company's property, information or position for personal gain or competing with the Company for business opportunities.

3. Confidentiality

   Directors must maintain the confidentiality of information entrusted upon to them by the Company and any other confidential information about the Company and its associated or subsidiary undertaking(s) that comes to them, except when disclosure is authorized by the Chairman of the Board or legally mandated.

4. Honesty, Integrity and Fair Dealing

   Directors must act honestly and fairly and exhibit high ethical standards in dealing with all the stakeholders of the Company.

5. Compliance with Laws, Rules and Regulations

   Directors shall comply with laws, rules and regulations applicable to the Company including but not limited to the Companies Ordinance, 1984, Listing Regulations of the Stock Exchanges and Insider Trading Laws.

6. Encouraging the Reporting of any Possible Illegal or Unethical Behavior

   Directors should take steps to ensure that the Company promotes ethical behavior; encourages employees to talk to supervisors, managers, and other appropriate personnel when in doubt about the best course of action in a particular situation; encourages employees to report violation of laws, rules, regulations, Company policies and procedures or the Company's Code of Conduct to appropriate personnel; and informs employees that the Company will not allow any retaliation for reports made in good faith.

7. Trading in Company Shares

   Certain restrictions / reporting requirements apply to trading by the Directors in Company shares. Directors shall make sure that they remain compliant with these statutory requirements.

8. Compliance Procedures

   Directors should disclose any suspected violations of this Code promptly in the immediate subsequent meeting of the Board of Directors.

9. Compliance Officer

   The Company has designated Company Secretary who serves as a Compliance Officer to administer the Code. Directors, at their discretion may make any report or complaint provided for in this Code to the Chairman of the Board or to the Compliance Officer. The Compliance Officer will refer complaints submitted to the Chairman of the Board.

10. Public Company Reporting

    As a public company it is of great importance that the Company's filings with the SECP and concerned Stock Exchange(s) on which the shares of the Company are or may be listed be full, fair, accurate, timely and understandable. Directors may be requested to provide information necessary to ensure that the Company's published reports meet these requirements. The Company expects directors to provide prompt and accurate answers to enquiries relating to its public disclosure requirements.

11. Disclosure of Interest

    Directors are also required to disclose, at the time of appointment and on an annual basis the directorship and/ or memberships they hold in other companies.

# CODE OF CONDUCT FOR EMPLOYEES

It is a fundamental policy of the Company to conduct its business with honesty, integrity, and in accordance with the highest professional, ethical and legal standards. The Company has adopted a comprehensive Code of Conduct (Code) for employees. The Code defines acceptable and unacceptable behavior, provides guidance to Directors in specific situations that may arise and foster a culture of honesty, accountability and high standards of personal and professional integrity.

## SALIENT FEATURES OF THE CODE

### 1. Conflict of Interest

Employees/trainees must not engage in activity or transactions which may give rise, or which may be seen to have given rise to conflict between their personal interests and the interests of the Company.

### 2. Confidentiality and Disclosure of Information

Employees/trainees are expected to safeguard confidential information and must not, without authority, disclose such information about the Company activities to any third party including, but limited to, the press, customers, suppliers, employees are not entitled to such information or any other outside party.

### 3. Political Contribution

No funds or assets of the Company may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by law.

### 4. Bribes and Commercial Payments

An employee/trainee must not give or receive bribes or other payments, which are intended to influence a business decision or compromise independent judgment; nor must any employee/trainee give money in order to obtain business for the Company, nor receive money for having given Company business to an outside agency.

# CODE OF CONDUCT FOR EMPLOYEES


5. Proper Recording of Funds, Assets, Receipts and Disbursements

   All funds, assets, receipts and disbursements must be properly recorded in the books of the Company.

6. Agreements with Agents, Sales Representatives or Consultants

   Agreements with agents, sales representatives or consultants should state clearly the services to be performed for the Company, the amount to be paid and all other relevant terms and conditions.

7. Relations and Dealings with Suppliers, Consultants, Agents, Intermediaries and Other Third Parties

   Tariq Corporation Limited relations and dealings with suppliers, consultants, agents, intermediaries and other third parties should at all times be such that Tariq Corporation Limited integrity and its reputation should not be damaged if details of the relationship or dealings were to become public knowledge.

8. Health, Safety and Environment Policy

   Every employee/trainee at work must take reasonable care for the health and safety of himself/herself and others including visitors who may be affected by his / her acts or omissions at work; and co-operate in the Company's efforts to protect the environment.

9. Smoking Policy

   Smoking and exposure of workplace to tobacco poses serious health hazards to the employees/trainees besides potential risks of explosions. Considering this, smoking is permitted only in the designated 'Smoking Areas'.

10. Seat Belt Policy

    As per policy, it is mandatory for all Tariq Corporation Limited employees/ trainees, contractors, visitors and all other persons to fasten seat belts in the front seats of the vehicle while traveling.

# CODE OF CONDUCT
# FOR EMPLOYEES

11. Other Employment, Outside Interests, Civic Activities

    Tariq Corp. does not allow its employees/trainees to take any part-time and/or full-time second employment during employees'/trainees' engagement with the Company.

12. Unsolicited Gifts

    Accepting gifts that might place an employee/trainee under obligation is prohibited. Employee/ trainee must politely but firmly decline any such offer and explain that in accordance with the Company's instructions, they are unable to accept the offer.

13. Family Connections and Employment of Relatives

    Any dealings between staff themselves or outside organizations in which they have a direct, indirect or family connection must be fully disclosed to the Management.

14. Company and Personal Property

    An employee/trainee must not take or use Company property or the property of another employee/trainee without permission; nor must be employee/ trainee use Company property for private purposes without the Management's permission.

15. Alcohol and Drugs

    Alcohol in any form and the use of drugs, except under medical advice, is prohibited at all locations.

16. Gambling

    All forms of organized gambling or betting on the Company's premises is forbidden.

17. Rumour Mongering & Gossiping

    Rumour mongering, persuasive allegations, accusations and exaggerations with the main purpose of negatively influencing and manipulating the minds and emotions of the fellow employees/trainees are strictly prohibited.

18. Harassment

    It is the policy of the Company to promote a productive work environment and not to tolerate verbal or physical conduct by any employee/trainee that harasses, disrupts or interferes with another's work performance, creates an intimidating, humiliating, offensive or hostile environment.

19. Grievance Handling

    Tariq Corp. strives to provide a fair and impartial process to its employees/trainees and ensure timely resolution of their grievance.

20. Whistle Blowing

    In order to enhance good governance and transparency, Tariq Corp. has introduced a Whistle Blowing Policy. The Policy provides an avenue to employees/ trainees and vendors to raise concerns and report legal and ethical issues like fraud, corruption or any other unlawful conduct or dangers to the public or the environment. These concerns should be raised by bringing those into the notice of supervisors/managers or compliance office.

21. General Discipline

    Every employee/trainee must adhere to the Company's rules of service and make sure that he/she is familiar with them.

22. Reporting Violations / Disciplinary Actions

    Any violation of this Code shall be promptly reported to the Human Resources department by any employee/ trainee having knowledge thereof or having reasonable belief that such a violation has occurred.

23. Compliance Office

    The Human Resources Department will act as the designated compliance office for implementation of the code.

# BUSINESS CONTINUITY PLAN

The Board of Directors ensures that the Company has an updated Business Continuity and Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extra ordinary circumstances. The comprehensive plan is designed to ensure the protection of overall company's operations and assets along with regular archival and system backups at remote sites.

The key highlights and actions of Tariq Corporations' Business Continuity Plan are as follows:

- It is regularly ensured that Data Recovery processes are operating effectively.
- The management is responsible for the development and execution of an effective Business Continuity Plan.
- The development of the plan must be done keeping in mind the on-going business needs and the environment it is operating in.
- A company-wide and detailed Process Documentation Activity has been done whereby all the processes are mapped and serve as an SOP for all practices.
- The Management also ensures the training of all the employees on how to respond in case of any unforeseen or extraordinary event.
- Employees are imparted multi-skill training which helps in the continuity of business activities.
- To ensure protection of employees and assets, adequate systems are in place for natural disasters, fire emergencies, etc at plants.
- The Company has also deployed adequate security staff at its plant to ensure uninterrupted sugar production regardless of the political situation and other external factors.
- The Company ensures backup of all the assets whether physical or virtual; the physical assets are backed by insurance whereas backup of virtual assets and data is created on a routine basis.

# COMPANY PROFILE

**Tariq Corporation Limited (The Company) was incorporated on February 14, 1966 in Karachi and received its Certificate for Commencement of Business on April 16, 1966.**

The Company is listed on the Pakistan Stock Exchange and has received the award for Top 25 Companies of Pakistan twice in its history. The Company commenced trial production on January 22, 1968 and went into commercial production on February 14, 1968, making it one of the pioneers of Pakistan's sugar sector. Given the rich history of the company, which is now in its third generation, it enjoys cordial and familial relations with the sugarcane growers of the area.

The current sponsors took over management in 2015 and transformed the Company to its current identity through a continued process of BMR. The existing sugar manufacturing process is based on Defecation Remelt Sulphitation that was changed in 1986-87 from out-fashioned Double Carbonation Double Sulphitation process.

The plant is located in Jaranwala. Approximately 80 km from Lahore and 40 km from Faisalabad, Jaranwala is situated in the heart of Punjab's urban centers. The region is highly suitable for the plantation of sugarcane because of the area's unique climate and soil conditions. The area has large tracts of land where sugarcane is cultivated and produces approximately 40-45 million maunds of sugarcane a year.

The Company has recently initiated an efficiency improvement with project in which equipment is being installed, which will reduce steam consumption per ton of cane processed. The bagasse saved will help increase revenues and maximize profitability. In fact, various measures have already been completed and positive results have already been achieved, which have been reflected in the improved revenue generation and the increased profitability of the company.

## CORPORATE SOCIAL RESPONSIBILITY

We actively seek opportunities to contribute to the communities in which we operate and to improve the environments that sustain us all. Our areas of primary focus are education and health a and community building. At Tariq-Corp, Corporate Social Responsibility (CSR) is a strategic management driven initiative that incorporates our business, environmental, and citizenship activities in a manner that supports our vision and upholds our values. We aim to play a positive role in the communities in which we operate. Our community involvement policy is one of the core components underpinning our ethical behaviour. Our programmes involve building long term relationships with local communities to deliver our shared objective: establishing strong, safe, healthy and educated communities by investing time and resources into projects that directly address local needs. Our Social Action Programme (under Tariq Welfare Foundation) delivers a variety of social services in our extended community.These services include education, healthcare. Our school adoption initiative provides support to local girls' and boys' schools that includes provision of clean drinking water, nutrition supplements, uniforms, maintenance of infrastructure and building additional facilities where required. Tariq Welfare Foundation also provides support to education programme . Tariq Welfare Foundation funded special incentives for school children include recognition of high achievers in school exams with scholarships and awards, sports competitions for school children, and inter-school handwriting competitions for school children and teachers. Our Healthcare initiative delivers primary medical facilities at the doorsteps of our extended community. Three teams of qualified doctors, paramedical staff, and mobile dispensaries served the patients during the year. Diagnostic facilities, preventive treatment, and free medicines are provided through this programme.

# DIRECTORS PROFILE

**SADIA ALI TARIQ**

Chairperson

Sadia Ali Tariq Chairpsron of Tariq Corporation Limited. Mrs. Sadia Ali Tariq is also a Director of Tariq Welfare Foundation, a Company Registered under Section 42 with Securities and Exchange Commission of Pakistan (SECP).

She has completed her Directors Training Program from the Lahore University of Management Sciences (LUMS).

**MIAN MUSTAFA ALI TARIQ**

CHIEF EXECUTIVE OFFICER

Mian Mustafa Ali Tariq is the Chief Executive Officer of the company. He completed his higher education at the University of California, Los Angeles and was awarded with a Bachelor of Arts degree in Economics. He has also been certified by the Lahore University of Management Sciences for successfully completing their course on Enhancing Board Effectiveness. He is a member of the HR&R Committee of the Board.

He is also a Director of Tariq Welfare Foundation (TWF), a Company Registered under Section 42 with Securities and Exchange Commission of Pakistan (SECP). TWF is currently running a school, college and a hospital where high quality education and health care facilities are provided at subsidised cost.

**MIAN AHMED ALI TARIQ**

EXECUTIVE DIRECTOR

Mian Ahmed Ali Tariq is the member of the Board of Directors of the company. He completed his higher education at the Lahore University of Management Sciences and was awarded with a Bachelors of Science (Honors) degree. Mian Ahmed is also a certified director from the Institute of Cost and Management Accountants of Pakistan (ICMAP). He has served the company in an executive capacity since 2009. Mian Ahmed's vision and leadership at Tariq Corp has played a critical role in the company's growth, success, and development. An industry leader, Mian Ahmed also serves on the Executive Committee of The Pakistan Sugar Mills Association for Punjab. He is currently Executive Committee Member of Sugarcane Research and Development Board (Punjab) as well as Executive Member Pakistan Sugar Mills Association.

Mian Ahmed's is a strong advocate of giving back to the community. Under his leadership, Tariq Corp. has expanded its commitment and contribution towards social welfare and development. His family trust has providing quality education and healthcare for generations at affordable prices through substantial scholarships and financial aid.

**GHAZANFAR ALI**

NON - EXECUTIVE DIRECTOR

Ghazanfar Ali has been appointed as Non-Executive Director of Tariq Corporation Ltd on November 01, 2023.Ghazanfar Ali completed his Bachelor of Commerce (B. Com) from the University of the Punjab in 1990. He has vast experience of banking and finance in various managerial posts. He is also member of audit committee constituted by Board of Directors of Tariq Corporation Limited.

**MARYAM HABIB**

NON - EXECUTIVE DIRECTOR

Maryam Habib was elected as a director on the board of Tariq Corporation Mills in March of 2017. Mrs. Habib pursued her higher education at Kinnaird College Lahore. She is currently serving as the Executive Director of the company. In her short time at the company, she has been instrumental in initiating and implementing various programs of the company

**MUHAMMAD IMRAN KHAN**

INDEPENDENT DIRECTOR

Muhammad Imran Khan joined the Board on 31 May 2018. He is currently serving as independent director on Tariq Corporation's Board of Directors, and as the Member of the Board's Audit Committee. Khan's contributions to the company are of the utmost importance .Khan serves as CEO/Founder of Sule International and brings in several years of experience in commodities trading domestic and internationally. He was Co-Founder of Amber Road Trading Co New York with focus on trading between South East Asia, North America and England. Khan also serves on the board of Admaxim a global digital advertising technology company. Khan holds a bachelor's degree from Government College (Lahore, Pakistan) and has completed a business management and marketing certification from the University of California Los Angeles. .

**SAIF HASAN**

INDEPENDENT DIRECTOR

Saif Hasan is an experienced executive in the global textile and fashion industry with a background in technology operations and management. He is also serving as a Director of Intermoda Brands Pvt. Ltd and is an executive at Matrix Sourcing, Triple Tree Solutions, and Lulusar. Previously, Hasan has worked in Silicon Valley. He completed his higher education at The George Washington University in Washington DC. He has also completed executive courses at the London School of Economics and the Lahore University of Management Sciences. Hasan joined the Board of Directors of Tariq Corporation on the December 18, 2019.

# MANAGEMENT

Mian Mustafa Ali Tariq
Chief Executive Officer

Wasim Saleem
Deputy Chief Executive /
Chief Financial Officer

M. Mudassar Ahsan
General Manager (Head Office)

Khalid Mahmood
Company Secretary

Azhar Fazal
General Manager

Muhammad Aatif Saeed
General Manager (Agriculture)

## INSPIRED BY A DREAM
## BUILT TO GROW

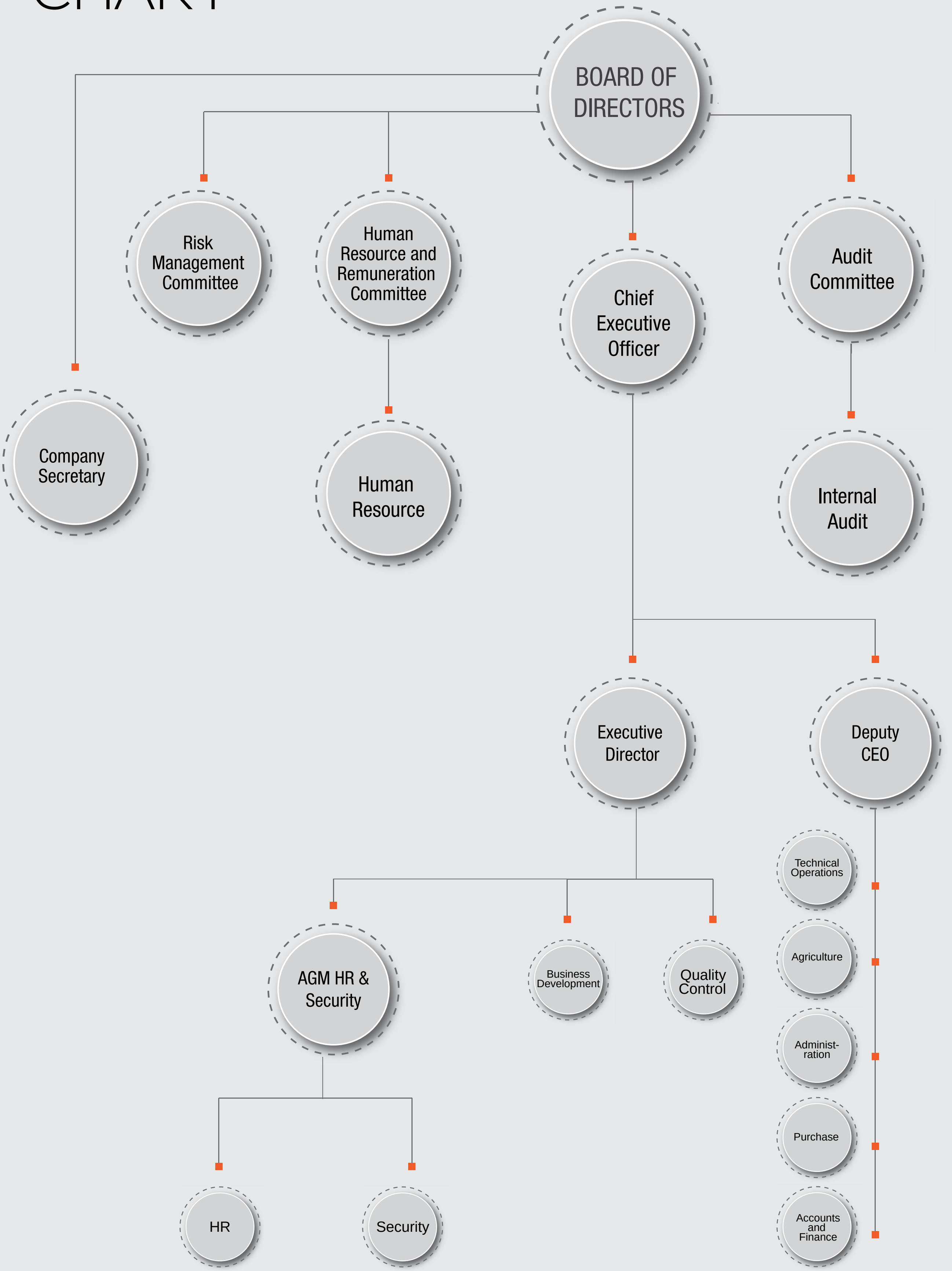
To be a leading producer of sugar and its by-products by delivering the highest quality of products of the highest international standards to our customers at the lowest possible cost. To maximize the wealth of our shareholders by increasing equity and earnings in real terms.

To achieve sustainable growth and development by anticipating the expectations of our customers, predicting market trends, and through constant and fluid innovation.

From Left ot Right
Sitting Position | Wasim Saleem I M. Mudassar Ahsan I Mian Mustafa Ali Tariq I Waseem Ahmed Ghafoor I Khalid Mehmood Chattah

From Left ot Right Standing Position | Khurram Shehzada | M. Iqbal Qasim Bhutta | Tariq Manzoor | Rashid Javed | Khalid Mahmood Ghazanfar Ali | Muhammad Shafique | Abdullah Naseem

# ORGANIZATION CHART



# NOTICE OF ANNUAL GENERAL MEETING

57th AGM

JANUARY 23,2024

Notice is hereby given that 57th Annual General Meeting of the Tariq Corporation Limited will Insha Allah be held on January 23, 2024 at 11:30 a.m. at 28-C, Block E-1, Gulberg-III, Lahore to transact the following business:

## ORDINARY BUSINESS

1. To confirm minutes of the Extra Ordinary General Meeting of the company held on September 9, 2023.

2. To receive, consider and adopt the annual audited Financial Statements of the company for the year ended September 30, 2023 together with the Directors' and Auditors' Reports thereon.

3. To approve payment of fixed cumulative preference dividend out of profits of the company @ 10/- per anum for the years 2022 and 2023.

4. To appoint Auditors for the financial year ending September 30, 2024 and to fix their remuneration

## SPECIAL BUSINESS

5. INCREASE IN AUTHORIZED CAPITAL OF THE COMPANY

To consider and, if thought fit to approve the increase in the Authorized Capital of the company and for the purpose to pass the following resolution as a Special Resolution with or without any modification, and to make consequent amendments in the Memorandum and Articles of Association of the company: -

"RESOLVED THAT pursuant to the provisions of section 85 and other applicable provisions of the Companies Act, 2017, the Authorized Capital of the Company be and is hereby increased from Rs. 680,000,000/- to Rs.850,000,000 divided into 70,000,000 ordinary shares of Rs 10 each and 15,000,000 preference shares of Rs 10 each with such preferential, qualified or special rights, privileges, conditions or restrictions attaching thereto as the Company may from time to time determine by Special Resolution, with the power insofar as is permitted by law.

RESOLVED FURTHER THAT consequent upon the proposed increase in the Authorized Capital of the Company, the existing Clause V of the Memorandum of Association shall be altered and substituted with the following clause 'V', and article clause 6A shall be added in the Articles of Association of the Company as mentioned below-

### CLAUSE V OF THE MEMORANDUM OF ASSOCIATION:

"V".The authorized share capital of the Company is Rs.850,000,000 (Rupees Eight Hundred Fifty Million only) divided into 70,000,000 (Seventy million) ordinary shares of Rs.10 (Rupees ten) each, and 15,000,000 (fifteen million) preference shares of Rs.10 (Rupees ten) each, being with such preferential, qualified or special rights, privileges, conditions or restrictions attaching thereto as provided under the Companies Act, 2017. The company shall have the power to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by law.

The proposed increase in the Authorized Share Capital of the Company will also necessitate amendments in clause V of the Memorandum of Association and clause II of the Articles of Association of the Company. The Board of Directors have also recommended alteration in the Memorandum and Articles of Association of the Company to reflect increase in Authorized Share Capital of the company.

### ARTICLE "6A" OF THE ARTICLES OF ASSOCIATION.

'6A' The authorized share capital of the Company is Rs.850,000,000 (Rupees Eight Hundred Fifty Million only) divided into 70,000,000 (Seventy million) ordinary shares of Rs.10 (Rupees ten) each, and 15,000,000 (fifteen million) preference shares of Rs.10 (Rupees ten) each, being with such preferential, qualified or special rights, privileges, conditions or restrictions attaching thereto as provided under the Companies Act, 2017. The company shall have the power to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by law.

**6.** To seek approval of the members through 'special resolution' to withdraw the approval granted earlier for the disposal of company's assets and also the authorization given to the Board for undertaking measures in this regard.

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

By Order of the Board

Lahore
January 02, 2024

KHALID MAHMOOD
Company Secretary

Notes:

## BOOK CLOSURE:

The Share Transfer Books of the Company will remain closed from 16 January 2024 to 23 January 2024 (both days inclusive) to determine the names of members entitled to attend the Annual General Meeting. Transfers received in order at the office of the company's Share Registrar CDC Share Registrar Services Limited by the close of business on 15 January 2024, will be treated in time for determination of entitlement of the members to attend and vote at the meeting.

## PROXIES:

A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting.

Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

Members are requested to immediately notify the change in their address, if any. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

### A. For Attending the Meeting

a. In case of Individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

### B. For Appointing Proxies

a. In case of individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature.

shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

## Video Conference Facility:

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the Annual General Meeting. The request for video-link facility shall be received by the Share Registrar at their address at least 7 days prior to the date of the meeting on the Standard Form available on the website of the Company.

## Video Link Facility for Meeting: -

Securities and Exchange Commission of Pakistan ("SECP") has advised vide Circular No. 4 of 2021 dated 15 February, 2021 to provide participation of the members through electronic means. The members can attend the EOGM via video link using smart phones / tablets. To attend the meeting through video link, members and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides) / passport, attested copy of board resolution / power of attorney (in case of corporate members) through email at (Company's email)

| Name of Member/Proxy holder | CNIC No. | Folio No./CDC Account No. | Cell No./ WhatsApp No. | Email ID |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

## Polling on Special Business Resolution:

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 ("the Regulations") amended through Notification dated January 05, 2024, issued by the Securities and Exchange Commission of Pakistan ("SECP"), SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of Tariq Corporation Limited will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on January 23.,2024., at 11:30 AM, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

## Procedure for E-Voting:

I. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on January 16,2024.

II. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

III. identity of the members intending to cast vote through e-voting shall be authenticated through electronic sign ature or authentication for login.

IV. E-Voting lines will start from January 19,2024, 09:00 a.m. and shall close on January 22,2024 at 5.00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

### Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address 28-C, Block E-1, Gulberg-III, Lahore or email at corporate@tariqcorp.com one day before the date of Annual General Meeting on January 23.,2024 during working hours. The signature on the ballot paper shall match the signature on CNIC.

This postal Poll paper is also available for download from the website of the Company at www.tariqcorp.com or use the same as attached to this Notice and published in newspapers.

Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding Authority.

### E-voting Service Provider:

M/s CDC Share Registrar Services Limited

Members of the Company, are advised in their best interest, to convert their physical shares into book-entry form at earliest.

### STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on January 23,2024.

### 1.ITEM NO.5 OF THE NOTICE

INCREASE IN AUTHORIZED SHARES CAPITAL OF THE COMPANY AND CONSEQUENT AMENDMENTS IN THE MEMORANDUM AND ARTICLES OF ASSOCIATION:

The authorized share capital of the Company is Rs.850,000,000 (Rupees Eight Hundred Fifty Million only) divided into 70,000,000 (Seventy million) ordinary shares of Rs.10 (Rupees ten) each, and 15,000,000 (fifteen million) preference shares of Rs.10 (Rupees ten) each, being with such preferential, qualified or special rights, privileges, conditions or restrictions attaching thereto as provided under the Companies Act, 2017. The company shall have the power to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by law.

The proposed increase in the Authorized Share Capital of the Company will also necessitate amendments in clause V of the Memorandum of Association and clause II of the Articles of Association of the Company. The Board of Directors have also recommended alteration in the Memorandum and Articles of Association of the Company to reflect increase in Authorized Share Capital of the company.

None of the directors of the company has any direct or indirect interest in the aforementioned special businesses except to the extent of his shareholding as has been detailed in the pattern of shareholding annexed to the Financial Statements.

# OUR TEAM

**Javid Iqbal Sodagar**
Deputy General Manager
(Operations)

**Muhammad Iqbal**
Deputy General Manager
(Technical)

**Gulzamin Said**
Deputy General Manager
(Admin & Public Relations)

**Khalid Mahmood Chatta**
Deputy General Manager
(Procurement)

**Iqbal Qasim Bhutta**
Deputy General Manager
(Finance & Business Development)

**Sohail Akbar**
Assistant General Manager
(Production)

**Shah Nawaz**
Assistant General Manager
(Agriculture)

**Zahid Mehmood**
Assistant General Manager
(Internal Audit)

**Maj. (R) Muhammad Anwar**
Assistant General Manager
(Security & HR)

**Syed Hassan Mujtaba**
Sr. Chief Engineer
(Instruments)

**Sher-I-Yazdan Khan**
Sr. Manager
(Quality Control)

**Tariq Manzoor, ACA**
Sr. Manager (Accounts &
Texation)

# PROFILE OF KEY MANAGEMENT

**WASIM SALEEM**
DEPUTY CHIEF EXECUTIVE / CHIEF FINANCIAL OFFICER

Wasim Saleem is the Deputy Chief Executive / Chief Financial Officer of the Company. He did his masters in Business Administration. He is a member of Institute of Cost and management Accountants of Pakistan and Institute of Bankers in Pakistan. Besides attending many senior executive/management courses he has diversified experience of over thirty years at senior management level in development banking and sugar industry. Prior to joining Tariq Corporation Limited. He has worked with the NDFC and Ashraf Sugar Mills Limited.

**M. MUDASSAR AHSAN**
GENERAL MANAGER
HEAD-OFFICE

Muhammad Mudassar Ahsan is the General Manager (Head Office). He has more than 20 years experience of sugar industry. He has served on the Board of Tariq Corporation Limited. He got his Masters in Business Administration (MBA Marketing) at University of Management and Science, Lahore in 1995 along with Diplomas in Export Marketing Management and Computer Applications. He has attended Financial Management Courses from Lahore University of Management Sciences (LUMS).

**KHALID MAHMOOD**
COMPANY SECRETARY

Khalid Mahmood has been working in Tariq Corporation Limited as the Company Secretary. He has been associated with the Company since 2005 Khalid is associate member of Institute of Chartered Secretaries of Pakistan (ICSM). He is also Fellow Member of Institute of Corporate Secretaries of Pakistan (ICSP) He got his Masters in Business Administration (MBA) from Virtual University of Pakistan, Lahore in 2008. He has completed CAF from the Institute of Chartered Accountants of Pakistan (ICAP).

**AZHER FAZAL**
GENERAL MANAGER

Azher Fazal has been a part of the Tariq Corp. team since 2013. Azher Fazal completed his higher education at the University of Engineering and Technology where he was rewarded with a degree in Mechanical Engineering. Fazal is also a certified engineer from the Pakistan Engineering Council. Azher's numerous contributions in the technical operations of the plant have been instrumental in the operating success of the company.

# PROFILE OF KEY MANAGEMENT

**MUHAMMAD AATIF SAEED**
GENERAL MANAGER - AGRICULTURE

Muhammad Aatif Saeed is serving in Tariq Corporation as General Manager Agriculture. He joined Sugar Industry in 1997.He has been serving as Head of the department since 2011 in different Sugar Mills i.e., Rasool Nawaz, Tandlianwala and Chanar Sugar Mills Ltd. He has an enormous experience of 26 years in Sugar Industry both in cane procurement and development.

# KEY OPERATING AND FINANCIAL DATA

| OPERATING DATA | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Cane crushed (M.Tons) | 616,378 | 914,573 | 822,621 | 476,430 | 491,278 | 600,773 |
| Sugar produced from Sugar Cane (M.Tons) | 60,120 | 80,125 | 74,564 | 43,307 | 48,251 | 55,331 |
| Average Recovery from Sugarcane( %) | 9.76 | 8.76 | 9.06 | 9.12 | 9.81 | 9.21 |
| Number of days worked | 97 | 138 | 123 | 117 | 98 | 135 |
| | ………………………….(Rupees in ' 000)…………………………………… | | | | | |
| FINANCIAL DATA | | | | | | |
| Sales | 7,832,780 | 6,286,543 | 6,148,523 | 2,954,630 | 3,715,573 | 2,755,737 |
| Gross Profit | 973,174 | 480,153 | 476,048 | 292,105 | 240,082 | 259,095 |
| Operating Profit | 599,981 | 193,719 | 232,964 | 47,665 | 74,514 | 71,923 |
| Profit / (Loss) before taxation | 578,679 | (119,753) | 68,520 | (208,942) | 313,185 | 32,792 |
| Taxation | 237,630 | 79,104 | 44,863 | 77,265 | 19,642 | 2,376 |
| Profit / (Loss ) after taxation | 341,049 | (198,857) | 23,657 | (286,206) | 293,543 | 35,168 |
| Earning / (Loss) per share (Rupees) | 6.44 | (3.80) | 0.58 | (6.98) | 9.05 | 1.28 |
| | | | | | | |
| Total Assets | 6,930,690 | 7,608,546 | 7,135,473 | 6,891,961 | 4,640,998 | 5,137,458 |
| Current Liabilities | 2,017,972 | 3,950,095 | 3,177,416 | 2,950,762 | 1,395,380 | 2,439,517 |
| | | | | | | |
| Capital Employed | 4,912,718 | 3,658,451 | 3,958,057 | 3,941,199 | 3,245,618 | 2,697,941 |
| | | | | | | |
| Represented by: | | | | | | |
| Share Capital | 599,338 | 599,338 | 385,200 | 385,200 | 360,000 | 250,000 |
| Share Subscription money | - | - | 211,758 | - | - | - |
| Reserves | 2,753,758 | 2,189,147 | 2,188,780 | 2,295,364 | 1,938,295 | 1,998,952 |
| Accumulated (Loss) / Profit | 198,678 | (189,684) | (50,191) | (137,888) | 102,945 | (246,489) |
| Directors' Loan | 97,367 | 99,561 | 261,954 | 424,429 | 446,381 | 530,352 |
| | | | | | | |
| Shareholders' Equity | 3,649,141 | 2,698,361 | 2,997,501 | 2,967,105 | 2,847,621 | 2,532,815 |
| | | | | | | |
| Non - current Liabilities | | | | | | |
| Liabilities against assets subject to | | | | | | |
| finance lease | 15,913 | 29,900 | 8,264 | 3,714 | - | - |
| Long term financing | 528,557 | 538,314 | 674,873 | 702,028 | 277,663 | - |
| Liability component of preference shares | 61,568 | 66,561 | - | - | - | - |
| Deferred tax liability | 657,539 | 325,315 | 277,419 | 268,352 | 120,334 | 165,126 |
| | | | | | | |
| | 1,263,577 | 960,090 | 960,556 | 974,094 | 397,997 | 165,126 |
| | | | | | | |
| | 4,912,718 | 3,658,451 | 3,958,057 | 3,941,199 | 3,245,618 | 2,697,941 |

# REPORT OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee (BAC) is governed by the mandate given to it by the Board of Directors in compliance of the Code of Corporate Governance. It is a vital platform to ensure the transparency of financial reporting and is critical for the efficient effectiveness of the company's objectives.

The BAC assists the Board in scrutinizing the financial and non-financial information and maintaining an independent check on the activities of the management. It also serves as a platform to evaluate, asses, and monitor internal controls, compliance, and manage risks.

The Board Audit Committee comprises of three members:

| | | |
|---|---|---|
| M. Imran Khan | Independent Director | Chairman |
| Mian Ahmed Ali Tariq | Executive Director | Member |
| Ghazanfar Ali | Non-Executive Director | Member |

All the members have extensive knowledge and experience in the fields of finance, accounting, controls, and systems management.

The BAC takes into account information from various sources such as biweekly reports from management, internal auditors' report, external auditors' report among other sources. The BAC is empowered to invite and question any person from management as and when required for the purposes it has been authorized to scrutinize by the Board of Directors.

During FY2022-23, The Board Audit Committee met four times. The Chief Financial Officer and the Head of Internal Audit are regular participants of the meeting. The BAC also meets external and internal auditors independently once a year.

The terms of BAC are precisely defined by the Board. The Committee monitors including other things:

- Internal Controls
- Risk Management
- Integrity of Financial Information
- Internal Audit Report
- Audit Observations
- Compliance with Applicable Laws
- Assessing accounting & financial estimates, changes in accounting policies, and compliance with standards.
- Recommendation of External Auditors Appointment based on independence, integrity and satisfactory rating with ICAP

The Board Audit Committee has reviewed the performance and operations of the Company for the year ended September 30, 2023 and reports that:

- Internal controls of the company are sound and are working properly;
- Departments of the company are working in line with company objectives;
- Records are maintained in accordance with applicable laws and regulations;
- Financial statements are in conformity with applicable laws and regulations;
- Code of Corporate Governance is followed;
- Recommended the present auditors, M/S Kirsten Hyder Bhimji & Co. Chartered Accountants, for re-appointment for year ending September 30, 2024.

**MUHAMMAD IMRAN KHAN**
Chairman

**BOARD AUDIT COMMITTEE**
Lahore

# ROLES AND RESPONSIBILITIES OF THE CHAIRPERSON AND THE CHIEF EXECUTIVE OFFICER

Listed below are the responsibilities of the Chairperson and the Chief Executive Officer of the Company.

## CHAIRPERSON

The Chairperson is responsible for the leadership of the Board. In particular, he will:

1. Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance.
2. Ensure effective communication with shareholders.
3. Set the agenda of Board discussions to promote constructive debate and effective decision-making.
4. Chair the Nominations Committee and build an effective and complementary Board, initiating change and planning succession on Board and Executive appointments.
5. Ensure that all Board committees are properly established, composed and operated.
6. Ensure comprehensive induction programs for new directors and updates for all directors as and when necessary.
7. Support the Chief Executive in the development of strategy and, more broadly, to support and advise the Chief Executive.
8. Maintain access to senior management as is necessary and useful, but not intrude on the Chief Executive's responsibilities.
9. Promote effective relationships and communications between non-executive directors Executive directors.
10. Ensure that the performance of the Board, its main committees and individual directors is formally evaluated on an annual basis.
11. Preside over all the BOD meetings and AGM.

12. Declare results of the meetings where result based on show of hands of General Meeting.

13. Sign the minutes of meetings of the Board Of Directors and the Annual General Meeting.

14. Establish a harmonious and open relationship with the Chief Executive Officer and Management.

## CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is responsible for leadership of the business and managing it within the authorities delegated by the Board. In particular, he will:

1. Develop strategy proposals for recommendation to the Board and ensure that agreed strategies are reflected in the business.

2. Develop annual plans, consistent with agreed strategies, for presentation to the Board for support.

3. Plan human resource strategies to ensure that the Company has the capabilities and resources required to achieve its plans.

4. Develop an organizational structure and establish processes and systems to ensure the efficient organization of resources.

5. Be responsible to the Board for the performance of the business consistent with agreed plans, strategies, and policies.

6. Lead the executive team, including the development of performance contracts and appraisals.

7. Ensure that financial results, business strategies and, where appropriate, targets and milestones are communicated to the investors.

8. Develop and promote effective communication with shareholders.

9. Ensure that business performance is consistent with the Business Principles.

10. Ensure that robust management succession and management development plans are in place and presented to the Board from time to time.

11. Develop processes and structures to ensure that capital investment proposals are reviewed thoroughly and that associated risks are identified and appropriate steps taken to manage the risks.

12. Develop and maintain an effective framework of internal controls over risk in relation to all business activities including the Company's trading activities.

13. Ensure that the flow of information to the Board is accurate, timely and clear.

14. Establish a close relationship of trust with the Chairman, reporting key developments to him in a timely manner and seeking advice and support as appropriate.

# CHAIRPERSON'S REVIEW

Dear Shareholders,

I am pleased to address you as we conclude another year at Tariq Corp. Despite the challenges faced in the past year, our dedicated team has overcome obstacles, positioning the company for growth. I am delighted to announce that, for the financial year ending September 30, 2023, Tariq Corp has not only weathered the political and economic storms at home and abroad, in the background of the geopolitical and inflationary wars internationally, but has also achieved record gross profitability, meeting the targets set by our Board of Directors.

The Board has evaluated the management's overall performance for this fiscal year, deeming it satisfactory and aligned with our visionary goals. This assessment considers strategic planning, fiscal budgeting, policy implementation, system enhancements, and operational results. During the 2022-2023 financial year, Tariq Corp contributed significantly to the national exchequer, surpassing Rs. 1 Billion in various taxes, cesses, levies, and other contributions, marking another milestone in revenues and profitability.

Our commitment to excellence extends beyond financial success. We actively engage with the government, collaborating on legislative reforms in the sugar industry and fulfilling social responsibilities, such as supporting flood victims across Pakistan and engaging with different inter-departmental government functionaries to propose policies that can improve corporate success and promote an economic revival for our country. Our employees volunteered to contribute to relief efforts, showcasing our dedication to community service. We have also partnered with local authorities for charitable programs, contributing to the construction of essential facilities in our community.

While facing challenges like a decline in sucrose content in sugarcane and unforeseen pest attacks affecting recoveries,Tariq Corp has maintained higher gross profitability. The Profit after taxation for this year can be attributed to a healthy sugar market and operational efficiencies. Proactively addressing the fall in recoveries, our R&D Division supported farmers with financing for essential inputs, and facilitating loans from various financial institutions, resulting in a reversal of sugarcane recovery trajectory. This year, we forecast a jump of our sugarcane recoveries by more than a degree, inshaAllah.

Our commitment to social projects remains strong, with a focus on education and community support. CSR projects have set benchmarks, providing subsidized education to over a thousand children annually.

Venturing into new opportunities, the success of our retail sugar division encouraged the expansion of our food brand, 'Krystal,' with a successful trial in dairy products. The dairy production business, now in its second year, has demonstrated a promising return on investment

Our management's policy of hiring, rewarding, and developing individuals has led to sustained growth. We prioritize transparency, accountability, and compliance with the Code of Corporate Governance, ensuring the highest professional standards. As we move forward, we appreciate the invaluable support of our shareholders and stakeholders, paving the way for sustainable development, greater value creation, and stable growth.

I extend my gratitude to all stakeholders and recognize the hard work and dedication of the entire Tariq Corp team. Your continued support is crucial, and we look forward to the forthcoming Annual General Meeting, anticipating further cooperation and commitment..

**SADIA ALI TARIQ**
Chairperson of the Board

# DIRECTORS' REPORT

Your Directors are pleased to present the 56th Annual Report of Tariq Corporation Limited for the year ended September 30, 2023.

The Company's performance for the current and last year is given below:

| September 30 | | 2023 | 2022 |
|---|---|---|---|
| OPERATIONS | | | |
| Sugarcane crushed | (M. Tons) | 616,378 | 914,573 |
| Sugar produced | (M. Tons) | 60,120 | 80,125 |
| Molasses produced | (M.Tons) | 29,725 | 44,860 |
| Sugar recovery | (%age) | 9.76 | 8.76 |
| | | Rupees in Thousand | |
| FINANCIAL | | | |
| Sales -Net | | 7,832,780 | 6,286,543 |
| Gross Profit | | 973,174 | 480,153 |
| Operating Profit | | 599,981 | 193,719 |
| Finance Cost | | 509,925 | 442,750 |
| Profit / (Loss)After Taxation | | 341,049 | (198,857) |
| Earnings Per Share Basic (Rupees) | | 6.44 | (3.80) |

### CHAIRPERSON'S REVIEW

The Directors of your Company fully endorse the Chairperson's Review for the year ended September 30, 2023

### ECONOMY IN REVEIW:

FY22-23 has posed its unique challenges on the Company. The global economic landscape has witnessed heightened inflation and correspondingly rigorous monetary policy due to the impacts of the Ukraine War and the War in the Middle East. This has created a challenging environment, both for businesses worldwide and in Pakistan. With a tightening of monetary policy, and an increase in the costs of imported raw materials, the cost of manufacturing sugar has increased to unprecedented levels. As the government tried to rein in inflation in an overheated economy, various challenges were being faced across the economy. From difficulties in securing LCs, to new taxes and a shortage of materials needed for production, sectors throughout the economy had been badly affected. Consumer demand had fallen sharply and given a sizable surplus of sugar stocks, the sugar market had seen a difficulty in escaping the glut that has eroded margins of firms across the industry. However in Q3 and Q4, the retail market for sugar saw resurgence that drove prices to record highs. The company was able to capture sizeable revenues at these prices and this contributed towards decent profitability for the year.

However, there is optimism as economic projections indicate a potential downturn in inflation and a more accommodative monetary policy in the coming months. This positive outlook has translated into a recovery in the stock market, marking a notable turnaround. Tariq Corporation Limited, strategically positioned to weather economic fluctuations, will uncertainly benefit from this trend. As inflation and monetary policy are anticipated to stabilize, the company stands to gain from a projected decrease in the cost of capital.

This reduction in the cost of capital is poised to be a catalyst for increased profitability for Tariq Corporation Limited. Lower financing costs will positively impact our operational expenses and overall financial structure. As we navigate these economic shifts, our company is well-poised to capitalize on the emerging opportunities, fostering sustained growth and enhanced shareholder value.

With a production of more than 7.8 Million tons last year and a similar projection for the current year, Pakistan has a sizable quantity of sugar that can be exported. The Pakistan Sugar Mill Association has been advocating the exports of these stocks for a few months now. We are hopeful as fresh production data comes in, additional export will be encouraged insofar that stocks for local consumption are maintained. With the latest USD devaluation, Pakistani sugar is uniquely competitive in international markets and can bring in much needed foreign inflows to help stabilize the current account deficit.

## OPERATIONAL RESULTS

The previous crushing season posed significant challenges, marked by a notable increase in the costs of raw material and cost of capital. The government of Punjab had set an increase in the notified price of sugarcane at Rs. 300 for the year-in-review compared to Rs. 225 for the previous year. Despite this increase in sugarcane cost, Tariq Corporation Limited is pleased to announce exceptional outcomes in terms of technical performance, resulting in record revenues and gross profitability for the current fiscal year.

In the ongoing financial year, our company has achieved gross sales of PKR 9.054 billion, marking a 25% increase compared to the preceding year's PKR 7.1 Billion. Correspondingly, Gross Profitability has risen to Rs. 973 Million from Rs. 480 Million, indicating a significant year-on-year doubling of profit, despite a substantial rise in production costs caused by a significant drop in sugar recovery.

Tariq Corporation crushed 616,378 tons of sugarcane this year at a recovery rate of 9.76%, in contrast to last year's crushing of 914,573 tons at a recovery rate of 8.76%. The improvement in recovery is primarily attributed to a serious and concentrated multi-year investment strategy to promote sucrose content in our area. Having seen a devastating year where recoveries were recorded at 8.76% a few years ago, the Research and Development Team of our Agriculture department began investing in various tools to promote healthier sugarcane in our area.

While grappling with various challenges, including setbacks in sugarcane recovery, increased manufacturing costs, and a sugar surplus in the wholesale market, the company concludes the year on a decent note, reporting an after-tax profit of Rs. 341.049 Million.

It is crucial to highlight that the management pro-actively addressed the sugarcane challenge, preventing it from escalating into a crisis. The Cane Research and Development team in our Agriculture Department collaborated with growers, agronomists, and farmers, distributing hundreds of millions of rupees worth of pesticides, fertilizer, and medicine to combat pests in our region. As the 2023-2024 crushing season unfolds, early results indicate a rise of more than 1 degree in sucrose content compared to last year. With favorable climatic conditions, the company anticipates achieving its highest recovery in history, InshaAllah.

## HEALTH AND SAFETY

At Tariq Corp, we make no compromises on the health and safety of our employees. This year, we have taken measures to implement the latest international techniques to improve and enhance the working conditions of our workers to maintain the highest safety and health standards. We are committed to providing a hygienic and secure environment for our employees, stakeholders, and visitors. Our top priority is always safety and this year, we have continued to build upon the progress of earlier years. We continue to take measures to ensure the same level of safety and health in the future.


## THE ENVIRONMENT AND CLIMATE CHANGE

Another priority of ours is the environment. With record levels of poor air quality in Punjab, to some of the lowest temperatures recorded in previous years the effects of climate change are becoming increasingly clearer every year. As responsible corporate citizens, we share a collective responsibility in protecting the ecosystem that permits our operations, development, and growth. In this regard, along with the coordination of the local administration, we have embarked on various eco-friendly projects. We have begun a tree plantation campaign and have made significant progress in minimizing our waste through renewed investment in recycling among other initiatives. We look forward to working with local partners and other stakeholders to do our part in ensuring that all Tariq Corporation products are made in a responsible and environmentally friendly manner. We are also exploring new technologies to innovate and improve our processes.

It is recommended that the government in coordination with farmers and millers formulate a long-term policy with regard to the sustainability of the environment. Compared to other crops, sugarcane is unique in that almost all of it's by-products can be used for value addition. Not only is sugarcane used to manufacture sugar, but can also be used to generate electricity, ethanol, and fertilizer. With a comprehensive private-public policy, new avenues can be used to generate additional value in the supply chain of sugarcane.

## FUTURE OUTLOOK

For the crushing season 2023-2024, the Government of Punjab has notified a support price of sugar cane at Rs.400 per 40 kg as compared to Rs. 300 per 40 kg for crushing season 2023-2023. Whereas on one hand the government has raised the price of sugarcane by more than 33%, it is critical for the government to legislate policy that will accommodate for a suitable increase in the price of sugar. Undoubtedly, with higher sugarcane prices, the cost of manufacturing of sugar and the resultant price of sugar will rise.

Within our operational domain, based on the area of sugarcane under cultivation, the average yield per acre of sugarcane, and the varieties of sugarcane planted, it is expected that sugar production for the upcoming year will be similar to last year. However, it is important to note that due to the multi faced and immense investment conducted by the company in the previous year, we forecast that sugarcane recoveries and yields will be much higher than the previous year.

The Agriculture Department at Tariq Corporation Limited has demonstrated exemplary commitment to fostering sustainable farming practices and enhancing sugarcane yields and recoveries in the sugarcane available for crushing in our operational domain. Collaborating with financial institutions, the department facilitated loans to local farmers, empowering them to invest in their crops and improve overall agricultural practices. Leveraging cutting-edge technology, the use of satellite imagery provided crucial insights into soil nutrition data, enabling precision farming and optimizing resource utilization. Moreover, the proactive engagement with farmers extended beyond conventional support. Tariq Corporation went a step further by loaning sugarcane seeds of different varieties, coupled with the distribution of pesticides and fertilizers. This holistic approach not only addressed financial needs but also promoted agricultural diversity, contributing to a significant increase in sucrose content in the cultivated sugarcane across the region. This multifaceted strategy underscores the company's dedication to sustainable agriculture and underscores its pivotal role in uplifting the local farming community.

The comprehensive initiatives undertaken by the Agriculture Department at Tariq Corporation Limited have begun to yield remarkable results. The collaborative efforts with financial institutions, integration of satellite imagery for soil nutrition insights, and the strategic distribution of sugarcane seeds, pesticides, and fertilizers have collectively contributed to a notable increase in sugarcane yields. Particularly encouraging is the substantial improvement in recoveries witnessed in the ongoing crushing season 23-24.

Preliminary data indicates a significant surge in sucrose content, surpassing expectations. The proactive measures implemented by the company have not only enhanced the financial resilience of local farmers but have also translated into tangible gains in crop quality. As we analyze the early outcomes, it is increasingly evident that the current year is poised to become the best in Tariq Corporation's history for sugarcane recoveries InshaAllah. This success underscores the effectiveness of our holistic approach to agriculture, reinforcing our commitment to sustainable practices and ensuring a prosperous future for both the company and the local farming community.

Considering all the above factors, we can safely say that operational results and financial margins will improve dramatically for the next crushing season insha Allah.

The company started its crushing season on November 22, 2023 as compared to November 25, 2022 last year and up to December 28, 2023 has crushed around 245,000 tons which is comparable to the crushing of the company for the previous year. The sugarcane crop in our operational domain is similar to last year and yields are up about 10%. However, it remains to be seen how many operating days the mills will crush for this year. Due to the tremendous work done by our Agriculture department, we forecast that sugarcane recoveries will rise by at least one degree comfortably as compared to last year and that the company will record record-breaking recoveries InshaAllah. The current working environment indicates that the company is on track to produce more sugar than last year which will boost both the top and bottom lines of the company.

Given that the Government of Punjab has increased the minimum notified price for sugarcane, we forecast that sugar prices will rally to a higher price this year as costs of production have gone up by around 30%. With a similar production forecasted for the year, it is important for the government to allow for additional export if production data demonstrates a greater surplus in the coming months. This will ensure timely payments to farmers which will result in productive farming and greater agricultural output for the next crushing season.

Considering all the above factors, we can safely say that operational results and financial margins will improve dramatically for the next crushing season insha Allah.Better recognize the new ventures of the company

## CORPORATE SOCIAL RESPONSIBILITY

The Company provides a safe, healthy, and friendly atmosphere to its all employees, besides promoting a culture of tolerance, mutual respect, and openness.

Apart from offering apprenticeship to fresh graduates and postgraduates, the Company maintains an employment policy purely on the basis of merit. In tune with the vision set forth by the Board of Directors, the Company ensures an equal employment opportunity is provided to all potential employees. Furthermore, the company has a strict zero tolerance policy with regard to discrimination. The company also provides employment to physically handicapped and special persons to maximize their potential and integrate them into the community.

As a responsible corporate entity, the Company continues to work with government functionaries and other local representatives to maximize the development of the local community. The Company has, for this purpose, established non-profit institutions for the welfare of the poor and needy, primarily in the field of education and health. Over the course of the company's history, the aforesaid institutions have provided free medical facilities and quality education to tens of thousands of individuals in the area.

The damage and devastation caused by the severe floods in 2022 across Pakistan can not be understated. The loss of crops, livestock, and persons across South Punjab, Sindh, Baluchistan and the rest of Pakistan have been brutal. The Management of Tariq Corporation along with its affiliate Tariq Welfare Foundation has done it's part in contributing toward relief works by distributing rations and contributing financially towards construction and repair works in flood affected areas and plans to continue to raise funds for the victims of this tragedy.

## MODERNIZATION AND EFFICIENCY IMPROVEMENT

IIt is your Company's policy to constantly invest and explore options for strategical expansion, technological advancement, and/or environment safety. Cutting edge technologies in key areas of the sugar plant are being incorporated to enhance overall efficiencies and reduction in overall cost of production are being adopted. With the completion of Phase 2 of our Efficiency Improvement Project, the plant's energy consumption has been reduced by a significant factor that has translated into additional savings in terms of Bagasse. We forecast that the company will save an additional 10% of this year corresponding into tens of millions of rupees in additional income to the company.

## EARNINGS PER SHARE

The Company's post-tax profit of Rs. 341.049 million translates into profit per share of Rs. 6.44 as compared to loss per share of Rs. 3.80 last year.

## DIVIDEND

In view of the financial results of the Company for the year 2023, the Board of Directors of the Company has recommended fixed cumulative preference dividend out of profits of the company @ 10/- per anum for the years 2022 and 2023 for approval in Annual General Meeting.





## CORPORATE GOVERNANCE

### BEST CORPORATE PRACTICES

The directors of the company are committed to good corporate governance and are compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule Book of the Pakistan Stock Exchange. The statement of compliance with the CCG Regulations, 2019 is enclosed.

### STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

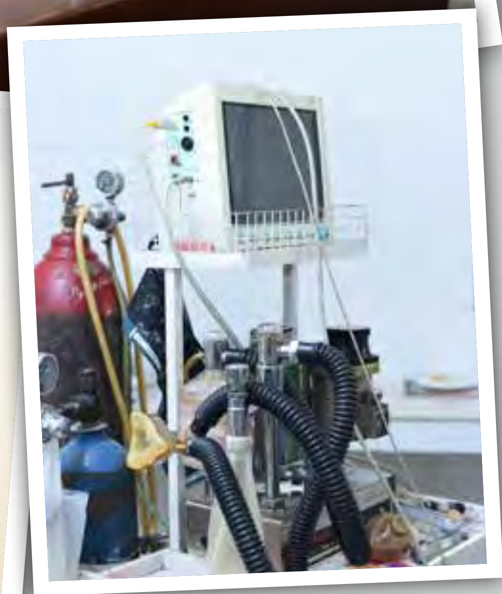
1. These financial statements prepared by the management of the Company present a fair state of affairs of the company, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained as required by the Companies Act, 2017.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
4. The International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance as listed in the listing regulations of the Pakistan Stock Exchange where the Company is listed.
8. Key operating and financial data for last six years in summarized form is annexed.
9. The Provident Fund is managed by a duly executed separate Trust and the Trust has invested Rupees 141,358 million, as at September 30, 2023. (2022: Rupees 133.691million).
10. Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review.
11. The Management is aware of its responsibility 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.
12. No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

### PATTERN OF SHAREHOLDING AND SHARES TRADED

A statement of the pattern of shareholding as at September 30, 2023, which is required to be disclosed under the reporting framework, is annexed to this report.

### COMPOSITION OF THE BOARD

In line with the requirements of the CCG, the Company encourages representation of Independent and Non-Executive Directors, as well as gender diversity on its Board. The current composition of the Board is as follows:



The total number of directors is Seven (7) as per the following:

| Category | No of Directors |
|---|---|
| Male Directors | 5 |
| Female Directors | 2 |

The composition of board is as follows:

| Category | Name | |
|---|---|---|
| Independent Directors | Muhammad Imran Khan<br>Saif Hasan | |
| Executive Director | Mian Ahmed Ali Tariq<br>Mian Mustafa Ali Tariq | |
| Non-Executive Directors | Maryam Habib<br>Ghazanfar Ali | |
| Female Directors | Sadia Ali Tariq<br>Maryam Habib | (Non - Executive Director)<br>(Non - Executive Director) |

## BOARD COMMITTEES

### AUDIT COMMITTEE

The Board of Directors has established Audit Committee in compliance with the Code of Corporate Governance. A Chairperson heads the Audit Committee, which consists of three members. The committee regularly meets with the Chief Financial Officer and the Head of Internal Audit to review and ensure that the highest accounting standards are being maintained. The Audit Committee comprises of the following members:

| Directors' Names | Status | Category |
|---|---|---|
| Muhammad Imran Khan | Independent Director | Chairman |
| Maryam Habib | Non - Executive Director | Member |
| Ghazanfar Ali | Non - Executive Director | Member |

The Audit Committee reviewed the quarterly, half yearly, annual financial statements along with the related party transaction register before submission to the Board. The Audit Committee also reviewed the internal audit department's findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

### HUMAN RESOURCES AND REMUNERATION (HR&R) COMMITTEE

Human resource planning and management is one of the most important focus points at the highest management level. The Company has a Human Resource and Remuneration Committee, which is involved in the selection, evaluation, compensation, and succession planning of key management personnel. It is also involved in endorsing improvements in Company's human resource policies and procedures and their periodic appraisal. The Human Resources and Remuneration Committee comprises of the following members:

| Directors' Names | Status | Category |
|---|---|---|
| Saif Hasan | Independent Director | Chairman |
| Mian Mustafa Ali Tariq | Chief Executive Officer | Member |
| Maryam Habib | Non - Executive Director | Member |

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee serves a term of three years. A director retiring by rotation may be re-elected. The Committee report directly to the Board of Directors and perform their tasks as assigned by the Board of Directors. The Risk Management Committee comprises of the following members:

| Directors' Names | Status | Category |
|---|---|---|
| Mian Mustafa Ali Tariq | Chief Executive Officer | Chairman |
| Mian Ahmed Ali Tariq | Executive Director | Member |
| Saif Hasan | Independent Director | Member |

## MEETINGS OF BOARD OF DIRECTORS

The Board of the Company met four times during the current year in Pakistan and the attendance of the directors is summarized below:

| Directors' Names | Status | No. of Meetings Attended |
|---|---|---|
| Sadia Ali Tariq | Chairperson | 6 |
| Mian Mustafa Ali Tariq | Chief Executive Officer | 6 |
| Mian Ahmed Ali Tariq | Executive Director | 6 |
| Maryam Habib | Non - Executive Director | 6 |
| Muhammad Imran Khan | Independent Director | 6 |
| Saif Hasan | Independent Director | 6 |
| *Waseem Ahmad Ghafoor | Non - Executive Director | 5 |
| **Ghazanfar Ali | Non - Executive Director | Nil |

** Waseem Ahmad Ghafoor resigned on 24-10-2023.*
*** Ghazanfar Ali appointed on 01-11-2023.*

*Leaves of absence was granted to the director who could not attend the Board meetings.*

## ROLES OF CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The Chairperson and the Chief Executive Officer have separate and distinct roles. The Chairperson has all the powers vested under the Code of Corporate Governance and presides over Board meetings. The principal role of the Chairperson is to manage and to provide leadership to the Board of Directors of the Company. The Chairperson is accountable to the Board and acts as a direct liaison between the Board and the management of the Company through the Chief Executive Officer. The Chairperson is independent from management and free from any interest and any business or other relationship that could conflict with the Chairperson's independent judgment. The Chief Executive Officer performs his duties under the powers vested by the law and the Board. The Chief Executive Officer recommends and implements business strategy and is responsible for the overall control and operations of the Company.

## DIRECTORS TRAINING PROGRAMME (DTP)

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX rule book.

## RELATED PARTIES TRANSACTIONS

All related parties' transactions entered into are at arm's length basis and were reviewed and approved by the Board of Directors upon recommendation of the Audit Committee in compliance with the Code of Corporate Governance and the Companies Act, 2017. The detail of transactions with the related parties is provided in respective notes the financial statements.

## CORPORATE BRIEFING SESSION

The Company carried out a corporate briefing session during year. The objective behind the company's engagement through this briefing was to give investors the right perspective of the company's business affairs. Investors from all walks of life attended the event and showed great interest in the affairs of the company. The Board continues to value the importance of building strong investor relations.

## COMMUNICATION

The Company focuses on the importance of the communication with the shareholders. The annual, half yearly, and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The website of the Company is compliant to all requirements of Securities and Exchange Commission of Pakistan (SECP), and all the information relating to the Company is available on the website. Stakeholders and members of the general public can visit the company's website www.tariqcorp.com to get their desired information.

## CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND HEAD OF INTERNAL AUDIT

The Chief Financial Officer (CFO) and the Head of Internal Audit possesses the requisite qualification and experience as prescribed in the Code of Corporate Governance. The Company Secretary possesses the requisite qualification and experience as prescribed in the Companies Act, 2017. The appointment, remuneration and terms and conditions of employment of Chief Financial Officer, the Company Secretary and the Head of Internal Audit were determined by the Board of Directors. The removal of the Chief Financial Officer and Company Secretary whenever applicable is made with the approval of the Board of Directors.

## DIRECTOR'S REMUNERATION

The Company has formal policy and transparent procedure for determining the remuneration of Executive Directors, Non-Executive and Independent Directors. Executive directors are paid remuneration with view of attracting and retaining Directors needed to govern the Company successfully. For information on remuneration of Directors and Chief Executive Officer, please refer relevant note to the financial statements.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors has made an efficient system of internal financial controls. They confirm to comply with the Listed Companies Code of Corporate Governance except as disclosed in Statement of Compliance, with applicable laws, regulation and have been effectively implemented and monitored. Internal Audit function of our company regularly appraises the financial controls and Audit committee reviews the internal controls and financial statements on quarterly basis.

## BOARD EVALUATION

In compliance with the Code of Corporate Governance, the Board approved self-evaluation mechanisms for evaluation of performance of the Board, its directors and committees through discussion and questions focusing on the Board's scope, objectives, functions, responsibilities, the Company's performance and monitoring. The Board has evaluated all the factors based on the inputs of the Directors made in the Board Meeting.

## EXTERNAL AUDITORS

The present Auditors Messrs. Kreston Hyder Bhimji & Co. Chartered Accountants, retire at the conclusion of forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. As suggested by the Audit Committee in terms of the Code of Corporate Governance, the Board of Directors has recommended their appointment as External Auditors of the Company for the year ending September 30, 2024 at the same remuneration subject to approval of the members in the forthcoming Annual General Meeting.

## APPRECIATION

The generation of long-term shareholder value is the primary driving force of our company. The continued confidence and trust of our shareholders is of the utmost importance to us. At Tariq -Corp - we have always strived to maximize our shareholder's equity and we remain determined in our commitment. This would not be possible without the continued support of all our stakeholders. The Board acknowledges with thanks the continued support and cooperation extended by the shareholders, bankers, sugarcane farmers and all other stakeholders. The Board also places on record its appreciation for employees of the Company for its devotion and hard work.

For and on Behalf of the Board of Directors,

| | |
|---|---|
| **MIAN MUSTAFA ALI TARIQ** | **MIAN AHMED ALI TARIQ** |
| Chief Executive Officer | Director |

Lahore: December 28, 2023

# CORPORATE CALENDAR
## AND NOTABLE EVENTS 2022-2023

**2022**

**DECEMBER 29, 2022**

Audit Committee meeting to consider annual accounts of the Company for the year ended September 30, 2022

**2022**

**DECEMBER 29, 2022**

Board of Directors meeting to consider annual accounts of the Company for the year ended September 30, 2022

AGM

**2023**

**JANUARY 28, 2023**

Annual General meeting of Shareholders to consider annual accounts of the Company for the year ended September 30, 2022

**2022**

**DECEMBER 29, 2022**

Board of Directors meeting to consider annual accounts of the Company for the year ended September 30, 2022

**2022**

**JANUARY 28, 2023**

Audit Committee meeting to consider interim accounts of the Company for the first quarter ended December 31, 2022

**2023**

**JANUARY 28, 2023**

Board of Directors meeting to consider interim accounts of the Company for the first quarter ended December 31, 2022

**2023**

**FEBRUARY 20, 2023**

Corporate Briefing Session (CBS)

56 YEARS

2023

**MARCH 31, 2023**

Extra Ordinary General meeting of Shareholders (EOGM) of the Company for Election of Directors

**MAY 29, 2023**

Audit Committee meeting to consider interim accounts of the Company for the second quarter ended March 31, 2023

2023

2023

**MAY 29, 2023**

Board of Directors meeting to consider interim accounts of the Company for the second quarter ended March 31, 2023 and right shares issuance

2023

**JULY 27, 2023**

Audit Committee meeting to consider interim accounts of the Company for the third quarter ended June 30, 2023

19 66

2023

**JULY 27, 2023**

Audit Committee meeting to consider interim accounts of the Company for the third quarter ended June 30, 2023

# STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: **Tariq Corporation Limited**
Year Ended: **30 September 2023**

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

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

| Category | No of Directors |
|---|---|
| Male Directors | 5 |
| Female Directors | 2 |

2. The composition of board is as follows:

| Category | Names |
|---|---|
| Independent Directors | Muhammad Imran Khan |
| | Saif Hasan |
| Executive Director | Mian Mustafa Ali Tariq |
| Non-Executive Director | Mian Ahmed Ali Tariq |
| | Waseem Ahmad Ghafoor |
| Female Directors | Sadia Ali Tariq (Non-Executive Director) |
| | Maryam Habib (Executive Director) |

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board remained compliant in terms of Regulation 19 of Chapter VI of Code of Corporate Governance for Listed Companies. Out of seven directors, three (03) directors have acquired the director's training program certification while the remaining directors shall obtain certification under the DTP in due course of time.

10. During the year, there is no change in the CFO, Company Secretary and Head of Internal Auditor.

11. The CEO and CFO duly endorsed the financial statements before approval of the Board.

12. The board has formed committees comprising of members given below:

Audit Committee:

| Name of Director | Designation |
|---|---|
| Muhammad Imran Khan | Chairman |
| Mian Ahmed Ali Tariq | Member |
| Waseem Ahmad Ghafoor | Member |

HR and Remuneration Committee:

| Name of Director | Designation |
|---|---|
| Saif Hasan | Chairman |
| Mian Mustafa Ali Tariq | Member |
| Sadia Ali Tariq | Member |

Risk Management Committee:

| Name of Director | Designation |
|---|---|
| Mian Mustafa Ali Tariq | Chairman |
| Maryam Habib | Member |
| Saif Hasan | Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

    a) Audit Committee: Four quarterly meetings during the financial year ended September 30, 2023.
    b) HR and Remuneration Committee: One meeting during the financial year ended September 30, 2023.
    c) Risk Management Committee: No meeting during the financial year ended September 30, 2023.

15. The Board has set up an effective internal audit function controlled by internal audit department, which is comprised of qualified and experienced professionals for the purpose and are 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 firms involved in the audit are not a close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or any Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except i n accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed t hat they have observed IFAC guidelines in this regard.

18. Regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 requires that "each listed company shall have at least two or one third members of board, whichever is higher, as independent directors". One third of the company's total number of directors results in a fractional number, i.e., 2.33. The fraction has not been rounded up to one and therefore, the board of directors currently has 2 independent directors.

19. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

For and on Behalf of the Board of Directors,

Lahore: December 28, 2023

**MIAN MUSTAFA ALI TARIQ**
Chief Executive Officer

**MIAN AHMED ALI TARIQ**
Director

# PATTERN OF SHAREHOLDING

| | |
|---|---|
| 1.1 Name of the Company | Tariq Corporation Limited |
| 2.1 Pattern of holding of the shares held by the shareholders as at | September 30, 2023 |

| 2.2 No. of Shareholders | Shareholding | | | Total shares held |
|---|---|---|---|---|
| | From | | To | |
| 390 | 1 | to | 100 | 7,753 |
| 132 | 101 | to | 500 | 42,085 |
| 119 | 501 | to | 1,000 | 84,830 |
| 183 | 1,001 | to | 5,000 | 426,371 |
| 51 | 5,001 | to | 10,000 | 356,303 |
| 16 | 10,001 | to | 15,000 | 212,382 |
| 8 | 15,001 | to | 20,000 | 140,463 |
| 4 | 20,001 | to | 25,000 | 94,759 |
| 3 | 25,001 | to | 30,000 | 79,500 |
| 3 | 30,001 | to | 35,000 | 99,500 |
| 6 | 35,001 | to | 40,000 | 234,866 |
| 7 | 40,001 | to | 45,000 | 303,654 |
| 5 | 45,001 | to | 50,000 | 239,785 |
| 3 | 50,001 | to | 55,000 | 155,287 |
| 3 | 55,001 | to | 60,000 | 172,703 |
| 2 | 60,001 | to | 65,000 | 129,319 |
| 4 | 65,001 | to | 70,000 | 263,578 |
| 2 | 75,001 | to | 80,000 | 152,932 |
| 1 | 90,001 | to | 95,000 | 92,500 |
| 2 | 95,001 | to | 100,000 | 200,000 |
| 4 | 100,001 | to | 105,000 | 410,299 |
| 4 | 130,001 | to | 135,000 | 529,673 |
| 1 | 141,001 | to | 145,000 | 141,500 |
| 1 | 145,001 | to | 150,000 | 147,125 |
| 1 | 175,001 | to | 180,000 | 179,370 |
| 1 | 180,001 | to | 185,000 | 180,666 |
| 3 | 195,001 | to | 200,000 | 598,000 |
| 1 | 205,001 | to | 210,000 | 205,475 |
| 1 | 210,001 | to | 215,000 | 215,000 |
| 1 | 220,001 | to | 225,000 | 225,000 |
| 1 | 255,001 | to | 260,000 | 257,125 |
| 1 | 340,001 | to | 345,000 | 341,687 |
| 1 | 375,001 | to | 380,000 | 377,850 |
| 1 | 400,001 | to | 405,000 | 401,250 |
| 1 | 450,001 | to | 455,000 | 451,694 |
| 1 | 495,001 | to | 500,000 | 496,223 |
| 2 | 595,001 | to | 600,000 | 1,197,415 |
| 1 | 690,001 | to | 695,000 | 692,171 |
| 1 | 695,001 | to | 700,000 | 696,280 |
| 1 | 820,001 | to | 825,000 | 824,280 |
| 1 | 1,175,001 | to | 1,180,000 | 1,180,000 |
| 1 | 5,435,001 | to | 5,440,000 | 5,436,362 |
| 1 | 16,520,001 | to | 16,525,000 | 16,523,765 |
| 1 | 17,765,001 | to | 17,770,000 | 17,768,220 |
| **977** | | | | **52,965,000** |

# PATTERN OF SHAREHOLDING

| | |
|---|---|
| Name of the Company | Tariq Corporation Limited - Preference Share |
| Pattern of holding of the shares held by the shareholders as at | September 30, 2023 |

| # Of Shareholders | Shareholdings'Slab | | | Total Shares Held |
|---|---|---|---|---|
| 13 | 1 | To | 100 | 434 |
| 19 | 101 | To | 500 | 6,255 |
| 4 | 501 | To | 1000 | 3,267 |
| 14 | 1001 | To | 5000 | 29,367 |
| 1 | 10001 | To | 15000 | 12,000 |
| 1 | 15001 | To | 20000 | 16,249 |
| 1 | 25001 | To | 30000 | 29,500 |
| 2 | 50001 | To | 55000 | 101,443 |
| 1 | 65001 | To | 70000 | 67,749 |
| 2 | 160001 | To | 165000 | 325,537 |
| 1 | 220001 | To | 225000 | 225,000 |
| 1 | 305001 | To | 310000 | 309,105 |
| 1 | 400001 | To | 405000 | 401,250 |
| 1 | 1110001 | To | 1115000 | 1,111,462 |
| 1 | 4300001 | To | 4305000 | 4,303,835 |
| 1 | 7500001 | To | 7505000 | 7,502,547 |
| **64** | | | | **14,445,000** |

# CATAGORIES OF SHAREHOLDING

| Categories of Shareholders | Shareholders | Shares Held | Percentage |
|---|---|---|---|
| Directors, Chief Executives and their spouse(s) and minor children | | | |
| AHMAD ALI TARIQ | 1 | 16,523,765 | 31.20 |
| MARYAM HABIB | 1 | 597,415 | 1.13 |
| MUHAMMAD IMRAN KHAN | 1 | 1,029 | 0.00 |
| MUSTAFA ALI TARIQ | 1 | 17,768,220 | 33.55 |
| SADIA ALI TARIQ | 1 | 6,875 | 0.01 |
| SAIF HASAN | 1 | 735 | 0.00 |
| WASEEM AHMAD GHAFOOR | 1 | 687 | 0.00 |
| Associated Companies, undertakings and related parties | - | - | - |
| NIT and ICP | - | - | - |
| Executive | 1 | 1,513 | 0.00 |
| Insurance Companies | - | - | - |
| Banks, Development Financial Institutions, Non Banking Financial Institutions. | 2 | 1,305 | 0.00 |
| Modarabas and Mutual Funds | 1 | 14,437 | 0.03 |
| General Public | | | |
| A) Local | 942 | 17,333,696 | 32.73 |
| B) Foreign | 8 | 272,099 | 0.51 |
| Others | 16 | 443,224 | 0.84 |
| Totals | 977 | 52,965,000 | 100.00 |

| Share holders holding 10% or more | Shares Held | Percentage |
|---|---|---|
| AHMAD ALI TARIQ | 16,523,765 | 31.20 |
| MUSTAFA ALI TARIQ | 17,768,220 | 33.55 |
| DANISH ELAHI | 5,436,362 | 10.26 |

# CATAGORIES OF
# SHAREHOLDING- PREFRENCE SHARE

| Categories of Shareholders | Shareholders | Shares Held | Percentage |
|---|---|---|---|
| Directors, Chief Executives and their spouse(s) and minor children | | | |
| AHMAD ALI TARIQ | 1 | 7,502,547 | 51.94 |
| MARYAM HABIB | 1 | 162,931 | 1.13 |
| MUHAMMAD IMRAN KHAN | 1 | 280 | 0.00 |
| MUSTAFA ALI TARIQ | 1 | 4,303,835 | 29.79 |
| SAIF HASAN | 1 | 200 | 0.00 |
| WASEEM AHMAD GHAFOOR | 1 | 187 | 0.00 |
| Associated Companies, undertakings and related parties | - | - | - |
| NIT and ICP | - | - | - |
| Insurance Companies | - | - | - |
| Banks, Development Financial Institutions, Non Banking Financial Institutions. | - | - | - |
| Modarabas and Mutual Funds | 1 | 3,937 | 0.03 |
| General Public | | | |
| A) Local | 55 | 2,469,786 | 17.10 |
| B) Foreign | 2 | 569 | 0.00 |
| Others | 1 | 728 | 0.01 |
| Totals | 65 | 14,445,000 | 100.00 |

| Share holders holding 10% or more | Shares Held | Percentage |
|---|---|---|
| AHMAD ALI TARIQ | 7,502,547 | 51.94 |
| MUSTAFA ALI TARIQ | 4,303,835 | 29.79 |

KRESTON
HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

Amin Building,
65-The Mall, Lahore.
Phone: 042-37352661-37321043
Fax: 042-37248113
Email: krestonhb@gmail.com

# INDEPENDENT AUDITORS' REVIEW REPORT

## To the members of Tariq Corporation Limited *(Formerly: Husein 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 Tariq Corporation Limited for the year ended September 30, 2023 in accordance with the requirements of Regulation No. 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.

The following instance of non-compliance with the requirement(s) of the Regulations was observed which is not appropriately stated in the Statement of Compliance:

The Human Resource and Remuneration Committee comprises one independent and one executive director rather than a majority of non–executive directors as required by Regulation 28 of the Regulations.

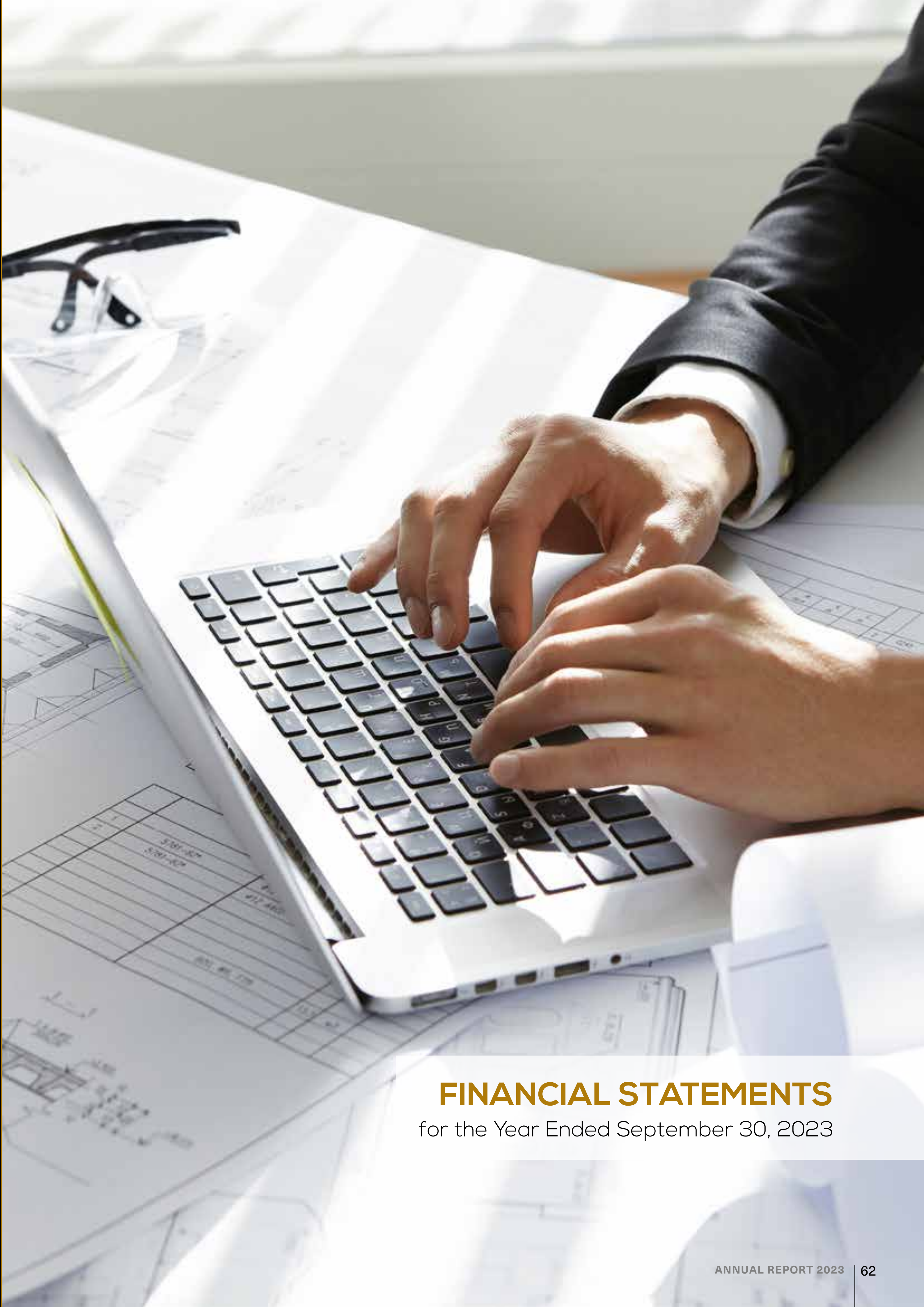
Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended September 30, 2023.

Kreston Hyder Bhimji

**KRESTON HYDER BHIMJI & CO.**
CHARTERED ACCOUNTANTS

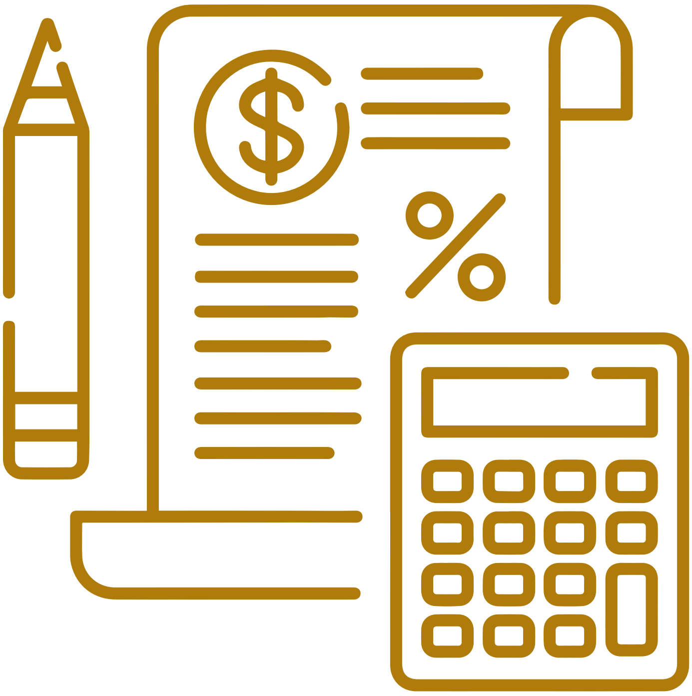
LAHORE: DECEMBER 28, 2023
UDIN: CR202310475FGX1mwIzH

**Other Office at:** Karachi - Faisalabad - Islamabad
**Web site:** www.krestonhb.com



# FINANCIAL STATEMENTS

for the Year Ended September 30, 2023



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# INDEPENDENT AUDITOR'S REPORT

To the members of Tariq Corporation Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of Tariq Corporation Limited ("the Company"), which comprises unconsolidated statement of financial position as at September 30, 2023, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended and notes to the unconsolidated 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting Standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the company's affairs as at September 30, 2023 and of the profit, the 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 Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key Audit Matter(s):

| S.No. | Key Audit Matter(s) | How the Matter was addressed in audit |
|---|---|---|
| 1. | Capitalization of Property, Plant and Equipment: | |
| | The Company has made significant capital expenditure on balancing and modernization to improve plant efficiency and product quality as discussed in note - 5 to the annexed unconsolidated financial statements.<br><br>We identified capitalization of property, plant and equipment as a key audit mater because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on capitalization of borrowing costs and depreciation charge for the year. | Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following:<br><br>• Understand the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system;<br><br>• test on a sample basis, the costs incurred on projects with supporting documentation and contracts;<br><br>• assess the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy discussed in note 4.2 to the unconsolidated financial statements and applicable accounting standards; and<br><br>• verify supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced from that date and assessing the useful life assigned by management to such assets including testing the calculation of related depreciation. |
| | Inventory | |
| | As at September 30, 2023 inventory comprises consumable stores and spares and stock in trade as disclosed in note - 10 to the annexed unconsolidated financial statements.<br>There is a risk in estimating the eventual NRV of items held, as well as assessing which items may be slow-moving or obsolete.<br>The Company's principal accounting policy on inventory and the critical accounting estimates, judgements and assumptions are disclosed in note 4.5 to the annexed unconsolidated financial statements.<br>Further, stock in trade in unconsolidated financial statements as disclosed in note - 10 includes:<br>• By-products comprising press mud, bagasse and molasses;<br>• work-in-progress mainly comprising sugar in process and molasses in process; and<br>• finished goods in the shape of refined sugar.<br>The press mud and bagasse are stored in the opened area in the form of stockpiles and molasses in tanks. As the weighing of these inventories of stock in trade is not practicable by obtaining measurements of stockpiles and converting these measurements to units of volume by using an angle of repose, therefore, management assesses the reasonableness of the quantities on hand by relying on the memorandum record and proportion as per production report.<br><br>Due to the significance of inventory balances of consumable stores and spares and stock in trade and related estimations involved, this is considered a key audit matter. | Our audit focused on whether the valuation of year-end inventory was in line with IAS 2. This included challenging judgements taken regarding obsolescence and net realizable value provisions.<br>We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventory by:<br>• checking the effectiveness of controls associated with the existence and condition of inventories by attending inventory counts at year end with sample / verification test;<br><br>• critically assessing the Company's provisioning policy, with specific consideration given to aged / slow-moving inventory;<br><br>• assessed the management's process of measurement of stockpiles and the determination of values using conversion of volumes to total weight as well as confirming it from perpetual record.<br><br>• obtained and reviewed the inventory valuation report relating to press mud, bagasse and molasses of the external surveyor and assessed its accuracy and authenticity; and<br><br>• tested the NRV of the inventories held by preforming a review of sales close to and subsequent to the year end. |

| S.No. | Key Audit Matter(s) | How the Matter was addressed in audit |
|---|---|---|
| 3. | Revenue recognition: | |
| | As per ISA 240, there is a presumed risk of material misstatement due to inappropriate revenue recognition. This may either result from an overstatement of revenues through premature revenue recognition or recording fictitious revenues or understatement of revenues through improperly shifting revenues to a later period.<br><br>These revenue may also be manipulated through the use of inappropriate rates for the overstatement / understatement of revenue to achieve desired financial results.<br><br>The accounting policy related to recognition of revenue by the company is provided in note 4.26 to the annexed unconsolidated financial statements.<br><br>In view of significant value of transactions and presumed risk of material misstatement involved, we have considered this as a key audit matter. | In this regard, our audit procedures amongst others included the following:<br><br>• Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards including management's assessment of impact of "Revenue from contracts with customers" (IFRS 15).<br><br>• Obtaining an understanding of the nature of the revenue contracts entered into by the Company, testing a sample of sales contracts to confirm our understanding and assessing whether or not management's application of IFRS 15 requirements was in accordance with the standard.<br><br>• Performing cut-off procedures for a sample of revenue transactions at year end in order to conclude as to whether they were recognized at the moment the related goods actually sold.<br><br>• Analyzing other adjustments and credit notes issued after the reporting date, if any.<br><br>• Performing analytical procedures on entries in the daily ledger related to revenue made by the Company. These procedures were carried out by paying special attention to accounting entries recorded close to the yearend or subsequently, as well as those deemed unusual, among other reasons, due to their nature, amount and date of occurrence.<br><br>• Reviewing disclosures included in the notes to the annexed unconsolidated financial statements. |

## Information Other than the Unconsolidated 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 unconsolidated financial statements and auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 the Board of Directors for the Unconsolidated Financial Statements

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

In preparing the unconsolidated 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. The Board of directors is responsible for overseeing the company's financial reporting process.

## Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 to 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 unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 Aftab Hameed, FCA.

KRESTON HYDER BHIMJI& CO.
Chartered Accountants

LAHORE: December 28, 2023
UDIN: AR202310475zPu4HZClh

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT SEPTEMBER 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and | 5 | 5,626,160,820 | 5,101,859,447 |
| equipment Right-of-use | 6 | 24,924,611 | 31,429,816 |
| assets Intangible assets | 7 | 70,000,000 | - |
| Investment in subsidiary | 8 | 15,000,000 | 15,000,000 |
| Long term deposits | 9 | 43,931,452 | 46,841,945 |
| | | 5,780,016,883 | 5,195,131,208 |
| **CURRENT ASSETS** | | | |
| Inventory | 10 | 495,576,309 | 1,798,731,290 |
| Trade and other receivables | 11 | 190,465,868 | 180,665,895 |
| Advances, deposits and prepayments | 12 | 372,579,550 | 302,608,582 |
| Financial assets | 13 | 5,341,557 | 5,868,967 |
| Tax refund due from Government - | | 27,095,439 | 74,785,262 |
| income tax Cash and bank balances | 14 | 54,533,154 | 49,711,765 |
| Current portion of long term deposits | 9 | 5,081,575 | 1,043,250 |
| | | 1,150,673,452 | 2,413,415,011 |
| **TOTAL ASSETS** | | 6,930,690,335 | 7,608,546,219 |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Issued, subscribed and paid-up ordinary share capital | | | |
| 52.965 million (30 September 2022: 52.965 million) ordinary shares of | 15 | 529,650,000 | 529,650,000 |
| Rupees 10 each Equity component of preference shares | 16 | 69,687,645 | 69,687,645 |
| Capital reserves | | | |
| Reserve arising as a consequence of scheme of arrangement | | 70,694,859 | 70,694,859 |
| Share premium account | 17 | 224,231,050 | 224,231,050 |
| Surplus on revaluation of property, plant and equipment | 18 | 2,458,832,511 | 1,894,221,121 |
| | | 2,753,758,420 | 2,189,147,030 |
| Revenue reserves | | | |
| Accumulated profit / (loss) | | 198,678,955 | (189,683,889) |
| Directors' loans - related parties | 19 | 97,366,885 | 99,560,551 |
| | | 3,649,141,905 | 2,698,361,337 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term finance | 20 | 528,556,652 | 538,313,713 |
| Lease liability | 21 | 15,912,902 | 29,899,785 |
| Deferred tax liability - net | 22 | 657,539,055 | 325,314,873 |
| Liability component of preference shares | 23 | 61,567,870 | 66,561,182 |
| | | 1,263,576,479 | 960,089,553 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 24 | 1,114,953,161 | 680,438,605 |
| Contract liabilities | 25 | 316,706,875 | 768,221,655 |
| Short term borrowings | 26 | 101,411,890 | 1,972,815,938 |
| Current portion of non-current liabilities | 27 | 405,230,266 | 319,947,221 |
| Accrued mark-up on secured borrowings | 28 | 49,553,862 | 192,999,518 |
| Unpaid dividend on preference shares | | 28,890,000 | 14,445,000 |
| Unpaid dividend on ordinary shares | | 29,913 | 31,408 |
| Unclaimed dividend on ordinary shares | | 1,195,984 | 1,195,984 |
| | | 2,017,971,951 | 3,950,095,329 |
| **CONTINGENCIES AND COMMITMENTS** | 29 | | |
| **TOTAL EQUITY AND LIABILITIES** | | 6,930,690,335 | 7,608,546,219 |

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

LAHORE: CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

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

| | Notes | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| REVENUE FROM CONTRACT WITH CUSTOMERS - GROSS | | 9,054,421,973 | 7,236,950,512 |
| Sales tax and other Government levies | | (1,221,642,377) | (950,407,472) |
| REVENUE FROM CONTRACT WITH CUSTOMERS - NET | 30 | 7,832,779,596 | 6,286,543,040 |
| COST OF REVENUE | 31 | (6,859,605,984) | (5,806,389,672) |
| GROSS PROFIT | | 973,173,612 | 480,153,368 |
| OPERATING EXPENSES | | | |
| Administrative and general expenses | 32 | (300,158,093) | (242,667,141) |
| Selling and distribution cost | 33 | (18,435,659) | (19,468,596) |
| Other operating expenses | 34 | (54,599,022) | (24,298,925) |
| | | (373,192,774) | (286,434,662) |
| PROFIT FROM OPERATIONS | | 599,980,838 | 193,718,706 |
| OTHER INCOME | 35 | 488,623,886 | 129,278,205 |
| FINANCE COST | 36 | (509,925,263) | (442,749,620) |
| PROFIT / (LOSS) BEFORE TAXATION | | 578,679,460 | (119,752,709) |
| TAXATION | 37 | (237,630,583) | (79,103,874) |
| PROFIT / (LOSS) AFTER TAXATION | | 341,048,878 | (198,856,583) |
| EARNINGS / (LOSS) PER SHARE OF RUPEES 10 EACH | | | |
| BASIC | 38 | 6.44 | (3.80) |
| DILUTIVE (2022: ANTI DILUTIVE) | 38 | 5.83 | - |

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

LAHORE: CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| PROFIT / (LOSS) AFTER TAXATION | 341,048,878 | (198,856,583) |
| OTHER COMPREHENSIVE INCOME | | |
| Items that will never be reclassified to statement of profit or loss: | | |
| Surplus on revaluation of property, plant and equipment | 825,750,579 | - |
| Deferred tax surplus on revaluation of property, plant and equipment | (140,915,757) | - |
| | 684,834,822 | - |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR | 10,025,883,700 | (198,856,583) |

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

LAHORE: CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

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

| | SHARE CAPITAL | EQUIT COMPONENT OF PREFERENCE SHARES | SHARE SUBSCRIPTION MONEY AGAINST RIGHT SHARE ISSUANCE | RESERVES | | | | | TOTAL RESERVES | DIRECTORS' LOANS | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Capital | | | | Revenue | | | |
| | | | | Reserve arising as a consequence of scheme of arrangement | Share premium account | Surplus on revaluation of property, plant and equipment | Sub total | Accumulated (loss) / profit | | | |
| | | | | | | Rupees | | | | | |
| Balance as at 30 September 2021 | 385,200,000 | - | 211,758,198 | 70,694,859 | 115,893,550 | 2,002,191,810 | 2,188,780,219 | (50,191,685) | 2,138,588,534 | 261,953,676 | 2,997,500,408 |
| Total comprehensive income for the year ended 30 September 2022 | | | | | | | | | | | |
| Profit after taxation | - | - | - | - | - | - | - | (198,856,583) | (198,856,583) | - | (198,856,583) |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | (198,856,583) | (198,856,583) | - | (198,856,583) |
| Transactions with owners: | | | | | | | | | | | |
| Adjustment due to repayment - net | - | - | - | - | - | - | - | - | - | (5,300,000) | (5,300,000) |
| Shares issued against share subscription money | 144,450,000 | - | (252,787,500) | | 108,337,500 | | 108,337,500 | - | 108,337,500 | - | - |
| Share subscription money against right issue received during the year Equity | - | - | 41,029,302 | - | - | | - | - | - | (157,093,125) - | (116,063,823) |
| component of preference shares | - | 69,687,645 | - | - | - | - | - | - | - | | 69,687,645 |
| | 144,450,000 | 69,687,645 | (211,758,198) | - | 108,337,500 | - | 108,337,500 | - | 108,337,500 | (162,393,125) | (51,676,178) |
| Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax) | - | - | - | - | - | (59,364,379) | (59,364,379) | 59,364,379 | - | - | - |
| Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and equipment | - | - | - | - | - | (48,606,310) | (48,606,310) | - | (48,606,310) | - | (48,606,310) |
| Balance as at 30 September 2022 | 529,650,000 | 69,687,645 | - | 70,694,859 | 224,231,050 | 1,894,221,121 | 2,189,147,030 | (189,683,889) | 1,999,463,141 | 99,560,551 | 2,698,361,337 |
| Total comprehensive loss for the year ended 30 September 2023 | | | | | | | | | | | |
| Profit after taxation | - | - | - | - | - | - | - | 341,048,878 | 341,048,878 | | 341,048,878 |
| Other comprehensive income | - | - | - | - | - | 684,834,822 | 684,834,822 | - | 684,834,822 | | 684,834,822 |
| | - | - | - | - | - | 684,834,822 | - | 341,048,878 | 1,025,883,700 | - | 1,025,883,700 |
| Transactions with owners: | | | | | | | | | | | |
| Adjustment due to repayment - net | - | - | - | - | - | - | - | - | - | (2,193,666) - | (2,193,666) |
| Shares issued against share subscription money | - | - | - | | - | | - | - | - | | - |
| Share subscription money against right issue received during the year Equity | - | - | - | - | - | | - | - | - | | - |
| component of preference shares | - | | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | (2,193,666) | (2,193,666) |
| Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax) | - | - | - | - | - | (47,313,966) | (47,313,966) | 47,313,966 | - | - | - |
| Effect of change in tax rate on deferred tax related to revaluation surplus of property, plant and equipment | - | | - | - | - | (72,909,466) | (72,909,466) | - | (72,909,466) | - | (72,909,466) |
| Balance as at 30 September 2023 | 529,650,000 | 69,687,645 | - | 70,694,859 | 224,231,050 | 2,458,832,511 | 2,068,923,598 | 198,678,955 | 2,952,437,375 | 97,366,885 | 3,649,141,905 |

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

MUSTAFA A. TARIQ

LAHORE: CHIEF EXECUTIVE OFFICER    CHIEF FINANCIAL OFFICER    DIRECTOR

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

| | Notes | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit / (loss) before taxation | | 578,679,460 | (119,752,709) |
| Adjustments for non-cash and other items: | | | |
| Depreciation | 5.1 | 158,592,966 | 157,699,460 |
| Depreciation of ROU assets | 6.1 | 6,505,208 | 7,035,282 |
| Finance cost | 36 | 509,925,263 | 442,749,620 |
| Profit on bank accounts | 35 | (433,819) | (410,851) |
| Fair value loss on financial assets | 35 | 527,410 | 2,786,370 |
| Advances against sale of sugar forfeited | | - | (7,000,000) |
| Gain on disposal of operating fixed assets | 35 | (671,137) | - |
| Dividend income | 35 | (79,513) | (72,411) |
| Old credit balances no more payable written back | 35 | (7,379,428) | (30,546,425) |
| Provision for doubtful trade and other receivables | 34 | 2,623,735 | - |
| Provision for advances to suppliers | 34 | 3,735,693 | 3,068,534 |
| Old debit balances no more payable written off | 34 | 3,182,736 | 21,230,391 |
| Provision against slow moving consumable stores and spares | 34 | 2,068,692 | - |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | 1,257,277,266 | 476,787,261 |
| Inventory | | 1,725,272,877 | (228,097,486) |
| Trade and other receivables Advances, | | (15,606,444) | 73,390,569 |
| deposits and prepayments Contract | | ( 73,706,661) | 17,107,017 |
| liabilities | | ( 451,514,780) | 563,665,173 |
| Trade and other payables | | 447,991,184 | 79,571,365 |
| | | 1,632,436,176 | 505,636,638 |
| CASH INFLOWS FROM OPERATIONS | | 2,889,713,442 | 982,423,899 |
| Net changes in long term deposits | | (1,127,832) | (1,834,530) |
| Finance cost paid on: | | | |
| Lease liability | | (4,255,421) | (3,981,071) |
| Others | | (726,512,365) | (363,111,611) |
| Income tax paid | | (71,541,798) | (110,035,835) |
| NET CASH INFLOWS FROM OPERATING ACTIVITIES | | 2,086,276,026 | 503,460,852 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of operating fixed assets | 5.1 | (90,504,576) | (41,144,847) |
| Capital work in progress incurred | | (104,693,387) | (241,314,898) |
| Purchase of stores held for capitalization | | - | (190,520,014) |
| Intangible assets | 7 | (70,000,000) | - |
| Proceeds from disposal of operating fixed assets | | 2,008,193 | - |
| Investment in subsidiary | | - | (15,000,000) |
| Change in financial assets (equity securities) during the year - net | | - | (1,062,082) |
| Dividend received | | 79,513 | 72,411 |
| Profit on bank deposits received | | 433,819 | 410,851 |
| NET CASH OUTFLOWS FROM INVESTING ACTIVITIES | | (262,676,438) | (488,558,579) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (1,495) | - |
| Proceed from issuance of preference shares during the year | 46 | - | 28,386,184 |
| Proceed from new financing | 46 | 347,200,000 | 209,874,326 |
| Repayment of long term finance | 46 | (281,169,515) | (365,911,548) |
| Repayment of principal portion of lease liability | 46 | (5,112,269) | (406,587) |
| Repayment of director's loans - unsecured and interest free | 46 | (2,193,666) | (5,300,000) |
| Change in short term borrowings - net | 46 | (1,871,404,048) | 101,109,813 |
| NET CASH OUTFLOWS FROM FINANCING ACTIVITIES | | (1,812,680,993) | (32,247,812) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | 10,918,595 | (17,345,539) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | | 43,614,501 | 60,960,040 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | | 54,533,096 | 43,614,501 |
| The reconciliation in cash and cash equivalents is as follows: | | | |
| Cash and cash equivalents | | | |
| Cash and bank balances Temporary | 14 | 54,533,154 | 49,711,765 |
| books' overdraft balances | 24 | (58) | (6,097,264) |
| Cash and cash equivalents at the end of the year | | 54,533,096 | 43,614,501 |

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

LAHORE: CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

## 1. CORPORATE AND GENERAL INFORMATION

### Legal status and operations

Tariq Corporation Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange Limited. The Company is principally engaged in the business of production and sale of sugar and its by-products. Its registered office is situated at 28-C, Block E-1, Gulberg -III, Lahore, Lahore, whereas its mill / plant is situated at Lahore Road, Jaranwala, district Faisalabad.

These financial statements are of the individual entity i.e., Tariq Corporation Limited

## 2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017, have been followed.

## 3. BASIS OF MEASUREMENT

### a) Accounting convention

These financial statements have been prepared following accrual basis of accounting except for cash flow statement.

These financial statements have been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the following material items in the statement of financial position:

- Inventories which are valued at lower of weighted / moving average cost or Net Realizable Value (NRV) in accordance with IAS 2;
- Freehold land, buildings on freehold land and plant and machinery which stands at revalued amount in accordance with IAS 16; and
- Certain financial instruments which are carried at their fair value in accordance with IFRS 9.

### b) Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiary company is accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared and presented separately. The Company has 60% equity shares of Tariq Capital (Pvt.) Limited as a long-term investment.

### c) Functional and presentation currency

The financial statements are presented in Pakistani Rupee (Rs.) which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to nearest rupee, unless otherwise indicated.

## d) Critical accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

| Description | Note |
|---|---|
| · Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) | 4.1 |
| · Useful lives and residual values of property, plant and equipment as well as fair values | 4.2 |
| · Useful lives, residual values and amortization method of intangible assets | 4.3 |
| · Fair value of property, plant and equipment | 5.1.1 |
| · Inventories (stock in trade and consumable stores and spares) | 4.5 |
| · Lease term | 4.9 |
| · Estimation of provisions | 4.12 |
| · Estimation of contingent liabilities | 4.15 |
| · Expected credit losses of certain financial assets under IFRS 9 | 4.16 |
| · Impairment loss of non-financial assets other than inventories | 4.16 |
| · Classifications | |

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## a) Standards, interpretations and amendments to publish approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

### New accounting standards interpretations and amendments to accounting standards that are effective and relevant

Certain standard amendments and interpretations to approved accounting standards are effective for the accounting periods beginning on or after October 01, 2022 but are considered not to be relevant or to have any significant effect on the Company operations and are, therefore, not detailed in these financial statements

- New accounting standards and amendments to standards not yet effective

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after October 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following.

| | | Effective for the period beginning on or after |
|---|---|---|
| IAS-1 | Presentation of Financial Statements & Accounting Policies - Amendments regarding the classification of liabilities as current or non-current | January 01, 2023 |
| IAS-1 | The amendments to IAS 1 and IFRS Practice Statement 2 require companies to disclose their material accounting policy information rather than their significant accounting policies | January 01, 2023 |
| IAS-8 | Accounting Policies, Changes in Accounting Estimates and Errors (Amendment regarding the definition of accounting estimates) | January 01, 2023 |
| IAS-12 | Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction | January 01, 2023 |
| IFRS - 16 | Amendments to IFRS 16, Leases on sale and leaseback | January 01, 2023 |
| IAS-1 | Amendment to IAS 1 – Non-current liabilities with covenants | January 01, 2023 |
| IAS-7 | Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. | January 01, 2024 |
| IFRS-10 / | IFRS 10 - Consolidated Financial Statements and IAS 28 - | |
| IAS-28 | Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture). | Deferred indefinitely |

New Standards issued by IASB but have not yet been notified/adopted by SECP

| | | Effective for the period beginning on or after |
|---|---|---|
| IFRS – 1 | First Time Adoption of IFRS (restructured version) | July 01, 2009 |
| IFRS – 17 | Insurance Contracts | January 01, 2023 |

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Taxation

Income tax comprises of current tax and deferred tax. Income tax expense is recognized 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 (if any), and in which case the tax amounts are recognized directly in in other comprehensive income or equity.

### Current

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

### Deferred

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Impact of future income subject to final taxation is also considered in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material. The Company recognizes deferred tax liability on surplus on revaluation of property, plant and equipment which is adjusted against the related surplus.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of property, plant and equipment) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

### Sales tax

Revenues, expenses and assets are recognized net off amount of sales tax except:

- Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables or payables that are stated with the amount of sales tax included.

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

### Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

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

### Off-setting

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

## 4.2 Property, plant and equipment

### Operating fixed assets - tangible

### Owned

Property, plant and equipment except freehold land, buildings on freehold land and plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Freehold land is stated at revalued amount less accumulated impairment losses (if any). Buildings on freehold land and plant and machinery are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any). The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of these assets; and thereafter the carrying amount of these assets are adjusted to the revalued amount. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

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 benefit associated with 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.

### De-recognition

An item of property, plant and equipment 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 is included in the statement of profit or loss in the year the asset is de-recognized.

### Depreciation

Depreciation on all operating fixed assets is charged to statement of profit or loss by applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 5.1. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant. Depreciation on additions is charged from the date on which the assets are available for use and on deletions upto the date on which the assets are deleted.

### Capital work in progress

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when the assets are available for use.

### Revaluation

Any revaluation increase arising on the revaluation of free hold land and building on free hold land and plant & machinery is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of freehold land and building on freehold land and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on revaluation of building on free hold land and plant & machinery to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

### Judgment and estimates

The Company reviews the useful lives and residual values of property, plant and equipment annually by considering expected pattern of economic benefit that the Company expects to derive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

## 4.3 Intangibles

### Measurement

Intangible assets, other than goodwill, are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method.

Research and development expenditure is charged to 'administrative and general expenses' in the statement of profit or loss, as and when incurred.

### Judgment and estimates

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis. All intangible assets are estimated to have definite useful lives.

## 4.4 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current. Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are required and re-evaluates this classification on regular basis.

### Investment in subsidiaries

Investments in subsidiaries / associates where the Company has control / significant influence are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Investments in subsidiaries and associates that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date. Where impairment losses are subsequently reversed, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Impairment losses recognized in the statement of profit or loss on investments in subsidiaries and associates are reversed through the statement of profit or loss.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27, 'Separate Financial Statements'.

## 4.4 Inventories

### Measurement

Inventories comprises of refined sugar, press mud, bagasse, molasses, sugar and molasses in process and consumables stores and spares. Inventories are stated at the lower of cost and net realizable value. Cost is calculated on the following basis:

- Finished goods, work-in-process of sugar and molasses

These are valued at the average annual production cost, which comprise cost of direct material, labour and appropriate manufacturing overheads.

- Molasses, bagasse and press mud

These are valued at their net realizable value.

- Consumable stores and spares--------

Consumables stores and spares are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Net realizable value represents the estimated selling price in the ordinary course of the business less all estimated costs of completion and estimated costs necessary to be incurred in order to make the sale.

### Impairment

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the cost of sales in the statement of profit or loss.

### Judgments and estimates

-The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost.

-The Company reviews the consumable stores and spares for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of consumable stores and spares with a corresponding effect on the provision.

## 4.6 Trade debts, deposits and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

## 4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, 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 net of temporary bank or books overdrafts / overdrawn.

## 4.8 Borrowings / loans and borrowing costs

### Interest bearing borrowings / Loans

Interest bearing borrowings / loans are recorded at the proceeds received. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method. Finance costs are accounted for on accrual basis and are reported under accrued mark up to the extent of the amount remaining unpaid.

### Interest free loans payable on discretion of the company

Interest free loans given by directors and sponsors of the company and repayable at the discretion of the Company are initially measured and subsequently recognized in line with Technical Release - 32 (TR 32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are shown as part of equity.

### Overdrafts

Overdrafts, if any, are repayable in full on demand and are measured at amortized cost.

### Interest / borrowing costs

Interest expense / borrowing costs are accounted for on the basis of the effective interest method and are included in finance costs which are charged to income in the period in which these are incurred , except borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Borrowings are reported under accrued finance costs to the extent of the amount remaining unpaid and are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## 4.8 Leases

The Company is the lessee.

"At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions."

At initial recognition, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, 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 include fixed payments, variable lease payments that are based on an index or a rate expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss account if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of use assets are depreciated on a straight-line method over the shorter of lease term or estimated useful live of the assets. If ownership of the asset transfers to the Company at the end of lease term or the cost reflects the exercise of purchase option, depreciation is calculated over the estimated useful life of the asset. These methods most closely reflect the expected pattern of consumption of future economic benefits.

The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

#### Judgments and estimates

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

#### Ijarah contracts

The Company has entered into Ijarah contracts under which it obtains usufruct of an asset for an agreed period for an agreed consideration. The Ijarah contracts are undertaken in compliance with the Shariah essentials for such contracts prescribed by the State Bank of Pakistan. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, 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.

### 4.10 Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 4.11 Employees benefits

#### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates a defined contribution plan in the form of recognized provident fund scheme for the permanent employees. Contributions to fund are made monthly by the Company and employee at 10% of the basic salary plus cost of living allowance, etc. The Company's contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

### Compensated absences

The Company provides for annual leave encashment to its employees on the basis of un-availed annual leaves, which is worked out on an average daily rate, based upon last drawn basic salary. It is accumulated to a maximum of twenty-eight and sixty-three days for workers and officers respectively. The un-availed annual leaves can be encashed by an employee at the time of retirement.

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligation are made using the current salary levels of the employees. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact of such valuation will not be material.

## 4.12 Provisions

### Recognition and measurement

Provisions for legal claims and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

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

### Judgement and estimates

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

## 4.13 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers 'right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

### 4.14 Government grants

Grants from the government are recognised 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 recognised 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 noncurrent liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### 4.15 Contingencies and commitments

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

#### Judgement and estimates

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 reporting date.

Capital commitments, unless those are actual liabilities, are not incorporated in the books of accounts.

### 4.16 Impairment

#### Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; 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:

- 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.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovery of 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.

#### Judgement and estimates

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets original effective interest rate.

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.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment on financial assets other than trade debts has been measured on 12 - months expected loss basis and reflects the short maturities of the exposure.

### Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

### Judgement and estimates

The management of the Company reviews carrying amounts of its non-financial assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

## 4.17 Financial Instruments

### Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.
A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

### Classification and subsequent measurement

### Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.
Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

### Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTP

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; an

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, long term loans, trade debts, term deposits and other receivable.

Debt Instrument – FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; an

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument – FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to statement of profit or loss.

Fair value through profit or loss (FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss. Dividend income is presented separately from net gain and losses.

Financial assets at fair value through profit or loss comprise of short-term investments in listed equity securities.

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by the company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by the regulation or convention in the market.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows f om specified assets (e.g. non- ecourse features).

### Financial liabilities

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

Financial liabilities comprise contractual trade and other payables, liability component of preference shares, short term borrowings, long term financing, deposits, accrued mark-up, unclaimed / unpaid dividend, etc.

### Derecognition

### Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial 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 in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

### Off - setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention and ability to settle on a net basis, or realize the asset and settle the liability simultaneously.

## 4.18 Foreign currencies

Foreign currency transactions are translated into Pakistan Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction.

All monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss. All non-monetary assets and liabilities are translated in Pakistan Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

## 4.19 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

The preference shares are non-redeemable. Preference shareholders participate only to the extent of the face value of the shares in the residual value of the company. Holders of these shares receive cumulative dividends at the Company. They do not have the right to participate in any additional dividends declared for ordinary shareholders. These shares do not have voting rights.

## 4.20 Dividend and other distribution

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

## 4.21 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

## 4.22 Related party transactions

All transactions arising in the normal course of business and are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

## 4.23 Operating segments

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

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

Accounting policies of the reportable segments are the same as the Company's accounting policies described in this note. Inter-segment transactions are recorded at fair value. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets. The Company has only one reportable segment (manufacturing and sale of refined sugar) on the basis of product characteristics and the criteria defined by the IFRS 8, "Segment Reporting".

## 4.24 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments that are not recognized in profit or loss as required or permitted by approved accounting standards.

## 4.25 Statement of cashflows

The Company classify:

- cash payments for the principal portion of lease payments as financing activities
- cash payments for the interest portion as operating activities;
- short-term lease payments and payments for leases of low-value assets as operating activities;
- cash flows from interest paid as operating activities, cash flows from interest received and dividends received as investing activities, and cash flows from dividends paid as financing activities. Interest paid includes the interest portion of the lease liabilities; and
- capitalised interest consistently with interest cash flows that a e not capitalised.

## 4.26 Revenue recognition

### Sale of goods

The Company generates revenue primarily from the sale of sugar and related by-products as well as bio – fertilizers to its customers. Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are dispatched or delivered from warehouse to the customers. Invoices are generated and revenue is recognised at that point in time. All the sales are on advance basis, except few invoices that are usually payable within 30 days. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of taxes, returns, rebates, discounts and other allowances, whichever applicable.

### Government incentive

Government incentive relating to export sales are recognized when the right to receive such incentives has been established and the underlying conditions are met.

### Return on bank deposits

Return on bank deposits is accounted for on a time proportionate basis using the applicable rate of return / interest.

### Net unrealized gain / (losses)

Net unrealized gain / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in statement of profit or loss in the period in which they arise.

### Dividend income

Dividend income is recognised in profit or loss as other income when:

- the Company's right to receive payment have been established;
- is probable that the economic benefits associated with the dividend will flow to the company; and
- the amount of the dividend can be measured reliably.

### Foreign currency exchange differences

Foreign currency gains and losses are reported on a net basis.

### Other income

Other income, if any, is recognized on accrual basis.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **5. PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 5.1 | 4,429,857,524 | 3,666,785,116 |
| Capital work-in-progress | 5.2 | 1,196,303,295 | 805,918,220 |
| Stores held for capitalization | 5.3 | - | 629,156,111 |
| | | 5,626,160,820 | 5,101,859,447 |

5.1 Operating fixed assets - tangible

| | COST / REVALUED AMOUNT | | | | | | | ACCUMULATED DEPRECIATION | | | | | | NET BOOK VALUE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1-Oct-22 | Additions | Transfer from CWIP | Deletion | Revaluation Surplus | Depreciation Adjustment | Balance as at 30-Sep-23 | Rate % | Balance as at 1-Oct-22 | For the year | Deletion | Depreciation Adjustment | Balance as at 30-Sep-23 | AS AT 30-Sep-23 |
| Owned | | | | | | | | | | | | | | |
| Freehold land | 1,083,665,625 | - | - | - | 464,428,125 | - | 1,548,093,750 | - | - | - | - | - | - | 1,548,093,750 |
| Buildings on freehold land | 476,372,732 | - | 5,708,434 | - | 165,374,857 | (137,305,402) | 510,150,621 | 10 | 99,629,517 | 37,675,885 | - | (137,305,402) | - | 510,150,621 |
| Plant and machinery | 2,363,936,017 | 82,519,263 | 1,038,841 | - | 195,947,597 | (343,192,718) | 2,300,249,000 | 5 | 234,683,567 | 108,509,151 | - | (343,192,718) | - | 2,300,249,000 |
| Standby equipment | 2,625,683 | - | - | - | - | - | 2,625,683 | 10 | 1,712,659 | 91,302 | - | - | 1,803,961 | 821,722 |
| Factory equipment | 9,446,513 | - | - | - | - | - | 9,446,513 | 10 | 7,488,411 | 195,810 | - | - | 7,684,221 | 1,762,292 |
| Gas and electric installation | 53,348,598 | 1,245,000 | - | - | - | - | 54,593,598 | 10 | 24,004,742 | 2,960,642 | - | - | 26,965,384 | 27,628,214 |
| Furniture and fixtures | 7,790,781 | 221,600 | - | - | - | - | 8,012,381 | 10 | 4,675,126 | 325,567 | - | - | 5,000,693 | 3,011,688 |
| Office equipment | 10,699,099 | - | - | - | - | - | 10,699,099 | 20 | 7,462,120 | 647,396 | - | - | 8,109,516 | 2,589,583 |
| Computer equipment | 7,421,547 | 826,450 | - | - | - | - | 8,247,997 | 30 | 6,335,444 | 458,366 | - | - | 6,793,810 | 1,454,187 |
| Vehicles | 64,631,002 | 5,692,263 | - | (4,654,643) | - | - | 65,668,622 | 20 | 47,029,175 | 3,755,191 | (3,317,587) | - | 47,466,779 | 18,201,843 |
| Leasehold improvement | 21,778,145 | - | - | - | - | - | 21,778,145 | 20 | 1,909,865 | 3,973,656 | - | - | 5,883,521 | 15,894,624 |
| Rupees - 2023 | 4,101,715,742 | 90,504,576 | 6,747,275 | (4,654,643) | 825,750,579 | (480,498,120) | 4,539,565,409 | | 434,930,626 | 158,592,966 | (3,317,587) | (480,498,120) | 109,707,885 | 4,429,857,524 |

| | COST / REVALUED AMOUNT | | | | | | | ACCUMULATED DEPRECIATION | | | | | | NET BOOK VALUE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1-Oct-21 | Additions | Transfer from CWIP | Deletion | Revaluation Surplus | Depreciation adjustment | Balance as at 30-Sep-22 | Rate % | Balance as at 1-Oct-21 | For the year | Deletion | Depreciation Adjustment | Balance as at 30-Sep-22 | AS AT 30-Sep-22 |
| Owned | | | | | | | | | | | | | | |
| Freehold land | 1,083,665,625 | - | - | - | - | - | 1,083,665,625 | - | - | - | - | - | - | 1,083,665,625 |
| Buildings on freehold land | 468,780,376 | - | 7,592,356 | - | - | - | 476,372,732 | 10 | 58,242,934 | 41,386,583 | - | - | 99,629,517 | 376,743,215 |
| Plant and machinery | 2,215,808,124 | - | 148,127,893 | - | - | - | 2,363,936,017 | 5 | 127,978,410 | 106,705,157 | - | - | 234,683,567 | 2,129,252,450 |
| Stand by equipment | 2,625,683 | - | - | - | - | - | 2,625,683 | 10 | 1,611,212 | 101,447 | - | - | 1,712,659 | 913,024 |
| Factory equipment | 9,446,513 | - | - | - | - | - | 9,446,513 | 10 | 7,270,844 | 217,567 | - | - | 7,488,411 | 1,958,102 |
| Gas and electric installation | 46,824,098 | 6,524,500 | - | - | - | - | 53,348,598 | 10 | 21,233,363 | 2,771,379 | - | - | 24,004,742 | 29,343,856 |
| Furniture and fixtures | 7,703,351 | 87,430 | - | - | - | - | 7,790,781 | 10 | 4,333,454 | 341,672 | - | - | 4,675,126 | 3,115,655 |
| Office equipment | 7,921,849 | 2,777,250 | - | - | - | - | 10,699,099 | 20 | 7,124,434 | 337,686 | - | - | 7,462,120 | 3,236,979 |
| Computer equipment | 6,509,847 | 911,700 | - | - | - | - | 7,421,547 | 30 | 6,035,848 | 299,596 | - | - | 6,335,444 | 1,086,103 |
| Vehicles | 55,565,180 | 9,065,822 | - | - | - | - | 64,631,002 | 20 | 43,400,667 | 3,628,508 | - | - | 47,029,175 | 17,601,827 |
| Leasehold improvement | - | 21,778,145 | - | - | - | - | 21,778,145 | 20 | - | 1,909,865 | - | - | 1,909,865 | 19,868,280 |
| Rupees - 2022 | 3,904,850,646 | 41,144,847 | 155,720,249 | - | - | - | 4,101,715,742 | | 277,231,166 | 157,699,460 | - | - | 434,930,626 | 3,666,785,116 |

### 5.1.1 Measurement of fair values

Freehold land, building on free hold land and plant and machinery have been carried at fair values / revalued amounts determined by professional valuers. The valuations are conducted by an independent valuer, namely; Messrs. Harvester Services (Private) Limited, who are approved by Pakistan Banks' Association (PBA) in any amount category. Fresh valuation exercises were carried out on September 30, 2023 (Previously was carried on June 21, 2020).

#### Valuation technique

The basis used for revaluation were as follows:

#### Free hold land

Fair market value of freehold land was assessed through survey of land, taking into consideration, the land specifications, independent market inquiries from property dealers / estate agents, recent matured transactions in the vicinity and market trends.

#### Buildings on free hold land

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. The significant inputs include the estimated construction costs and other ancillary expenditure and a residual factor applied to the estimated construction cost. A slight increase in the residual factor would result in a significant decrease in the fair values of buildings, and a slight increase in the estimated construction costs would result in a significant increase in the fair value of the buildings and vice versa.

#### Plant and machinery

The fair value of the plant and machinery was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence. The significant inputs include the estimated construction costs and other ancillary expenditure and a residual factor applied to the estimated construction cost. A slight increase in the residual factor would result in a significant decrease in the fair values of plant and machinery, and a slight increase in the estimated construction costs would result in a significant increase in the fair value of the plant and machinery and vice versa.

There has been no change to the valuation technique during the year.

#### Fair value hierarchy

Details of the Company's free land, buildings on freehold land and plant and machinery and information about the fair value hierarchy as at the end of the reporting period are as follows:

| Non financial assets | Note | As on September 30, 2023 Carrying amount | Recurring fair value Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| | | ------------------- Rupees ------------------- | | | |
| Freehold land | | 1,548,093,750 | - | 1,548,093,750 | - |
| Buildings on freehold land | | 510,150,621 | - | 510,150,621 | - |
| Plant and machinery | | 2,300,249,000 | - | 2,300,249,000 | - |
| | 5 | 4,358,493,371 | - | 4,358,493,371 | - |

| Non financial assets | Note | As on September 30, 2022 Carrying amount | Recurring fair value Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| | | ------------------- Rupees ------------------- | | | |
| Freehold land | | 1,083,665,625 | - | 1,083,665,625 | - |
| Buildings on freehold land | | 376,743,215 | - | 376,743,215 | - |
| Plant and machinery | | 2,129,252,450 | - | 2,129,252,450 | - |
| | 5 | 3,589,661,290 | - | 3,589,661,290 | - |

### 5.1.2 Had the revaluations of these assets not been made, the carrying value of these assets as at reporting date would have been as under:

| | 2023 | | | | | 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening carrying amount | Addition / transfer during the year | Reclassification during the year | Depreciation for the year | Closing carrying amount | Opening carrying amount | Addition during the year | Reclassification during the year | Depreciation for the year | Closing carrying amount |
| | --------------- Rupees --------------- | | | | | --------------- Rupees --------------- | | | | |
| Freehold land | 3,600,212 | - | - | - | 3,600,212 | 3,600,212 | - | - | - | 3,600,212 |
| Buildings on freehold land | 40,025,763 | 5,708,434 | - | (4,004,140) | 41,730,057 | 36,406,940 | 7,592,356 | - | (3,973,533) | 40,025,763 |
| Plant and machinery | 1,249,031,249 | 83,558,104 | - | (64,498,091) | 1,268,091,262 | 1,161,280,870 | 148,127,893 | - | (60,377,514) | 1,249,031,249 |
| | 1,292,657,224 | 89,266,538 | - | (68,502,231) | 1,313,421,531 | 1,201,288,022 | 155,720,249 | - | (64,351,047) | 1,292,657,224 |

### 5.1.3 Depreciation charge for the year has been allocated as follows:

| | Note | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|---|
| Cost of revenue | 31 | 142,509,059 | 143,834,839 |
| Administrative and general expenses | 32 | 9,160,175 | 6,264,513 |
| Selling and distribution cost | 33 | 6,923,731 | 7,600,108 |
| | | 158,592,966 | 157,699,460 |

### 5.1.4 Detail of operating fixed assets disposed off during the year is as follows:

| Description | Cost | Accumulated Depreciation | Net Book Value | Sale Proceeds | Gain/(Loss) | Mode of Disposal | Particulars of purchasers |
|---|---|---|---|---|---|---|---|
| | ------------------------------ Rupees ------------------------------ | | | | | | |
| Vehicle -Cultus LEA-4985 | 347,750 | 19,092 | 328,658 | 572,034 | 243,376 | Company policy | Sold to employee |
| Vehicle -CD-70-LER-17-38 | 74,885 | 53,890 | 20,995 | 74,885 | 53,890 | Company policy | Sold to employee |
| Vehicle -CD-70-LEV-20-859 | 81,000 | 29,520 | 51,480 | 81,000 | 29,520 | Company policy | Sold to employee |
| Vehicle -FSF.2073,2074,2075 | 189,000 | 185,104 | 3,896 | 60,000 | 56,104 | Company policy | Sold to employee |
| Vehicle -Vigo Cham AAV-038 | 3,962,008 | 3,029,981 | 932,027 | 1,000,000 | 67,973 | Company policy | Sold to employee |
| 2023 | 4,654,643 | 3,317,587 | 1,337,056 | 1,787,919 | 450,863 | | |
| 2022 | - | - | - | - | - | | |

### 5.1.5 Forced sale value and assessed value of these fixed assets as at the date of revaluation (i.e. September 30, 2023) was as under:

| | Assessed sale vale<br>Rupees | Forced sale value<br>Rupees |
|---|---|---|
| Freehold land | 1,548,093,750 | 1,315,879,688 |
| Buildings on freehold land | 510,150,621 | 382,612,966 |
| Plant and machinery | 2,300,249,000 | 1,725,186,750 |
| | 4,358,493,371 | 3,423,679,403 |

### 5.1.6 Particulars of immovable property (i.e. land) in the name of the Company are as follows:

| Location | Usage of immovable property | Area |
|---|---|---|
| Lahore Road Jarranwala, District Faisalabad | Manufacturing factory | 825 Kanals and 13 Marlas |

### 5.2 Capital work-in-progress

| | Note | Opening Balance | Additions | Transfer to operating fixed assets / adjustments | Closing Balance |
|---|---|---|---|---|---|
| | | ……………………..Rupees…………………….. | | | |
| Civil work and buildings | | 117,079,327 | 3,484,185 | (5,708,434) | 114,855,078 |
| Plant and machinery | 5.2.1 | 289,272,025 | 740,074,860 | (98,531,493) | 930,815,392 |
| Advances for capital expenditure | | 399,566,868 | 140,278,845 | (389,212,888) | 150,632,825 |
| September 30, 2023 | | 805,918,220 | 883,837,890 | (493,452,815) | 1,196,303,295 |
| Civil work and buildings | | 114,084,512 | 10,587,171 | (7,592,356) | 117,079,327 |
| Plant and machinery | 5.2.1 | 233,230,666 | 204,169,252 | (148,127,893) | 289,272,025 |
| Advances for capital expenditure | | 611,016,341 | 224,047,271 | (435,496,744) | 399,566,868 |
| September 30, 2022 | | 958,331,519 | 438,803,694 | (591,216,993) | 805,918,220 |

5.2.1 Borrowing cost amounting to Rs. 54.992 million (2022: Rs. 12.404 million) capitalized during the year at a rate disclosed in note 20.2 and 20.4.

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| **5.3 Stores held for capitalization** | - | 629,156,111 |

5.3.1 Borrowing cost amounting to Rs. nil (2022: Rs. 31.633 million) capitalized during the year at a rate disclosed in note 20.2.

### 6. RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

| | Head office rental premises | Vehicles | Total |
|---|---|---|---|
| Balance as at October 01, 2021 | - | 13,251,858 | 13,251,858 |
| Addition during the year | 25,213,240 | - | 25,213,240 |
| Depreciation charge for the year | (4,384,910) | (2,650,372) | (7,035,282) |
| Balance as at September 30, 2022 | 20,828,330 | 10,601,486 | 31,429,816 |
| Depreciation charge for the year | (4,384,911) | (2,120,297) | (6,052,028) |
| Balance as at September 30, 2023 | 16,443,419 | 8,481,189 | 24,924,608 |

6.1 The depreciation charge for the year has been allocated to:

| | | |
|---|---|---|
| Cost of revenue | 1,010,137 | 420,645 |
| Administrative and general expenses | 5,060,806 | 4,699,678 |
| Selling and distribution cost | 434,266 | 180,838 |
| | 6,505,208 | 5,301,161 |

### 7. INTANGIBLE ASSETS

| | Notes | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Plant capacity enhancement fee | 7.1 | 70,000,000 | - |

7.1 This represents fee paid to enhance the capacity of the plant having indefinite life.

7.2 The Company has fully amortized intangible assets i.e. computer software having a cost of Rs. 1 million (2022: Rs. 1 million) which are still in use of the Company.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **8. INVESTMENT IN SUBSIDIARY** | | | |
| | 8.1 | 15,000,000 | 15,000,000 |

8.1 This represents equity investment in Tariq Capital (Private) Limited (TCL), a private unlisted company incorporated in Pakistan. As of the reporting date, the Company owns 60% (2022: 60%) shares of TCL comprising of 1,500,000 (2022: 1,500,000) issued, subscribed and paid up shares of Rs.10 each. TCL is engaged in the business of dairy.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **9. LONG TERM DEPOSITS** | | | |
| Security deposits | | | |
| - against ijarah and diminishing musharikah facilities | | 23,505,198 | 27,097,366 |
| - against long term loans | | 24,570,889 | 19,850,889 |
| - utilities | | 936,940 | 936,940 |
| | | 49,013,027 | 47,885,195 |
| Less: current portion shown under current assets | | (5,081,575) | (1,043,250) |
| | 9.1 | 43,931,452 | 46,841,945 |

9.1 This consists of unsecured, non-interest-bearing long-term deposits paid to banks and utility companies in the ordinary course of business with them. These balances have not been discounted as the impact of time value of money is considered to be immaterial.

| **10. INVENTORY** | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Consumable stores and spares | 10.1 | 382,994,227 | 294,166,538 |
| Stock in trade | 10.2 | 112,582,082 | 1,504,564,752 |
| | | 495,576,309 | 1,798,731,290 |
| **10.1 Consumable stores and spares** | | | |
| Stores | | 382,044,320 | 291,535,700 |
| Spare parts | | 5,522,434 | 5,134,673 |
| | | 387,566,754 | 296,670,373 |
| Less: Provision against slow moving stores | 10.1.1 | (4,572,527) | (2,503,835) |
| | | 382,994,227 | 294,166,538 |
| **10.1.1 Provision against slow moving stores** | | | |
| Opening balance | | 2,503,835 | 2,503,835 |
| Provision for the year | 34 | 2,068,692 | - |
| Closing balance | | 4,572,527 | 2,503,835 |
| **10.2 Stock in trade** | | | |
| Work-in-process | | 17,428,776 | 14,923,704 |
| Finished goods | 10.3 | 95,153,306 | 1,489,641,048 |
| | | 112,582,082 | 1,504,564,752 |

10.3 Stock-in-trade includes stock of press mud, molasses and bagasse amounting to Rs. 25.732 million (2022: Rs. 95.804 million), Rs. 37.790 million (2022: Rs. 28.398 million) and Rs. 30.277 million (2022: Rs. 22.641 million) respectively, carried at net realizable value.

10.4 No (2022: Partial / certain short term borrowings) short term borrowings of the company are secured by way of collateral charge on stock-in-trade of sugar as of reporting date.

10.5 The cost of inventories recognized as an expense is disclosed in note 31.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **11. TRADE AND OTHER RECEIVABLES** | | | |
| **Unsecured and Considered good** | | | |
| Trade receivables from contracts with customers - local | 11.1 | 188,844,636 | 127,984,000 |
| Other receivables - unsecured | | | |
| *Freight subsidy receivable from Government* | 11.2 | - | - |
| Other receivables | | | |
| From related parties | 11.3 | | |
| HSM Healthcare Trust | | - | 847,205 |
| Tariq Welfare Foundation | | 324,401 | 195,073 |
| Others | 11.4 | 1,296,831 | 51,639,617 |
| | | 1,621,232 | 52,681,895 |
| | | 190,465,868 | 180,665,895 |

### 11.1 Trade receivables - local

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Gross receivable | | 193,701,427 | 130,996,955 |
| Less: Allowance for expected credit losses | 11.1.1 | (4,856,791) | (3,012,955) |
| | | 188,844,636 | 127,984,000 |

### 11.1.1 Allowance for expected credit losses

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| Opening balance | 3,012,955 | 4,712,364 |
| Allowance for the year | 1,843,836 | - |
| Reversal during the year | - | (1,699,409) |
| Closing balance | 4,856,791 | 3,012,955 |

### 11.2 Freight subsidy receivable from Government

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| Considered doubtful | 36,509,750 | 36,509,750 |
| Less: Allowance against impairment | (36,509,750) | (36,509,750) |
| | - | - |

### 11.3 Age analysis of other receivables from related parties

| Name of related parties | Current | Past due 0-30 days | Past due 31-60 days | Past due 61-90 days | Past due 91-365 days | Past due 365 days | Total gross amount |
|---|---|---|---|---|---|---|---|
| | ..................Rupees.................. | | | | | | |
| Tariq Welfare Foundation (2023) | 150,448 | 144,263 | 13,735 | - | 15,955 | - | 324,401 |
| HSM Healthcare Trust | - | - | - | - | - | 847,205 | 847,205 |
| Tariq Welfare Foundation | 24,080 | 165,408 | - | 5,585 | - | - | 195,073 |
| 2022 | 24,080 | 165,408 | - | 5,585 | - | 847,205 | 1,042,278 |

11.3.1 This represents receivable in respect of various expenses incurred for these related parties, which are recoverable on demand. There is no security for these receivables.

11.3.2 Highest aggregate balances during the end of any month are as follows:

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Tariq Welfare Foundation | | 324,401 | 195,073 |
| HSM Healthcare Trust | | - | 980,428 |
| | | 324,401 | 1,175,501 |

### 11.4 Others

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Considered good | | 2,076,730 | 51,639,617 |
| Less: Allowance for expected credit losses | 11.4.1 | 779,899 | - |
| | | 1,296,831 | 51,639,617 |

### 11.4.1 Allowance for expected credit losses

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Opening balance | | - | 3,470,407 |
| Allowance for the year | | 779,899 | - |
| Provision written off during the year | | - | (3,470,407) |
| Closing balance | | 779,899 | - |

## 12. ADVANCES, DEPOSITS AND PREPAYMENTS

### Considered good

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Advances to: | | | |
| Employees against salaries - secured against retirement benefits and interest free | | 3,169,252 | 3,991,059 |
| Employees against expenses - unsecured | 12.1 | 14,320,105 | 3,534,500 |
| Suppliers - unsecured | 12.2 | 235,066,387 | 220,625,915 |
| Sugarcane growers - unsecured | 12.3 | 92,952,865 | 62,077,281 |
| Contractors - unsecured | 12.4 | 700,000 | 222,897 |
| Advances against letters of credit | | - | - |
| Margin deposit against letters of credit | | - | - |
| Tariq Capital (Private) Limited - related party | | | |
| Short term advances | 12.6 | 19,815,703 | 9,234,425 |
| Markup recievable | | 3,521,946 | 780,474 |
| | | 23,337,649 | 10,014,899 |
| Prepayments | | 3,033,292 | 2,142,031 |
| | | 372,579,550 | 302,608,582 |

12.1 Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

### 12.2 Advances to suppliers - unsecured

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Considered good | | 241,751,987 | 223,694,449 |
| Less: Allowance for impairment | 12.2.1 | (6,685,600) | (3,068,534) |
| | | 235,066,387 | 220,625,915 |

### 12.2.1 Allowance for impairment

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Opening balance | | 3,068,534 | 10,325,737 |
| Add: Allowance for the year | | 3,617,066 | 3,068,534 |
| Less: Reversal during the year | | - | (10,325,737) |
| Closing balance | | 6,685,600 | 3,068,534 |

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **12.3 Advances to sugarcane growers - unsecured** | | | |
| Considered good | | 95,330,323 | 64,336,112 |
| Less: Allowance for impairment | 12.3.1 | (2,377,458) | (2,258,831) |
| | | 92,952,865 | 62,077,281 |
| **12.3.1 Allowance for impairment** | | | |
| Opening allowance for expected credit losses | | 2,258,831 | 2,037,006 |
| Allowance for the year | | 118,627 | 221,825 |
| Closing balance | | 2,377,458 | 2,258,831 |
| **12.4 Advances to contractors - unsecured** | | | |
| Considered good | | 700,000 | 222,897 |
| Considered doubtful | | 1,000,000 | 1,000,000 |
| Less: Allowance for impairment | | (1,000,000) | (1,000,000) |
| | | - | - |
| | | 700,000 | 222,897 |

12.5 Advances to employees against salaries includes advances amounting to Rs. nil (2022: Rs. 689,912) to a key management personnel - related party as per Company's human resource policy.

12.6 This represents short term running finance facility amounting to Rs. 100 million (2022: Rs. 50 million) and a nonfunded bank guarantee amounting to Rs. 150 million (2022: Rs. 125 million) given to Tariq Capital (Pvt.) Limited - a partially owned subsidiary company to meet its working capital requirements for a term of 1 year from March 31, 2023 at a markup of the weighted average borrowing rate plus 1% payable quarterly.

12.7 Age analysis of other receivables from related parties:

| Description | Current | Past due 0-30 days | Past due 31-60 days | Past due 61-90 days | Past due 91-365 days | Past due 365 days | Total Gross |
|---|---|---|---|---|---|---|---|
| Short term advances | 559,357 | 725,459 | 332,836 | 8,181,731 | 1,182,828 | 8,833,492 | 19,815,703 |
| Markup | 394,412 | 392,205 | 385,161 | 205,156 | 1,364,538 | 780,474 | 3,521,946 |
| 2023 | 953,769 | 1,117,664 | 717,997 | 8,386,887 | 2,547,366 | 9,613,966 | 23,337,649 |
| Short term advances | 8,910,200 | - | - | - | - | 324,225 | 9,234,425 |
| Markup | 420,375 | 289,458 | 48,861 | 21,780 | - | - | 780,474 |
| Short term advances (2022) | 9,330,575 | 289,458 | 48,861 | 21,780 | - | 324,225 | 10,014,899 |

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **12.8 Highest aggregate balances during the end of any month are as follows:** | | | |
| Short term advances | | 19,815,703 | 9,234,425 |
| Markup recievable | | 3,521,946 | 780,474 |
| | | 23,337,649 | 10,014,899 |

## 13. FINANCIAL ASSETS

### At fair value through profit or loss

| As on September 30, 2023<br>Investees | Shares<br>Number | Rate<br>Rupees | Fair value<br>Rupees |
|---|---|---|---|
| AL Shaheer Corporation Limited | 7,500 | 10.30 | 77,250 |
| Bank Islami Pakistan Limited | 25,000 | 17.49 | 437,250 |
| Fauji Fertilizer Bin Qasim Limited | 5,000 | 13.74 | 68,700 |
| Fauji Foods Limited | 210,016 | 6.44 | 1,352,503 |
| Habib Sugar Mills Limited | 1,000 | 37.01 | 37,010 |
| Mehran Sugar Mills Limited | 1,607 | 43.10 | 69,262 |
| Nishat Chunian Power Limited | 5,000 | 22.36 | 111,800 |
| Noon Sugar Mills Limited | 1,000 | 47.00 | 47,000 |
| At-Tahur Limited | 7,896 | 14.95 | 118,045 |
| Shahmurad Sugar Mills Limited | 500 | 199.50 | 99,750 |
| Treet Corporation Limited | 18,000 | 16.61 | 298,980 |
| Worldcall Telecome Limited | 18,000 | 1.14 | 20,520 |
| The Organic Meat Company Limited | 10,865 | 20.04 | 217,735 |
| D.G. Khan Cement Company Limited | 8,700 | 43.42 | 377,754 |
| Fauji Cement Company Limited | 113,625 | 11.31 | 1,285,099 |
| Nishat Mills Limited | 5,500 | 60.02 | 330,110 |
| Pak Electron Limited | 24,940 | 9.94 | 247,904 |
| Service Global Footwear Limited | 2,500 | 32.61 | 81,585 |
| Siddiqsons Tin Plate Limited | 11,000 | 5.76 | 63,360 |
| As on September 30, 2023 | 477,649 | | 5,341,557 |
| As on September 30, 2022 | | | |
| AL Shaheer Corporation Limited | 7,500 | 11.34 | 85,050 |
| Bank Islami Pakistan Limited | 25,000 | 10.71 | 267,750 |
| Fauji Fertilizer Bin Qasim Limited | 5,000 | 19.42 | 97,100 |
| Fauji Foods Limited | 210,016 | 6.34 | 1,331,501 |
| Habib Sugar Mills Limited | 1,000 | 31.62 | 31,620 |
| Mehran Sugar Mills Limited | 1,299 | 35.95 | 46,699 |
| Nishat Chunian Power Limited | 5,000 | 13.30 | 66,500 |
| Noon Sugar Mills Limited | 1,000 | 57.00 | 57,000 |
| At-Tahur Limited | 7,280 | 22.25 | 161,980 |
| Shahmurad Sugar Mills Limited | 500 | 107.01 | 53,505 |
| Treet Corporation Limited | 18,000 | 22.69 | 408,420 |
| Worldcall Telecome Limited | 18,000 | 1.11 | 19,980 |
| The Organic Meat Company Limited | 10,865 | 21.26 | 230,990 |
| D.G. Khan Cement Company Limited | 8,700 | 60.62 | 527,394 |
| Fauji Cement Company Limited | 101,000 | 14.99 | 1,513,990 |
| Nishat Mills Limited | 5,500 | 68.12 | 374,660 |
| Pak Electron Limited | 24,940 | 16.03 | 399,788 |
| Service Global Footwear Limited | 2,500 | 38.46 | 96,150 |
| Siddiqsons Tin Plate Limited | 11,000 | 8.99 | 98,890 |
| As on September 30, 2022 | 464,100 | | 5,868,967 |

| | Note | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|---|
| **14. CASH AND BANK BALANCES** | | | |
| Cash in hand | | 1,064,189 | 1,460,370 |
| Cash at bank in local currency: | | | |
| Current accounts | | 53,447,574 | 48,013,634 |
| Saving accounts | 14.1 | 21,391 | 237,761 |
| | | 53,468,965 | 48,251,395 |
| | | 54,533,154 | 49,711,765 |

14.1 The savings accounts earns profit at the rates based on daily bank deposit rates ranging from 11.5% to 19.5% (2022: 7% to 8.5%) per annum.

## 15. SHARE CAPITAL

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **15.1 Authorized capital** | | | |
| Ordinary share capital | | 530,000,000 | 530,000,000 |
| 53 million (2022: 53 million) ordinary shares of Rupees 10 each | | | |
| Preference share capital | | | |
| 15 million (2022: 15 million) preference shares of Rupees 10 each | | 150,000,000 | 150,000,000 |
| | | 680,000,000 | 680,000,000 |

### 15.2 Issued, subscribed and paid-up ordinary share capital

| 2023 (Number of shares) | 2022 (Number of shares) | | 2023 Rupees | 2022 Rupees |
|---|---|---|---|---|
| 40,634,150 | 40,634,150 | Ordinary shares of Rs. 10 each, fully paid in cash | 406,341,500 | 406,341,500 |
| 1,129,000 | 1,129,000 | Ordinary shares of Rs. 10 each, fully paid for consideration other than cash | 11,290,000 | 11,290,000 |
| 11,201,850 | 11,201,850 | Ordinary shares of Rs. 10 each, issued as bonus shares | 112,018,500 | 112,018,500 |
| 52,965,000 | 52,965,000 | | 529,650,000 | 529,650,000 |

15.3 All ordinary shares rank equally with regard to the company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

15.4 During the year, the Company has issued nil (2022:14,445,000 ) ordinary right shares.

| | Note | 2023 | 2022 |
|---|---|---|---|
| **16. EQUITY COMPONENT OF PREFERENCE SHARES** | 23 | - | 69,687,645 |

This represents equity component of 14,445,000 cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares of Rs.10/- each issued by the Company during the year. These Preference Shares were issued to the existing shareholders of the Company by way of rights (i.e. 37.50% rights issue) at par value of Rs.10/- per share, in proportion to their respective shareholdings in the ratio of 3:8 i.e. 3 Preference Shares for every 8 Ordinary Shares held by the shareholders.

These Preference Shares carry entitlement to a fixed cumulative preferential cash dividend out of the normal profits of the Company @ 10% (ten percent) per annum, in priority over dividends declared by the Company on Ordinary Shares. No compensation shall be available to the Preferred Shareholders other than the agreed return i.e. 10% per annum. If a cash dividend is not paid in any year, due to loss or inadequate profits, then such unpaid cash dividend will accumulate and will be paid in subsequent year(s) subject to the approval of the Board of Directors of the Company. There will be no change / revision in the rate of preference dividend in case of accumulation.

These Preference Shares shall be convertible into Ordinary Shares in the ratio of 1:2 only at the option of the Company on September 30 of any calendar year prior to September 30, 2031.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **17. SHARE PREMIUM ACCOUNT** | | | |
| Opening balance | | 224,231,050 | 115,893,550 |
| Share premium on issue of right shares during the year | | - | 108,337,500 |
| | 17.1. | 224,231,050 | 224,231,050 |

17.1 Share premium can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET OF DEFERRED TAX** | | | |
| Balance as at October 01, | | 2,295,223,182 | 2,378,834,983 |
| Fresh surplus aroused during the year | | 825,750,579 | - |
| Less: Incremental depreciation for the year | | 77,563,878 | 83,611,801 |
| Balance as at September 30, | | 3,043,409,883 | 2,295,223,182 |
| Less: Deferred tax attributed to revaluation surplus | 18.1 | 584,577,372 | 401,002,061 |
| | | 2,458,832,511 | 1,894,221,121 |
| **18.1 Reconciliation of deferred tax attributed to revaluation surplus** | | | |
| Balance as at October 01, | | 401,002,061 | 376,643,173 |
| Incremental depreciation for the year | | (30,249,912) | (24,247,422) |
| Surplus aroused during the year | | 140,915,757 | - |
| Tax rate adjustment | | 72,909,463 | 48,606,310 |
| Balance as at September 30, | | 584,577,372 | 401,002,061 |

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

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **19. DIRECTORS' LOANS - RELATED PARTIES** | 19.1 | 97,366,885 | 99,560,551 |
| *Unsecured and interest free* | | | |
| Opening balance | | | |
| Mustafa Ali Tariq | | 97,366,885 | 200,834,544 |
| Ahmed Ali Tariq | | 1,793,666 | 61,119,132 |
| | | 99,560,551 | 261,953,676 |
| Less: Transferred to share subscription money against the right ordinary share issuance | 17.1 | - | (41,029,302) |
| Less: Preference shares issued during the year | | - | (116,063,823) |
| Less: Adjustment due to repayment - net | | (2,193,666) | (5,300,000) |
| | | 97,366,885 | 261,953,676 |
| Closing balance | | | |
| Mustafa Ali Tariq | | 96,566,885 | 97,766,885 |
| Ahmed Ali Tariq | | 800,000 | 1,793,666 |
| | | 97,366,885 | 99,560,551 |

19.1 This represents unsecured, interest free loan 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 Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are shown as part of equity.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **20. LONG TERM FINANCE** | | | |
| From banking companies - secured | | | |
| National Bank of Pakistan | | | |
| Demand finance - I | 20.1 | 55,362,052 | 99,806,496 |
| Demand finance - II | 20.2 | 121,905,000 | 191,565,000 |
| Demand finance - III | 20.3 | 111,111,112 | 155,555,556 |
| First Credit & Investment Bank Limited | 20.4 | 88,235,294 | 100,000,000 |
| Bank Islami Pakistan Limited | | | |
| Diminishing musharaka - I | 20.5 | 78,125,002 | 140,625,001 |
| Diminishing musharaka - II | 20.6 | 300,000,000 | - |
| OLP Modaraba - overhead crane | 20.7 | 5,187,962 | 13,901,564 |
| OLP Modaraba - tijara facility (direct lease) | 20.8 | 27,187,776 | 44,181,208 |
| OLP Modaraba - centrifugal machine | 20.9 | 19,709,567 | 29,784,540 |
| OLP Modaraba - main bagasse carrier | 21.10 | 39,925,268 | 48,188,404 |
| OLP Modaraba - inclined bagasse carrier | 21.11 | 20,828,543 | 25,139,322 |
| OLP Modaraba - juice heater | 21.12 | 47,200,000 | - |
| | | 914,777,576 | 848,747,091 |
| Less: current portion shown under current liabilities | | (386,220,924) | (310,433,378) |
| | | 528,556,652 | 538,313,713 |

20.1 'This demand finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 200 million (2022: Rs.200 million), to finance CAPEX / BMR requirement of the company ( installation of equipment and plant & machinery i.e. falling film evaporators) to improve efficiency of mill. It carries mark-up at the rate of 3 month KIBOR + 2.50% (2022: 3 months Kibor + 2.50%) per annum, payable quarterly. It is secured by way of first pari passu mortgage charge of Rs. 267 million over fixed assets (including land, building and machinery) of the company with 25% margin registered with SECP as well as personal guarantees of two directors of the company along with personal Net-worth Statement (PNWS).

20.2 This demand finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 278.640 million (2022: 278.640 million), for import of equipment and plant and machinery i.e. planetary gears. It carries markup at the rate of 3 month KIBOR + 3% (30 September 2022: 3 month KIBOR + 3%) per annum. It is secured by way of lien over import documents of the title of goods, first pari passu / JPP charge of Rs. 372 million (2022: 372 million) over fixed assets (land, building and plant and machinery) of the company, a ranking charge for Rs. 372 million over fixed assets (land, building and plant and machinery) of the company registered with SECP which shall be converted into first pari pasu / JPP within 90 days of first LC establishment), total value of fixed assets assessed at Rs. 2,109.061 million (FSV Rs. 1,581.796 million) vide evaluation report dated 22.06.2017 conducted by Harvester Services (Pvt.) Limited and measuring 616 Kanal 14 marla / 77 Acres 14 marala land located at Chak No. 128 G.B., Lahore Road, Tehsil Jaranwala, District Faisalabad as well as personal guarantees along with Personal Net Worth Statement (PNWS) / wealth tax returns of the two directors of the company.

20.3 This demand finance facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 200 million (2022: 200 million), to finance CAPEX / BMR requirement of the company (installation of equipment and plant and machinery i.e. falling film evaporators) to improve efficiency of mill. It carries mark-up at the rate of 3 month KIBOR + 3.00% (2022: 3 month KIBOR + 3.00%) per annum, payable quarterly. It is secured by way of first pari passu / JPP charge of Rs. 267 million (2022: Rs. 267 million) over fixed assets (land, building and plant and machinery) of the company, ranking charge for Rs. 267 million over fixed assets (land, building and plant and machinery) of the company registered with SECP which shall be converted into first pari pasu / JPP within 90 days of first disbursement of Demand finance-III, total value of fixed assets assessed at Rs. 2,109.061 million (FSV Rs. 1,581.796 million) vide evaluation report dated 22.06.2017 conducted by Harvester Services (Pvt.) Limited and measuring 616 Kanal 14 marla / 77 Acres 14 marala land located at Chak No. 128 G.B., Lahore Road, Tehsil Jaranwala, District Faisalabad as well as personal guarantees along with Personal Net Worth Statement (PNWS) / wealth tax returns of the two directors of the company.

20.4 This long term finance facility has been obtained from First Credit & Investment Bank Limited (FCIBL), out of the total sanctioned limit of Rs. 100 million (2022: 100 million), for Balancing, Modernization and Replacement (BMR) and Efficiency Improvement Project (EIP). It carries mark-up at the rate of 3 months KIBOR + 3.5% ( 2022: 3 months KIBOR + 3.5%) per annum, payable quarterly in arrears. It is secured by way of first pari passu charge over all present and future fixed assets / non-current assets (including land, building and plant and machinery) of the company with 25% margin registered with SECP and personal guarantee of Chief Executive and Chairman of the Company along with their latest Personal Net Worth Statement (PNWS) as well as subordination of directors' loan. The tenor of the facility is five years from the date of disbursement.

20.5 This diminishing musharakah facility has been obtained from Bank Islami Pakistan Limited, out of the total sanctioned limit of Rs. 312 million (2022: 312. million), to facilitate the conventional banking loans. It carries mark-up at the rate of 6 months KIBOR + 3.0%, floor =10% and cap=40% (rates to be revised on semi-annually basis) (2022: 6 month Kibor +3%) per annum, payable quarterly. It is secured by way of 1st pari passu charge over present and future fixed assets (land, building and plant and machinery) of the company amounting to Rs. 668 million, first pari pasu charge of Rs. 1,059 million over present and future current assets of the company, Director's loan subordination in favour of BIPL and personal guarantees of two directors of the company along with their Personal Net Worth Statement (PNWS).

20.6 This demand finance facility has been obtained from Bank Islami Pakistan Limited, out of the total sanctioned limit of Rs. 300 million (2022: Rs. nil), to meet long term needs through shriah compliant or to facilitate payment of conventional banking loans. It carries mark-up at the rate of 6 months KIBOR + 3.00%, floor =10% and cap=40% (2022: nil) per annum, payable semi annually. It is secured by way of 1st pari passu charge over present and future fixed assets (land, building and plant and machinery) of the company amounting to Rs. 668 million, first pari pasu charge of Rs. 1,059 million over present and future current assets of the company, Ranking charge over DM assets amounting Rs 371.52 million to be registered with SECP, Director's loan subordination in favour of BIPL and personal guarantees of two directors of the company along with their Personal Net Worth Statement (PNWS).

20.7 This Ijarah facility has been obtained from ORIX Modaraba, out of the total sanctioned limit of Rs. 26.781 million (2022: Rs. 26.781 million), to import one unit brand new over head crane. It carries mark-up at the rate of 3 months KIBOR + 3.75% (2022: 3 Months Kibor + 3.75%) per annum, payable monthly. It is secured by way of title of the leased asset, exclusively in the name of ORIX Modaraba for the entire lease period and personal guarantee of directors.

20.8 This Ijarah facility has been obtained from ORIX Modaraba, out of the total sanctioned limit of Rs. 59.765 million (2022: Rs. 59.765 million), to import one unit brand new Assets Reduction gear, electric motor, Vacume pump, Centrifugal pump, Magma Pump, Mascuitte Pump, a Conveyer complete, high frequency inverter and KSB multistage boiler. It carries mark-up at the rate of 6 months KIBOR + 3.75% (2022: 6 months KIBOR + 3.75%) per annum, payable 6 monthly. where 10 % is paid as security in advance, It is secured by way of title of the leased asset, exclusively in the name of ORIX Modaraba for the entire lease period and personal guarantee of 2 directors.

20.9 This Ijarah facility has been obtained from ORIX Modaraba, out of the total sanctioned limit of Rs. 38.25 million (2022: nil), to import one unit brand new fully Automatic Centrifugal Machine with spares parts. It carries mark-up at the rate of 6 months KIBOR + 3.75% (2022: nil) per annum, payable monthly. It is secured by way of title of the leased asset, exclusively in the name of ORIX Modaraba for the entire lease period.

21.10 This Ijarah facility has been obtained from OLP Modaraba, out of the total sanctioned limit of Rs. 48.188 million (2022: 48.188 million), to lease 1 unit of main bagasse carrier. It carries mark-up at the rate of 6 months KIBOR + 3.75% (2022: 6 months KIBOR + 3.75%l) per annum, payable monthly. It is secured by way of title of the leased asset i.e. Plant and machinery, exclusively in the name of OLP Modaraba for entire ijarah tenure and personal guarantees of 2 directors.

21.11 This Ijarah facility has been obtained from OLP Modaraba, out of the total sanctioned limit of Rs. 25.139 million (2022: 25.139 million), to lease 1 unit of inclined bagasse carrier. It carries mark-up at the rate of 6 months KIBOR + 3.75% (2022: 6 months KIBOR + 3.75% ) per annum, payable monthly. It is secured by way of title of the leased asset i.e. Plant and machinery, exclusively in the name of OLP Modaraba for entire ijarah tenure and personal guarantees of 2 directors..

21.12 This Ijarah facility was obtained from OLP Modaraba, out of the total sanctioned limit of Rs. 47.2 million (2022: nil), to purchase juice heaters with s.s tubes and u-shaped crystallizer. It carries mark-up at the rate of 3 months KIBOR + 3.75% (2022: nil) per annum, payable monthly. It is secured by way of 10% security deposit of finance account, title of the leased asset, exclusively in the name of OLP Modaraba for entire ijarah lease period and personal guarantees of two directors of the company.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **21. LEASE LIABILITY** | | | |
| The movement in this head of account is as follows: | | | |
| As on October 01, | | 35,041,201 | 10,234,548 |
| Add: Additions during the year | 21.3 | - | 25,213,240 |
| Add: Accretion of finance cost | | 4,255,421 | 4,229,014 |
| Less: Cash outflow during the year | | (9,367,690) | (4,635,601) |
| As on September 30, | 21.1 | 29,928,932 | 35,041,201 |
| Less: current portion shown under current liabilities | | (14,016,030) | (5,141,416) |
| | | 15,912,902 | 29,899,785 |

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| 21.1 The following table sets out a maturity analysis of lease liabilities, showing the undiscounted lease payments to be paid after the reporting date: | | |
| Within one year | 10,268,974 | 9,374,547 |
| Later than one year but not later than five years | 27,566,543 | 36,990,524 |
| | 37,835,517 | 46,365,071 |
| Less: finance cost | (7,908,585) | (11,323,871) |
| | 29,928,932 | 35,041,200 |
| 21.2 The lease liability has been discounted at the following incremental borrowing rate of per annum: | | |
| Leased vehicles | 10.48% | 10.48% |
| Rented head office premises | 10.99% | 10.99% |

21.3 TThis represents the lease of a head office building from the Chief Executive of the Company for a term of 5 years at a monthly rental of Rs. 485,000 subject to a 10% increase per annum. The lease includes a grace period of 9 months (i.e. October 2021 to June 2022) and rental payment started in July 2022. A refundable security deposit equal to 10 months of rental amounting to Rs. 4,850,000 shall be paid within 16 months of the agreement i.e. October 01, 2021.

21.4 TThe Company has obtained six vehicles on finance lease from Bank Al Falah Limited. These leases carry mark-up at the rate of 3 months KIBOR + 3.0% (2022: KIBOR + 3.0%) per annum and secured by way of the title of the leased asset, exclusively in the name of Bank Al Falah Limited for the entire lease period, post-dated cheques in the Favor of Bank Al Falah Limited and personal guarantee of two directors. The Company intends to exercise its option to purchase the above assets upon completion of the lease period.

## 22. DEFERRED TAX LIABILITY - net

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

The (liability) / asset for deferred taxation comprises temporary differences arising due to:

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| **Taxable temporary differences** | | |
| Accelerated tax depreciation / tax amortization | (298,902,873) | (236,620,435) |
| Surplus on revaluation of fixed assets | (584,577,374) | (401,002,063) |
| Right-of-used assets | (9,720,598) | (10,371,839) |
| | (893,200,845) | (647,994,337) |
| **Deductible temporary differences** | | |
| Impairment against trade receivables / advances | 20,361,704 | 15,130,523 |
| Lease liability | 11,672,283 | 11,563,596 |
| Liability component of preference shares | 25,958,861 | - |
| Trading liabilities | 9,011,547 | 7,625,155 |
| Provisions | 5,773,681 | 2,661,083 |
| Financial assets | 79,112 | 553,651 |
| Available tax losses | - | 89,820,669 |
| Tax credits available for carry forward | 162,804,598 | 195,324,787 |
| | 235,661,786 | 322,679,464 |
| Net deferred tax liability | (657,539,059) | (325,314,873) |

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **22.1 Reconciliation of deferred tax credit for the year** | | | |
| Opening deferred tax liability | | (325,314,873) | (277,419,011) |
| Closing deferred tax liability | | 657,539,059 | 325,314,873 |
| Deferred tax attributed to revaluation surplus due to change in tax rate | | (72,909,463) | (48,606,310) |
| Deferred tax attributed to statement of profit or loss due to change in tax rate | 37 | (38,083,321) | (23,141,934) |
| Net deferred tax credit recognized in statement of profit or los | | 80,315,645 | (23,852,382) |

22.2 In accordance with the Finance Act, 2023, super tax at the rate of 10% for tax year 2023 and onwards has been levied on certain categories of tax payers in addition to the corporate tax rate of 29%. Accordingly, the Company has recorded deferred tax at 39% in accordance with applicable accounting and reporting standards.

## 23. LIABILITY COMPONENT OF PREFERENCE SHARES

This represents liability component of 14,445,000 cumulative, irredeemable, non voting, non participatory, convertible and listed preference shares of Rs. 10/- each issued during the year. As these preference shares carried cumulative fixed dividends @ 10% per annum resulting in the compound instrument, therefore, the net proceeds received from the issue of preference shares have been split up between financial liability component and an equity component (refer note:16). The liability component has been worked out by discounting future dividends at 14.2% per annum market rate of interest as follows:

| | Note | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|---|
| Opening balance | | 70,933,609 | - |
| Proceeds from issue of Preference Shares | | - | 144,450,000 |
| Equity component | | - | (69,687,645) |
| Liability component at date of issue | | 70,933,609 | 74,762,355 |
| Interest charged (using effective interest rate) | 36 | 10,072,573 | 10,616,254 |
| Dividend payable @ 10% | | (14,445,000) | (14,445,000) |
| Carrying amount of liability component at September 30, | | 66,561,182 | 70,933,609 |
| Less: current portion shown under current liabilities | 27 | (4,993,312) | (4,372,427) |
| | | 61,567,870 | 66,561,182 |

The net proceeds received from issue of preference shares will augment the Company's liquidity resulting in reduction of debt burden, assistance in working capital requirements of the Company and to refund sponsors' loan of Company.

| | Note | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|---|
| **24. TRADE AND OTHER PAYABLES** | | | |
| Trade creditors | | 308,799,954 | 394,532,507 |
| Security deposits - interest free | 24.1 | 25,207,791 | 23,378,256 |
| Accrued liabilities | | 32,786,754 | 49,361,059 |
| Income tax deducted at source payable | | 4,739,784 | 447,295 |
| Taxes and duties payable | | 635,064,992 | 147,504,823 |
| Payable to HSML Employees' Provident Fund Trust - related party | 24.2 | 16,760,645 | 10,618,602 |
| Worker's Profit Participation Fund payable | 24.3 | 79,264,755 | 39,333,407 |
| Worker's Welfare Fund payable | | 11,809,785 | 1,398,371 |
| Temporary book overdraft - unpresented cheques | | 58 | 6,097,264 |
| Ijarah rentals payable | | - | 366,725 |
| Retention money payable | | - | 5,691,931 |
| Other payables | | | |
| HSM Education Trust - related party | | - | 1,013,520 |
| Others | | 518,643 | 694,377 |
| | | 1,114,953,161 | 680,438,137 |

### 24.1 Security deposits - interest free

| | Note | 2023 | 2022 |
|---|---|---|---|
| It includes: | | | |
| Employee vehicle deposits | 24.1.1 | 24,951,791 | 23,127,256 |
| Others | | 256,000 | 251,000 |
| | | 25,207,791 | 23,378,256 |

24.1.1 These security deposits have been received from employees for the provision of vehicles as per Company policy.

24.2 It includes mark-up payable to HSML Employees' Provident Fund Trust - related party amounting to Rs. 4,749,925 (2022: Rs. 2,889,643) accrued at the rate of 18.92% to 25.19% per annum (2022: 13.62% to 18.63% per annum).

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| **24.3 Due to workers' profit participation fund (WPPF)** | | |
| Opening balance | 39,333,407 | 33,274,179 |
| Interest on funds utilized by the Company | 8,852,967 | 6,059,228 |
| Allocation for the year | 31,078,381 | - |
| Closing balance | 79,264,755 | 39,333,407 |

24.3.1 This carries interest at the rate prescribed under Companies Profit (Workers Participation) Act,1968 and effective rate of interest applied during the year was 22.51% (2022: 18.21%)

24.4 Investments out of provident fund has not been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

24.5 Accrued liabilities includes remuneration payable to a director (related party) amounting to Rs. nil (2022: Rs. 0.200 million).

| | 2023 | 2022 |
|---|---|---|
| **25. CONTRACT LIABILITIES** | 316,706,875 | 768,122,123 |

The contract liabilities primarily relate to the advance consideration received from customers for sale of goods, for which revenue is recognized at point in time when goods are transferred. The amount of Rs. 768.013 million (2022: Rs. 157.137) million recognized in contract liabilities at the beginning of the period has been recognized as revenue for the period ended September 30, 2023 (2022).

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **26. SHORT TERM BORROWINGS** | | | |
| From financial institutions | 26.1. | 100,000,000 | 1,971,097,714 |
| From related party | 26.2. | 1,411,890 | 1,718,224 |
| | | 101,411,890 | 1,972,815,938 |
| **26.1 From financial institutions - secured and interest bearing** | | | |
| National Bank of Pakistan | | | |
| Cash finance (hypothecation) | 26.1.1 | 100,000,000 | 99,996,206 |
| Cash finance (pledge) | 26.1.2 | - | 3,000,000 |
| Bank Islami Pakistan Limited | | | |
| Karobar finance | 26.1.3 | - | 312,802,334 |
| Istisna Facility | 26.1.4 | - | 187,000,000 |
| Meezan Bank Limited | | | |
| Istisna / tijarah - (Pledge) | 26.1.5 | - | 232,336,494 |
| Askari Bank Limited - Islamic banking | | | |
| Salam OTT (Pledge) | 26.1.6 | - | 491,000,000 |
| Dubai Islamic Bank Limited - Islamic banking | | | |
| Salam Facility | 26.1.7 | - | 397,500,000 |
| Samba Bank Limited | | | |
| Salam Facility | 26.1.8 | - | 247,462,680 |
| | | 100,000,000 | 1,971,097,714 |

26.1.1 This cash finance (hypothecation) facility has been obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. 100 million (2022: Rs.100 million), to finance working capital needs i.e. raw material procurement & other direct / indirect cost / expense / overheads as well as financing of white refined sugar. It carries mark-up at the rate of 3 months KIBOR + 3.00% (2022: 3 months KIBOR + 3.00%) per annum, payable quarterly. It is secured by way of first pari passu charge over JPP current assets of the company (already registered with SECP) to the extent of Rs. 134 million, first pari passu charge JPP over fixed assets. Total value of fixed assets assessed at Rs. 2,761.096 million (FSV Rs. 2070.822 million) vide evaluation report dated 21.06.2020 conducted by Harvester Services (Pvt.) Limited measuring 616 Kanal 14 Marla / 77 Acre 14 Marala land located at Chak No. 128 G.B., Lahore Road, Tehsil Jaranwala, District Faisalabad and personal guarantees along with Personal Net Worth Statement (PNWS) / Wealth tax returns of the two directors of the company.

26.1.2 This cash finance (Pledge) facility was obtained from National Bank of Pakistan, out of the total sanctioned limit of Rs. nil (2022: Rs. 500 million) to finance working capital needs (purchase of raw material i.e. sugarcane for manufacturing of refined sugar / stock-in-trade financing / for keeping stock of white refined sugar). It carried markup at the rate of 1 month KIBOR + 2.50% (2022: 1 month KIBOR + 2.50%) per annum, payable quarterly. It was secured by way of pledge of white refined sugar bags (season 2021-2022) in standard size bags of 50 KGs and in shared godowns properly demarcated under common housing arrangement with the Company's banks' stock inclusive of 25% margin, charge of Rs. 667.000 million (inclusive of 25% margin) over pledged assets of the company, ranking charge of Rs. 400 million (2022: Rs. 400 million) over fixed assets of the company (registered with SECP) and personal guarantees along with Personal Net Worth Statement (PNWS) / wealth tax returns of two directors of the Company.

26.1.3 This Karobar finance facility was obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. nil (2022: Rs. 515 million) to fulfil working capital requirement through Shariah Compliant Mechanism. It carried profit at the rate of respective KIBOR + 2.5% (2022: respective KIBOR + 2.5%). It was secured by way of first pari passu charge over all present and future current assets of the company registered with SECP to the extent of Rs. 1059 million (2022: Rs. 1,059 million), first pari passu charge over all present and future fixed assets (land, building and plant & machinery) of the Company registered with SECP to the extent of Rs. 334 million, first peri passu charge over present and future fixed asset of the company amounting to Rs. 334 million, directors' loan subordination in favour of BIPL and personal guarantees of two directors of the Company.

26.1.4 This Istisna (pledge) finance facility was obtained from Bank Islami Pakistan Limited, out of total sanctioned limit of Rs. nil (2022: 200 million) for production of sugar. It carried profit at the rate of respective KIBOR + 2.5% (2022: KIBOR + 2.5%) per annum. It was secured by way of charge of Rs. 267 million on pledge stock, pledge of white crystal refined sugaring marketable bags lying in factory premises, DP to be maintained / calculated on the basis of outstanding amount of facility, first pari passu charge over present and future fixed assets (land, building and plant & machinery) of the Company to the extent of Rs. 668 million, first pari passu charge over present and future current assets of the company to the extent of Rs. 1,059 million, director's loan subordination in favour of BIPL and personal guarantees of two directors of the Company along with Personal Net Worth Statement (PNWS).

26.1.5 This istisna tijarah / Istisna- Pledge finance facility was obtained from Meezan Bank Limited, out of total sanctioned limit of Rs. nil (2022: Rs. 500 million) for purchase of raw materials, stores & spares and to meet the working capital requirements of the company. It carries profit at the rate of respective KIBOR + 2.75% per annum, . It is secured by way of pledge of charge over pledged stock with 30% margin to be registered with SECP of the company (charge of Rs. 1,072 million already registered), pledge of white crystalline refined sugar packed in marketable bags lying in the factory premises under effective control of bank, ranking charges of Rs. 667 million on fixed assets of company with 25% margin over and above the approved regular limit, corporate guarantee of all credible buyers (in case of credit sale).

26.1.6 This salam (Pledge) facility was obtained from Askari Bank Limited, out of total sanctioned limit of Rs. nil (2022: 500 million) for production of white refined sugar from sugarcane. It carried profit at the rate of matching KIBOR + 3% per annum, payable quarterly. It was secured by way of ranking charge over all present and future fixed assets of the company for Rs. 400 million through (constructive MOTD) and plant & Machinery duly registered with SECP, pledge of white refined sugar of 2022-2023 season with 25% margin (inclusive of applicable sales tax) stored at the company's godown (shared with other banks), duly stacked and segregated in countable position and insured under the supervision of the banks approved muccadum, placement of 33.33% of total pledge of sugar bags in open area located within the mill's premises keeping in view of lesser capacity of godowns during the peak season (FY 2022-2023) and personal guarantees of two directors of the company along with PNWSs.

26.1.7 This salam (funded / short term) facility was obtained from Dubai Islamic Bank Limited, out of total sanctioned limit of Rs. nil (2022: Rs. 400 million) for meeting working capital requirement pf the customer by purchasing sugarcane from the farmers / various supplier in the local market. It carried profit at the rate of relevant KIBOR + 2.75% per annum. It is secured by pledge of white refined sugar with 25% margin, charge of Rs. 534 million over pledge stock, inclusive of 25% margin (held up to PKR 601 million), ranking charge of Rs. 534 million over all present & future current asset of the company, inclusive of 25% margin (held up to Rs. 601 million), ranking charge of Rs. 534 million over all present and future current assets of the company inclusive of 25% margin (already registered), 1st peri passu charge of Rs. 253 million over all present and future fixed asset of the company inclusive of 25% margin (already held), subordination of the directors' loan in favour of Dubai Islamic Bank Limited and personal guarantees of two directors of the company along with their PNWS.

26.1.8 This cash finance facility was obtained from Samba Bank Limited (SBL), out of total sanctioned limit of Rs. nil (2022: Rs. 250 million) for working capital requirements. It carried profit at the rate of 3 month KIBOR + 2.75% p.a. It was secured by way of charge of Rs. 334 million over present and future fixed assets (inclusive of 25% margin), ranking charge of Rs. 334 million over current asset of the company (inclusive of 25% margin), exclusive charge of pledge of finish good (refined sugar bags) of Rs. 334 million (with 25% margin) registered with SECP, letter of access duly signed by the customer and by the owner(s) of site on which pledge goods will be placed, letter of awareness to be circulated to all banks having security of pledge, pledge stock insured with SBL name as "loss payee" with other pledge holders, directors' loan subordination in favour of SBL and personal guarantees of three sponsor directors of the company along with their PNWS.

26.1.9 Out of the total sanctioned limit of credit facilities from banks as mentioned in notes 26.1.1 to 26.1.8 above, credit facilities amounting to Rs. nil (2022: Rs. 991.704 million) remained unutilized at the terminal date. The overall charge on the current and fixed assets of the Company inclusive of above mentioned long and short term borrowings is in the sum of Rs. 16.386 billion (2022: Rs. 16.386 billion) at the terminal date.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| 26.2 From related parties | | | |
| Unsecured and interest free | | | |
| Mustafa Ali Tariq | 26.2.1 | 1,411,890 | 1,718,224 |
| | | 1,411,890 | 1,718,224 |

26.2.1 This represents loan obtained from the Chief Executive - Mustafa Ali Tariq, of the Company to bridge / assist its working capital requirements. It is payable on demand.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **27. CURRENT PORTION OF NON-CURRENT LIABILITIES** | | | |
| Current portion of long term finance | 20 | 386,220,924 | 310,433,378 |
| Current portion of lease liabilty | 21 | 14,016,030 | 5,141,416 |
| Current portion of liability component of prefernece shares | 22 | 4,993,312 | 4,372,427 |
| | | 405,230,266 | 319,947,221 |
| **28. ACCRUED MARK-UP ON SECURED BORROWINGS** | | | |
| From banking companies | | 49,553,862 | 192,999,518 |

## 29. CONTINGENCIES AND COMMITMENTS

### 29.1 Contingencies

| Sr. No. | Name of the court, agency or authority | Description of the factual basis of the proceeding and relief sought | Principal parties | Date instituted |
|---|---|---|---|---|
| 29.1.1 | Honorable Lahore High Court, Lahore and Appellate Tribunal Inland Revenue (ATIR) | The tax department raised demand of Rs. 44.039 million in show cause notice issued to the Company on 10 November, 2014, alleging that the Company charged federal excise duty (FED) at the rate of 0.5% instead of 8% on local supplies made during the period from January 2014 to June 2014 against quantity of white crystalline sugar exported to Afghanistan which was not in accordance with clause (d) of SRO 77(1)/2013 dated 07 February, 2013. Consequently, the Company filed a writ petition against this notice in the Honorable Lahore High Court, Lahore on the basis that the FED at the rate of 0.5% has been charged as allowed by the order dated 08 November, 2013 passed in W.P No. 4927/2013, which declared that clause (d) of SRO No. 77/2013 was unlawful. The writ petition filed by the Company is in the process of hearing. The Company also filed appeal dated February 19, 2015 against this order before the CIR (Appeals) Lahore, which was decided on November 30, 2020 describing that the FED demand raised is justified legally and factually, hence confirmed. However, as the matter is sub-judice before the Honorable Lahore High Court, Lahore vide writ petition No. 31078 of 2014, therefore, the appellant would not be pressed for deposit/recovery of the amount till final decision of the Honorable High Court in the said writ petition. The Company has also filed second appeal before ATIR against the decision of CIR (Appeals). | Company and Federal Board of Revenue | November 24, 2014 |
| 29.1.2 | Commissioner Inland Revenue, Appeals-I | As a result of withholding tax audit for the tax year 2010, the Deputy Commissioner Inland Revenue raised a demand of Rs. 7.264 million under sections 161 / 205 of the Income Tax Ordinance, 2001. The CIR (Appeals) Lahore has rejected Company's appeal. The Company has filed an appeal before Appellate Tribunal Inland Revenue against this order, pending adjudication at the terminal date. | Company and Federal Board of Revenue | August 07, 2014 |
| 29.1.3 | Appellate Tribunal Inland Revenue (ATIR) | For the tax year 2011, the Income Tax Department has created tax demand of Rs. 15.914 million under section 161 / 205.The Company filled appeal before the learned CIR (Appeals) Lahore, who has deleted tax demand to the extent of Rs. 7.991 million. The tax department has filed an appeal before the Appellate Tribunal Inland Revenue, Lahore against the decision of CIR appeal-I regarding the deleted demand to the extent of Rs. 7.991 million, pending adjudication at the terminal date. | Company and Federal Board of Revenue | December 19, 2017 |
| 29.1.4 | Honorable Lahore High Court Lahore | The tax department has filled references before the Honorable Lahore High Court Lahore, against the orders of the Appellate Tribunal Inland Revenue, Lahore, deleting the income tax demand of Rs. 17.3 million of the company for the assessment years 2001 to 2003. These references were last heard on 10 October, 2018. | Company and Federal Board of Revenue | October 07, 2015 |
| 29.1.5 | Commissioner Inland Revenue, Appeals-I | The Company has filed appeal before the Commissioner of Inland Revenue (Appeals) Lahore against the Order in-original no. 14/2015 passed by DCIR Enforcement - 18 zone- III, LTU, Lahore for the tax period January 2015 for illegal adjustment of input sale tax in the sum of Rs. 22,031,342 on the bills of Lahore Electric Supply Company against its liability of federal excise duty in monthly sale tax return in sale tax mode along with additional tax and penalty. In this view of matter, the DCIR is directed to adjust the FED liability of the appellant against the available income tax refunds of appellant but no default surcharge should be levied in the case of the appellant. The CIR LTU has filed appeal in Appellate Tribunal Inland Revenue, Lahore against the deletion of default surcharge earlier deleted by the CIR appeal-I., pending adjudication at the terminal date. | Company and Federal Board of Revenue | March 27, 2018 |
| 29.1.6 | Appellate Tribunal Inland Revenue (ATIR) | For the tax year 2014, the Additional Commissioner, Zone-III, LTU, Lahore, had passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on different issues (certain additions were made to declared taxable loss). However, no tax demand is involved in the instant case as the order only reduced tax losses. The company filed appeal against this order before the Commissioner Inland Revenue, Appeals-V, Lahore, who decided the appeal fully in favor of the Company. However, the department filed second appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of Commissioner Inland Revenue, Appeals-V, pending adjudication at the terminal date. | Company and Federal Board of Revenue | June 29, 2021 |
| 29.1.7 | Appellate Tribunal Inland Revenue (ATIR) | For the tax year 2017, the Additional Commissioner, Zone-III, LTU, Lahore, had passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on different issues (certain additions were made to declared taxable income). However, no tax demand is involved in the instant case as these additions reduced the carry forward losses available to the Company. The company filed appeal against this order before the Commissioner Inland Revenue, Appeals-V, Lahore, who provided relief partially to the company. However, the department filed second appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of Commissioner Inland Revenue, Appeals-V and the Company also filed appeal for the remaining amounts, pending adjudication at the terminal date. | Company and Federal Board of Revenue | May 27, 2021 |

| | | | | |
|---|---|---|---|---|
| 29.1.8 | Appellate Tribunal Inland Revenue (ATIR) | The Deputy Commissioner Inland Revenue, Unit 13, Enforcement Zone, LTO, Lahore imposed a penalty of Rs. 1 million on violation of sub section (9A) of section 3 and section 40C for not implementing the installation of Video Analytics System (VAS) on the mill premises as required under SRO 889(I)/2020 dated September 21, 2020. The company filed appeal against this order before the Commissioner Inland Revenue, Appeals-V, Lahore, who vacated the penalty in favour of the Company. However, the tax department filed second appeal before ATIR, pending adjudication at the terminal date. | Company and Federal Board of Revenue | July 16, 2021 |
| 29.1.9 | Honorable Lahore High Court, Lahore | Through Finance Act, 2011, the Federal Government amended the first schedule of the Federal Excise Act, 2005 and imposed Federal Excise Duty (FED) at the rate of 8% with effect from November 04, 2011 on sugar produced or manufactured in Pakistan from this date. Due to misconception of law, the Company wrongly made the payments of FED on the existing stock on June 03, 2011 amounting to Rs. 48,876,960 during taxable periods starting from June 04, 2011 November 2011. Subsequently, the Company filed refund application which was rejected mainly for the reasons that the refund claim was inadmissible because FED was to be collected and paid in sales tax mode on the goods specified in second schedule as warranted under section 7 and 11 of Federal Excise Duty Act, 2005 and that the claim of refund was hit by the limitation prescribed under section 44 of the Federal Excise Duty Act, 2005 and being aggrieved the Company filed appeal before Commissioner Inland Revenue, Appeals. The Commissioner Inland Revenue, Appeals vide appellate order upheld the order of assessing officer. Felt aggrieved, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR), who decided the case in favour of the Company on February 15, 2021. Later on the tax department filed writ petition before Honourable Lahore High Court, Lahore, pending adjudication at the terminal date. | Company and Federal Board of Revenue | October 26, 2021 |
| 29.1.10 | Honorable Lahore High Court, Lahore | An writ petition has been filed by the Company against the assumptions of jurisdiction by the Competition Commission of Pakistan whereby a show cause notice dated December 31, 2009 had been issued to the Company under section 30 of the Competition Ordinance, 2009. The Company has sought declaration that such show cause is without lawful authority and of no legal effect as the Competition Ordinance, 2009 itself is ultra vires the Constitution of the Islamic Republic of Pakistan, 1973 as well as the law laid down by the Supreme Court of Pakistan. | Company and Federal Board of Revenue | November 5, 2021 |
| | Honorable Lahore High Court, Lahore | Competition Commission of Pakistan (CCP) has passed a consolidated order on August 13, 2021 whereby penalties have been levied on 84 sugar mills. Under the above-referred order dated August 13, 2021, penalty of Rs. 285.779 million and Rs. 400.090 million has been levied on the Company equivalent to 5% and 7% respectively of the total turnover during the period from the year 2012 to 2020. 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 years 2012 to 2020. The Company along with 9 other sugar mills has filed a suit against the above order . The LHC has suspended the operation of CCP's order. The legal counsel of the Company is of the view that penalty being imposed on the Company was irrational and unlawful and is expected to be annulled. | Honorable Lahore High Court, Lahore | |
| 29.1.11 | Sind High Court | The Company has filed a writ petition before Sind High Court against the assumption of jurisdiction by Pakistan Standard and Quality Control Authority (PSQCA) for issuing notification demanding marking fee at the rate of 0.1% of ex-factory price of all sales as the fee payable for placing the PSQCA standard mark on the notified item. The learned High Court struck down the notification and declared to be void. The Appellant being aggrieved assailed the judgment before the Supreme Court of Pakistan which is still pending adjudication. | Company and Federal Board of Revenue | |
| 29.1.12 | Commissioner Inland Revenue, Appeals-V, Lahore | The Deputy Commissioner Inland Revenue, Enforcement - Zone- II, Unit 13, LTO, Lahore created a sales tax demand of Rs. 719,635 on violation of section(s) 3 (1A), 6(2), 22(1), 23(1) and 26(1) for deliberately failing to pay further sales tax on supplies made to persons who have not obtained sales tax registration numbers along with default surcharge (to be calculated at the time of payment), and a penalty amounting to Rs. 35,982 under section 33(5) of the Act. The Company has filed an appeal against the impugned order passed by DCIR before the Commissioner Inland Revenue, Appeals-V, Lahore, pending adjudication at the terminal date. | Company and Federal Board of Revenue | June 17, 2022 |

29.1.13 The Finance Act, 2017, introduced a tax levy under section 5A of the Income Tax Ordinance, 2001 @ 7.5% on every Listed Company other than a scheduled bank or Modarba, that derives profits after tax for the year but does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash. Through the Finance 2018 condition of distribution of after tax profit was changed from 40% to 20% and rate of levy from 7.5% to 5%. The management of the Company considered this levy against the Constitution of Pakistan and tantamount to double taxation, therefore, had filed a writ petition before the Honourable Lahore High Court Lahore, that was withdrawn later on based on the decision of Honourable Sindh High Court in the favour of taxpayers. Although, the Company has declared profit after tax in the accounting years ended September 30, 2016, September 30, 2017 and September 30, 2018 ( relevant to tax years 2017, 2018 and 2019) in the sum of Rs. 115.665 million, Rs. 201.590 million and Rs. 32.773 million respectively, but had not distributed profit among the shareholders through cash dividend or bonus shares. Accordingly, no provision for an aggregate amount of tax in the sum of Rs. 26.015 million for the financial years ended September 30, 2018 (2017: Rs. 24.533 million) on non-distribution dividend in cash or kind has been made in these financial statements, based on the above said decision of Honourable Sindh High Court.

29.1.14 Super tax has been accounted in these financial statements after adjustment of brought forward tax depreciation losses based on the judgement of Islamabad High Court. Had these losses not been adjusted the super tax would have been increased by Rs. 50.078 million. The matter is subjudiced in the apex court pending adjudicating at the reporting date.

The management of the Company and its legal / tax advisors expects a favourable outcome of the above mentioned cases / suits, hence no provision / adjustment has been made against contingencies disclosed in the Notes 29.1.1 to 29.1.14 to these financial statements.

29.1.15 Provision for Workers' Profit Participation Fund amounting to Rs. 15.979 million for the year ended September 30, 2019 has not been made in these financial statements on the capital gain on disposal of operating fixed assets of the merging entity, as the management believe that it does not represents ordinary activity of the Company.

29.1.16 The Company was contingently liable for the outstanding principal and markup on the Agri Murabaha facility obtained by the Company's Sugarcane Growers from Bank Islami Pakistan Limited. The Company has given corporate guarantee amounting to Rs. 820 million (2022: Rs. 820 million) and ranking charge over current assets of the Company with 25% margin registered with SECP as security against Agri Murabaha facility to the sugarcane growers obtained from Bank Islami Pakistan Limited. This facility has been fully paid (principle plus profit), except a disputed amount of charity amounting to Rs. 126.176 million against the said facility for which the company is contingently liable in case of failure of growers to repay.

### 29.2 Commitments

The Company is committed to pay the following rentals:

| | Note | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|---|
| Ijarah rentals | | | |
| Due within one year | | 15,463,069 | 13,636,263 |
| Due after one year but not later than five years | | 30,991,662 | 29,474,603 |
| | | 46,454,731 | 43,110,866 |

## 30. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

| | 2023 | 2022 |
|---|---|---|
| Local | 7,509,172,613 | 6,286,543,040 |
| Export - Sugar | 323,606,893 | - |
| | 7,832,779,596 | 6,286,543,040 |

### 30.1 Local

| | 2023 | 2022 |
|---|---|---|
| Sugar | 7,841,397,981 | 6,177,993,938 |
| By products: | | |
| Molasses | 760,160,646 | 853,937,650 |
| Bagasse | 43,563,525 | 99,494,660 |
| Press mud | 85,692,838 | 105,524,264 |
| | 889,417,009 | 1,058,956,574 |
| | 8,730,814,990 | 7,236,950,512 |
| Less: | | |
| Sales tax on local sale of sugar | 1,178,108,111 | 901,414,955 |
| Withholding income tax on local sale of sugar | 12,460,636 | 8,177,036 |
| Sales tax on molasses, bagasse and press mud | 31,073,630 | 40,815,481 |
| | 1,221,642,377 | 950,407,472 |
| | 7,509,172,613 | 6,286,543,040 |

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **31. COST OF REVENUE** | | | |
| **Raw material consumed:** | | | |
| Sugarcane purchased | | 4,847,122,693 | 5,665,936,474 |
| Sugarcane development cess | | 38,522,569 | 34,296,166 |
| Market committee fee | | 6,163,776 | 9,145,728 |
| | | 4,891,809,038 | 5,709,378,368 |
| Salaries, wages and other benefits | 31.1 | 123,487,959 | 165,185,485 |
| Workers' welfare expense | | 8,842,727 | 14,413,590 |
| Consumable stores and spares | | 24,513,962 | 17,592,232 |
| Chemicals consumed | | 50,268,349 | 49,630,653 |
| Packing material consumed | | 57,406,063 | 70,278,466 |
| Fuel and power | | 34,350,598 | 31,357,512 |
| Rent, rates and taxes | 31.2 | 1,795,083 | 1,217,300 |
| Repair and maintenance | | 90,814,418 | 119,089,610 |
| Vehicle running expenses | | 18,412,491 | 17,377,107 |
| Insurance | | 6,967,016 | 7,031,497 |
| Other factory overheads | | 15,436,414 | 16,344,336 |
| Depreciation | 5.1.3 & 6.1 | 143,519,196 | 144,393,086 |
| | | 5,467,623,314 | 6,363,289,242 |
| Work-in-process | | | |
| Opening stock | | 14,923,704 | 15,185,158 |
| Closing stock | | (17,428,776) | (14,923,704) |
| | | (2,505,072) | 261,454 |
| Cost of goods manufactured | | 5,465,118,242 | 6,363,550,696 |
| Finished goods | | | |
| Opening stock | | 1,489,641,048 | 932,480,024 |
| Closing stock | | (95,153,306) | (1,489,641,04) |
| | | 1,394,487,742 | (557,161,024) |
| | | 6,859,605,984 | 5,806,389,672 |

31.1 Salaries, wages and other benefits include Rs. 3,347,887 (2022: Rs. 3,046,285) in respect of contribution to HSML Employees' Provident Fund Trust - related party by the Company.

31.2 This includes rent amounting to Rs. 1,190,665 (2022: Rs. 1,217,300) in respect of short term leases of sectors and depots.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **33. ADMINISTRATIVE AND GENERAL EXPENSES** | | | |
| Directors' remuneration | 32.1 | 10,570,656 | 15,510,698 |
| Salaries and other benefits | 32.2 | 101,928,090 | 132,021,317 |
| Travelling and conveyance | | 5,842,000 | 4,709,495 |
| Communication | | 3,718,353 | 5,063,018 |
| Utilities | | 5,095,686 | 4,179,766 |
| Rent, rates and taxes | 32.3 | 4,783,749 | 4,743,632 |
| Printing and stationery | | 3,871,988 | 4,316,015 |
| Repair and maintenance | | 3,346,258 | 1,082,229 |
| Vehicle running and maintenance | | 12,804,577 | 9,464,564 |
| Fee and subscription | | 6,839,765 | 6,837,747 |
| Legal and professional | | 5,600,000 | 7,180,634 |
| Auditors' remuneration | 32.4 | 3,182,000 | 2,885,000 |
| Entertainment | | 6,639,948 | 7,006,920 |
| Insurance | | 1,613,970 | 1,292,066 |
| Regularization fee | | 80,000,000 | - |
| Computerization expenses | | 4,886,472 | 1,227,818 |
| Ijarah rentals | | 15,695,366 | 14,080,030 |
| Diminishing musharakah rental | | - | 3,656,918 |
| News papers and periodicals | | 200 | 25,984 |
| Fines and penalties | | 5,585,807 | 2,883,382 |
| Depreciation | 5.1.3&6.1 | 14,220,981 | 12,501,554 |
| Miscellaneous | | 3,932,230 | 1,998,354 |
| | | 300,158,093 | 242,667,141 |

32.1 Directors' remuneration include Rs. nil (2022: Rs. 940,042) in respect of contribution to HSML Employees' Provident Fund Trust - related party by the Company.

32.2 Salaries and other benefits include Rs. 4,049,782 (2022: Rs. 3,224,036) in respect of contribution to HSML Employees' Provident Fund Trust - related party by the Company.

32.3 This includes rent amounting to Rs. nil (2022: Rs. 2,420,000) in respect of short term lease of head office building.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **32.4 Auditors' remuneration** | | | |
| **Audit services** | | | |
| Statutory audit fee - standalone | | 1,100,000 | 900,000 |
| Half yearly review fee | | 500,000 | 200,000 |
| Statutory audit fee - consolidation | | 350,000 | 300,000 |
| Fee for the review of compliance with the Code of Corporate Governance | | 120,000 | 100,000 |
| Out of pocket expenses and government levies | | 462.000 | 285,000 |
| | | 2,532,000 | 1,785,000 |
| **Non audit services** | | | |
| Tax advisory fee | | 250,000 | 1,000,000 |
| Certifications for regulatory purposes | | 400,000 | 100,000 |
| | | 650,000 | 1,100,000 |
| | | 3,182,000 | 2,885,000 |

## 33. SELLING AND DISTRIBUTION COST

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Salaries and other benefits | 33.1 | 5,864,402 | 7,143,099 |
| Handling and distribution | | 4,426,793 | 3,046,679 |
| Repair and maintenance | | 703,365 | 482,251 |
| Printing and stationery | | 48,802 | 121,586 |
| Advertisement | | 34,300 | 834,879 |
| Depreciation | 5.1.3 & 6.1 | 7,357,997 | 7,840,102 |
| | | 18,435,659 | 19,468,596 |

33.1 Salaries, wages and other benefits include Rs. 203,287 (2022: Rs. 196,543) in respect of contribution to HSML Employees' Provident Fund Trust - related party by the Company.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **34. OTHER OPERATING EXPENSES** | | | |
| Provision against advances | 12 | 3,735,693 | 3,068,534 |
| Old debit balances no more adjustable / recoverable written off | | 3,182,736 | 21,230,391 |
| Provision against trade and other receivables | 11 | 2,623,735 | - |
| Provision against slow moving store and spares | 10.1.1 | 2,068,692 | - |
| Donation | 34.1 | 100,000 | - |
| Workers' Profit Participation Fund | 24.3 | 31,078,381 | - |
| Workers' Welfare Fund | 24 | 11,809,785 | - |
| | | 54,599,022 | 24,298,925 |

34.1 There is no interest in the donees fund, of any director or their spouses.

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **35. OTHER INCOME** | | | |
| **Income from financial assets** | | | |
| Profit on saving bank accounts | | 433,819 | 410,851 |
| Dividend income from equity instruments at fair value through profit or loss (FVTPL) | | 79,513 | 72,411 |
| Net change in fair value on equity instruments at fair value through profit or loss (FVTPL) | | | |
| realized | | - | 904,639 |
| unrealized | | (527,410) | (3,691,009) |
| | | (14,078) | (2,303,108) |
| **Income from non-financial assets** | | | |
| Gain on disposal of operating fixed assets | | 450,863 | - |
| Gain on sale of bio fertilizer | | 459,522,407 | 72,802,450 |
| Advances against sale of sugar forfeited | | - | 7,000,000 |
| Rental income | | 598,531 | 400,653 |
| Interest income | | 2,741,472 | 780,474 |
| Reversal of excess provisions against trade and other receivables / advances | | - | 12,025,146 |
| Old credit balances no more payable written back | | 7,379,428 | 30,546,425 |
| Miscellaneous | | 17,945,263 | 8,026,165 |
| | | 488,637,964 | 131,581,313 |
| | | 488,623,886 | 129,278,205 |

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **36. FINANCE COST** | | | |
| Mark up on secured borrowings | | 478,017,404 | 410,715,575 |
| Interest charged on liability component of preference shares | | 10,072,573 | 10,616,254 |
| Interest on balance payable to provident fund trust - related party | | 1,850,282 | 1,298,124 |
| Interest on lease liabilities | | 4,255,421 | 3,981,071 |
| Interest on Workers' Profit Participation Fund | | 8,852,967 | 6,059,228 |
| Bank charges | | 6,876,617 | 10,079,368 |
| | | 509,925,263 | 442,749,620 |
| **37. TAXATION** | | | |
| **Current income tax:** | | | |
| For the year | | 119,231621 | 79,814,322 |
| **Deferred income tax:** | | | |
| Tax rate adjustment | 22.1 | 38,083,321 | 23,141,934 |
| For the year | 22.1 | 80,315,641 | (23,852,382) |
| | | 118,398,962 | (710,448) |
| | 37.1 | 237,630,583 | 79,103,874 |

37.1 Provision for taxation has been made in accordance with section 113 of Income Tax Ordinance, 2001. There is no relationship between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation is presented.

37.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. During the year, Finance Act, 2023 enacted a turnover tax rate of 1.25% (2022: 1.25%) and the normal tax rate of 29% (2022: 29%), therefore, provision for the current tax is made @ 1.25% (2022: 1.25%) of the local turnover. The deferred tax is computed at the rate of 39% (2022: 33%) as described in note 22.

37.3 The Company has unused tax losses amounting to Rs. nil million (2022: Rs. 309.726 million) as on the reporting date.

## 38. EARNINGS / (LOSS) PER SHARE

| | | Note | 2023 | 2022 |
|---|---|---|---|---|
| **Basic (loss) / earnings per share** | | | | |
| Profit (loss) attributable to ordinary shareholders | *Rupees* | | 341,048,878 | (198,856,583) |
| Weighted average number of ordinary shares outstanding during the year | *Numbers* | 38.1 | 52,965,000 | 52,342,601 |
| Earnings / (loss) per share - basic | *Rupees* | | 6.44 | (3.80) |

### 38.1 Weighted-average number of ordinary shares (basic)

| | 2023 | 2022 |
|---|---|---|
| Issued ordinary shares at October 01 | 52,965,000 | 38,520,000 |
| Effect of bonus factor due to issuance of right shares | - | 13,822,601 |
| **Weighted-average number of ordinary shares as on September 30** | 52,965,000 | 52,342,601 |

**Diluted earnings / (loss) per share**

| | 2023 | 2022 |
|---|---|---|
| Profit / (loss) after taxation attributable to ordinary shareholders for diluted (loss) / earnings per share | 351,121,450 | (188,240,329) |
| Weighted average number of ordinary shares outstanding during the year for diluted earnings / (loss) per share | 60,187,500 | 52,342,601 |
| Earnings / (loss) per share - diluted (2022: Anti dilutive) | 5.83 | (3.60) |

### 38.2 Reconciliation of profit / (loss) used for basic EPS to diluted EPS

| | | |
|---|---|---|
| Profit / (loss) after tax attributable to ordinary shareholders for basic earnings per share | 341,048,878 | (198,856,583) |
| Effect of dilutive potential ordinary shares: Add back: Amortization of liability component of preference shares | 10,072,573 | 10,616,254 |
| Profit / (loss) after taxation attributable to ordinary shareholders for diluted earnings / (loss) per share | 351,121,450 | (188,240,329) |

### 38.3 Reconciliation of weighted average outstanding number of shares used for basic EPS to diluted EPS

| | | |
|---|---|---|
| Weighted average number of ordinary shares outstanding during the year for basic earnings / (loss) per share | 52,965,000 | 52,342,601 |
| Effect of dilutive convertible preference shares | 7,222,500 | - |
| Weighted average number of ordinary shares outstanding during the year for diluted earnings / (loss) per share | 60,187,500 | 52,342,601 |

## 39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

| | 2023 | | |
|---|---|---|---|
| | Chief Executive | Executive Director | Executives |
| | ------------------------ Rupees | -------------------- | |
| **Short-term employee benefits** | | | |
| *Managerial remuneration* | *4,806,876* | *2,012,904* | *13,276,655* |
| *House rent* | *2,163,096* | *905,808* | *5,210,561* |
| *Medical allowance / entertainment* | - | - | *1,327,664* |
| *Special* allowance | *480,684* | *201,288* | *1,327,664* |
| **Post-employment benefits** | | | |
| *Company's contribution to provident fund* | - | - | *1,327,664* |
| | 7,450,656 | 3,120,000 | 22,470,208 |
| Number of persons | 1 | 1 | 11 |

| | 2022 | | |
|---|---|---|---|
| | Chief Executive | Executive director | Executives |
| Short-term employee benefits | ----------------------- Rupees -------------------- | | |
| Managerial remuneration | 7,387,516 | 2,012,904 | 12,851,514 |
| House rent | 3,324,386 | 905,808 | 4,673,637 |
| Medical allowance / entertainment | - | - | 1,285,137 |
| Special allowance | 738,754 | 201,288 | 1,165,140 |
| Post-employment benefits | | | |
| Contribution to provident fund | 738,754 | 201,288 | 1,165,140 |
| | 12,189,410 | 3,321,288 | 21,140,568 |
| Number of persons | 1 | 1 | 8 |

39.1 In addition to above, the chief executive, directors and one executive is provided with the free use of the Company's maintained cars. The approximate value of this benefit is Rs. 10.518 million (2022: Rs. 9.562 million).

39.2 No meeting fee was paid to directors during the year (2022: nil).

39.3 No remuneration was paid to non-executive directors of the Company (2022: nil).

## 40. TRANSACTIONS WITH RELATED PARTIES

40.1 Related parties comprise associated companies / undertakings, companies where directors also hold directorship, retirement benefits fund and key management personnel. Related parties of the company are as follow:

| Names of related parties | Relationship | Basis of relationship (Co mon directorship / percen age shareholding) |
|---|---|---|
| Ahmed Ali Tariq | Non - Executive Director | 31.20% |
| Mustafa Ali Tariq | Director / Chief Executive Officer | 33.55% |
| Waseem Ahmad Ghafoor | Non - Executive Director | 0.0013% |
| Sadia Ali Tariq | Chairperson of the Board / Close relative of Chief Executive Officer | 0.013% |
| Maryam Habib | Executive Director | 1.13% |
| Saif Hasan | Independent Director | 0.0014% |
| Muhammad Imran Khan | Independent Director | 0.0019% |
| Tariq Capital (Pvt.) Limited | Subsidiary company | 60% |
| HSM Healthcare Trust | Associated company | Common directorship |
| HSM Education Trust | Associated company | Common directorship |
| Tariq Welfare Foundation | Associated company | Common directorship |
| Husein Power Company (Pvt.)Limited | Associated company | Common directorship |
| Wasim Saleem | Deputy Chief Executive / Chief Financial Officer | key management personnel |
| HSML Employees' Provident Fund Trust | Post-employment benefit plan | |

40.2 Balances with related parties are disclosed in respective notes to these financial statements, whereas significant transactions with these related parties during the year are as under:

| | | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|---|
| **Transactions with subsidiary company** | | | |
| Tariq Capital (Pvt.) Limited | Investment in ordinary shares | - | 15,000,000 |
| | Short term advances - net | 10,581,278 | 8,910,200 |
| | Markup on short term advances for the year | 2,741,472 | 780,474 |
| **Transactions with associated companies** | | | |
| HSM Healthcare Trust | Current account - net | 847,205 | 73,288 |
| Tariq Welafre Foundation | Current account - net | 129,328 | 195,073 |
| HSM Education Trust | Current account - net | 1,013,520 | 26,010 |
| **Transactions with key management personnel** | | | |
| Deputy CEO /CFO | Short-term employee benefits | 4,739,988 | 4,739,988 |
| **Transactions with post -employment benefit plan** | | | |
| HSML Employees' Provident Fund Trust | Contribution for the year | 7,600,956 | 7,406,906 |
| | Markup | 1,850,282 | 1,298,124 |
| **Transactions with other related parties** | | | |
| Ahmed Ali Tariq | Adjustment of directors' loan against share subscription money for prefernece share issuance | - | 74,025,466 |
| | Repayment of sponsor loan | 993,666 | 5,300,000 |
| | Sponsor loan received | - | 20,000,000 |
| Mustafa Ali Tariq | Adjustment of directors' loan against share subscription money for right share issuance | - | 41,029,309 |
| | Adjustment of directors' loan against share subscription money for prefernece share issuance | - | 42,038,350 |
| | Repayment of loan | 1,200,000 | 20,000,000 |
| | Payment of rent of head office building under lease | 5,965,500 | 1,455,000 |
| | Current account - net | 306,334 | 3,370,323 |
| Maryam Habib | Sponsor loan received | - | 2,005,000 |
| | Repayment of sponsor loan | - | 2,005,707 |

Short-term employee benefits include salaries, house rent allowance and medical allowance as well as non monetary benefits such as medical, car, etc. In addition to above, chief executive and a director of the Company has given personal guarantees to financial institutions on behalf of the Company as disclosed in note 20, 21 and 26. Chief executive and directors' salaries and benefits are disclosed in note 39.

## 41. RELATIONSHIP WITH THE ISLAMIC AND CONVENTIONAL FINANCIAL INSTITUTIONS

The Company in the normal course of business deals with sole Islamic financial institutions as well as the financial institutions who operate both the conventional side and Islamic window. During the year, the Company carried out transactions with both the conventional side as well as Islamic window of financial institutions. The details of segregation between Shariah complaints and conventional assets/liabilities and income/expenditure are given below :

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Islamic Banks | Conventional Banks | Total | Islamic Banks | Conventional Banks | Total |
| | ………………Rupees……………. | | | ………………Rupees……………. | | |
| Account balances: | | | | | | |
| Accrued mark-up on secured borrowings | 23,519,173 | 26,034,689 | 49,553,862 | 135,156,459 | 57,843,059 | 192,999,518 |
| Long term finance | 538,164,118 | 376,613,458 | 914,777,576 | 140,625,001 | 708,122,090 | 848,747,091 |
| Short term borrowings | - | 100,000,000 | 100,000,000 | 1,620,638,828 | 350,458,886 | 1,971,097,714 |
| Bank balances | 24,011,624 | 29,457,342 | 53,468,965 | 22,745,670 | 25,505,725 | 48,251,395 |
| Ijarah rentals | - | - | - | 366,725 | - | 366,725 |
| Class of transactions: | | | | | | |
| Ijarah and diminishing musharikah rentals | 15,695,366 | - | 15,695,366 | 17,736,948 | - | 17,736,948 |
| Finance cost | 305,024,857 | 172,992,546 | 478,017,404 | 263,104,003 | 147,611,572 | 410,715,575 |
| Income from PLS bank accounts | - | 433,819 | 433,819 | - | 410,851 | 410,851 |
| Disclosures: | | | | | | |
| Commitments | | | | | | |
| Ijarah rentals | 46,454,731 | - | 46,454,731 | 43,110,866 | - | 43,110,866 |

## 42. PLANT CAPACITY AND ACTUAL PRODUCTION

| | | 2023 | 2022 |
|---|---|---|---|
| Installed crushing capacity 6,500 to 8,000 matric ton (2022: 6,500 to 8,000 matric ton) per day for 97 (2022: 138) working days | Metric tons | 630,500 to 776,000 | 897,000 to 1,104,000 |
| Actual crushing | Metric tons | 616,378 | 914,573 |
| Actual production | Metric tons | 60,120 | 80,125 |
| Sugar recovery | Percentage | 9.76 | 8.76 |

42.1 Shortfall in actual production from installed capacity was due to the scarcity / shortage of raw material (sugarcane) supply.

## 43. NUMBER OF EMPLOYEES

The number of employees as at September 30 and average during the year is as follows:

| | 2023 | 2022 |
|---|---|---|
| Number of employees as at September 30 | 489 | 528 |
| Average number of employees during the year | 521 | 900 |

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **44. FINANCIAL INSTRUMENTS BY CATEGORY** | | | |
| **FINANCIAL ASSETS** | | | |
| *At fair value through profit or loss* | | | |
| Equity securities | 13 | 5,341,557 | 5,868,967 |
| **FINANCIAL ASSETS** | | | |
| *At amortized cost* | | | |
| Long term security deposits | 9 | 25,507,829 | 20,787,829 |
| Trade and other receivables | 11 | 190,465,868 | 180,665,895 |
| Advances | 12 | 26,506,901 | 14,005,958 |
| Cash and bank balances | 14 | 54,533,154 | 49,711,765 |
| | | 297,013,752 | 265,171,447 |
| **FINANCIAL LIABILITES** | | | |
| *At amortized cost* | | | |
| Long term finance (including current portion) | 20 | 914,777,576 | 848,747,091 |
| Liability component of preference shares (including current portion) | 23 | 66,561,182 | 70,933,609 |
| Trade and other payables | 24 | 384,073,846 | 491,854,241 |
| Short term borrowings | 26 | 101,411,890 | 1,972,815,938 |
| Accrued mark-up on secured borrowings | 28 | 49,553,862 | 192,999,518 |
| Unpaid dividend on preference shares | | 28,890,000 | 14,445,000 |
| Unpaid dividend | | 29,913 | 31,408 |
| Unclaimed dividend | | 1,195,984 | 1,195,984 |
| | | 1,546,494,253 | 3,593,022,789 |

## 45. FINANCIAL RISK MANAGEMENT

### 45.1 Financial risk factors

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The accounts department of the Company assist the Board in developing and monitoring the Company's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The risk management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company does not engaged in the trading of financial assets for speculative purposes nor does it write options.

The Company's Board Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk and liquidity risk.

#### (a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

(i) Currency risk

At the reporting date, the Company is not exposed to foreign exchange risk..

(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 instruments traded in the market. Other price risk arises from the company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

Sensitivity analysis - equity price risk

Impact of a 2% increase or decrease in the prices at the reporting date on profit or loss would have been as follow:

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Increase | | 106,831 | 117,379 |
| Decrease | | (106,831) | (117,379) |

(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 effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to these financial statements.

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

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Financial assets** | | | |
| **Fixed rate instruments** | | | |
| Bank balances - saving bank accounts | 14 | 21,391 | 237,761 |
| **Financial liabilities** | | | |
| **Floating rate instruments** | | | |
| Long term finance | 20 | 914,777,576 | 848,747,091 |
| Short term borrowings | 26 | 100,000,000 | 1,972,815,938 |
| | | 1,014,777,576 | 2,821,563,029 |

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, pre - tax profit / loss for the year would have been (decreased) / increased by Rs. 10.148 million (2022: Rs. 28.198 million), mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments i.e. borrowings net of saving bank accounts outstanding at reporting dates were outstanding for the whole year.

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 rates at the reporting date would not affect profit or loss.

The long and short term financing / borrowing has variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks, financial institutions and utility companies, as well as credit exposures to customers, including outstanding trade receivables.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period is as follows:

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Utilities companies | 9 | 936,940 | 936,940 |
| Customers | 11.1 | 188,844,636 | 127,984,000 |
| Employees | 12 | 3,169,252 | 3,991,059 |
| Equity securities | 13 | 5,341,557 | 5,868,967 |
| Financial institutions / banks | 14 | 78,039,854 | 68,102,284 |
| Related parties | 11.3 | 23,662,050 | 11,057,177 |
| Others | 11.4 | 1,296,831 | 51,639,617 |
| | | 301,291,119 | 269,580,044 |

## Trade receivables

Customer is counterparty to local trade receivables against sale of refined sugar. To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales to customers are required to be settled in cash or cash in advance and exports sales are also secured partially by way of advance payments, thus mitigating credit risk. Majority of the local sales are made through dealers. Outstanding customer receivables, if any, are regularly monitored.

| | 2023 Rupees | 2023 Rupees |
|---|---|---|
| The maximum exposure to credit risk for trade receivables at the reporting date by the type of customers is receivables from sugar dealers only : | 188,844,636 | 127,984,000 |

| | 2023 Rupees | 2022 Rupees |
|---|---|---|
| Not over due (current) | 138,610,933 | 82,327,090 |
| Overdue | | |
| 0 to 30 days | 47,682,110 | 3,798,070 |
| 31 to 60 days | 2,341,482 | 9,675,834 |
| 61 to 90 days | - | 1,628,332 |
| 91 to 180 days | 3,658,434 | 9,833,182 |
| 181 to 365 days | 1,363,963 | 12,383,938 |
| Over 365 days | 44,505 | 11,350,509 |
| | 55,090,494 | 48,669,865 |
| | 193,701,427 | 130,996,955 |
| Expected credit loss allowance for trade receivables | (4,856,791) | (3,012,955) |
| | 188,844,636 | 127,984,000 |

The Company uses a recovery based provision matrix to measure ECLs of trade receivables. Loss rates are calculated on the outstanding exposure after adjusting subsequent recoveries, if any.

Based on past experience the management believes that no impairment allowance is necessary in respect of unimpaired trade receivables that are past due as most of receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

### Bank balances

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

| | Rating | | | 2023 | 2022 |
|---|---|---|---|---|---|
| | Short Term | Long term | Agency | Rupees | Rupees |
| **Banks** | | | | | |
| Allied Bank Limited | A1+ | AAA | PACRA | 1,192,527 | 1,578,070 |
| Bank Islami Pakistan Limited | A1 | A+ | PACRA | 10,601 | 1,860,612 |
| Faysal Bank Limited | A1+ | AA | PACRA | 74,916 | 354,595 |
| The Bank of Punjab | A1+ | AA+ | PACRA | 152,399 | 360,274 |
| Habib Bank Limited | A1+ | AAA | JCR-VIS | 14,732,468 | 13,074,685 |
| Bank Al Habib | A1+ | AAA | PACRA | 5,508,913 | 2,638,911 |
| Meezan Bank Limited | A1+ | AAA | JCR-VIS | 4,573,828 | 9,193,535 |
| National Bank of Pakistan | A1+ | AAA | PACRA | 1,734,975 | 770,483 |
| United Bank Limited | A1+ | AAA | JCR-VIS | 285,416 | 149,101 |
| Dubai Islamic Bank Limited | A1+ | AA | JCR-VIS | 212,301 | 604,980 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 3,348,752 | 2,041,451 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 301,078 | 818,494 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 10,294,135 | 1,605,358 |
| MCB Bank Limited | A1+ | AAA | PACRA | 1,663,678 | 10,361,219 |
| Bank Alfalah Limited | A1+ | AA+ | PACRA | 4,964,590 | 1,365,244 |
| Samba Bank Limited | A1 | AA | JCR-VIS | 4,418,388 | 1,474,383 |
| | | | | 53,468,965 | 48,251,395 |

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

### Advances to subsidiary company

Credit risk on balances receivable amounting to Rs. 19.815 million (2022: Rs. 9.234 million) from a subsidiary company and accrued markup of Rs. 3.522 million (2022: Rs. 0.780 million) which is past due for more than 365 days at year end. Credit risk of advance to the subsidiary company is monitored by analysing the profitability and cash flows of the associated company, therefore, the management believes that credit risk is minimal.

### Deposits

Deposits comprise of deposits with utility companies, financial institutions, vendors, etc. The Company has assessed, based on historical experience that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Board of Directors has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At reporting date, the Company had available credit limits from financial institutions as disclosed in short term borrowings note and Rs. 54.533 million (2022: Rs. 49.712 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.

Contractual maturities of non derivative financial liabilities as at 30 September 2023

| Description | Carrying amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | 3-5 years | More than 5 years |
|---|---|---|---|---|---|---|---|
| | - - - - - - - - - - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - - - - - - - - - - | | | | | | |
| Long term finance | 914,777,576 | 914,777,576 | 192,217,204 | 194,003,720 | 265,137,577 | 263,419,075 | - |
| Liability component of preference shares | 66,561,182 | 115,560,000 | - | 14,445,000 | 14,445,000 | 43,335,000 | 43,335,000 |
| Trade and other payables | 384,073,846 | 384,073,846 | 384,073,846 | - | - | - | - |
| Short term borrowings | 101,411,890 | 101,411,890 | 101,411,890 | - | - | - | - |
| Accrued mark-up on secured borrowings | 49,553,862 | 49,553,862 | 49,553,862 | - | - | - | - |
| Unpaid dividend on preference shares | 28,890,000 | 28,890,000 | 28,890,000 | - | - | - | - |
| Unpaid dividend on ordinary shares | 29,913 | 29,913 | - | 29,913 | - | - | - |
| Unclaimed dividend on ordinary shares | 1,195,984 | 1,195,984 | 1,195,984 | - | - | - | - |
| | 1,546,494,253 | 1,595,493,071 | 757,342,786 | 208,478,633 | 279,582,577 | 306,754,075 | 43,335,000 |

Contractual maturities of non derivative financial liabilities as at 30 September 2022

| Description | Carrying amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | 3-5 years | More than 5 years |
|---|---|---|---|---|---|---|---|
| | - - - - - - - - - - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - - - - - - - - - - | | | | | | |
| Long term finance | 848,747,091 | 848,747,091 | 160,341,468 | 150,091,910 | 377,668,415 | 160,645,298 | - |
| Liability component of preference shares | 70,933,609 | 130,005,000 | - | 14,445,000 | 14,445,000 | 43,335,000 | 57,780,000 |
| Trade and other payables | 491,854,241 | 491,854,241 | 491,854,241 | - | - | - | - |
| Short term borrowings | 1,972,815,938 | 1,972,815,938 | 1,972,815,938 | - | - | - | - |
| Accrued mark-up on secured borrowings | 192,999,518 | 192,999,518 | 192,999,518 | - | - | - | - |
| Unpaid dividend on preference shares | 14,445,000 | 14,445,000 | 14,445,000 | - | - | - | - |
| Unpaid dividend on ordinary shares | 31,408 | 31,408 | - | 31,408 | - | - | - |
| Unclaimed dividend on ordinary shares | 1,195,984 | 1,195,984 | 1,195,984 | - | - | - | - |
| | 3,593,022,789 | 3,652,094,180 | 2,833,652,149 | | 392,113,415 | 203,980,298 | 57,780,000 |

## 45.2 Capital risk management

The Company's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of our business. The Board of Directors monitor the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitor the level of profit attributed to ordinary shareholders.

The Company’s objectives when managing capital are:

a) to safeguard the Company’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends attributed to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital using ‘net debt to capital ratio’. Net debt is calculated as long / short term interest bearing bank borrowings, liability component of preference shares and lease liability less cash and cash equivalents.

| | 2023<br>Rupees | 2022<br>Rupees |
|---|---|---|
| Interest bearing bank borrowings | 1,111,267,690 | 2,925,819,615 |
| Less: cash and cash equivalents | (54,533,154) | (49,711,765) |
| Net debt | 1,056,734,536 | 2,876,107,850 |
| Total equity | 3,649,141,905 | 2,698,361,337 |
| Total capital (net debt and equity) | 4,705,876,441 | 5,574,469,187 |
| Net debt to total equity ratio | 22% | 52% |

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net debt to equity ratio decreased during the year due to repayment of bank borrowings and increase in equity base.

## 45.3 Operational risk management

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation including insurance where this is effective

## 45.4 Fair values of financial instruments

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

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

The Company has not disclosed the fair values of the financial assets and financial liabilities as disclosed in note 44 because their carrying amounts are reasonable approximation of fair values, except fair value of equity instruments.

### Valuation techniques used to determine fair values

The table analyses financial assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

| Financial assets | Note | Carrying amount | As on September 30, 2023<br>Recurring fair value<br>Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| | | ------------------- Rupees | ------------------- | | |
| Financial assets at fair value through profit or loss (equity securities) | 13 | 5,341,557 | 5,341,557 | - | - |

| Financial assets | Note | Carrying amount | As on September 30, 2022<br>Recurring fair value<br>Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| | | | ------------------- Rupees | ------------------- | |
| Financial assets at fair value through profit or loss (equity securities) | 13 | 5,868,967 | 5,868,967 | - | - |

### Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring Level 1 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

| Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|
| Equity Instruments - shares<br>Market approach (quoted market prices) | Per share price | The estimated fair value would increase (decrease) if the price go higher (lower). |

## 46. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

| | Ordinary share capital | Equity component of preference shares | Equity component of preference shares | Share premium account | Directors' loans | Long term finance | Lease liability | Liability component of preference shares | Short term borrowings |
|---|---|---|---|---|---|---|---|---|---|
| | ------------------------------- Rupees ------------------------------- | | | | | | | | |
| Balance at October 01, 2022 | 529,650,000 | 69,687,645 | - | 224,,231,050 | 99,560,551 | 848,747,091 | 35,041,201 | 70,933,609 | 1,972,815,938 |
| Proceeds during the year | - | - | - | - | - | 347,200, 000 | - | - | - |
| Accretion of finance cost for the year | - | - | - | - | - | - | 4,255,421 | 10,072,573 | - |
| Dividend for the year | - | - | - | - | - | - | - | (14,445,000) | - |
| Repayments during the year | - | - | - | - | (2,193,666) | (281,169,515) | (9,637,690) | - | - |
| Changes in short term borrowings - net | - | - | - | - | - | - | - | - | (1,871,404,048) |
| Balance at September 30, 2022 | 529,650,000 | 69,687,645 | - | 224,231,050 | 97,366,885 | 914,777,576 | 29,928,932 | 66,561,182 | 101,411,890 |

| | Ordinary share capital | Equity component of preference shares | Equity component of preference shares | Share premium account | Directors' loans | Long term finance | Lease liability | Liability component of preference shares | Short term borrowings |
|---|---|---|---|---|---|---|---|---|---|
| | ------------------------------- Rupees ------------------------------- | | | | | | | | |
| Balance at October 01, 2021 | 385,200,000 | - | 211,758,198 | 115,893,550 | 261,953,676 | 1,004,784,313 | 10,234,548 | - | 1,871,706,125 |
| Proceeds during the year | - | 28,386,184 | 41,029,302 | | - | 209,874,326 | - | - | - |
| Transferred to liability component | - | -74,762,355 | - | - | - | - | - | 74,762,355 | - |
| Transferred to liability component | | | - | - | | - | - | - | - |
| Adjustment against issuance of right shares | - | - | - | - | -157,093,125 | - | - | - | - |
| Addition during the year | - | - | - | - | - | - | 25,213,240 | - | - |
| Accretion of finance cost for the year | - | - | - | - | - | - | 4,229,014 | 10,616,254 | - |
| Dividend for the year | - | - | - | - | - | - | - | -14,445,000 | - |
| Repayments during the year | - | - | - | - | -5,300,000 | -365,865,615 | -4,635,601 | - | - |
| Excess payable written back | - | - | - | - | - | -45,933 | - | - | - |
| Adjustment against shares issued during the year | - | 116,063,816 | -252,787,500 | - | - | - | - | - | - |
| Right shares issued during the year at premium | 144,450,000 | - | - | 108,337,500 | - | - | - | - | - |
| Changes in short term borrowings - net | - | - | - | - | - | - | - | - | 101,109,813 |
| Balance at September 30, 2022 | 529,650,000 | 69,687,645 | - | 224,231,050 | 99,560,551 | 848,747,091 | 35,041,201 | 70,933,609 | 1,972,815,938 |

## 47. SEGMENT INFORMATION

47.1 Sales of sugar represents 89.81% (2022: 85.37%) of the total sales of the Company.

47.2 Sales are attributed to countries on the basis of the customers' location.

47.3 All non-current assets of the Company as of reporting date were located in Pakistan.

## 48. DATE OF AUTHORIZATION

These financial statements have been approved and authorized by the Board of Directors of the Company for issue on December 28, 2023.

## 49. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, to facilitate better comparison. However, no material re-arrangements / reclassifications have been made in these financial statements during the year.

MUSTAFA A. TARIQ

LAHORE: CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

## بیرونی آڈیٹرز

موجودہ آڈیٹرز میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آئندہ سالانہ عام اجلاس کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کی بنا پر، دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ کوڈ آف کارپوریٹ گورننس کی شرائط میں آڈٹ کمیٹی کی تجویز کے مطابق، بورڈ آف ڈائریکٹرز نے 30 ستمبر 2024 کو ختم ہونے والے سال کے لئے آئندہ سالانہ اجلاس عام میں ارکان کی منظوری کے حوالہ سے اسی معاوضہ پر کمپنی کے بیرونی آڈیٹرز کے طور پر ان کی تقرری کی منظوری دی ہے۔

## اظہار تشکر

طویل مدتی شیئر داری قدر کی جنریشن ہماری کمپنی کی بنیادی قوت ہے۔ ہمارے حصص داروں کا مسلسل اعتماد و یقین ہمارے لئے انتہائی اہمیت کا حامل ہے۔ حسین میں۔ ہم نے ہمیشہ اپنے حصص یافتگان کی ایکوئٹی کو زیادہ سے زیادہ کرنے کی کوشش کی ہے اور ہم اپنے عزم پر قائم ہیں۔ یہ ہمارے تمام اسٹیک ہولڈرز کی مسلسل حمایت کے بغیر ممکن نہیں ہے۔ بورڈ حصص یافتگان، بینکروں، گنے کے کاشتکاروں اور دیگر تمام اسٹیک ہولڈرز کی جانب سے مسلسل حمایت اور تعاون کا شکریہ ادا کرتے ہیں۔ بورڈ کمپنی کے ملازمین کی لگن اور سخت محنت کو سراہتا ہے۔

**منجانب بورڈ آف ڈائریکٹرز**

| | |
|---|---|
| MUSTAFA A. TARIQ | Ali Ah... |
| **میاں مصطفیٰ علی طارق** | **میاں احمد علی طارق** |
| **چیف ایگزیکٹو آفیسر** | **ڈائریکٹر** |

لاہور: 28 دسمبر 2023ء

## ڈائریکٹرز ٹریننگ پروگرام (DTP)

کمپنی کے ڈائریکٹرز اپنے فرائض کی ادائیگی کے لئے کافی تربیت یافتہ ہیں اور کمپنیز ایکٹ 2017 اور PSX رول بک کی ریگولیشنز کے تحت اپنے اختیارات اور ذمہ داریوں سے آگاہ ہیں۔

## متعلقہ پارٹیوں سے لین دین

تمام متعلقہ پارٹیوں کے ساتھ لین دین قابل رسائی قیمتوں پر کیا گیا ہے اور کوڈ آف کارپوریٹ گورننس، 2017 اور کمپنیز ایکٹ کی تعمیل میں کمپنی کے بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی کی طرف سے جائزہ اور منظوری دی گئی۔ متعلقہ پارٹیوں کے ساتھ لین دین کی تفصیلات مالی حسابات کے متعلقہ نوٹس میں مہیا کی گئی ہیں۔

کارپوریٹ بریفنگ سیشن

کمپنی نے سال کے دوران کارپوریٹ بریفنگ سیشن کا انعقاد کیا ہے۔ اس بریفنگ کے ذریعے کمپنی کی مصروفیت کا مقصد سرمایہ کاروں کو کمپنی کے کاروباری معاملات کے بارے میں صحیح نقطہ نظر فراہم کرنا تھا۔ تمام شعبہ ہائے زندگی سے تعلق رکھنے والے سرمایہ کاروں نے تقریب میں شرکت کی اور کمپنی کے معاملات میں بھرپور دلچسپی کا مظاہرہ کیا۔ بورڈ سرمایہ کاروں کے مضبوط تعلقات کا استوار کرنے کی اہمیت کی قدر کرتا ہے۔

## مواصلات

کمپنی حصص داران کے ساتھ مواصلات کی اہمیت پر بہت توجہ دیتی ہے۔ سالانہ، ششماہی اور سہ ماہی رپورٹس کمپنیز ایکٹ، 2017 کے مطابق مقررہ وقت کے اندر انہیں ترسیل کی جاتی ہیں۔ کمپنی کی ویب سائٹ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی تمام ضروریات کو پورا کرتی ہے اور کمپنی سے متعلقہ تمام معلومات ویب سائٹ پر دستیاب ہیں۔ اسٹیک ہولڈرز اور عوام الناس کے ارکان اپنی مطلوبہ معلومات حاصل کرنے کے لئے کمپنی کی ویب سائٹ www.tariqcorp.pk ملاحظہ کرسکتے ہیں۔

## چیف فنانشل آفیسر، کمپنی سیکرٹری اور داخلی آڈٹ کا سربراہ

چیف فنانشل آفیسر (سی ایف او) اور داخلی آڈٹ کے سربراہ کوڈ آف کارپوریٹ گورننس میں درج کردہ مطلوبہ اہلیت اور تجربہ رکھتے ہیں۔ کمپنی سیکرٹری کمپنیز ایکٹ، 2017 میں مروجہ مطلوبہ اہلیت اور تجربہ حاصل ہے۔ چیف فنانشل آفیسر، کمپنی سیکرٹری اور داخلی آڈٹ کے سربراہ کی تقرری، معاوضہ اور ملازمت کی شرائط وضوابط بورڈ آف ڈائریکٹرز نے طے کی ہیں۔ جب بھی ضروری خیال کیا جائے چیف فنانشل آفیسر اور کمپنی سیکرٹری کی برطرفی بورڈ آف ڈائریکٹرز کی منظوری سے کی جاتی ہے۔

## ڈائریکٹر کا معاوضہ

کمپنی کے پاس ایگزیکٹو ڈائریکٹرز، نان ایگزیکٹیو اور آزاد ڈائریکٹرز کے معاوضے کے تعین کے لیے باقاعدہ پالیسی اور شفاف طریقہ کار ہے۔ کمپنی کو کامیابی سے چلانے کے لیے درکار ڈائریکٹرز کو پرکشش اور برقرار رکھنے کے پیش نظر ایگزیکٹو ڈائریکٹرز کو معاوضہ دیا جاتا ہے۔ ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کے معاوضے کے بارے میں معلومات کے لیے، براہ کرم مالیاتی گوشواروں کے متعلقہ نوٹ ملاحظہ کریں۔

## کافی داخلی مالیاتی کنٹرول

بورڈ آف ڈائریکٹرز نے داخلی مالیاتی کنٹرول کا ایک مؤثر نظام تیار کیا ہے۔ وہ تعمیل کے بیان میں منکشف، قابل اطلاق قوانین وضوابط کے علاوہ مندرج کمپنیوں کے کوڈ آف کارپوریٹ گورننس کے مطابق عملدرآمد کی توثیق کرتے ہیں اور مؤثر طریقہ سے لاگو اور نگرانی کی جارہی ہے۔ ہماری کمپنی کا داخلی آڈٹ فنکشن باقاعدگی سے مالیاتی کنٹرول کی تشخیص کرتا ہے اور آڈٹ کمیٹی سہ ماہی بنیاد پر داخلی کنٹرول اور مالیاتی حسابات کا جائزہ لیتی ہے۔

## بورڈ کی تشخیص

کوڈ آف کارپوریٹ گورننس کی تعمیل میں، بورڈ نے بورڈ کے اسکوپ، مقاصد، عوامل، ذمہ داریوں، کمپنی کی کارکردگی اور نگرانی پر مرکوز توجہ پر بحث اور سوالات کے ذریعے بورڈ، اس کے ڈائریکٹرز اور کمیٹیوں کی تشخیص کے لئے خود تشخیصی میکانزم کی منظوری دی ہے۔ بورڈ نے بورڈ کے اجلاس میں کی گئی ڈائریکٹرز کی ان پٹ پر مبنی تمام عناصر کی تشخیص کی ہے۔

| | | |
|---|---|---|
| محترمہ مریم حبیب | نان ایگزیکٹو ڈائریکٹر | رکن |

## رسک مینجمنٹ کمیٹی

رسک مینجمنٹ کمیٹی تین سالوں کی مدت کے لئے خدمات سرانجام دیتی ہے۔ ریٹائر ہونے والے ڈائریکٹرز دوبارہ منتخب کیے جاسکتے ہیں۔ کمیٹی براہ راست بورڈ آف ڈائریکٹرز کو رپورٹ کرتی ہے اور بورڈ آف ڈائریکٹرز کی طرف سے تفویض کردہ اپنے فرائض سرانجام دیتی ہے۔ رسک مینجمنٹ کمیٹی درج ذیل ارکان پر مشتمل ہے۔

| نام ڈائریکٹرز | حیثیت | کیٹگری |
|---|---|---|
| میاں مصطفیٰ علی طارق | چیف ایگزیکٹو آفیسر | چیئرمین |
| میاں احمد علی طارق | ایگزیکٹو ڈائریکٹر | رکن |
| جناب سیف حسن | آزاد ڈائریکٹر | رکن |

## بورڈ آف ڈائریکٹرز کے اجلاس

کمپنی کے بورڈ کے رواں سال کے دوران پاکستان میں چار اجلاس ہوئے اور ڈائریکٹرز کی حاضری حسب ذیل ہے:

| نام ڈائریکٹرز | حیثیت | تعداد حاضری |
|---|---|---|
| محترمہ سعدیہ علی طارق | چیئرپرسن | 6 |
| میاں احمد علی طارق | ایگزیکٹو آفیسر | 6 |
| میاں مصطفیٰ علی طارق | چیف ایگزیکٹو آفیسر | 6 |
| محترمہ مریم حبیب | نان ایگزیکٹو ڈائریکٹر | 6 |
| جناب محمد عمران خان | آزاد ڈائریکٹر | 6 |
| جناب سیف حسن | آزاد ڈائریکٹر | 6 |
| جناب وسیم احمد غفور | نان ایگزیکٹو ڈائریکٹر | 5 |
| جناب غضنفر علی | نان ایگزیکٹو ڈائریکٹر | 0 |

*جناب وسیم احمد غفور نے بعد ازاں 2023-10-24 کو استعفیٰ دے دیا۔

**جناب غضنفر علی 2023-11-01 کو مقرر ہوئیں

جو ڈائریکٹرز بورڈ کے اجلاسوں میں شرکت نہیں کرسکتے تھے کو عدم شرکت کی چھٹی دی گئی۔

## چیئرمین اور چیف ایگزیکٹو آفیسر کا کردار

چیئرمین اور چیف ایگزیکٹو آفیسر کے الگ الگ اور واضح طور پر مختلف کردار ہیں۔ چیئرپرسن کارپوریٹ گورننس کے تحت مندرج تمام اختیارات رکھتے ہیں اور بورڈ کے اجلاسوں کی صدارت کرتے ہیں۔ چیئرپرسن کا اصل کردار کمپنی کے بورڈ آف ڈائریکٹر کو قیادت فراہم اور انتظام کرنا ہے۔ چیئرپرسن بورڈ کو جواب دہ ہے اور چیف ایگزیکٹو آفیسر کے ذریعہ بورڈ اور انتظامیہ کے درمیان براہ راست رابطے کے طور پر کام کرتا ہے۔ چیئرپرسن انتظامیہ سے آزاد ہے اور کسی بھی دلچسپی اور کسی بھی کاروباری یا دیگر تعلق سے آزاد ہے جو چیئرپرسن کے آزاد فیصلے سے متصادم ہوسکتے ہیں۔ چیف ایگزیکٹو آفیسر قانون اور بورڈ کی طرف سے مقرر کردہ اختیارات کے تحت اپنے فرائض انجام دیتا ہے، اور کاروباری منصوبوں کی منظوری اور لاگو کرتا ہے، اور کمپنی کے مجموعی کنٹرول اور آپریشن کا ذمہ دار ہے۔

| کیٹگری | نام |
|---|---|
| آزاد ڈائریکٹر | 1۔ جناب محمد عمران خان<br>2۔ جناب سیف حسن |
| ایگزیکٹو ڈائریکٹر | میاں احمد علی طارق<br>میاں مصطفیٰ علی طارق |
| نان ایگزیکٹو ڈائریکٹر | 1۔ محترمہ مریم حبیب<br>2۔ جناب غضنفر علی |
| خاتون ڈائریکٹر | محترمہ سعدیہ علی طارق (نان ایگزیکٹو ڈائریکٹر)<br>محترمہ مریم حبیب (ایگزیکٹو ڈائریکٹر) |

## بورڈ کی کمیٹیاں

### آڈٹ کمیٹی

کارپوریٹ گورنس کے ضابطہ اخلاق کی تعمیل میں، بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے۔ چیئرمین کی سربراہی میں آڈٹ کمیٹی تین ارکان پر مشتمل ہے۔ کمیٹی باقاعدگی سے چیف فنانشل آفیسر اور داخلی آڈٹ کے سربراہ کے ساتھ جائزہ اور یقینی بنانے کے لئے ملاقات کرتی ہے کہ اکاؤنٹنگ کے اعلیٰ معیار کو برقرار رکھا جا رہا ہے۔ آڈٹ کمیٹی درج ذیل ارکان پر مشتمل ہے:

| نام ڈائریکٹرز | حیثیت | کیٹگری |
|---|---|---|
| جناب محمد عمران خان | آزاد ڈائریکٹر | چیئرمین |
| محترمہ مریم حبیب | نان ایگزیکٹو ڈائریکٹر | رکن |
| جناب غضنفر علی | نان ایگزیکٹو ڈائریکٹر | رکن |

آڈٹ کمیٹی سہ ماہی، ششماہی اور سالانہ حسابات مع متعلقہ پارٹی ٹرانزیکشنز رجسٹر کا بورڈ کو جمع کرانے سے قبل جائزہ لیتی ہے۔ آڈٹ کمیٹی نے داخلی آڈیٹرز کی فائنڈنگ کا جائزہ لیا اور کارپوریٹ گورنس کے ضابطہ کے تحت درکار داخلی اور بیرونی آڈیٹرز کے ساتھ الگ الگ اجلاس بھی کئے۔

### انسانی وسائل اور ریمونریشن (HR&R) کمیٹی

ہیومن ریسورس پلاننگ اور مینجمنٹ اعلیٰ ترین مینجمنٹ سطح پر بہت ہی اہم فوکس پوائنٹس میں سے ایک ہے۔ کمپنی کی ایک ہیومن ریسورس اینڈ ریمونریشن کمیٹی ہے جو اہم انتظامی افراد کے انتخاب، مشاہرہ اور جانشینی پلاننگ میں مشغول ہے۔ یہ کمپنی کی ہیومن ریسورس پالیسیوں اور پروسیجرز کی اصلاحات میں توثیق اور ان کے دورانیہ کی تشخیص میں بھی ملوث ہے۔ انسانی وسائل اور ریمونریشن (HR&R) کمیٹی درج ذیل ارکان پر مشتمل ہے۔

| نام ڈائریکٹرز | حیثیت | کیٹگری |
|---|---|---|
| جناب سیف حسن | آزاد ڈائریکٹر | چیئرمین |
| میاں مصطفیٰ علی طارق | چیف ایگزیکٹو آفیسر | رکن |

## کارپوریٹ گورننس

### کارپوریٹ کے بہترین طریقے

کمپنی کے ڈائریکٹرز بہتر کارپوریٹ گورننس کے لئے پُرعزم ہیں اور لسٹڈ کمپنیز (کارپوریٹ گورننس کے ضابطہ اخلاق) ریگولیشنز 2019 ء اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک کی ضروریات پر عمل کرتے ہیں۔ سی سی جی ریگولیشنز 2019 ء کی تعمیل کا بیان منسلک ہے:

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

1۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات اس کے امور، آپریشنز کے نتائج، نقدی کا بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

2۔ کمپنی کے کھاتہ جات کمپنیز ایکٹ 2017 کے تحت درکار بالکل صحیح طور سے بنائے گئے ہیں۔

3۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

4۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی ضروریات کی پیروی کی گئی ہے

5۔ اندرونی کنٹرول کا نظام جدید انتظامی اصولوں کے مطابق ڈیزائن ہے اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

6۔ کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

7۔ پاکستان اسٹاک ایکسچینج جہاں کمپنی لسٹڈ ہے کے فہرستی قواعد وضوابط میں تفصیلی کارپوریٹ گورننس کے بہترین عوامل سے کوئی مادی انحراف نہیں کیا گیا ہے۔

8۔ گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

9۔ پراویڈنٹ فنڈ باقاعدہ ایک علیحدہ ٹرسٹ کے زیر انتظام ہے اور ٹرسٹ نے 30 ستمبر 2023 کو 141,358 ملین روپے (2022: 133.691 ملین روپے) کی سرمایہ کاری کی ہے۔

10۔ بہترین کاروباری طریقوں کی پابندی کرتے ہوئے، کمپنی واجب الادا رقم کی بروقت ادائیگی کی اپنی ذمہ داری کو تسلیم کرتی ہے۔ زیر جائزہ سال کے دوران لون/ڈیبٹ کی ادائیگی پر کوئی نادہندگی درج نہیں کی گئی۔

11۔ انتظامیہ پاکستان میں لاگو اکاؤنٹنگ اور رپورٹنگ معیارات اور کمپنیز ایکٹ، 2017 (XIX of 2017) کے تقاضوں کے مطابق مالیاتی گوشواروں کی تیاری اور منصفانہ پیشکش کی اپنی ذمہ داری سے آگاہ ہے اور اس طرح کے اندرونی کنٹرول جسے انتظامیہ تعین کرتی ہے جو مالیاتی گوشواروں کی تیاری کو فعال کرنے کے لیے ضروری ہیں جو مادی غلط بیانی، چاہے دھوکہ دہی یا غلطی کی وجہ سے ہو سے پاک ہوں۔

12۔ کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے نہیں کئے گئے ہیں۔

## نمونہ حصص داری اور حصص کی تجارت

30 ستمبر 2023 ء کے مطابق نمونہ حصص داری کا بیان، جو رپورٹنگ فریم ورک کے تحت منکشف کیا جانا ضروری ہے، اس رپورٹ سے منسلک ہے۔

### بورڈ کی تشکیل

سی سی جی کے تقاضوں کے مطابق، کمپنی آزاد اور نان ایگزیکٹو ڈائریکٹرز اور بورڈ پر صنفی تنوع کی نمائندگی کی حوصلہ افزائی کرتی ہے۔ بورڈ کی موجودہ تشکیل حسب ذیل کے مطابق ہے:

ڈائریکٹرز کی کل تعداد سات (7) حسب ذیل کے مطابق ہے:

| کیٹگری | ڈائریکٹرز کی تعداد |
|---|---|
| مرد ڈائریکٹرز | 5 |
| خاتون ڈائریکٹرز | 2 |

بورڈ کی ترتیب حسب ذیل کے مطابق ہے:

کے ساتھ، ہم نے مختلف ماحول دوست منصوبوں کا آغاز کیا ہے۔ ہم نے درختوں کی شجرکاری مہم شروع کی ہے اور دیگر اقدامات میں ری سائیکلنگ میں تجدیدی سرمایہ کاری کے ذریعے اپنے کوڑے کو کم سے کم کرنے میں اہم پیشرفت کی ہے۔ ہم مقامی شراکت داروں اور دیگر اسٹیک ہولڈرز کے ساتھ مل کر کام کرنے کے منتظر ہیں تاکہ اس بات کو یقینی بنایا جائے کہ طارق کارپوریشن کی تمام مصنوعات ایک ذمہ دارانہ اور ماحول دوست انداز میں بنائی جائیں۔ ہم اپنے عمل کو جدید اور بہتر بنانے کے لئے نئی ٹیکنالوجیز کی بھی تلاش کر رہے ہیں۔

یہ سفارش کی جاتی ہے کہ حکومت ماحول کے استحکام کے سلسلے میں کسانوں اور ملرز کے ساتھ ہم آہنگی سے ایک طویل مدتی پالیسی بنائے۔ دیگر فصلوں کے مقابلے میں، گنا افرادیت کا حامل ہے کیونکہ اس کی تقریباً تمام مصنوعات و ملیوایڈیشن کے لئے استعمال کی جا سکتی ہیں۔ بے صرف گنے کو چینی تیار کرنے کے لئے استعمال کیا جاتا ہے بلکہ بجلی، ایتھانول اور کھاد پیدا کرنے میں بھی استعمال کیا جا سکتا ہے۔ ایک جامع نجی عوامی پالیسی کے ساتھ، اضافی قدر پیدا کرنے کے لئے گنے کی سپلائی چین میں نئی راہیں استعمال کی جا سکتی ہیں۔

## کارپوریٹ سماجی ذمہ داری

کمپنی رواداری، باہمی احترام اور دوستانہ ثقافت کو فروغ دینے کے علاوہ، اپنے تمام ملازمین کو ایک محفوظ، صحت مند، اور دوستانہ ماحول فراہم کرتی ہے۔

تازہ گریجویٹ اور پوسٹ گریجویٹوں کے لئے اپرنٹس شپ کی پیشکش کے علاوہ، کمپنی خالصتاً میرٹ کی بنیاد پر روزگار کی پالیسی کو مکمل طور پر برقرار رکھتی ہے۔ بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ نقطہ نظر کے ساتھ، کمپنی تمام ممکنہ ملازمین کو ملازمت کے مساوی مواقع فراہم کرنے کو یقینی بناتی ہے۔ اس کے علاوہ، کمپنی امتیازی سلوک کے سلسلے میں صفر رواداری کی پالیسی پر سختی سے عمل کرتی ہے۔ کمپنی جسمانی طور پر معذور اور خصوصی افراد کو بھی ان کی صلاحیتوں کو بڑھانے اور معاشرے میں ضم کرنے کے لئے روزگار فراہم کرتی ہے۔

ایک ذمہ دار کارپوریٹ ادارے کے طور پر، کمپنی مقامی معاشرہ کی ترقی کو زیادہ سے زیادہ کرنے کے لئے سرکاری اداروں اور دیگر مقامی نمائندوں کے ساتھ کام جاری رکھتی ہے۔ اس مقصد کے لئے، کمپنی نے بنیادی طور پر تعلیم اور صحت کے میدان میں، غریب اور ضرورت مندوں کی فلاح و بہبود کے لئے غیر منافع بخش ادارے قائم کیے ہیں۔ کمپنی کی تاریخ کے دوران میں، مذکورہ بالا اداروں نے علاقہ میں لاکھوں افراد کو مفت طبی سہولیات اور معیاری تعلیم فراہم کی ہے۔

پاکستان بھر میں 2022 میں آنے والے شدید سیلاب سے ہونے والے نقصانات اور تباہی کو بیان نہیں کیا جا سکتا۔ پورے جنوبی پنجاب، سندھ، بلوچستان اور پاکستان کے باقی حصوں میں فصلوں، مویشیوں اور افراد کا نقصان وحشیانہ رہا ہے۔ طارق کارپوریشن کی انتظامیہ نے اپنے الحاق شدہ طارق ویلفیئر فاؤنڈیشن کے ساتھ مل کر راشن کی تقسیم اور سیلاب سے متاثرہ علاقوں میں تعمیر و مرمت کے کاموں میں مالی تعاون کر کے امدادی کاموں میں اپنا حصہ ڈالا ہے اور اس سانحے کے متاثرین کے لیے فنڈ جمع کرنے کا سلسلہ جاری رکھنے کا منصوبہ بنایا ہے۔

## جدت اور کارکردگی کی بہتری

حکمت عملی کی توسیع، تکنیکی ترقی، اور/یا ماحول کی حفاظت کے لئے مسلسل سرمایہ کاری اور اختیارات کی تلاش آپ کی کمپنی کی پالیسی ہے۔ مجموعی صلاحیتوں کو بڑھانے اور پیداوار کی مجموعی لاگت میں کمی لانے کے لئے شوگر پلانٹ کے اہم شعبوں میں جدید ترین ٹیکنالوجیز کو اپنایا جا رہا ہے۔ ہمارے ایفیشنسی امپروومنٹ پروجیکٹ کے فیز 2 کی تکمیل کے ساتھ، پلانٹ کی توانائی کی کھپت نمایاں عنصر سے کم ہوئی ہے جس کے نتیجے بیگاس کے لحاظ سے اضافی بچت ہوئی ہے۔ ہم پیشن گوئی کرتے ہیں کہ کمپنی اس سال اضافی 10 فیصد کی بچت کرے گی جو کمپنی کو اضافی آمدنی میں دس ملین روپے کے مطابق ہوگی

## فی شیئر آمدنی

کمپنی کا بعد از ٹیکس 341.094 ملین روپے کا منافع جو 6.44 روپے فی شیئر آمدنی بنتی ہے جبکہ گزشتہ سال میں یہ 3.80 روپے فی شیئر نقصان تھا۔

### ڈیویڈینڈ

سال 2023 کمپنی کے مالیاتی نتائج کے پیش نظر، کمپنی کے بورڈ آف ڈائریکٹرز نے سالانہ اجلاس عام میں منظوری کے لیے سال 2023 اور 2022 کے لیے کمپنی کے منافع میں سے مقررہ مجموعی ترجیحی ڈیویڈنڈ بشرح -/10 فی ایم کی سفارش کی ہے۔

عزم کا مظاہرہ کیا ہے۔ مالیاتی اداروں کے تعاون سے، محکمہ نے مقامی کسانوں کو قرضوں کی سہولت فراہم کی، انہیں اپنی فصلوں میں سرمایہ کاری کرنے اور مجموعی زرعی طریقوں کو بہتر بنانے کے لیے بااختیار بنایا۔ جدید ٹیکنالوجی کا فائدہ اٹھاتے ہوئے، سیٹلائٹ امیجری کے استعمال نے مٹی کی غذائیت کے اعداد و شمار کے بارے میں اہم بصیرت فراہم کی، درست کھیتی باڑی کے قابل بنایا اور وسائل کے استعمال کو بہتر بنایا۔ مزید برآں، کسانوں کے ساتھ فعال مشغولیت روایتی حمایت سے آگے بڑھی ہے۔ طارق کارپوریشن نے کیڑے مار ادویات اور کھادوں کی تقسیم کے ساتھ ساتھ مختلف اقسام کے گنے کے بیج قرض دے کر ایک قدم آگے بڑھایا۔ اس جامع نقطہ نظر نے نہ صرف مالی ضروریات کو پورا کیا بلکہ زرعی تنوع کو بھی فروغ دیا، جس سے پورے خطے میں کاشت شدہ گنے میں سکروس کی مقدار میں نمایاں اضافہ ہوا۔ یہ کثیر جہتی حکمت عملی پائیدار زراعت کے لئے کمپنی کی لگن کو واضح کرتی ہے اور مقامی کاشتکار برادری کی ترقی میں اس کے اہم کردار کی نشاندہی کرتی ہے۔

طارق کارپوریشن لمیٹڈ میں محکمہ زراعت کی جانب سے شروع کیے گئے جامع اقدامات کے بھرپور نتائج برآمد ہونا شروع ہو گئے ہیں۔ مالیاتی اداروں کے ساتھ تعاون کی کوششوں، مٹی کی غذائیت کی بصیرت کے لیے سیٹلائٹ امیج کے انضمام، اور گنے کے بیجوں، کیڑے مار ادویات اور کھادوں کی اسٹریٹجک تقسیم نے اجتماعی طور پر گنے کی پیداوار میں قابل ذکر اضافہ میں اہم کردار ادا کیا ہے۔ خاص طور پر حوصلہ افزا بات یہ ہے کہ جاری کرشنگ سیزن 24-23 میں ریکوری میں نمایاں بہتری دیکھی گئی۔

ابتدائی اعداد و شمار توقعات سے بڑھ کر سکروس کے مواد میں نمایاں اضافے کی نشاندہی کرتے ہیں۔ کمپنی کی طرف سے نافذ کیے گئے فعال اقدامات نے نہ صرف مقامی کسانوں کی مالی لچک کو بڑھایا ہے بلکہ فصلوں کے معیار میں بھی واضح فائدہ ہوا ہے۔ جیسا کہ ہم ابتدائی نتائج کا تجزیہ کرتے ہیں، یہ تیزی سے عیاں ہے کہ موجودہ سال گنے کی ریکوری کے لیے انشاءاللہ طارق کارپوریشن کی تاریخ کا بہترین سال ہوگا۔ یہ کامیابی زراعت کے حوالے سے ہمارے مجموعی نقطہ نظر کی تاثیر کو واضح کرتی ہے، پائیدار طریقوں کے لیے ہماری وابستگی کو تقویت دیتی ہے اور کمپنی و مقامی کسان برادری دونوں کے لیے خوشحال مستقبل کو یقینی بناتی ہے۔

کمپنی نے اپنا کرشنگ سیزن گزشتہ سال 25 نومبر 2022 کے مقابلے اس سال 22 نومبر 2023 سے شروع کیا اور 27 دسمبر 2023 تک گزشتہ سال کے مقابلے 245,000 ٹن گنا کرش کیا۔ ہمارے آپریشنل ڈومین میں گنے کی فصل پچھلے سال جتنی ہی ہے اور پیداوار 10% فیصد زیادہ ہے۔ تاہم، یہ دیکھنا باقی ہے کہ ملز اس سال کتنے آپریٹنگ دنوں میں کرش کریں گی۔ ہمارے محکمہ زراعت کے زبردست کام کی وجہ سے، ہم پیشن گوئی کرتے ہیں کہ گنے کی ریکوری میں پچھلے سال کے مقابلے میں کم از کم ایک ڈگری کا اضافہ ہوگا اور کمپنی انشاءاللہ ریکارڈ توڑ ریکوری حاصل کرے گی۔ موجودہ کام کے ماحول سے پتہ چلتا ہے کہ کمپنی پچھلے سال کے مقابلے میں زیادہ چینی پیدا کرنے کی راہ پر ہے جس سے کمپنی کی دونوں زیریں اور بالائی لائنوں کو فروغ ملے گا۔

یہ دیکھتے ہوئے کہ حکومت پنجاب نے گنے کی کم از کم قیمت بڑھا دی ہے، ہم پیشن گوئی کرتے ہیں کہ چینی کی قیمت اس سال بڑھ جائے گی کیونکہ پیداواری لاگت تقریباً 30% تک زیادہ ہو گئی ہے۔ سال کے لیے اسی طرح کی پیداوار کی پیشن گوئی کے ساتھ، حکومت کے لیے یہ ضروری ہے کہ اگر پیداوار کا ڈیٹا آئندہ مہینوں میں زیادہ سرپلس کو ظاہر کرتا ہے تو وہ اضافی برآمدات کی اجازت دے۔ یہ کسانوں کی بروقت ادائیگیوں کو یقینی بنائے گا جس کے نتیجے میں پیداواری کاشتکاری اور اگلے کرشنگ سیزن میں زیادہ زرعی پیداوار حاصل ہوگی۔

مندرجہ بالا تمام عوامل پر غور کرتے ہوئے، ہم محفوظ طریقے سے کہہ سکتے ہیں کہ آپریشنل نتائج اور مالیاتی مارجن انشاءاللہ اگلے کرشنگ سیزن کے لیے ڈرامائی طور پر بہتر ہوں گے۔

## صحت اور حفاظت

طارق کارپوریشن میں، ہم اپنے ملازمین کی صحت اور حفاظت پر کوئی سمجھوتہ نہیں کرتے ہیں۔ اس سال، ہم نے سب سے زیادہ حفاظت اور صحت کے معیار کو برقرار رکھنے کے لئے اپنے کارکنوں کے کام کرنے کے حالات کو بہتر بنانے اور بڑھانے کے لئے جدید ترین بین الاقوامی طریقوں کو لاگو کرنے کے اقدامات کیے ہیں۔ ہم اپنے ملازمین، اسٹیک ہولڈرز اور زائرین کے لئے ایک حفظان صحت اور محفوظ ماحول فراہم کرنے کے لئے پُرعزم ہیں۔ ہماری سب سے بڑی ترجیح ہمیشہ کی حفاظت ہے اور اس سال ہم نے گزشتہ برسوں کی طرح ترقی کی تعمیر جاری رکھی ہے۔ ہم مستقبل میں بھی حفاظت اور صحت کی یہی سطح یقینی بنانے کے لئے اقدامات اُٹھانا جاری رکھیں گے۔

## ماحول اور ماحولیاتی تبدیلی

ہماری ایک اولین ترجیح ماحول ہے۔ پنجاب میں ہوا کے ناقص معیار کی ریکارڈ سطح کے ساتھ، پچھلے سالوں میں ریکارڈ کیے گئے گرم ترین درجہ حرارت سے ہر سال موسمیاتی تبدیلیوں کے اثرات تیزی سے واضح ہوتے جا رہے ہیں۔ کارپوریٹ شہری ہونے کی حیثیت سے، ہم ماحولیاتی نظام کے تحفظ میں ایک اجتماعی ذمہ داری لیتے ہیں جو ہمارے کام، ترقی اور نمو کی اجازت دیتی ہے۔ اس سلسلے میں، مقامی انتظامیہ کے تعاون

جیسا کہ ہم ان اقتصادی تبدیلیوں کے متلاشی ہیں، ہماری کمپنی ان بھرپور مواقعوں سے فائدہ اٹھانے، پائیدار ترقی کو فروغ دینے اور شیئر ہولڈر کی قدر میں اضافہ کے لیے تیار ہے۔

پچھلے سال 7.8 ملین ٹن سے زیادہ کی پیداوار اور موجودہ سال کے لئے اسی طرح کے تخمینے کے ساتھ، پاکستان کے پاس چینی کی ایک بڑی مقدار ہے جسے برآمد کیا جا سکتا ہے۔ پاکستان شوگر ملز ایسوسی ایشن اب کچھ مہینوں سے ان اسٹاکس کی برآمدات کی وکالت کر رہی ہے۔ ہم پُر امید ہیں کہ تازہ پیداواری اعداد و شمار آنے کے بعد اضافی برآمدات کی حوصلہ افزائی کی جائے گی جب کہ مقامی کھپت کے لیے اسٹاک کو برقرار رکھا جائے گا۔ تازہ ترین USD کی قدر میں کمی کے ساتھ، پاکستانی چینی بین الاقوامی منڈیوں میں منفرد طور پر مسابقتی ہے اور کرنٹ اکاؤنٹ خسارے کو مستحکم کرنے میں مدد کے لیے بہت ضروری غیر ملکی رقوم لا سکتی ہے۔

## آپریشنل نتائج

گزشتہ کرشنگ سیزن نے اہم مشکلات کا سامنا کیا، جس کی نشاندہی خام مال کی قیمتوں اور سرمائے کی لاگت میں قابل ذکر اضافہ سے ہوتی ہے۔ حکومت پنجاب نے گزشتہ سال کی 225 روپے کے مقابلے زیر جائزہ سال کے لئے گنے کی قیمت بڑھا کر 300 روپے کا اعلان کیا۔ گنے کی قیمت میں اس اضافے کے باوجود، طارق کارپوریشن لمیٹڈ تکنیکی کارکردگی کے لحاظ سے غیر معمولی نتائج کا اعلان کرتے ہوئے خوش ہے، جس کے نتیجے میں رواں مالی سال کے لیے ریکارڈ آمدنی اور مجموعی منافع حاصل ہوا۔

رواں مالی سال میں، ہماری کمپنی نے 9.054 بلین روپے کی مجموعی فروخت حاصل کی، جو پچھلے سال کے 7.1 بلین روپے کے مقابلے میں 25% زیادہ ہے۔ اسی طرح مجموعی منافع 480 ملین روپے سے بڑھ کر 973 ملین روپے تک پہنچ گیا۔ چینی کی وصولی میں نمایاں کمی کے باعث پیداواری لاگت میں خاطر خواہ اضافے کے باوجود، سال بہ سال نمایاں اضافہ کی نشاندہی کرتا ہے۔

طارق کارپوریشن نے اس سال 9.76 فیصد کی ریکوری شرح پر 616,378 ٹن گنے کی کرشنگ کی، اس کے برعکس گزشتہ سال 8.76 فیصد کی ریکوری شرح پر 914,573 ٹن گنے کی کرشنگ ہوئی۔ ریکوری میں بہتری بنیادی طور پر ہمارے علاقے میں سکروس کے مواد کو بہتر بنانے کے لیے ایک سنجیدہ اور سرمایہ کاری کی مرتکز کثیر سالہ حکمت عملی سے منسوب ہے۔ چند سال پہلے ایک تباہ کن سال دیکھنے کے بعد جہاں 8.76 فیصد ریکوری ریکارڈ کی گئی تھی، ہمارے محکمہ زراعت کی ریسرچ اینڈ ڈویلپمنٹ ٹیم نے ہمارے علاقے میں صحت مند گنے کو فروغ دینے کے لیے مختلف ٹولز میں سرمایہ کاری کرنا شروع کی۔

اگرچہ کمپنی کو گنے کی ریکوری میں کمی، مینوفیکچرنگ اور کیپٹل کی لاگت میں اضافہ، اور سرپلس کی وجہ سے چینی کی ہول سیل مارکیٹ میں زیادتی سمیت مختلف مشکلات کا سامنا ہے، کمپنی بیان کرتی ہے کہ اس نے ڈیسنٹ پوزیشن پر سال کا اختتام ٹیکس کے بعد 341.049 ملین روپے کا منافع درج کیا۔

تاہم، یہ بیان کرنا ضروری ہے کہ آپ کی کمپنی کی انتظامیہ نے گنے کے چیلنج کا جواب دیا ہے اس سے پہلے کہ مسئلہ بحران میں بدل جائے۔ ہمارے محکمہ زراعت میں کین ریسرچ اینڈ ڈویلپمنٹ ٹیم نے کاشتکاروں کے ساتھ ہم آہنگی اور ماہرین زراعت کے تعاون سے بہت محنت کی ہے اور ہمارے خطے میں کیڑوں کے خطرے سے نمٹنے کے لیے خطہ کے ہمارے تمام کاشتکاروں کو ایک سو ملین روپے سے زیادہ مالیت کی کیڑے مار ادویات، کھاد اور ادویات کی تقسیم اور استعمال میں سہولت فراہم کی ہے۔ 2023-2024 کے کرشنگ سیزن کے ساتھ، ہم نے پہلے ہی اپنی کوششوں کے نتائج دیکھنا شروع کر دیے ہیں۔ ہم پہلے ہی دیکھ چکے ہیں کہ سکروس کے مواد میں پچھلے سال کے مقابلے میں 1 ڈگری سے زائد اضافہ ہوا ہے اور ہم پیشن گوئی کرتے ہیں کہ اگر موسمی حالات سازگار رہے تو کمپنی اپنی تاریخ میں انشاء اللہ سب سے زیادہ ریکوری ریکارڈ کرے گی۔

## مستقبل کا نقطہ نظر

حکومت پنجاب نے کرشنگ سیزن 24-2023 کے لئے گنے کی امدادی قیمت کرشنگ سیزن 2023-2022 کے لئے 300 روپے فی 40 کلوگرام کے مقابلے 400 روپے فی 40 کلوگرام کا اعلان کیا ہے۔ جہاں ایک طرف حکومت نے گنے کی قیمت میں 33 فیصد سے زیادہ اضافہ کیا ہے وہیں حکومت کے لیے ضروری ہے کہ وہ ایسی پالیسی کی قانون سازی کرے جو چینی کی قیمت میں مناسب اضافے کے لیے موزوں ہو۔ بلاشبہ، گنے کی زیادہ قیمتوں کے ساتھ، چینی کی تیاری کی لاگت اور اس کے نتیجے میں چینی کی قیمت میں اضافہ ہوگا۔ ہمارے آپریشنل ڈومین کے اندر، زیر کاشت گنے کے رقبہ، گنے کی اوسط فی ایکڑ پیداوار، اور کاشتہ گنے کی اقسام کی بنیاد پر یہ توقع کی جاتی ہے کہ آنے والے سال کے لئے گنے کی پیداوار گزشتہ سال جیسی ہی ہوگی۔ تاہم، یہ بیان کرنا ضروری ہے کہ کمپنی کی جانب سے پچھلے سال کی گئی کثیر جہتی اور بے پناہ سرمایہ کاری کی وجہ سے، ہم نے پیشن گوئی کی ہے کہ گنے کی وصولی اور پیداوار پچھلے سال کے مقابلے بہت زیادہ ہوگی۔

طارق کارپوریشن لمیٹڈ میں محکمہ زراعت نے پائیدار کاشتکاری کے طریقوں کو فروغ دینے اور ہمارے آپریشنل ڈومین میں کرشنگ کے لیے دستیاب گنے میں گنے کی پیداوار اور ریکوری کو بڑھانے کے لیے مثالی

# ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز 30 ستمبر 2023 کوختم ہونے والے سال کے لیے طارق کارپوریشن لمیٹڈ کی 56 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

موجودہ اور گزشتہ سال کے لئے کمپنی کی کارکردگی حسب ذیل ہے:

| آپریشنز | 30 ستمبر 2023 | 30 ستمبر 2022 |
|---|---|---|
| گنے کی کرشنگ (میٹرک ٹن) | 616,378 | 914,573 |
| چینی کی پیداوار (میٹرک ٹن) | 60,120 | 80,125 |
| تیار راب (میٹرک ٹن) | 29,725 | 44,860 |
| چینی کا حصول (فیصد) | 9.76 | 8.76 |
| **مالیات** | روپے ہزاروں میں | روپے ہزاروں میں |
| فروخت۔خالص | 7,832,780 | 6,286,543 |
| مجموعی منافع | 973,174 | 480,153 |
| آپریٹنگ منافع | 599,981 | 193,718 |
| مالی لاگت | 509,925 | 442,749 |
| بعد از ٹیکس منافع / (نقصان) | 341,049 | (198,856) |
| فی شیئر آمدنی / (نقصان) (روپے) | 6.44 | (3.80) |

## چیئرمین کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز نے 30 ستمبر 2023 کوختم ہونے والے سال کے لئے کمپنی کی کارکردگی پر چیئرمین کے جائزہ کو مکمل طور پر منظور کیا ہے۔

## اقتصادی جائزہ:

مالی سال 23-22 کمپنی کو منفرد مشکلات کا سامنا رہا ہے۔ عالمی اقتصادی منظر نامے نے یوکرین جنگ اور مشرق وسطیٰ میں جنگ کے اثرات کی وجہ سے افراط زر میں اضافہ اور اسی مناسبت سے سخت مالیاتی پالیسی کا مشاہدہ کیا گیا ہے۔ اس نے دنیا بھر میں اور پاکستان میں کاروبار کے لیے ایک مشکل ماحول پیدا کر دیا ہے۔ مانیٹری پالیسی میں سختی اور درآمدی خام مال کی لاگت میں اضافے سے چینی کی تیاری کی لاگت غیر معمولی حد تک بڑھ گئی ہے۔ چونکہ حکومت نے حد سے زیادہ کشیدہ معیشت میں افراط زر پر قابو پانے کی کوشش کی، کیونکہ پوری معیشت کو متعدد مشکلات کا سامنا تھا ایل سی کو محفوظ بنانے میں مشکلات سے لے کر نئے ٹیکسوں اور پیداوار کے لیے درکار مواد کی کمی تک، تمام معاشی شعبے بُری طرح متاثر ہوئے۔ صارفین کی طلب میں تیزی سے کمی واقع ہوئی اور چینی کے بڑے ذخیرہ کی وجہ سے شوگر مارکیٹ کو اس بھرمار سے نمٹنے میں دشواری کا سامنا کرنا پڑا جس نے پوری صنعت کی فرموں کے مارجن کو ختم کر دیا ہے۔ تاہم Q3 اور Q4 سہ ماہی میں، چینی کی خوردہ مارکیٹ میں دوبارہ اضافہ دیکھنے میں آیا جس نے قیمتوں کو ریکارڈ بلندیوں تک پہنچا دیا۔ کمپنی ان قیمتوں پر قابل قدر آمدنی حاصل کرنے میں کامیاب رہی اور اس نے سال کے لیے معقول منافع میں حصہ شامل کیا۔

تاہم، امید ہے کہ اقتصادی تخمینوں سے مہنگائی میں کمی اور آئندہ مہینوں میں زیادہ موزوں مانیٹری پالیسی کی نشاندہی ہوتی ہے۔ اس مثبت نقطہ نظر کے نتیجے سٹاک مارکیٹ میں بحالی ہوئی ہے، جس سے قابل ذکر تبدیلی آئی ہے۔ طارق کارپوریشن لمیٹڈ، جو کہ حکمت عملی کے لحاظ سے موسمی معاشی اتار چڑھاؤ کو برداشت کرنے کی پوزیشن میں ہے، اس رجحان سے غیر یقینی طور پر فائدہ اٹھائے گی۔ چونکہ افراط زر اور مانیٹری پالیسی مستحکم ہونے کی توقع ہے، کمپنی کو سرمائے کی لاگت میں متوقع کمی سے بھی فائدہ ہوگا۔

سرمائے کی لاگت میں یہ کمی طارق کارپوریشن لمیٹڈ کے منافع میں اضافے کے لیے ایک محرک ثابت ہوگی۔ کم مالیاتی اخراجات ہمارے آپریشنل اخراجات اور مجموعی مالیاتی ڈھانچے پر مثبت اثرات ڈالیں گے۔

# PROXY FORM

I/We ____________________________________________ of _________________________________

____________________________________________ being the member of TARIQ CORPORATION LIMITED

hereby appoint Mr./Mrs. _____________________________________________ who is a member of the

company vide Registered Folio/CDC participant ID. No. ______________________________ of failing whome

Mr./Mrs./miss.________________________________________________________________________

who is also a member of the company vide Registered Folio/CDC participant ID. No. ______________________

as my proxy to attend and vote for me and on my behalf at 28-C, Block E-1, Gulberg-III, Lahore on Saturday, the 23th January, 2024 at 11:30 A.M. and adjournment there of.

Signed this _______________ day of __________ 2024.

WITNESS

1. Signature _______________________________

   Name _______________________________

   Address _______________________________

   CNIC or Passport No. _______________________

(Signature on Rupees Fifty Revenue Stamp)

Signature should agree with specimen signature with the company

2. Signature _______________________________

   Name _______________________________

   Address _______________________________

   CNIC or Passport No. _______________________

Notes:

1. A member entitled to attend to attend and vote at the meeting may appoint any other member as his/her proxy to attend the meeting and vote.
2. If a member is unable to attend the meeting, they may complete and sign this from and send it to the company secretary, the Tariq Corporation Limited, Lahore so as to reach not less then 48 hours before the time appointed for holding the meeting.
3. For CDC Shareholders in addition to above the following requirements have to be met.
   i) In case of individual, the account holder or sub account holder and /or the person whose securities are in group account and their registration details are uploaded as per the Regulations, hall submit the proxy form as per requirement notified by the Company.
   ii) The proxy form shall be witnessed by two person whose names, addresses and CNIC numbers shall be mentioned on the form.
   iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
   v) In case of corporate entity being a Member, the Board of Directors' resolution / power of attorney with specimen signature of the nominee / attorney shall have to be submitted ( uniess it has been provided earlier) along with the proxy from to the Company.

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The Company Secretary
TARIQ CORPORATION LIMITED
28-C, Block E-1, Gulberg - III,
Lahore, Pakistran.

# مختارنامہ

میں/ہم__________________________________________ساکن ____________________________________________
بحثیت رکن طارق کارپوریشن لمیٹڈ بذریعہ ہذامحترم/محترمہ ________________________ جوشیئررجسٹرڈفولیو/سی ڈی سی پارٹیسپنٹ (شرکت) آئی
ڈی نمبر______________ کی روسے کمپنی کارکن ہے یاان کی غیرموجودگی میں محترم/محترمہ ____________________________________________
جوشیئررجسٹرڈفولیو/سی ڈی سی پارٹیسپنٹ (شرکت) آئی ڈی نمبر______________________________کی روسے کمپنی کارکن ہےکواپنے/ ہمارے ایماء پر بروزہفتہ 23جنوری 2024 کو صبح 11:30 بجے C-28،بلاکE-1،گلبرگ-III،لاہور میں منعقدہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یاکسی بھی التواءکی صورت اپنا/ ہمارابطورمختار(پراکسی) مقررکرتاہوں/کرتے ہیں۔

آج بروز.................. بتاریخ........... 2024ءکو دستخط کئے گئے۔

## گواہان

1۔

دستخط:____________________________

نام:____________________________

پتہ:____________________________

____________________________

کمپیوٹرائزڈقومی شناختی کارڈنمبر:____________________________

| |
|---|
| پچاس روپے مالیت کے رسیدی ٹکٹ پردستخط |

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

2۔

دستخط:____________________________

نام:____________________________

پتہ:____________________________

____________________________

کمپیوٹرائزڈقومی شناختی کارڈنمبر:____________________________

**نوٹ:**

1۔ ایک ممبر(رکن) جواجلاس میں شرکت اورووٹ دینے کامجاز ہو،اپنی جگہ کسی کوبطورنائب شرکت کرنے اورووٹ دینے کاحق تفویض کرسکتا ہے۔

2۔ ایک ممبر(رکن) جواجلاس میں شرکت نہیں کرسکتا،وہ اس فارم کومکمل کرے اوردستخط کرنے کے بعداجلاس شروع ہونے سے کم ازکم 48 گھنٹےقبل کمپنی سیکرٹری طارق کارپوریشن لمیٹڈ لاہورکے پتے پر ارسال کردے۔

3۔ سی ڈی سی شیئرہولڈرہونے کی صورت میں درج بالا کےعلاوہ ذیل میں درج ہدایات پربھی عمل کرناہوگا:

i) فردہونے کی صورت میں اکاؤنٹ ہولڈریاسب اکاؤنٹ اور/یاوہ جس کی سیکورٹیزگروپ اکاؤنٹ میں ہوں اوران کی رجسٹریشن کی تفصیلات قواعدوضوابط کے مطابق اپ لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پراکسی فارم جمع کراناہوگا۔

ii) مختارنامے پربطورگواہان دوافرادکے دستخط ہونے چاہئیں اوران کے نام،پتےاورکمپیوٹرائزڈقومی شناختی کارڈنمبرزفارم پردرج ہوں۔

iii)بینیفشل اونرز(مستفیدہونے والےفرد) کوکمپیوٹرائزڈقومی شناختی کارڈیاپاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختارنامے کے ہمراہ پیش کرےگا۔

iv)اجلاس کے وقت نائب کواپنااصل کمپیوٹرائزڈقومی شناختی کارڈ یااصل پاسپورٹ پیش کرناہوگا۔

v) کارپوریٹ ادارہ ہونے کی صورت میں بحثیت ممبر(رکن)،بورڈآف ڈائریکٹرزکی قرارداد/مع نامزدکردہ شخص/اٹارنی کےنمونہ دستخط یاپورآف اٹارنی (اگرپہلےفراہم نہ کئے گئے ہوں) پراکسی فارم (مختارنامے) کےہمراہ کمپنی میں جمع کراناہوگا۔

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The Company Secretary
TARIQ CORPORATION LIMITED
28-C, Block E-1, Gulberg - III,
Lahore, Pakistran.

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